

*Borough of Chambersburg  
Pennsylvania*



*Comprehensive Annual  
Financial Report  
December 31, 2015*

Borough of Chambersburg  
Pennsylvania

Comprehensive Annual  
Financial Report

For the Year Ended  
December 31, 2015

Prepared By the Department of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Borough of Chambersburg  
Pennsylvania**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO

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# Introductory Section



# ***Borough of Chambersburg***

*Celebrating 50 years of consumer owned gas service  
and over 100 years of consumer owned electric service*

## **Letter of Transmittal for 2015 Comprehensive Annual Financial Report**

June 29, 2016

To the Honorable Mayor, Town Council and the Citizens of the Borough of Chambersburg, Pennsylvania.

The Comprehensive Annual Financial Report of the Borough of Chambersburg for the year ended December 31, 2015, is hereby submitted for your review. This report represents the commitment of the Borough of Chambersburg to adhere to nationally recognized standards of excellence in financial reporting.

Borough of Chambersburg staff prepared all statements, schedules, and other presentations in this report. Management is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. We believe that the data presented in this report is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the Borough. Further, we believe that all disclosures necessary to enable the reader to gain an understanding of the Borough of Chambersburg's activities have been included.

The Comprehensive Annual Financial Report (CAFR) incorporates financial reporting standards established by Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Statement No. 34 was developed to make annual financial reports of governments more comprehensive and easier to understand and use. All required elements of Statement No. 34, including retroactive restatement of general infrastructure assets are now required in this report and are included in this report as they were in the previous years' reports.

Please review the Management's Discussion and Analysis (MD&A) which is located in the Financial Section of the CAFR. The MD&A is management's analysis of the municipality's financial position based on currently known facts as of the date of the auditor's report. It is required to precede the financial statements and provide the following analysis:

- Management's analysis of the organization's financial position and results of operations
- Comparison of current year assets, liabilities, revenues and expenses to the prior year
- Explanation of significant changes in fund based financial results and budgetary information
- Description of capital asset and long term debt activity during the year
- Description of currently known facts, decisions or circumstances expected to have a significant effect on the future overall financial activities of the municipality

# THE BOROUGH OF CHAMBERSBURG

## General Information

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The Borough of Chambersburg, one of the earliest permanent settlements west of the Susquehanna River, was founded in 1764 by Benjamin Chambers on land granted to him by the Penn Proprietors. Chambersburg was incorporated as a Borough by an Act of the State Legislators on March 21, 1803. It is located on Interstate 81 in the south-central region of Pennsylvania and is the county seat of Franklin County. The Borough covers an area of 6.58 square miles and lies approximately 50 miles southwest of Harrisburg, 25 miles west of Gettysburg, and 22 miles north of Hagerstown, Maryland. It is the historic and commercial center of the region characterized by varied small and medium industrial enterprises, a rich agricultural area, and residential growth.

According to the U.S. Bureau of the Census, the Borough's population increased from 20,268 to 20,691, between 2010 and 2015; an increase of 2.1 percent during the period.

## Municipal Services and Facilities

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The Borough is a total service community providing a broad range of services for the citizens of Chambersburg, including the following general government functions: police and fire protection, emergency medical services, street construction and maintenance, stormwater management, parks and recreation facilities and code enforcement.

The Borough is unique in Pennsylvania in that it owns and operates electric, gas, water, sewer, sanitation, storm sewer, and parking facilities. The Borough is the largest municipal electric system, and the only electricity producing, consumer-owned, system in the Commonwealth of Pennsylvania. The Chambersburg Electric Department is in its twenty-second year of its second century of service to the citizens of Chambersburg, and the Borough's Gas Department has been providing municipal gas for over 50 years. On August 20, 1875, the citizens of Chambersburg voted in favor of a bond issue to construct a water system, and sewer service was initiated on August 1, 1912.

## Governmental Organization

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The Act of Incorporation in 1803 provided for "the Burgess and Town Council of the Borough of Chambersburg as the one body politic and corporate in law". The title Burgess was changed to Mayor in 1961. The Mayor is elected at large every four years. His duties are outlined in the Borough Code and include the oversight of the Police Department. The Mayor votes on actions being considered by Town Council only to break tie votes.

The legislative and executive authority of the Borough is vested in a ten-member Council. Two councilmen are elected from each of the five wards, one councilman from each ward being elected at each biennial election. Council members are elected to overlapping four-year terms. The council enacts legislation to provide for Borough services, adopts budgets, levies taxes, borrows money, licenses and regulates businesses and trades, and performs such other duties consistent with the Borough Code. The presiding officer of the Council is the President of Council, who is a member of Council, and elected to that position by a vote of Council members.

By an ordinance approved in December of 1975, Town Council created the office of the Borough Manager. The Borough Manager is the Chief Administrative Officer of the Borough, and is responsible to the Town Council as a whole for the proper and efficient administration of the affairs of the Borough. The manager is appointed for an indefinite term and serves at the pleasure of Council.

The Director of Finance, who is appointed by the Borough Manager, is the Chief Financial Officer of the Borough. The Director of Finance exercises the powers otherwise granted to the Borough Treasurer position under the laws of the Commonwealth of Pennsylvania. As such, the Director of Finance is charged with the responsibility of receiving, disbursing, and maintaining custody of all funds of the Borough, and serves as Pension Funds Chief Administrative Officer. The Director of Finance advises the Borough Manager and Town Council concerning financial matters and assists the Borough Manager in the preparation of the annual budget.



## **Departmental Highlight – Chambersburg Storm Sewer Department**

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Each year we spotlight one of the Borough's many departments by reviewing the history, activities and accomplishments of the selected department. Last year's report focused on the Sanitation Department. This year's report highlights our Storm Sewer Department.

Like many communities in Pennsylvania, the Borough of Chambersburg (Borough) has seen many changes related to the storm sewer system and respective utility department. Some improvements date back to the 1800's in order to address high traffic areas in town: 'The first step toward the correction of these conditions was taken in 1813 with the awarding of a contract for street repairs. But the fundamental problem of surface drainage was not approached until 1823, when a storm sewer was constructed in Burkhart Avenue between Main Street and the Conococheague Creek' (*Chambersburg, It's Record and It's Prospect*). The storm sewer improvements in the 1800's were much different than similar improvements today. The oldest parts of Chambersburg have little to no stormwater management. Generally speaking, the stormwater is conveyed along the curb and roadway, into a system of drains and pipes, and into streams. The newer parts of Chambersburg have stormwater best management practices that are constructed to manage the rate and volume of stormwater, as well as provide water quality prior to entering the stream.

The Borough currently operates under a Municipal Separate Storm Sewer System (MS4) permit that was originally authorized in 2003. Permit renewals occurred in 2008 and 2013 respectively. A renewal along with anticipated changes to the MS4 program will occur again in 2018. The Borough adopted a Stormwater Management Ordinance on June 20, 2004. The Ordinance was originally drafted and adopted according to the Act 167 Conococheague Creek Watershed Plan as approved by the Pennsylvania Department of Environmental Protection on November 10, 2003. The purpose of the Ordinance is to promote public health, safety and welfare within the Borough, by minimizing damages through provisions designed to:

- A) Manage accelerated runoff, erosion and sedimentation, scour, aggradation and degradation problems at their source by regulating activities that cause these problems
- B) Utilize and preserve the existing natural drainage systems
- C) Encourage recharge of groundwater where appropriate and prevent degradation of groundwater quality
- D) Maintain existing flows and quality of streams and watercourses in the watershed
- E) Preserve and restore the flood-carrying capacity of streams (*Borough of Chambersburg Storm Sewer Utility Feasibility Report*)

On October 13, 2014, the Borough Manager's office completed a Storm Sewer Utility Feasibility Report and presented the report to Town Council. The objective of the report was to provide Town Council with justification as to why it would be in the best interest of the Borough to create a storm sewer utility. Following the Report presentation, Town Council voted (8-0-2) to advertise a new local law to establish a storm sewer utility as a separate article of Chapter 251. The utility went into effect on January 1, 2015. On April 1, 2015 a Storm Sewer System Manager was hired. They are responsible for the day-to-day management of the storm sewer utility, storm sewer system, and stormwater management program. The Borough is on-target to complete the schedule of 5 year tasks as outlined in the Feasibility Report, and continues to take the necessary steps in order to improve the utility and maintain compliance with the regulatory authorities.

## **Economic Environment - Historical**

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Chambersburg's history as a strong commercial center is rooted in its strategic location. It was a crossroads of commerce almost from its founding. Situated in the center of the Cumberland Valley, it became the county seat of the newly created Franklin County in 1784. Scotch-Irish and German settlers predominated the early migration into the county. The Scotch-Irish began as farmers from the sheer necessity of survival, but many drifted into political and military occupations. The methodical and industrious Germans quickly and successfully assumed the development of agriculture in the community.

By congressional resolution in 1788, Chambersburg was placed on the post route between Philadelphia and Pittsburgh. The country's post-Revolutionary War expansion to the new western frontiers was beneficial to Chambersburg. At first, pack trains, and then the stagecoach and Conestoga wagons were common vehicles of traffic through the town. The demands for the movement of goods manufactured in the East to the West and the products from the frontier were beneficial to Chambersburg. It was reported of every tenth house being used as a hostelry, with the yards being filled nightly to overflowing with wagons.

As wagon traffic increased in volume, the demand for better roads arose. Many of the state's earliest roads were undertaken by the private sector. Acceding to public demands, the State Legislature made large appropriations available for highway construction between 1814 and 1821. \$275,000 was available for improvements of sections of the Carlisle to Chambersburg and the Chambersburg to Bedford sections of the turnpikes. In 1877, thirty-nine of the eighty-eight miles of turnpike in Franklin County were on roads converging on Chambersburg. By 1944, there were 228 miles of main highways and 338 miles of improved secondary roads in Franklin County.

In 1837, the Cumberland Valley Railroad was extended from Harrisburg to Chambersburg where it joined the turnpike to Pittsburgh. The railroad extended down the Cumberland Valley and crossed the Potomac River in 1870 and eventually was extended to Winchester, Virginia in 1889.

The Pennsylvania Turnpike was completed through the County in 1940. The county had two interchanges located within the general area of Chambersburg. The development of the largest U. S. Army Ordnance distribution facility of its kind in 1942 illustrated the possibilities of the area developing as a center of distribution. Chambersburg's location in relation to seaports, metropolitan markets and industrial areas was evident from the beginning.

### **Economic Environment - Today**

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The construction of the interstate highway system in the 1960's resulted in Interstate 81 being on the eastern edge of the Borough. Chambersburg has become a magnet for distribution warehouses to facilitate the flow of goods on the East Coast. Authorities are examining their options on how Interstate 81 can be improved to handle the abundant truck traffic that transverses the highway daily. This access to major highways and railroads coupled with Chambersburg's location has created opportunities for our continued prosperity. Other factors that make the Borough a good place to do business are competitively low utility rates, quality municipal services, ample power supplies, affordable housing, a skilled and diversified workforce, a low crime rate, and a progressive school district.

The 10 largest employers operating in the Borough in 2015 were:

<b>EMPLOYER</b>	<b>PRIMARY BUSINESS</b>	<b>AVERAGE NUMBER OF EMPLOYEES</b>
Summit Health Services	Health Care	3,000
Chambersburg Area School District	Public Education	1,100
County of Franklin	Government	690
Menno Haven, Inc.	Retirement Community	608
Ventura Foods	Food Packaging	400
Staples	Retailing	315
T. B. Woods, Inc.	Power Transmission Equipment	300
Knouse Foods	Food Packaging	265
F & M Trust Company	Financial Services	252
Borough of Chambersburg	Municipal Government	209

The Borough of Chambersburg is considered the employment center for the region. Between 16,000 and 20,000 people work in the Borough on a daily basis.

However, within just five miles of Chambersburg there are a number of significant employers that add to the vitality of the community. Those employers are as follows:

<b>EMPLOYER</b>	<b>PRIMARY BUSINESS</b>	<b>AVERAGE NUMBER OF EMPLOYEES</b>
Letterkenny Army Depot/Tenants	Repair Military Vehicles and Missiles/Misc.	3,400
Target Distribution Center	Distribution Warehousing	590
Martins Famous Pastry Shop	Potato Bread and Rolls	480
Walmart	Retailing	360
Ulta Beauty	Distribution Center	350
Ingram Book Group Inc.	Book Distribution	270
Valley Quarries	Stone and Asphalt Products	250

## **FINANCIAL INFORMATION**

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Borough management has taken the initiative to prepare a Comprehensive Annual Financial Report (CAFR) starting with fiscal year ending 12/31/2004, and each year thereafter. The CAFR provides readers of our financial statements with much additional information relating to the financial condition of the Borough of Chambersburg. Among these include information regarding our local taxpayers, employers and a plethora of similar information encompassing the past ten years. We are honored and pleased that our efforts have resulted in our receiving the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for each year a CAFR has been prepared. We are again cognizant of the implications of our continuing to strive for such a prestigious award, and will continue to pursue it. With this award, we have been designated as having attained the “highest standards in governmental accounting and financial reporting”.

### **Accounting/Budgetary Control System**

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**Internal Controls.** To provide reasonable assurance of the reliability of the information underlying the Borough of Chambersburg’s financial statements, management of the Borough is responsible for the establishment and maintenance of an internal control system that provides reasonable, but not absolute, assurance that:

1. The Borough’s assets are protected against loss and unauthorized use or disposition: and
2. Adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America

The concept of reasonable assurance recognizes that:

1. The cost of control should not exceed the benefits likely to be derived; and
2. The valuation of costs and benefits requires estimates and judgments by management

As a recipient of federal and state financial assistance, the Borough is responsible for ensuring that adequate controls are in place to ensure and document compliance with applicable laws and regulations related to these programs.

**Budgetary Controls.** Town Council approves an annual budget for all funds and approves subsequent adjustments to that budget as needed. The “legal level of control” is the level of detail as approved by Council in its appropriation actions and ordinances. Total expenditures and encumbrances cannot exceed the amount approved by Council at the legal level of control. Legal level of control for the Borough is based on departmental level.

A purchasing control system is maintained which generally requires that an applicable appropriation be controlled through the issuance of encumbrances, authorized purchase orders and work orders before a purchase may be made or a contract executed.

### **Long Term Financial Planning**

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The Borough of Chambersburg Capital Improvements Plan is a five-year plan reflecting the programming and prioritization of capital improvement needs beginning in the current year. The plan is not a budget but rather a multi-year approach to capital improvements planning and analysis. The plan incorporates projects and proposals that may, in final analysis, not receive funding or that may be programmed for a future year.

The plan defines capital projects accordingly:

- A project related to a fixed asset according to the Fixed Asset Policy adopted by Town Council.
- A project that adds value or useful life to a fixed asset.
- A project involving buildings, facilities, land or easements as long as title does not expire in less than twenty-one years.
- A project involving buildings, facilities, land or easements as long as the useful life of such is twenty years or greater and the fair market value is greater than \$2,500.
- A project involving technology, vehicles or equipment as long as the useful life of such is two years or greater and the fair market value is greater than \$2,500.

Capital improvement needs for a particular fiscal year are budgeted in a variety of accounts due to the complexity of the Borough budget. Regardless of their placement in the budget, projects require the approval of Town Council in scheduling and appropriation. Should the project be approved in a future budget, the recommended funding source will be set. As such, the plan is subject to change as Town Council adjusts spending limits going forward.

### ***CHANGES IN FINANCIAL POLICIES***

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In June 2013, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pension Plans. The objective of this statement is to improve financial reporting by state and local government plans by providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The current period's financial statements incorporate the changes to the Financial Statements, the Notes to Financial Statements, the Required Supplementary Information, and the Notes to the Required Schedules, as required by Statement No. 68.

### ***INDEPENDENT AUDIT***

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The independent accounting firm, Smith Elliott Kearns & Company, LLC, audited the basic financial statements of the Borough of Chambersburg for fiscal year 2015. The financial statements have received an unmodified opinion indicating that, in all material respects, the Borough's basic financial statements are presented fairly and in conformity with accounting principles generally accepted in the United States of America. Auditing standards generally accepted in the United States of America were used by the auditors in conducting the engagement.

### ***ACKNOWLEDGMENTS***

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The preparation of this CAFR would not have been possible without the consistently meticulous hard work of every member of the Finance Department. This effort requires a significant investment of time and resources on behalf of many, above and beyond their routine responsibilities. Recognition is also due to Rachel Krum – Assistant Director of Finance, for the efforts that she devotes annually, to ensure the exemplary quality of this finished product. Appreciation is also due to the Department Heads, Assistant Department Heads, Departmental Secretaries, employees of the various departments of the Borough, and our auditors Smith Elliott Kearns & Company, LLC, for their dedicated efforts in assisting in the preparation of this report.

I would like to express our appreciation to our Borough Manager, Jeffrey Stonehill, who has shown continued confidence in, and consistent support of, the Finance Department. With the planned implementation of additional new technologies and processes in the near future, it is encouraging that we have a Borough Manager/Director of Utilities at our helm, which is cognizant of both the need for, and value of, state-of-the-art technologies and industry best practices.

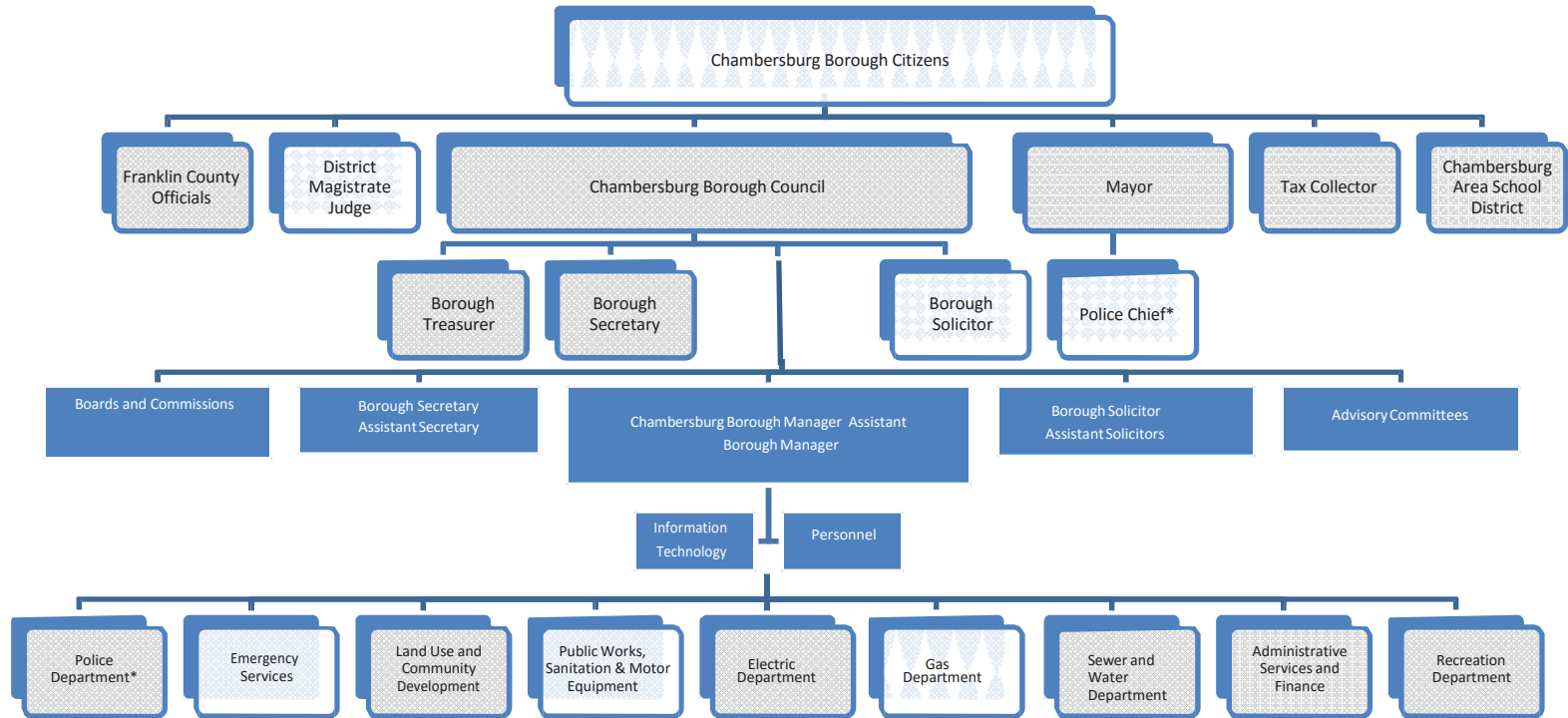
Finally, I wish to thank the Mayor and members of Town Council for their leadership and support, and particularly for their faith in the abilities and dedication of Borough staff to strive for, and to continue to meet, the high performance standards that have come to be the norm in our organization.

Respectfully submitted,



Jason H. Cohen, MPA  
Director of Finance

# Chambersburg Borough Organization



- Per the Borough Code, the Chambersburg Police Department is supervised by the Mayor for day-to-day operation and the Borough Manager for administrative and financial management

June 2013

**2016 ROSTER  
MAYOR AND MEMBERS OF TOWN COUNCIL  
OF THE BOROUGH OF CHAMBERSBURG, PENNSYLVANIA**

**MAYOR**

Darren Brown  
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Chambersburg, PA 17201  
2014 - 2017  
Mayors Office 261-3243  
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**COUNCILMEN**

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Heath E. Talhelm  
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Fifth Ward - 2014-2017  
(r) 263-1108  
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Council Meetings - 7:00 P.M.

Regular Public: 2nd and 4th Mondays - Council Chambers

OFFICE ADDRESS: 100 SOUTH SECOND STREET, CHAMBERSBURG, PA 17201 \* OFFICE PHONE: (717) 264-5151 EXT. 3201 OR 3254

## BOROUGH OFFICERS AND OFFICIALS

Jeffrey Stonehill  
Borough Manager  
Director of Utilities  
(b) 261-3245

David C. Finch  
Assistant Borough Manager  
Public Works Director  
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Phil Wolgemuth  
Assistant to the Borough Manager/  
Land Use and Development Director  
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G. Bryan Salzmann  
Borough Solicitor  
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Welton J. Fischer  
Assistant Borough Solicitor  
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Jamia L. Wright  
Borough Secretary  
(b) 261-3254

Kristine M. Baker  
Assistant Borough Secretary  
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Jason H. Cohen  
Director of Finance/Borough Treasurer  
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Rachel Krum  
Assistant Director of Finance/Assistant Treasurer  
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Electric Superintendent  
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Gas Superintendent  
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Jon Mason  
Assistant Gas Superintendent  
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Lance Anderson  
Water and Sewer Superintendent  
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Storm Sewer System Manager  
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H. Butch Leonhard  
Emergency Services Chief  
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Dustin Ulrich  
Assistant Emergency Services Chief  
(b) 261-3230

Richard Morrisette  
Interim Police Chief  
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Guy Shaul  
Recreation Superintendent  
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Julie Redding  
Assistant Recreation Superintendent  
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William F. Dubbs, Jr.  
Property Maintenance Code Officer  
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Paul Cullinane  
Economic Development Specialist  
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Brenda Hill  
Borough Tax Collector  
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# Financial Section





## **INDEPENDENT AUDITOR'S REPORT**

To the Mayor and Borough Council  
Borough of Chambersburg  
Chambersburg, Pennsylvania

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Chambersburg, Pennsylvania, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Chambersburg, Pennsylvania, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis-of-Matter***

As discussed in Note 7 and Note 13 to the financial statements, the Borough adopted new accounting guidance, Government Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as of January 1, 2015. Our opinion has not been modified with respect to this matter.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 4 through 17, the schedule of changes in the Borough’s net pension liability and related ratios on page 67, schedule of Borough (pension) contributions on page 68, schedule of investment returns on page 69, schedule of funding progress –OPEB on page 70, and budgetary comparison information on pages 71 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Chambersburg, Pennsylvania’s basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.



The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Smith Elliott Kearns & Company, LLC*

Chambersburg, Pennsylvania  
June 29, 2016

# **BOROUGH OF CHAMBERSBURG, PENNSYLVANIA**

## **Management's Discussion and Analysis - Unaudited**

### **Year Ended December 31, 2015**

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The management of the Borough of Chambersburg provides the following information as an introduction, overview, and analysis of the Borough's financial statements for the year ended December 31, 2015. Readers should also review the basic financial statements and related footnotes on pages 18 - 66 to further enhance their understanding of the Borough's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

### **Using this Annual Financial Report**

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This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can first understand the Borough of Chambersburg as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial conditions.

The Statement of Net Position and Statement of Activities (referred to collectively as the government-wide statements) provide information about the activities as an entire operating entity, presenting both an aggregate view of the Borough's finances and a longer-term view of those assets and liabilities. Major fund statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The proprietary funds statements are prepared on the same basis as the government-wide statements.

### **Reporting on the Borough of Chambersburg as a Whole**

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#### ***Statement of Net Position and Statement of Activities***

These government-wide statements answer the question "How did the Borough, as a whole, perform financially during 2015?" They are prepared on the accrual basis of accounting, in much the same way as a private enterprise. This basis of accounting includes all assets and liabilities and takes into account all of the reporting year's revenues and expenses, regardless of when the cash was received or paid.

- **The Statement of Net Position.** This statement (page 18) reports all assets and liabilities of the Borough as of December 31, 2015. The difference between total assets plus deferred outflow of resources and total liabilities plus deferred inflows of resources is reported as "net position". Increases in net position generally indicate an improvement in financial standing while decreases may indicate a deterioration of financial position.
- **The Statement of Activities.** This statement (page 19) serves the purpose of the traditional income statement. It provides consolidated reporting of the results of all activities of the Borough for the year ended December 31, 2015. Changes in net position are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed. The Statement of Activities displays the expense of the Borough's various programs net of related revenues, as well as a separate presentation of revenues available for general purposes.

A more detailed explanation of these statements is found in Note 1 on pages 29 - 43 in the Notes to the Financial Statements.

## **Reporting on the Borough of Chambersburg's Most Significant Funds**

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### ***Fund Financial Statements***

These statements provide the financial position and results of operations of the Borough's major funds. A fund is an accounting entity created to account for a specific activity or purpose. Major funds of the Borough of Chambersburg are the General Fund, Special Revenue Fund – Grant Program, Electric Fund, Gas Fund, Water Fund, and Sewer Fund. The creation of some funds is mandated by law, while others are created by management to demonstrate financial compliance with budgetary or legal requirements. Funds are classified into three broad categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds.** Governmental funds are used to account for “governmental-type” activities. Unlike the government-wide financial statements, governmental fund statements use a “flow of financial resources” measurement focus. That is to say, the operating statement of a governmental fund attempts to answer the question “Are there more or less resources that can be spent in the near future as a result of events and transactions of the reporting period?” Increases in spendable resources are reported in the operating statement as “revenues” or “other financing sources.” Decreases in spendable resources are reported as “expenditures” or “other financing uses.” We describe the differences between governmental funds and governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) in reconciliations presented on pages 18 and 19.

The Borough of Chambersburg maintains separate governmental funds. The governmental fund financial statements on pages 20 through 23 separately display the governmental funds considered to be major funds. All other governmental funds - the “non-major” funds - are combined into a single column. Detailed financial data for each of the non-major governmental funds is provided in combining statements in the supplementary information section of this report.

- **Proprietary funds.** There are two types of proprietary funds: enterprise funds and internal service funds.

***Enterprise funds*** - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises for which either 1) the intent is that the costs (expenses, including depreciation) be recovered primarily through user charges, or 2) determination of net income is appropriate for management control, accountability or other purposes.

The Borough of Chambersburg's Electric, Gas, Water, and Sewer Funds are all considered to be major funds and are displayed separately in the proprietary fund statements on pages 24 through 26. The Borough has three other proprietary funds, Sanitation, Storm Sewer, and Parking, Traffic & Street Lights, the activities of which are combined into one column for non-major funds.

***Internal Service funds*** - Often, governments wish to allocate the cost of providing certain centralized services (e.g., motor pools, data processing, warehouses) to the other departments of the governmental entity that use the services. An internal service fund is the appropriate accounting mechanism when it is the intent of the government to recover the full cost of providing the service, through user charges to other departments.

**BOROUGH OF CHAMBERSBURG, PENNSYLVANIA**  
**Management's Discussion and Analysis - Unaudited**  
**Year Ended December 31, 2015**

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The Borough of Chambersburg's six internal service funds are combined into a single column in the proprietary fund financial statements. Detailed financial data for those funds can be found in the combining statements in the supplementary information section of this report.

- **Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the Borough's government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Borough's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Fiduciary fund statements are on pages 27 - 28 of this report.

## **Other Information**

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### ***Notes to the Basic Financial Statements***

The notes provide additional and explanatory data. They are an integral part of the basic financial statements.

### ***Required Supplementary Information***

In addition to the basic financial statements and notes, this report also contains required supplementary information (RSI). RSI includes schedules of pension information, OPEB required schedule of funding progress and budgetary schedules for the General Fund and grant programs fund. This data is on pages 67 through 72 of this report.

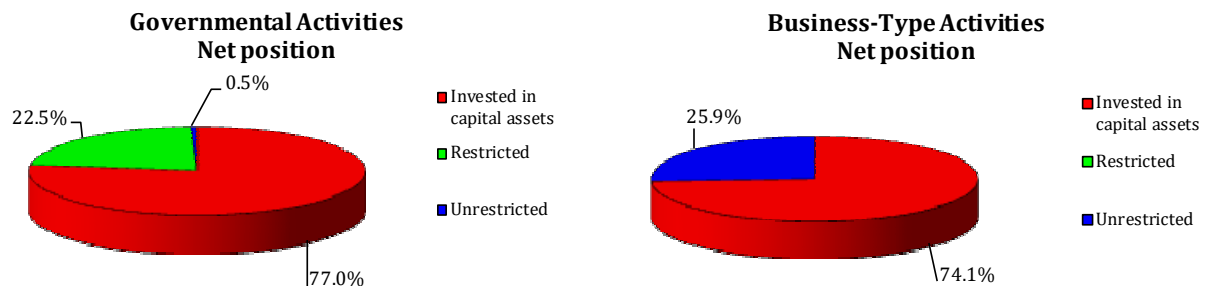
**BOROUGH OF CHAMBERSBURG, PENNSYLVANIA**  
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**The Borough of Chambersburg as a Whole**

The following table presents condensed information on net position as of December 31, 2015 and 2014.

	Net Position					
	December 31, 2015 and 2014					
	2015	2014	2015	2014	2015	2014
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
<b>Assets</b>						
Current and other assets	\$ 13,593,119	\$ 12,655,138	\$ 48,925,527	\$ 50,008,582	\$ 62,518,646	\$ 62,663,720
Capital assets	20,587,825	22,937,365	133,072,582	117,375,334	153,660,407	140,312,699
Total assets	<u>34,180,944</u>	<u>35,592,503</u>	<u>181,998,109</u>	<u>167,383,916</u>	<u>216,179,053</u>	<u>202,976,419</u>
<b>Deferred Outflows of Resources</b>						
Deferred outflows related to pension liability	1,620,470	-	1,236,536	-	2,857,006	-
Deferred charge on bond refunding	-	-	180,720	241,515	180,720	241,515
Total deferred outflows of resources	<u>1,620,470</u>	<u>-</u>	<u>1,417,256</u>	<u>241,515</u>	<u>3,037,726</u>	<u>241,515</u>
<b>Liabilities</b>						
Current liabilities	894,642	841,492	8,223,297	9,798,214	9,117,939	10,639,706
Other liabilities	7,911,425	1,953,973	25,118,899	20,085,073	33,030,324	22,039,046
Total liabilities	<u>8,806,067</u>	<u>2,795,465</u>	<u>33,342,196</u>	<u>29,883,287</u>	<u>42,148,263</u>	<u>32,678,752</u>
<b>Deferred Inflows of Resources</b>						
Deferred inflows related to pension liability	395,728	-	-	-	395,728	-
Total deferred inflows of resources	<u>395,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>395,728</u>	<u>-</u>
<b>Net Position:</b>						
Net investment in capital assets	20,494,089	22,850,486	111,221,937	94,346,244	131,716,026	117,196,730
Restricted	5,972,633	5,431,916	-	-	5,972,633	5,431,916
Unrestricted	132,897	4,514,636	38,851,232	43,395,900	38,984,129	47,910,536
Total net position	<u>\$ 26,599,619</u>	<u>\$ 32,797,038</u>	<u>\$ 150,073,169</u>	<u>\$ 137,742,144</u>	<u>\$ 176,672,788</u>	<u>\$ 170,539,182</u>

The breakdown of net position is as follows, as of December 31, 2015:



In total, combined net position equaled \$176.7 million as of December 31, 2015.

**BOROUGH OF CHAMBERSBURG, PENNSYLVANIA**  
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The following tables present condensed information on the changes in net position for the years ended December 31, 2015, and 2014, respectively.

**Changes in Net Position**  
**For the Year Ended December 31, 2015**

	Governmental Activities	Business-Type Activities	Total Activities
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 2,723,113	\$ 48,191,265	\$ 50,914,378
Operating grants and contributions	1,688,126	239,650	1,927,776
Capital grants and contributions	253,796	11,740,114	11,993,910
General revenues:			
Property taxes, levied for general purposes	4,142,267	-	4,142,267
Property taxes, levied for specific purposes	491,328	-	491,328
Real estate transfer tax	779,004	-	779,004
Earned income tax	1,853,327	-	1,853,327
Local services tax	702,097	-	702,097
Other taxes	74,975	-	74,975
Unrestricted investment earnings	35,331	101,695	137,026
Miscellaneous income	39,477	30,679	70,156
Total revenues	<u>\$ 12,782,841</u>	<u>\$ 60,303,403</u>	<u>\$ 73,086,244</u>
<b>Expenses</b>			
General government	\$ 1,320,836	\$ -	\$ 1,320,836
Public safety	8,722,730	-	8,722,730
Public works	1,483,408	-	1,483,408
Community development	297,047	-	297,047
Culture and recreation	1,561,445	-	1,561,445
Electric	-	26,082,326	26,082,326
Gas	-	5,513,289	5,513,289
Water	-	3,394,584	3,394,584
Sewer	-	5,891,206	5,891,206
Other business-type activities	-	3,727,230	3,727,230
Total expenses	<u>13,385,466</u>	<u>44,608,635</u>	<u>57,994,101</u>
Excess before transfers	(602,625)	15,694,768	15,092,143
Transfer of capital assets	(3,076,765)	3,076,765	-
Transfers	<u>2,323,202</u>	<u>(2,323,202)</u>	<u>-</u>
Change in net position	<u>(1,356,188)</u>	<u>16,448,331</u>	<u>15,092,143</u>
Net position - beginning, as restated	27,955,807	133,624,838	161,580,645
Net position - ending	<u>\$ 26,599,619</u>	<u>\$ 150,073,169</u>	<u>\$ 176,672,788</u>



**BOROUGH OF CHAMBERSBURG, PENNSYLVANIA**  
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**Changes in Net Position**  
**For the Year Ended December 31, 2014**

	Governmental Activities	Business-Type Activities	Total Activities
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 2,715,013	\$ 52,010,824	\$ 54,725,837
Operating grants and contributions	2,431,255	284,758	2,716,013
Capital grants and contributions	964,645	11,506,390	12,471,035
General revenues:			
Property taxes, levied for general purposes	4,079,972	-	4,079,972
Property taxes, levied for specific purposes	486,642	-	486,642
Real estate transfer tax	317,334	-	317,334
Earned income tax	1,840,955	-	1,840,955
Local services tax	797,699	-	797,699
Other taxes	60,819	-	60,819
Unrestricted investment earnings	20,707	90,602	111,309
Miscellaneous income	16,612	23,638	40,250
Total revenues	<u>\$ 13,731,653</u>	<u>\$ 63,916,212</u>	<u>\$ 77,647,865</u>
<b>Expenses</b>			
General government	\$ 1,871,895	\$ -	\$ 1,871,895
Public safety	8,044,957	-	8,044,957
Public works	1,728,115	-	1,728,115
Community development	498,846	-	498,846
Culture and recreation	1,383,781	-	1,383,781
Electric	-	27,588,665	27,588,665
Gas	-	7,263,637	7,263,637
Water	-	3,296,954	3,296,954
Sewer	-	5,555,216	5,555,216
Other business-type activities	-	3,322,497	3,322,497
Total expenses	<u>13,527,594</u>	<u>47,026,969</u>	<u>60,554,563</u>
Excess before transfers	204,059	16,889,243	17,093,302
Transfers	882,914	(882,914)	-
Change in net position	1,086,973	16,006,329	17,093,302
Net position - beginning	31,710,065	121,735,815	153,445,880
Net position - ending	<u>\$ 32,797,038</u>	<u>\$ 137,742,144</u>	<u>\$ 170,539,182</u>

Net position increased by \$15.09 million in 2015 for "total activities" compared to an increase of \$17.09 million in 2014 for the same "total activities", save the addition of 3.5 mils of property tax, beginning in 2014. This is a \$2 million decrease in overall performance for 2015 compared to 2014 and is the result of an decrease in revenues of \$4.56 million with a corresponding decrease in expenses of \$2.56 million. In the business-type activities transfers line item, there were \$2,323,202 of transfers to governmental activities. This represents net transfers from the business-type activities funds to the governmental activities fund (General Fund), the majority of which (\$1,510,000) consists of operating transfers (Payments in Lieu of Gross Receipts Tax) from the Electric and Gas Departments to the General Fund. Additionally, a \$3,076,765 transfer of Capital Assets from Governmental Activities to Business-Type Activities is illustrative of the transfer of infrastructure assets to the newly-created Storm Sewer Fund.

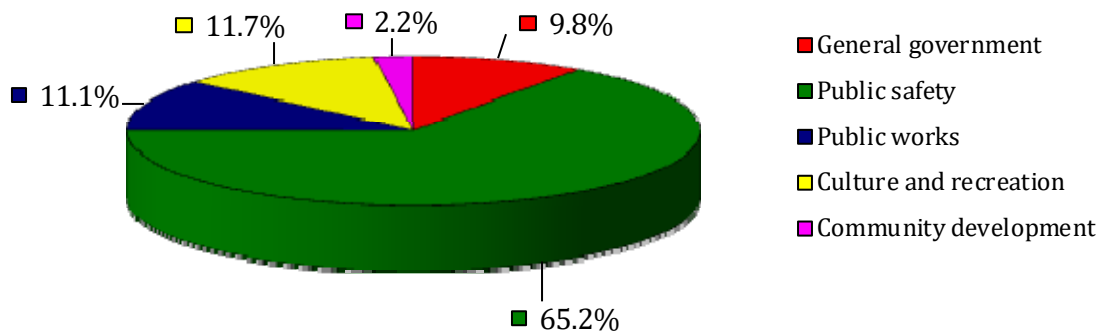
**BOROUGH OF CHAMBERSBURG, PENNSYLVANIA**  
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The Borough's largest governmental activities revenue source: real estate taxes, increased by \$66,981 or 1.47% in 2015. This was a significantly smaller increase than the 17.97% increase for the year ended December 31, 2014. The significant increase in real estate revenues in 2014 was due to an increase in the property tax millage rate of three and one half (3.5) mils, while 2015 figures represent a marginal increase in real estate tax revenue, based upon the same millage rate. The earned income tax receipts increased \$12,372 or 0.67% in 2015, while the real estate transfer tax increased by \$461,670 or 145.48% in 2015. This dramatic increase was due, in large part, to the sale of several high-value parcels containing shopping centers and distribution warehouses. The Local Services Tax yield decreased by \$95,602, or 11.98%, in 2015. While this depicts a moderate decrease, the Local Services Tax is inclined to ebb and flow, depending upon various economic conditions, as evidenced by the 9.31% increase in 2014.

Expenses of governmental activities break down as follows:

**Governmental Expenses by Program**  
**2015**



Total governmental expenses for 2015 were \$13.38 million, down from \$13.52 million in 2014. Public safety, which consisted primarily of police, fire, and ambulance services, comprised 65.2% of the total governmental expenses. Public works expenses, which include streets overlaying and repairs, were 11.1%. Leisure time activities represented by the culture and recreation portion of expenses were 11.7% of the total. General government expenses were 9.8%. Community development comprised 2.2% of total expenses.

The Statement of Activities reports expenses of each of the governmental activities programs and the related program revenue that offsets the cost of each program. The amount by which the cost of a particular program exceeds its program revenue represents the extent to which that program must be subsidized by general revenues, such as property taxes, earned income taxes, local services taxes, deed transfer taxes, and others.

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The following tables and graph summarize the net cost of each program:

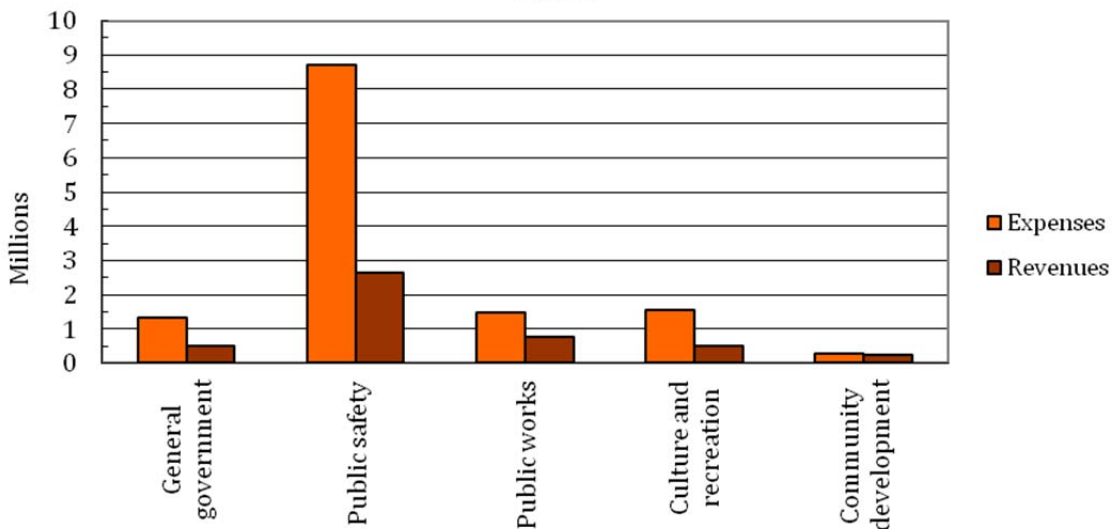
**Expenses and Program Revenue - Governmental Activities**  
**Year Ended December 31, 2015**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Net (Expense) Revenue</b>
Governmental activities					
General government	\$ 1,320,836	\$ 471,697	\$ 37,594	\$ -	\$ (811,545)
Public safety	8,722,730	1,883,333	758,180	-	(6,081,217)
Public works	1,483,408	2,695	520,597	253,796	(706,320)
Culture and recreation	1,561,445	365,388	144,866	-	(1,051,191)
Community development	297,047	-	226,889	-	(70,158)
<b>Total Governmental Activities</b>	<b>\$ 13,385,466</b>	<b>\$ 2,723,113</b>	<b>\$ 1,688,126</b>	<b>\$ 253,796</b>	<b>\$ (8,720,431)</b>

**Expenses and Program Revenue - Governmental Activities**  
**Year Ended December 31, 2014**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Net (Expense) Revenue</b>
Governmental activities					
General government	\$ 1,871,895	\$ 360,506	\$ 33,709	\$ -	\$ (1,477,680)
Public safety	8,044,957	1,997,494	1,276,767	-	(4,770,696)
Public works	1,728,115	1,784	475,640	964,645	(286,046)
Culture and recreation	1,383,781	355,229	89,748	-	(938,804)
Community development	498,846	-	555,391	-	56,545
<b>Total Governmental Activities</b>	<b>\$ 13,527,594</b>	<b>\$ 2,715,013</b>	<b>\$ 2,431,255</b>	<b>\$ 964,645</b>	<b>\$ (7,416,681)</b>

**Expenses and Program Revenue - Governmental Activities**  
**2015**



The above chart and graph illustrates the priority that Chambersburg places on the safety of its citizens.

**BOROUGH OF CHAMBERSBURG, PENNSYLVANIA**  
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**Business-Type Activities**

Business-type net position increased by \$16.45 million in 2015. Electric Department revenues decreased 4.45%, Gas Department revenues decreased 31.23%, Water Department revenues decreased 0.25%, Sewer Department revenues decreased 3.55%, Sanitation Department revenues decreased 1.42%, and the Parking, Traffic & Street Lights Department revenues decreased 4.65%. The total decrease in revenues was \$ 3,819,559 or 7.34%. The significant decline in Gas Department revenues is attributed to decreased natural gas purchase and sales prices, which also resulted in lower expenses for the Gas Department.

The following table and graph summarize the expenses and program revenues for business-type activities:

**Expenses and Program Revenue - Business-Type Activities**  
**For Year Ended December 31, 2015**

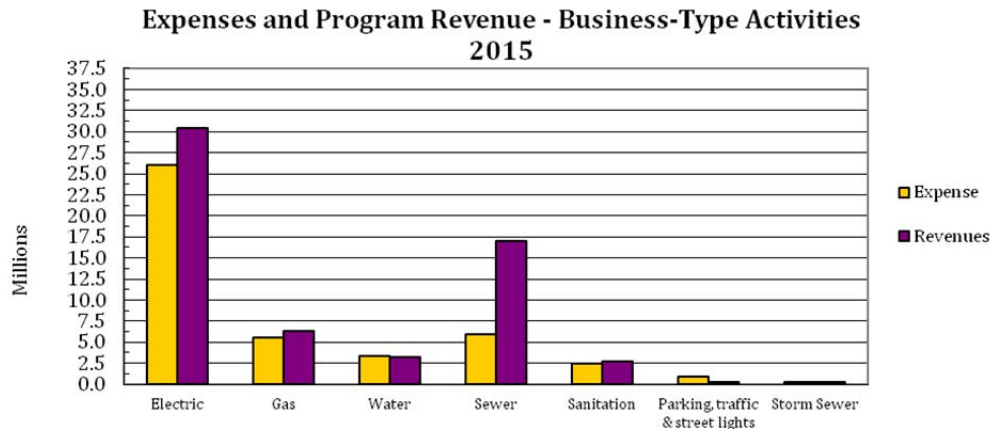
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Net (Expense) Revenue</b>
Electric	\$ 26,082,326	\$ 30,286,293	\$ 35,142	\$ 41,000	\$ 4,280,109
Gas	5,513,289	6,261,957	15,911	23,500	788,079
Water	3,394,584	3,142,529	19,846	123,500	(108,709)
Sewer	5,891,206	5,567,270	149,520	11,305,264	11,130,848
Sanitation	2,493,738	2,440,813	16,813	225,000	188,888
Parking, traffic & st. lights	968,851	197,041	2,418	21,850	(747,542)
Storm Sewer	264,641	295,362	-	-	30,721
<b>Total business-type activities</b>	<b>\$ 44,608,635</b>	<b>\$ 48,191,265</b>	<b>\$ 239,650</b>	<b>\$ 11,740,114</b>	<b>\$ 15,562,394</b>

**Expenses and Program Revenue - Business-Type Activities**  
**For Year Ended December 31, 2014**

	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Net (Expense) Revenue</b>
Electric	\$ 27,588,665	\$ 31,695,974	\$ 51,748	\$ -	\$ 4,159,057
Gas	7,263,637	9,105,354	23,430	53,750	1,918,897
Water	3,296,954	3,150,530	26,327	-	(120,097)
Sewer	5,555,216	5,376,373	109,686	11,439,605	11,370,448
Sanitation	2,465,248	2,475,937	70,006	-	80,695
Parking, traffic & st. lights	857,249	206,656	3,561	13,035	(633,997)
Storm Sewer	-	-	-	-	-
<b>Total business-type activities</b>	<b>\$ 47,026,969</b>	<b>\$ 52,010,824</b>	<b>\$ 284,758</b>	<b>\$ 11,506,390</b>	<b>\$ 16,775,003</b>

**BOROUGH OF CHAMBERSBURG, PENNSYLVANIA**  
**Management's Discussion and Analysis - Unaudited**  
**Year Ended December 31, 2015**

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**Individual Funds Summary and Analysis**

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Governmental funds focus on spendable resources and near-term inflows and outflows of those resources. As such, fund balance is generally a good indicator of net resources available for spending at the end of the fiscal year, subject to any stated restrictions on its use.

The combined fund balances of the Borough’s governmental funds as of December 31, 2015 were \$ 8.0 million, as compared to \$ 7.5 million as of December 31, 2014.

The General Fund is the primary operating fund of the Borough of Chambersburg, accounting for such activities as police and fire protection, ambulance services, highways, parks and recreation, and general governmental services. The General Fund balance decreased from \$ 2,532,654 to \$ 1,993,240, entirely as a result of the decision to again transfer an un-budgeted \$1.1 million into the General Capital Reserve Fund (in 2014, a transfer of \$1.4 million was made in the same manner). Had these funds remained in the General Fund, the General Fund balance would have increased to \$ 3,093,240.

**Budget Variations**

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Operations for the Borough’s General Fund resulted in an overall unfavorable net budget variance of \$ 539,414 for the year ended December 31, 2015. That means that we had \$ 539,414 less in net change in fund balance than we budgeted. The budget was balanced, with revenues equaling expenditures, but finished the year with an actual net deficit of (\$ 539,414) (negative). Total expenditures exceeded total revenues by \$ 1,033,811 and net inter-fund transfers from other Borough funds amounted to \$ 494,397, creating the overall negative results of (\$ 539,414) (negative) for net receipts or “net change in fund balance”.

While we had a favorable budget variance of \$ 680,488 or 5.22%, of total budgeted operating expenditures (\$ 13,047,825), we also had a favorable budget variance of \$ 1,209,376 or 11.95% of total budgeted operating revenues (\$ 10,124,150). Additionally, there was an unfavorable budget variance of \$ 1,259,278, or 374%, of the budgeted transfers out of the General Fund, as well as an unfavorable budget variance of \$ 1,170,000, or 35.89%, of the budgeted transfers into the General Fund, resulting in a negative net budget variance of \$ 2,429,278, or 83.09%, of budgeted net transfers. The variance of the budgeted transfers out of the General Fund is a result of a conscious decision, as approved by Borough Council, to transfer an additional \$ 1.1 million into the General Capital Reserve Fund in a

**BOROUGH OF CHAMBERSBURG, PENNSYLVANIA**  
**Management's Discussion and Analysis - Unaudited**  
**Year Ended December 31, 2015**

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continued effort to ensure adequate reserves, as the General Fund was in a position to absorb such a transfer from its fund balance, while the variance of the budgeted transfers into the General Fund is a result of a decision to forgo the transfer of \$1,170,000 of Liquid Fuels funds into the General Fund, and instead transfer (a portion of) those funds into the General Capital Reserve Fund.

The favorable variance (\$ 1,209,376) in revenues can be tied to the higher-than-anticipated revenues from property and wage taxes, in addition to Deed Transfer Tax revenue coming in at greater than two and one half times the budgeted amount. On the expenditure side, the favorable variance (\$ 680,488) can be primarily attributed to salary cost savings within the Police Department due to employee retirement/turnover, decreased use of part-time employees, and filling a new position later in the year than anticipated, which also resulted in lower than anticipated personnel costs. Lesser-than-budgeted street, swimming pool, recreation center, and park maintenance costs, also contributed to the variance.

**Changes in Revenue and Expenditure Levels**

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In looking at the performance of the General Fund for 2015, we had an overall decline of \$325,389 in 2015, as compared to 2014, for the net change in fund balance (*ncfb*). In 2015, we finished the year with a negative *ncfb* of \$539,414 compared to a negative *ncfb* of \$214,025 for 2014. This decline can be largely attributed to a decrease in revenues; primarily due to the expiration of the Safer Grant in 2014, but also due to no incoming Liquid Fuels transfer in 2015, in combination with increased personnel costs in General Fund departments other than the Police Department, including those paid to the Administrative Services Fund. Additionally, in 2015 Borough Council again made the conscious decision to transfer an un-budgeted \$1.1 million into the General Capital Reserve Fund (in 2014, a transfer of \$1.4 million was made in the same manner). Had these funds remained in the General Fund, the General Fund would have realized a positive *ncfb* of \$560,586, all else remaining the same. While the Borough could have chosen to forgo the transfer to the reserve fund, thereby ending the year with a positive net change in fund balance, we continue to pro-actively set aside funds for anticipated future capital asset and infrastructure needs. Although the Borough insists on setting funds aside for such future needs, ultimately, as the funds in the Capital Reserve Fund are not restricted, they would be available for General Fund operations, if that were ever deemed necessary.

In the absence of transfers to and from other departments, we would have ended the year with a *ncfb* of (\$1,033,811) (negative) for 2015, in the General Fund. Compared to the same for 2014, of (\$1,032,608) (negative), 2015 is \$1,203 more. In 2015 there was budgeted a net \$2,923,675 transfer into the general fund, whereas in 2014, budgeted net was \$2,496,520. The basis for this budgeted increase of \$427,155 in net transfers is due to increased transfer amounts from the Liquid Fuels Fund, and Payments In Lieu of Gross Receipts Tax, respectively, and a decrease in the amount of \$311,850 in transfers out to the Workers Compensation Fund, from the Police and Emergency Services Departments, combined. These factors were mitigated by the absence of grant revenue from the Safer Grant being budgeted as a transfer in, as the grant was fully expended in 2014.

**BOROUGH OF CHAMBERSBURG, PENNSYLVANIA**  
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**Year Ended December 31, 2015**

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**Changes in Fund Balance**

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The fund balance in the General Fund decreased by \$539,414 in 2015. This was because total expenditures (\$12,367,337) exceeded total revenues (\$11,333,526) by \$1,033,811, while net transfers (\$494,397) from other departments offset approximately half of the deficiency, leaving (\$539,414) (negative) as the net decrease in fund balance for the General Fund. As previously discussed, this deficiency is the result of the Borough's continued commitment to adequately fund the future capital improvements of the Borough and its infrastructure.

The fund balance in the Special Revenue Fund – Grant Funds, decreased by \$73,018 in 2015. Revenues decreased by \$943,330 to \$248,838 in 2015, while expenditures decreased by \$180,201, to \$330,363. However, this net decrease in resources of \$81,525 was mitigated by net transfers in, in the amount of \$8,507, resulting in a decrease of the fund balance in the amount of \$73,018, related directly to pending reimbursements of grant funds that were expended in the current year. This is in comparison to an increase in fund balance of \$63,842 for 2014, stemming from receiving reimbursements for grant funds expended in the prior year.

The net position in the enterprise funds increased by \$16,335,748, or 13.32%, in 2015, compared to an increase of \$14,504,489, or 13.07%, in 2014. Operating revenues in the enterprise funds decreased by \$3,671,023, or 7.12%. The decrease in operating revenues for 2015 can be attributed almost entirely to a decline in Gas Department revenues, which was due to decreased natural gas purchase and sales prices, which also resulted in lower expenses for the Gas Department. The Electric Department experienced declines in revenues and expenses for the same reason, but with respect to electricity. Operating expenses decreased by \$2,276,879, or 4.85%, which is comprised of a combination of decreases in the operating expenses of the Electric Fund by 5.16%, and the Gas Fund by 23.63%, and increases in the operating expenses of the Water Fund by 3.69%, the Sewer Fund by 6.16%, respectively, and Other Enterprise Funds, collectively, by 12.65%.

The net position of the Sewer Department increased by \$10,951,595, or 28.73%, in 2015. The substantial improvement in the net position of the Sewer Department is the result of the addition of capital assets via the continued construction of the J. Hase Mowrey Regional Wastewater Treatment Plant, for which the neighboring townships are paying a portion of the construction costs, while the Borough retains the full value of the asset.

Net position of the Gas Department increased by \$284,454, or 2.03%; while that of the Water Department decreased slightly by \$341,797, or 1.24%; and Electric increased again; this year by \$1,923,371, or 5.00%. Additionally, the net position of the Other Enterprise Funds (Sanitation, Parking, Traffic & Street Lights, and Storm Sewer) increased by \$3,518,125, or 75.75%, which is due almost entirely to the creation of the Storm Sewer Fund in 2015, its generated revenue, and the transfer in of capital assets in the amount of \$3,076,765.

Also, the net position in the internal service funds increased by \$840,212, or 5.73%, compared to an increase of \$1,281,888, or 8.48% in 2014. Operating revenues increased by \$380,939, or 5.38%, while operating expenses increased by \$574,432, or 8.51%. The increase in revenues continues to be due largely to the increased use of the Motor Equipment Fund and Engineering Department assets on behalf of other departments, in addition to an increasingly more accurate assessment of the use and future replacement costs of vehicles and equipment to the respective departments making use of them, via the rental rates paid to the Motor Equipment Fund. Increased expenses are due primarily to a larger than usual reimbursement of prior year's expenses.

**BOROUGH OF CHAMBERSBURG, PENNSYLVANIA**  
**Management's Discussion and Analysis - Unaudited**  
**Year Ended December 31, 2015**

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**Capital Asset and Debt Administration**

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***Capital Asset Activity***

In 2015, Chambersburg Borough continued its ambitious multi-year plan to provide its residents, businesses, patrons, and visitors with top-notch infrastructure accommodations, via significant upgrades, by utilizing accumulated reserves in utility funds and special accounts, the issuance of a General Obligation Note, and financing partnerships with state and federal agencies.

The Gas Department continued to undertake significant main extensions and service line improvements in order to improve the safety of the system. Major pipe replacement projects were completed on US Route 11, Federal, Reservoir and Riddle Streets, Highland and Edgar Avenues, and Kenwood Road. Due to ever-increasing demands for service, new gas mains were also installed in order to expand service to parts of Stouffer and Kraiss Avenues, and Orchard Drive. Additionally, the year saw several new street improvement projects making use of Liquid Fuels funds; including the full-depth reclamation of portions of Edgar, Heintzelman, Ohio, and Pennsylvania Avenues, Federal and Reservoir Streets, and Kenwood, Riddle, and Scotland Roads. The Borough also overlaid a portion of Walker Road. Many more street projects are planned for 2016, with the Borough continuing to make use of cost saving technology/techniques such as cold in-place asphalt recycling for portions of King, Seventh, and Eighth Streets, and Cumberland and Highland Avenues, the application of ultra-thin friction course to a section of Walker Road, the reconstruction of several blocks of Highland Avenue, and cost sharing arrangements with state and federal agencies.

The Electric Department undertook substantial upgrades at the Orchard Park and Falling Spring generating stations. Water treatment plant filtering system upgrades were completed on 3 of 4 filters at the Julio D. Lecuona Water Treatment Plant in 2015. The project was completed in early 2016. Additionally, the Water Department completed the demolition of two residential homes adjacent to Borough Hall, and commissioned a Design Development Phase in light of the 2013 purchase of these two properties, with the intent of future utility building expansion, ultimately resulting in additional revenue for the Water Department via the assessment of rent to other departments making use of the facility, keeping in line with the Borough's cost-based accounting philosophy.

In 2015, the Borough continued the largest public works project in Borough history; renovations to the J. Hase Mowrey Regional Waste Water Treatment Plant, which will virtually double the treatment capacity of the plant, thereby allowing the reception and treatment of the region's sanitary sewage, while continuing to meet current and anticipated nutrient discharge limits into the future. The project is expected to be completed in 2016. The Borough's portion of the costs associated with the Waste Water Treatment Plant upgrade is being funded by a portion of the Borough's 2012, \$8 million debt offering.

Also, in 2015, the Borough completed the development of the Green Yard Waste Facility in adjacent Hamilton Township to satisfy the concerns of the Pennsylvania Department of Environmental Protection with regards to the Borough's pre-existing landfill, at which Borough residents had been permitted to drop off yard waste for many years prior.

Additional detail on the capital asset activity for the year ended December 31, 2015 is presented in the Notes to the Basic Financial Statements in note 4.



**BOROUGH OF CHAMBERSBURG, PENNSYLVANIA**  
**Management's Discussion and Analysis - Unaudited**  
**Year Ended December 31, 2015**

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***Debt***

A summary of outstanding debt at December 31, 2015 and 2014, respectively, is as follows:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>General Obligation Bonds/Notes</b>		
Governmental activities	\$ -	\$ -
Business-type activities	<u>19,647,212</u>	<u>20,329,202</u>
Total outstanding debt	<u>\$ 19,647,212</u>	<u>\$ 20,329,202</u>

Additional detailed data for all debt of the Borough of Chambersburg is presented in the Notes to the Basic Financial Statements in note 5.

**Contacting the Borough's Management**

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This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with an overview of the Borough's finances. If you have questions or need additional financial information, please contact the Director of Finance, Borough of Chambersburg, 100 South Second Street, Chambersburg, PA 17201.

**BOROUGH OF CHAMBERSBURG**  
**Statement of Net Position**  
**December 31, 2015**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and equity in pooled cash and investments	\$ 10,879,905	\$ 40,782,337	\$ 51,662,242
Taxes receivable, net of allowance	422,333	-	422,333
Accounts receivable, net of allowance	351,629	4,678,278	5,029,907
Due from other governments	819,440	892,109	1,711,549
Other receivables	544,257	105,705	649,962
Inventories	371,271	2,410,350	2,781,621
Prepaid expenses	368	51,560	51,928
Total current assets	<u>13,389,203</u>	<u>48,920,339</u>	<u>62,309,542</u>
<b>Noncurrent assets</b>			
Noncurrent receivables	203,916	-	203,916
Prepaid bond insurance	-	5,188	5,188
Capital assets not being depreciated:			
Land	402,325	1,512,507	1,914,832
Construction in progress	332,116	37,034,950	37,367,066
Capital assets net of accumulated depreciation:			
Utility plant in service	-	85,839,092	85,839,092
Land improvements	1,585,719	2,707,503	4,293,222
Buildings and improvements	1,176,606	981,063	2,157,669
Machinery, equipment and furniture	1,618,523	4,997,467	6,615,990
Infrastructure	15,472,536	-	15,472,536
Total noncurrent assets	<u>20,791,741</u>	<u>133,077,770</u>	<u>153,869,511</u>
Total assets	<u>34,180,944</u>	<u>181,998,109</u>	<u>216,179,053</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension liability	1,620,470	1,236,536	2,857,006
Deferred charge on bond refunding	-	180,720	180,720
Total deferred outflows of resources	<u>1,620,470</u>	<u>1,417,256</u>	<u>3,037,726</u>
Total assets and deferred outflows of resources	<u>\$ 35,801,414</u>	<u>\$ 183,415,365</u>	<u>\$ 219,216,779</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 189,363	\$ 4,687,500	\$ 4,876,863
Accrued wages and withholdings	150,472	227,161	377,633
Accrued interest expense	-	113,508	113,508
Unearned revenues	105,960	654,599	760,559
Long-term liabilities: Due within one year			
Bonds and notes payable	-	1,895,987	1,895,987
Compensated absences	373,642	457,434	831,076
Liability for self-insured losses	75,205	187,108	262,313
Total current liabilities	<u>894,642</u>	<u>8,223,297</u>	<u>9,117,939</u>
<b>Noncurrent liabilities</b>			
Long-term liabilities: Due in more than one year			
Bonds and notes payable	-	17,831,984	17,831,984
Compensated absences	306,148	390,707	696,855
Net pension obligation	6,277,543	5,550,355	11,827,898
Net OPEB obligation	1,176,827	970,400	2,147,227
Liability for self-insured losses	150,907	375,453	526,360
Total noncurrent liabilities	<u>7,911,425</u>	<u>25,118,899</u>	<u>33,030,324</u>
Total liabilities	<u>8,806,067</u>	<u>33,342,196</u>	<u>42,148,263</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension liability	395,728	-	395,728
<b>NET POSITION</b>			
Net investment in capital assets	20,494,089	111,221,937	131,716,026
Restricted			
Highway projects	419,631	-	419,631
Capital improvements	5,188,913	-	5,188,913
Grants	343,974	-	343,974
Fire expenses	20,115	-	20,115
Unrestricted	<u>132,897</u>	<u>38,851,232</u>	<u>38,984,129</u>
Total net position	<u>26,599,619</u>	<u>150,073,169</u>	<u>176,672,788</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 35,801,414</u>	<u>\$ 183,415,365</u>	<u>\$ 219,216,779</u>

**BOROUGH OF CHAMBERSBURG**  
**Statement of Activities**  
**Year Ended December 31, 2015**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government</b>							
Governmental activities							
General government	\$ 1,320,836	\$ 471,697	\$ 37,594	\$ -	\$ (811,545)	\$ -	\$ (811,545)
Public safety	8,722,730	1,883,333	758,180	-	(6,081,217)	-	(6,081,217)
Public works	1,483,408	2,695	520,597	253,796	(706,320)	-	(706,320)
Culture and recreation	1,561,445	365,388	144,866	-	(1,051,191)	-	(1,051,191)
Community development	297,047	-	226,889	-	(70,158)	-	(70,158)
Total governmental activities	<u>13,385,466</u>	<u>2,723,113</u>	<u>1,688,126</u>	<u>253,796</u>	<u>(8,720,431)</u>	<u>-</u>	<u>(8,720,431)</u>
Business-type activities							
Electric	26,082,326	30,286,293	35,142	41,000	-	4,280,109	4,280,109
Gas	5,513,289	6,261,957	15,911	23,500	-	788,079	788,079
Water	3,394,584	3,142,529	19,846	123,500	-	(108,709)	(108,709)
Sewer	5,891,206	5,567,270	149,520	11,305,264	-	11,130,848	11,130,848
Sanitation	2,493,738	2,440,813	16,813	225,000	-	188,888	188,888
Parking, traffic and street lights	968,851	197,041	2,418	21,850	-	(747,542)	(747,542)
Storm Sewer	264,641	295,362	-	-	-	30,721	30,721
Total business-type activities	<u>44,608,635</u>	<u>48,191,265</u>	<u>239,650</u>	<u>11,740,114</u>	<u>-</u>	<u>15,562,394</u>	<u>15,562,394</u>
Total primary government	<u>\$ 57,994,101</u>	<u>\$ 50,914,378</u>	<u>\$ 1,927,776</u>	<u>\$ 11,993,910</u>	<u>\$ (8,720,431)</u>	<u>\$ 15,562,394</u>	<u>\$ 6,841,963</u>
<b>General revenues and transfers:</b>							
Taxes:							
Property taxes, levied for general purposes					\$ 4,142,267	\$ -	\$ 4,142,267
Property taxes, levied for specific purposes					491,328	-	491,328
Real estate transfer tax					779,004	-	779,004
Earned income tax					1,853,327	-	1,853,327
Local services tax					702,097	-	702,097
Payments in lieu of taxes					74,975	-	74,975
Unrestricted investment earnings					35,331	101,695	137,026
Miscellaneous income					39,477	30,679	70,156
Transfer of capital assets					(3,076,765)	3,076,765	-
Transfers					2,323,202	(2,323,202)	-
Total general revenues and transfers					<u>7,364,243</u>	<u>885,937</u>	<u>8,250,180</u>
Change in net position					(1,356,188)	16,448,331	15,092,143
Net position - beginning, as restated					27,955,807	133,624,838	161,580,645
Net position - ending					<u>\$ 26,599,619</u>	<u>\$ 150,073,169</u>	<u>\$ 176,672,788</u>

**BOROUGH OF CHAMBERSBURG**  
**Balance Sheet - Governmental Funds**  
**December 31, 2015**

	General Fund	Special Revenue Fund - Grant Programs	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and equity in pooled cash and investments	\$ 1,243,304	\$ 112,056	\$ 5,365,307	\$ 6,720,667
Taxes receivable, net	377,554	-	44,779	422,333
Receivable from other governments	755,468	73,421	-	828,889
Other receivables, net	334,844	160,591	585,673	1,081,108
Total assets	<u>\$ 2,711,170</u>	<u>\$ 346,068</u>	<u>\$ 5,995,759</u>	<u>\$ 9,052,997</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 77,587	\$ 2,068	\$ 93,566	\$ 173,221
Unearned revenue	105,960	-	248,528	354,488
Accrued wages, benefits and withholdings	124,875	26	171	125,072
Total liabilities	<u>308,422</u>	<u>2,094</u>	<u>342,265</u>	<u>652,781</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable tax revenue	409,508	-	24,835	434,343
Total deferred inflows of resources	<u>409,508</u>	<u>-</u>	<u>24,835</u>	<u>434,343</u>
<b>FUND BALANCES</b>				
Nonspendable for long term receivables	-	45,158	158,758	203,916
Restricted	-	298,816	5,469,901	5,768,717
Unassigned	1,993,240	-	-	1,993,240
Total fund balances	<u>1,993,240</u>	<u>343,974</u>	<u>5,628,659</u>	<u>7,965,873</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,711,170</u>	<u>\$ 346,068</u>	<u>\$ 5,995,759</u>	<u>\$ 9,052,997</u>

**BOROUGH OF CHAMBERSBURG**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**  
**December 31, 2015**

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**Total fund balance - governmental funds** \$ 7,965,873

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Cost of assets	34,533,318	
Accumulated depreciation	<u>(14,887,153)</u>	19,646,165

Taxes receivable will be collected in the future, but are not available soon enough to pay for the current period's expenditures, and therefore are not recorded in the fund financial statements. 434,343

Grant receivables will be collected in the future, but are not available soon enough to pay for the current period's expenditures, and therefore are not recorded in the fund financial statements. 248,528

Net Other Post Employment Benefits (OPEB) obligation does not require the use of current financial resources and, therefore, is not reported as a liability in the governmental funds. (1,057,533)

Deferred Outflows of Resources does not require the use of current financial resources and, therefore, is not reported as an asset in the governmental funds. 1,468,460

Net Pension Obligation does not require the use of current financial resources and, therefore, is not reported as a liability in the governmental funds. (5,595,226)

Deferred Inflows of Resources related to pension liabilities does not require the use of current financial resources and, therefore, is not reported as a liability in the governmental funds. (395,728)

Long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of compensated absences. (559,428)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, motor equipment, engineering, and others, to individual funds. A portion of these assets and liabilities of the internal service funds are included in the governmental activities and are allocated based on the usage of those funds by the governmental funds. 4,444,165

**Total net position - governmental activities** \$ 26,599,619

**BOROUGH OF CHAMBERSBURG****Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds****Year Ended December 31, 2015**

	<b>General Fund</b>	<b>Special Revenue Fund - Grant Programs</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes	\$ 7,652,811	\$ -	\$ 488,067	\$ 8,140,878
Licenses and permits	380,070	-	-	380,070
Fines and forfeits	174,703	-	-	174,703
Investment earnings	15,583	520	11,434	27,537
Intergovernmental	910,468	231,793	797,207	1,939,468
Charges for services	2,016,983	-	-	2,016,983
Contributions and donations	-	-	71,190	71,190
Miscellaneous	182,908	16,525	13,156	212,589
Total revenues	<u>11,333,526</u>	<u>248,838</u>	<u>1,381,054</u>	<u>12,963,418</u>
<b>EXPENDITURES</b>				
General government	1,357,014	81,111	73,919	1,512,044
Public Safety				
Police department	4,476,149	2,400	1,841	4,480,390
Emergency services	3,629,952	12,300	98,987	3,741,239
Planning and zoning	527,330	-	-	527,330
Public works				
Highways	1,021,646	8,676	1,374,837	2,405,159
Culture and recreation	1,355,246	-	130,995	1,486,241
Community development	-	225,876	32,500	258,376
Total expenditures	<u>12,367,337</u>	<u>330,363</u>	<u>1,713,079</u>	<u>14,410,779</u>
Excess (deficiency) of revenues over expenditures	<u>(1,033,811)</u>	<u>(81,525)</u>	<u>(332,025)</u>	<u>(1,447,361)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,090,000	8,507	2,994,278	5,092,785
Transfers out	<u>(1,595,603)</u>	<u>-</u>	<u>(1,616,454)</u>	<u>(3,212,057)</u>
Total other financing sources and uses	<u>494,397</u>	<u>8,507</u>	<u>1,377,824</u>	<u>1,880,728</u>
Net change in fund balances	(539,414)	(73,018)	1,045,799	433,367
Fund balances - beginning, as restated	<u>2,532,654</u>	<u>416,992</u>	<u>4,582,860</u>	<u>7,532,506</u>
Fund balances - ending	<u>\$ 1,993,240</u>	<u>\$ 343,974</u>	<u>\$ 5,628,659</u>	<u>\$ 7,965,873</u>

**BOROUGH OF CHAMBERSBURG**  
**Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of**  
**Governmental Funds to the Statement of Activities**  
**Year Ended December 31, 2015**

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**Net change in fund balances - total governmental funds:** \$ 433,367

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense differs from capital outlays in the period.

Depreciation expense	(1,176,918)	
Capital outlays	<u>1,804,526</u>	627,608

In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase other financing sources. Thus, the change in net position differs from the changes in the fund balance by the cost of the capital assets sold. (40,113)

In the current year, there were capital assets transferred from the governmental activities to the business-type activities for property that will be utilized by the Storm Sewer Fund. This is the net amount of the assets being transferred which were not reported in the governmental funds. (3,076,765)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. (281,416)

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This is the net amount earned or (used): (34,470)

Net Other Post Employment Benefits (OPEB) obligation does not require the use of current financial resources and, therefore, is not reported as an expense in the governmental funds. 410,489

Net Pension Obligation does not require the use of current financial resources and, therefore, is not reported as an expense in the governmental funds. (122,517)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 727,629

**Change in net position - governmental activities** (\$ 1,356,188)

**BOROUGH OF CHAMBERSBURG**  
**Statement of Net Position - Proprietary Funds**  
**December 31, 2015**

	Enterprise Funds					Total	Internal Service Funds
	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Other Enterprise Funds		
<b>ASSETS</b>							
<b>Current assets</b>							
Cash and equity in pooled cash and investments	\$ 8,202,670	\$ 4,046,794	\$ 7,857,913	\$ 7,415,281	\$ 2,911,635	\$ 30,434,293	\$ 14,507,282
Accounts receivable, net	2,629,144	785,486	271,231	766,878	224,993	4,677,732	765
Receivables from other governments	-	-	-	665,988	225,366	891,354	1,059
Other receivables	27,026	18,672	16,468	15,401	6,439	84,006	30,421
Inventories	934,808	399,501	58,027	94,305	-	1,486,641	1,294,980
Prepaid expenses	38,590	2,874	3,282	4,916	983	50,645	1,283
Total current assets	<u>11,832,238</u>	<u>5,253,327</u>	<u>8,206,921</u>	<u>8,962,769</u>	<u>3,369,416</u>	<u>37,624,671</u>	<u>15,835,790</u>
<b>Noncurrent assets</b>							
Prepaid bond insurance	3,329	-	-	1,859	-	5,188	-
Capital assets not being depreciated:							
Land	447,512	37,716	269,820	24,299	723,185	1,502,532	13,984
Construction in progress	418,854	1,190,152	943,913	34,304,694	177,337	37,034,950	-
Capital assets being depreciated:							
Buildings and system	75,071,419	14,967,405	31,990,611	43,714,527	1,419,989	167,163,951	155,804
Improvements other than buildings	45,308	4,839	1,028	-	4,083,055	4,134,230	-
Machinery and equipment	632,824	263,885	477,800	530,930	3,985,566	5,891,005	8,766,546
Less accumulated depreciation	<u>(33,271,144)</u>	<u>(6,285,340)</u>	<u>(13,814,103)</u>	<u>(28,200,798)</u>	<u>(3,425,522)</u>	<u>(84,996,907)</u>	<u>(5,651,853)</u>
Total capital assets	<u>43,344,773</u>	<u>10,178,657</u>	<u>19,869,069</u>	<u>50,373,652</u>	<u>6,963,610</u>	<u>130,729,761</u>	<u>3,284,481</u>
Total noncurrent assets	<u>43,348,102</u>	<u>10,178,657</u>	<u>19,869,069</u>	<u>50,375,511</u>	<u>6,963,610</u>	<u>130,734,949</u>	<u>3,284,481</u>
Total assets	<u>55,180,340</u>	<u>15,431,984</u>	<u>28,075,990</u>	<u>59,338,280</u>	<u>10,333,026</u>	<u>168,359,620</u>	<u>19,120,271</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred outflows related to pension liability	290,130	130,698	145,219	168,393	123,900	858,340	530,206
Deferred charge on bond refunding	<u>125,393</u>	<u>-</u>	<u>-</u>	<u>55,327</u>	<u>-</u>	<u>180,720</u>	<u>-</u>
Total deferred outflows of resources	<u>415,523</u>	<u>130,698</u>	<u>145,219</u>	<u>223,720</u>	<u>123,900</u>	<u>1,039,060</u>	<u>530,206</u>
Total assets and deferred outflows of resources	<u>\$ 55,595,863</u>	<u>\$ 15,562,682</u>	<u>\$ 28,221,209</u>	<u>\$ 59,562,000</u>	<u>\$ 10,456,926</u>	<u>\$ 169,398,680</u>	<u>\$ 19,650,477</u>
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Accounts payable	\$ 1,451,880	\$ 441,490	\$ 205,333	\$ 2,492,080	\$ 56,557	\$ 4,647,340	\$ 56,302
Accrued wages payable	51,080	24,442	28,305	30,946	29,195	163,968	88,593
Accrued interest payable	102,949	-	-	10,559	-	113,508	-
Unearned revenue	34,189	35,712	-	584,698	-	654,599	-
Compensated absences - current	115,321	42,920	52,125	53,908	35,621	299,895	220,860
Liability for self insured losses - current	-	-	-	-	-	-	262,313
Bonds, notes and loans payable - current	<u>1,482,856</u>	<u>-</u>	<u>-</u>	<u>362,899</u>	<u>50,232</u>	<u>1,895,987</u>	<u>-</u>
Total current liabilities	<u>3,238,275</u>	<u>544,564</u>	<u>285,763</u>	<u>3,535,090</u>	<u>171,605</u>	<u>7,775,297</u>	<u>628,068</u>
<b>Noncurrent liabilities</b>							
Compensated absences	104,268	30,271	46,629	35,388	32,234	248,790	198,958
Liability for self insured losses	-	-	-	-	-	-	526,360
Net pension obligation	1,302,287	586,653	651,837	755,854	556,142	3,852,773	2,379,899
Net OPEB obligation	227,687	102,568	113,963	132,150	97,234	673,602	416,092
Bonds, notes and loans payable	<u>10,356,975</u>	<u>-</u>	<u>-</u>	<u>6,038,028</u>	<u>1,436,981</u>	<u>17,831,984</u>	<u>-</u>
Total noncurrent liabilities	<u>11,991,217</u>	<u>719,492</u>	<u>812,429</u>	<u>6,961,420</u>	<u>2,122,591</u>	<u>22,607,149</u>	<u>3,521,309</u>
Total liabilities	<u>15,229,492</u>	<u>1,264,056</u>	<u>1,098,192</u>	<u>10,496,510</u>	<u>2,294,196</u>	<u>30,382,446</u>	<u>4,149,377</u>
<b>NET POSITION</b>							
Net investment in capital assets	31,628,880	10,173,944	19,691,392	41,698,958	5,685,942	108,879,116	3,284,481
Unrestricted	<u>8,737,491</u>	<u>4,124,682</u>	<u>7,431,625</u>	<u>7,366,532</u>	<u>2,476,788</u>	<u>30,137,118</u>	<u>12,216,619</u>
Total net position	<u>40,366,371</u>	<u>14,298,626</u>	<u>27,123,017</u>	<u>49,065,490</u>	<u>8,162,730</u>	<u>139,016,234</u>	<u>15,501,100</u>
Total liabilities and net position	<u>\$ 55,595,863</u>	<u>\$ 15,562,682</u>	<u>\$ 28,221,209</u>	<u>\$ 59,562,000</u>	<u>\$ 10,456,926</u>	<u>\$ 169,398,680</u>	<u>\$ 19,650,477</u>

Some amounts reported for business-type activities in the statement of net position are different because certain internal service funds' assets and liabilities are included with business-type activities

11,056,935

Net position of business-type activities

\$ 150,073,169



**BOROUGH OF CHAMBERSBURG**  
**Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds**  
**Year Ended December 31, 2015**

	Enterprise Funds				Other	Total	Internal Service Funds
	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Enterprise Funds		
<b>OPERATING REVENUES</b>							
Charges for services	\$ 28,763,421	\$ 6,224,692	\$ 2,853,866	\$ 5,453,301	\$ 2,762,063	\$ 46,057,343	\$ 7,446,593
Miscellaneous	1,512,536	36,776	101,945	50,890	105,258	1,807,405	8,634
Total operating revenues	<u>30,275,957</u>	<u>6,261,468</u>	<u>2,955,811</u>	<u>5,504,191</u>	<u>2,867,321</u>	<u>47,864,748</u>	<u>7,455,227</u>
<b>OPERATING EXPENSES</b>							
Production, gathering, treatment and transmission	2,813,221	593,916	1,623,524	2,443,862	-	7,474,523	-
Operation and maintenance	-	-	-	-	680,609	680,609	5,795,565
Collection and disposal	-	-	-	878,686	2,217,278	3,095,964	-
Purchase of energy for sale	18,502,865	3,315,792	-	-	-	21,818,657	-
Customer accounting and administrative	2,643,559	1,303,876	1,177,573	966,542	541,240	6,632,790	790,853
Claim payments and special services	-	-	-	-	-	-	509,641
Increase (decrease) in expected unpaid losses	-	-	-	-	-	-	(295,791)
Depreciation and amortization	2,109,892	392,778	687,610	1,467,090	277,909	4,935,279	527,250
Total operating expenses	<u>26,069,537</u>	<u>5,606,362</u>	<u>3,488,707</u>	<u>5,756,180</u>	<u>3,717,036</u>	<u>44,637,822</u>	<u>7,327,518</u>
Operating income (loss)	<u>4,206,420</u>	<u>655,106</u>	<u>(532,896)</u>	<u>(251,989)</u>	<u>(849,715)</u>	<u>3,226,926</u>	<u>127,709</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Connection fees	-	-	164,916	59,621	-	224,537	-
Interest and investment revenue	15,857	13,608	19,741	27,596	5,503	82,305	27,184
Gain (loss) on sale of assets	(16,403)	(14,174)	(14,278)	(14,169)	(13,914)	(72,938)	24,470
Reimbursement of prior year expense	-	-	-	-	-	-	741,012
Other nonoperating revenues	15,365	503	37,374	6,042	-	59,284	5,573
Intergovernmental revenues	35,142	15,911	19,846	149,520	19,231	239,650	68,667
Interest expense and debt issuance costs	(278,693)	-	-	(208,290)	(27,587)	(514,570)	-
Total nonoperating revenues (expenses)	<u>(228,732)</u>	<u>15,848</u>	<u>227,599</u>	<u>20,320</u>	<u>(16,767)</u>	<u>18,268</u>	<u>866,906</u>
Income (loss) before contributions and transfers	3,977,688	670,954	(305,297)	(231,669)	(866,482)	3,245,194	994,615
Capital contributions and grants	41,000	23,500	123,500	11,305,264	246,850	11,740,114	-
Transfers in	-	-	-	-	1,096,242	1,096,242	578,097
Transfers out	(2,095,317)	(410,000)	(160,000)	(122,000)	(35,250)	(2,822,567)	(732,500)
Transfer of capital assets from governmental activities	-	-	-	-	3,076,765	3,076,765	-
Change in net position	1,923,371	284,454	(341,797)	10,951,595	3,518,125	16,335,748	840,212
Total net position - beginning, as restated	<u>38,443,000</u>	<u>14,014,172</u>	<u>27,464,814</u>	<u>38,113,895</u>	<u>4,644,605</u>	<u>122,680,486</u>	<u>14,660,888</u>
Total net position - ending	<u>\$ 40,366,371</u>	<u>\$ 14,298,626</u>	<u>\$ 27,123,017</u>	<u>\$ 49,065,490</u>	<u>\$ 8,162,730</u>	<u>\$ 139,016,234</u>	<u>\$ 15,501,100</u>

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities

112,583

Change in net position of business-type activities

\$ 16,448,331

**BOROUGH OF CHAMBERSBURG**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended December 31, 2015**

	Enterprise Funds					Total	Internal Service Funds
	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Other Enterprise Funds		
<b>Cash flows from operating activities:</b>							
Receipts from customers/interfund services provided	\$ 30,796,885	\$ 6,819,446	\$ 3,021,777	\$ 5,564,641	\$ 2,845,943	\$ 49,048,692	\$ 7,434,176
Payments to suppliers	(21,642,216)	(4,157,500)	(1,611,302)	(2,842,693)	(2,238,442)	(32,492,153)	(3,206,092)
Payments to and on behalf of employees	(2,079,181)	(811,125)	(1,096,405)	(1,253,729)	(1,142,251)	(6,382,691)	(3,420,629)
Net cash provided (used) by operating activities	<u>7,075,488</u>	<u>1,850,821</u>	<u>314,070</u>	<u>1,468,219</u>	<u>(534,750)</u>	<u>10,173,848</u>	<u>807,455</u>
<b>Cash flows from capital and related financing activities:</b>							
Grants and reimbursements received	-	-	-	10,013,101	-	10,013,101	-
Proceeds from capital debt	-	-	-	-	885,798	885,798	-
Purchase of capital assets	(865,729)	(684,892)	(763,374)	(13,966,059)	(1,393,783)	(17,673,837)	(649,306)
Proceeds from sale of assets	-	-	-	-	-	-	25,480
Proceeds from tap fees	-	-	164,916	59,621	-	224,537	-
Principal paid on capital debt	(886,923)	-	-	(668,078)	(12,787)	(1,567,788)	-
Interest and fiscal charges paid on capital debt	(270,525)	-	-	(175,122)	(27,587)	(473,234)	-
Net cash provided (used) by capital and related financing activities	<u>(2,023,177)</u>	<u>(684,892)</u>	<u>(598,458)</u>	<u>(4,736,537)</u>	<u>(548,359)</u>	<u>(8,591,423)</u>	<u>(623,826)</u>
<b>Cash flows from non-capital financing activities:</b>							
Transfer from other funds	-	-	-	-	1,096,242	1,096,242	578,097
Transfer to other funds	(2,095,317)	(410,000)	(160,000)	(122,000)	(35,250)	(2,822,567)	(732,500)
Refund received for health insurance	-	-	-	-	-	-	741,012
Grants received	35,142	15,911	19,846	149,520	19,231	239,650	67,608
Net cash provided (used) by non-capital financing activities	<u>(2,060,175)</u>	<u>(394,089)</u>	<u>(140,154)</u>	<u>27,520</u>	<u>1,080,223</u>	<u>(1,486,675)</u>	<u>654,217</u>
<b>Cash flows from investing activities:</b>							
Interest and dividends received	2,436	7,301	8,842	19,351	10,660	48,590	8,497
Net cash provided (used) by investing activities	<u>2,436</u>	<u>7,301</u>	<u>8,842</u>	<u>19,351</u>	<u>10,660</u>	<u>48,590</u>	<u>8,497</u>
Net increase (decrease) in cash and cash equivalents	<u>2,994,572</u>	<u>779,141</u>	<u>(415,700)</u>	<u>(3,221,447)</u>	<u>7,774</u>	<u>144,340</u>	<u>846,343</u>
Cash and cash equivalents - beginning of the year	<u>5,208,098</u>	<u>3,267,653</u>	<u>8,273,613</u>	<u>10,636,728</u>	<u>2,903,861</u>	<u>30,289,953</u>	<u>13,660,939</u>
Cash and cash equivalents - end of the year	<u>\$ 8,202,670</u>	<u>\$ 4,046,794</u>	<u>\$ 7,857,913</u>	<u>\$ 7,415,281</u>	<u>\$ 2,911,635</u>	<u>\$ 30,434,293</u>	<u>\$ 14,507,282</u>
<b>Reconciliation of income (loss) from operations to net cash provided (used) by operating activities</b>							
Operating income (loss)	\$ 4,206,420	\$ 655,106	(\$ 532,896)	(\$ 251,989)	(\$ 849,715)	\$ 3,226,926	\$ 127,709
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation and amortization expense	2,109,892	392,778	687,610	1,467,090	277,909	4,935,279	527,249
Miscellaneous nonoperating income	15,365	503	37,374	6,042	(9,310)	49,974	3,037
(Increase) decrease in:							
Accounts receivable	499,716	572,236	28,592	54,408	(21,706)	1,133,246	1,735
Inventories	91,194	312,856	(1,455)	635	-	403,230	(24,251)
Prepaid expenses	(1,283)	(34)	(59)	(123)	(1)	(1,500)	(17)
Increase (decrease) in:							
Accounts payable and accrued expenses	(68,080)	(84,576)	65,038	157,524	42,591	112,497	62,951
Net pension liability and related deferred outflows and inflows	59,665	26,878	29,866	34,632	25,482	176,523	109,042
Unearned revenue	162,599	(24,926)	-	-	-	137,673	-
Net cash provided (used) by operating activities	<u>\$ 7,075,488</u>	<u>\$ 1,850,821</u>	<u>\$ 314,070</u>	<u>\$ 1,468,219</u>	<u>\$ (534,750)</u>	<u>\$ 10,173,848</u>	<u>\$ 807,455</u>
Non-cash investing, capital and non-capital financing activities							
Donated assets from developers	<u>\$ 41,000</u>	<u>\$ 23,500</u>	<u>\$ 123,500</u>	<u>\$ 92,867</u>	<u>\$ 21,850</u>	<u>\$ 302,717</u>	<u>\$ -</u>

**BOROUGH OF CHAMBERSBURG**  
**Statement of Fiduciary Net Position**  
**December 31, 2015**

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	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and equity in pooled cash and investments	\$ 185,594	\$ 36,630	\$ 978,569
Mutual funds - U.S. Securities	6,937,014	-	-
Mutual funds - Corporate bonds	4,626,960	-	-
Mutual funds - Stocks	21,701,175	-	-
Mutual funds - Real estate securities	1,051,064	-	-
Contribution receivable - plan member	1,429	-	-
Other receivables	-	22	2,037
Total assets	<u>\$ 34,503,236</u>	<u>\$ 36,652</u>	<u>\$ 980,606</u>
<b>LIABILITIES</b>			
Consumer deposits	\$ -	\$ -	\$ 980,606
Other payables	-	20,330	-
Total liabilities	<u>-</u>	<u>20,330</u>	<u>980,606</u>
<b>NET POSITION</b>			
Held in trust for benefits and other purposes	<u>34,503,236</u>	<u>16,322</u>	<u>-</u>
Total liabilities and net position	<u>\$ 34,503,236</u>	<u>\$ 36,652</u>	<u>\$ 980,606</u>

**BOROUGH OF CHAMBERSBURG**  
**Statement of Changes in Fiduciary Net Position**  
**Year Ended December 31, 2015**

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	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS</b>		
Contributions		
Employer	\$ 1,497,525	\$ -
Plan member	563,533	-
Public contributions and other revenue	-	16,434
Total contributions	<u>2,061,058</u>	<u>16,434</u>
Investment income		
Net appreciation (depreciation) in fair value of investments and gain (loss) on sale of investments	(1,333,030)	-
Interest, dividends, and other	659,198	161
Total net investment earnings	<u>(673,832)</u>	<u>161</u>
 Total additions	 <u>1,387,226</u>	 <u>16,595</u>
<b>DEDUCTIONS</b>		
Benefits	2,422,355	-
Administrative expenses	28,231	46,518
Miscellaneous expenses	-	20,435
Total deductions	<u>2,450,586</u>	<u>66,953</u>
 Change in net position	 (1,063,360)	 (50,358)
Net position - beginning	<u>35,566,596</u>	<u>66,680</u>
Net position - ending	<u>\$ 34,503,236</u>	<u>\$ 16,322</u>

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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***Nature of Operations***

The financial statements of the Borough of Chambersburg have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

***Reporting Entity***

The GASB defines the criteria used to determine the composition of the reporting entity. It requires that the reporting entity include (a) the primary government, (b) organizations for which the primary government is financially accountable, (c) organizations that are fiscally dependent on the primary government and a financial benefit or burden exists, and (d) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and if it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for the governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation in some manner for the debt of the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government.

Based upon the application of these criteria, the following component unit meets the criteria for blending and is included within the reporting entity:

The Municipal Authority of the Borough of Chambersburg (the "Authority") is governed by a Board appointed by Borough Council. The Authority exists to provide services entirely to benefit the Borough. The Authority had no financial activity during 2015. See Note 11 for additional information.

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Fund Accounting***

The Borough uses funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net position/(deficit), revenue, and expenditures/expenses. The various funds of the primary government are grouped into the categories of governmental, proprietary, and fiduciary.

**Governmental Funds**

Governmental Funds are those through which most governmental functions of the Borough are financed. The measurement focus is on the flow of expendable resources, rather than on net earnings determination.

The Borough reports the following major governmental funds:

***General Fund*** – The General Fund is the general operating fund of the Borough. This fund is used to account for all financial transactions except those required to be accounted for in another fund. This is a budgeted fund, and any unrestricted fund balances are considered as resources available for use.

***Special Revenue Fund - Grant Programs*** - Grant Programs are used to account for the proceeds of a majority specific revenue sources from grants used to finance specific activities as required by law or administrative regulation obtained by the Borough for the governmental activities.

Additionally, the Borough reports the following non-major governmental funds:

***Special Revenue Funds*** – These funds are used to account for proceeds of specific revenue sources used to finance specific activities as required by law or administrative regulation. The Borough has three Special Revenue Funds, the Grant Program Fund above and the following:

Liquid Fuels Fund is used to account for state liquid fuels tax revenue used primarily for building, improving, and maintaining local roads and bridges.

Richard Kasher Fire Tax Fund is used to account for real estate tax revenue used primarily for fire department support.

***Capital Reserve Fund*** – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise funds).

**Proprietary Funds**

Proprietary funds are used to account for activities similar to those found in the private sector, where the focus of proprietary funds is on the determination of net earnings and capital maintenance. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Fund Accounting (Continued)***

**Proprietary Funds (Continued)**

The Borough reports the following major enterprise funds:

***Electric Department*** – Provides electric power and related services to the Borough of Chambersburg and all customers, both residential and commercial, throughout the Borough.

***Gas Department*** – Provides natural gas and related services to the Borough of Chambersburg in addition to its residential and commercial customers throughout the Borough and within its proximity.

***Water Department*** – Provides water and related services, including laboratory analyses, to the Borough of Chambersburg, its residents, business establishments and various customers within the proximity of the Borough.

***Sewer Department*** – Provides wastewater treatment services for the Borough of Chambersburg, its residents, commercial establishments and various customers located within the neighboring areas of Greene Township, Guilford Township, Hamilton Township and Letterkenny Township.

The Borough reports the following non-major enterprise funds:

***Sanitation Department*** – Provides trash and garbage removal for the Borough of Chambersburg, its residents and commercial establishments throughout the Borough.

***Parking, Traffic and Street Lights Department*** – Regulates and controls vehicle parking, traffic and street lights throughout the Borough of Chambersburg.

***Storm Sewer Department*** – Provides stormwater removal for the Borough of Chambersburg, its residents and commercial establishments throughout the Borough.

***Classification of Revenues*** - For proprietary funds, the Borough has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating Revenues - Operating revenues include activities that have the characteristics of exchange transactions, such as (1) utility billings; (2) penalties and late charges; and (3) other miscellaneous sales.

Nonoperating Revenues - Nonoperating revenues include activities that have the characteristics of non-exchange transactions (in which the Borough receives value without directly giving equal value in return), such as contributions and grants, and other revenues that are defined as nonoperating revenues by GASB pronouncements, such as investment earnings. Tap fees are also considered nonoperating since they are charged based on future capacity needs of the system and are not based on an exchange-type transaction.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Fund Accounting (Continued)***

**Proprietary Funds (Continued)**

Internal service funds of a government (which traditionally provide services primarily to other funds of the government) are presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are a combination of the Borough's governmental and enterprise funds, financial statements of internal service funds are allocated based on the usage of those funds and included in the governmental and business-type column when presented at the government-wide level. The costs of these services are allocated to the appropriate functional activity.

The Borough's internal service funds consist of:

***Stores Fund*** – The Stores Department is responsible for the purchase, storage, and disbursal of inventory which is used to support the construction and maintenance functions of the Borough utilities.

***Motor Equipment Fund*** – This fund supports the activities of the Motor Equipment Department which manages a rolling stock of more than 120 vehicles.

***Self-insurance Fund*** – This fund is used for the purpose of funding risk which the Borough does not transfer to commercial insurance carriers or insurance pools.

***Engineering Fund*** – This fund supports the activities of the Engineering Department which is responsible for furnishing engineering, surveying, drafting, and utility location information to other departments. The department also designs and inspects public works projects.

***Worker's Compensation*** – This fund underwrites the risks to the Borough resulting from job-related injury or illness to its employees.

***Administrative Services Fund*** – Administrative Services is synonymous with the Finance Department which is responsible for the complete financial reporting and utility meter reading, as well as the operation and maintenance of Borough Hall.

The major fund concept does not apply to internal service funds.

***Fiduciary Fund Types***

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds (Firemen's, Police, and Bargaining and Administrative Employees), investment trust funds, private-purpose trust funds (Citizen's Reward, Sister City and Project Heat), and agency funds (Payroll Clearing, Consumer Deposit).

Trust funds are used to account for assets held by the Borough under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Borough's own program. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.



**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Fiduciary Fund Types (Continued)***

The Borough's fiduciary funds consist of:

***Police Pension Fund*** - This fund is used to account for the accumulation of resources for pension benefit payments to qualified public safety (police) employees.

***Bargaining and Administrative Employees Pension Fund*** - This fund is used to account for the accumulation of resources for pension benefit payments to qualified employees of the Borough other than police or fire department employees.

***Firemen's Pension Fund*** - This fund is used to account for the accumulation of resources for pension benefit payments to qualified Fire Department employees.

***Citizen's Reward Fund*** - Trust fund used to hold contributions from private citizens for the purpose of rewarding police informants for their assistance in solving crime.

***Sister City Fund*** - Trust fund used to hold money that accumulates for the specific purpose of "sister city" activities. Our sister city is Gotemba, Japan.

***Project HEAT Fund*** - Trust fund to hold contributions from citizens for the purpose of assisting others pay their utility bills.

***Payroll Clearing Fund*** - An account to temporarily hold every dollar expended through the payroll system. This includes net payroll, all taxes withheld, miscellaneous deductions and employers' share of Social Security/Medicare expense. Theoretically, every dollar contained within the account will eventually be paid out in net pay, taxes or other deductions.

***Consumer Deposits Fund*** - Agency fund used to hold deposits on behalf of utility customers. Interest is earned and "tracked" for individual customers at the Borough's composite interest rate. These funds can be used to settle an outstanding account or returned to the customer whenever a "good credit history" record is attained. These funds are also returned to the customer whenever they move outside the Borough. Occasionally, some deposits and or down payments from other individuals and organizations for other purposes are deposited in this account and held until final resolution has occurred.

***Basis of Presentation***

**Government-wide Financial Statements** – The statement of net position and the statement of activities display information about the Borough as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Borough that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financials, but differs from the manner in which governmental fund financials are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and statements for governmental funds.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Basis of Presentation (Continued)***

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Borough, and for each function or program of the Borough's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods or services offered by the program and grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Borough, with certain limited exceptions. The comparison of direct expenses and program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Borough.

**Fund Financial Statements** – Fund financial statements report detailed information about the Borough. The focus of the governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The major fund concept does not apply to internal service funds which are considered proprietary funds and are presented with enterprise funds. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the Borough finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus. However, agency funds have no measurement focus.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Basis of Accounting***

The government-wide, proprietary, and fiduciary fund (except agency fund) financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets plus deferred outflows of resources less total liabilities and deferred inflows of resources) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific Borough expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as unearned revenues until earned. If time eligibility requirements are not met, a deferred inflow of resources would be recorded. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

***Budgets***

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund, liquid fuels fund, capital projects, grant program, and proprietary funds. All annual appropriations lapse at year end and must be reappropriated. Budgets are not revised during the year. Encumbrance accounting is utilized for internal management purposes, but not for financial reporting. The budget is prepared and approved at the departmental level. The departments presented in the Budgetary Comparison Schedules included as required supplementary information represent the legal level of budgetary control.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Cash, Cash Equivalents and Investments***

Cash and cash equivalents include cash on hand, demand deposits, and in accordance with GASB pronouncements, each fund's equity in the Borough's investment pool since each fund can deposit or effectively withdraw cash at any time without prior written notice or penalty. Cash and cash equivalents on the Proprietary Funds' cash flow statements are in agreement with the amounts listed on the related statement of net position as "cash and equity in pooled cash and investments".

Investments are reported at fair value based on quoted values from established markets. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities. Income, including the change in fair value, from investments held by the individual funds is recorded in the respective fund as it is earned. All other investments owned by the Borough are accounted for in pooled cash and temporary investment accounts. Income earned from this pooling of investments is allocated monthly to the respective funds based upon month end balances.

***Inventories***

Inventories held by the Electric, Gas, Water, Sewer, and Stores Funds, as well as fuel in the Motor Equipment Fund are priced using the moving weighted-average method. Inventories of parts held by the Motor Equipment Fund are stated at the lower of cost or market, cost being determined using the first-in/first-out (FIFO) method.

***Capital Assets***

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type column of the government-wide statement of net position and in the respective fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair values as of the date received. The Borough maintains a capitalization threshold of \$ 2,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest costs incurred during the construction of capital assets is capitalized for business-type activities and enterprise funds and expensed for governmental activities.

Infrastructure assets that have been acquired since 1980 have been recorded in accordance with GASB requirements. These consist mainly of highway improvements.

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Capital Assets (Continued)***

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Land improvements	10-20 years	10-20 years
Buildings	40-50 years	40-50 years
Machinery and equipment	8-40 years	8-40 years
Utility plant in service	20-50 years	20-50 years
Infrastructure - railroads	25 years	N/A
Infrastructure - highways	25 years	N/A
Infrastructure - other	5-50 years	N/A

***Deferred Outflows and Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Borough has several items that qualify for reporting in this category, including the deferred charge on bond refunding, amounts deferred due to differences between the expected and actual experience for pension plans and the net difference between projected and actual earnings on pension plan investments. These amounts will be amortized in future periods. A deferred charge on bond refunding results from the difference in the carrying value of refunding debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Borough has unavailable tax revenue that is reported as deferred inflows of resources in the governmental funds balance sheet. The Borough reports the pension plan differences between the expected and actual experience and changes in assumptions as deferred inflows of resources on the statement of net positions.

***Interfund Transactions***

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Advances between funds which are not expected to be repaid are accounted for as transfers. Interfund balances and transactions are eliminated in the government-wide financial statements.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Interfund Transactions (Continued)***

Exchange transactions, if any, between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and are shown separately in proprietary funds.

***Allowance for Uncollectible Accounts***

The Borough provides credit to its customers in the normal course of business. Receivables are generally due thirty days after billed. The Borough provides an allowance for uncollectible accounts equal to the estimated losses based on historical collection experience that will be incurred in the collection of all receivables.

***Loans Receivable***

Loans receivable on the statement of net position (classified in "other receivables") represent loans made to low income residents under a revolving loan program funded by the Pennsylvania Department of Community and Economic Development (DCED) and the Federal HOME Program, as well as a loan agreement with the Chambersburg Area Development Corporation for the renovation of the Heritage Center funded by DCED.

***Long-Term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activity columns in the statement of net position. This same treatment also applies to proprietary fund financial statements.

Bond premium and discounts, deferred charge on bond refunding, as well as prepaid bond insurance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. The deferred charge on bond refunding is reported as deferred outflows of resources and amortized over the term of the related debt. Prepaid bond insurance costs are reported as an asset and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses (if resulting from a disparity in interest rates) or as debt service expenditures (if resulting from underwriter's fees). Issuance costs (including prepaid bond insurance), whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position**

In the government-wide financial statements and proprietary fund financial statements, net position is classified in the following categories:

**Net Investment in Capital Assets:** This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt and accounts payable and retainage payable that are attributable to the acquisition, construction or improvement of these assets reduce this category. *Net Investment in Capital Assets* consists of the following at December 31, 2015:

**Government-Wide Activity**

	Governmental Activities	Business-Type Activities
Capital assets	\$ 20,587,825	\$ 133,072,582
Bonds and notes payable	-	(19,727,971)
Deferred charge on bond refunding	-	180,720
Accounts and retainage payable related to capital assets	(93,736)	(2,512,939)
Unspent note proceeds	-	209,545
Net investment in capital assets	<u>\$ 20,494,089</u>	<u>\$ 111,221,937</u>

**Proprietary Funds**

	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Sanitation Fund	Parking, Traffic, and Street Lights Fund	Storm Sewer Fund
Capital assets	\$ 43,344,773	\$ 10,178,657	\$ 19,869,069	\$ 50,373,652	\$ 1,332,484.00	\$ 2,561,175	\$ 3,069,951
Bonds and notes payable	(11,839,831)	-	-	(6,400,927)	(1,487,213)	-	-
Deferred charge on bond refunding	125,393	-	-	55,327	-	-	-
Accounts and retainage payable related to capital assets	(1,455)	(4,713)	(177,677)	(2,329,094)	-	-	-
Unspent note proceeds	-	-	-	-	209,545	-	-
Net investment in capital assets	<u>\$ 31,628,880</u>	<u>\$ 10,173,944</u>	<u>\$ 19,691,392</u>	<u>\$ 41,698,958</u>	<u>\$ 54,816</u>	<u>\$ 2,561,175</u>	<u>\$ 3,069,951</u>

**Internal Service Funds**

	Stores Fund	Motor Equipment Fund	Engineering Fund	Administrative Services Fund
Capital assets	\$ 2,110	\$ 3,257,565	\$ 10,868	\$ 13,938
Bonds and notes payable	-	-	-	-
Deferred charge on bond refunding	-	-	-	-
Accounts and retainage payable related to capital assets	-	-	-	-
Net investment in capital assets	<u>\$ 2,110</u>	<u>\$ 3,257,565</u>	<u>\$ 10,868</u>	<u>\$ 13,938</u>

**Restricted:** This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The following details restricted net position:

Restricted for capital improvements	\$ 5,188,913
Restricted for grant expenses	343,974
Restricted for highway improvements/projects	419,631
Restricted for fire expenses	<u>20,115</u>
	<u>\$ 5,972,633</u>

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Net Position***

**Unrestricted:** This category of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**Net Position Flow Assumption:** Sometimes the government will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Borough's policy to use restricted resources first, then unrestricted resources as they are needed.

***Deficit Net Position***

The Administrative Services Fund and Worker's Compensation Fund (internal service funds) have deficit net position balances of \$ 2,182,054 and \$ 373,054 respectively, at December 31, 2015. In addition, the Project Heat Fund (private purpose trust fund) has a deficit net position balance of \$ 20,330 at December 31, 2015.

***Fund Balance – Governmental Funds***

Governmental funds classify fund balance based on the relative strength of the spending constraints placed on the purpose for which resources can be used. The classifications are as follows:

**Nonspendable:** This classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This classification includes items such as prepaid amounts, inventories, and the long term portion of loans and notes receivable. This also includes the corpus (or principal) of permanent funds.

**Restricted:** This classification includes amounts where the constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payment and includes a legally enforceable requirement on the use of these funds. The following details restricted fund balance:

Restricted for capital improvements	\$ 5,030,155
Restricted for grant expenditures	298,816
Restricted for highway improvements/projects	419,631
Restricted for fire expenditures	<u>20,115</u>
	<u>\$ 5,768,717</u>



**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Fund Balance – Governmental Funds (Continued)***

**Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Borough's highest level of decision-making authority. This formal action is in the form of a resolution which is made by the Borough Council. Once an amount is committed, it cannot be used for any other purpose unless changed by the same type of formal action used to initially constrain the funds.

**Assigned:** This classification includes spendable amounts that are reported in governmental funds *other than in the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose. The intent of an assigned fund balance should be expressed by the Borough Council. The assignment of fund balance cannot result in a negative unassigned fund balance.

**Unassigned:** This classification represents the portion of a spendable fund balance that has not been categorized as restricted, committed, or assigned. The general fund is the only fund which would include a positive unassigned fund balance as all other fund types must categorize amounts within the other classifications. A negative unassigned fund balance may occur in any fund when there is an over expenditure of restricted or committed fund balance. In this case, any assigned fund balance (and unassigned fund balance in the general fund) would be eliminated prior to reporting a negative unassigned fund balance.

***Minimum Fund Balance***

The Borough's policy is to maintain a minimum of 5% of the total budgeted expenditures (including interfund transfers out) as the residual unassigned fund balance at year end. Three methods that can be employed in increasing fund balance if it were to fall below the minimum threshold are: 1) increase general fund revenues via tax or other revenue increase (charges for service), 2) decreasing general fund expenditures, or 3) increasing transfers from other Borough funds.

***Order of Spending Policy***

The Borough's policy for spending order when fund balance resources are available for a specific purpose in multiple classifications is to use restricted resources first and then apply unrestricted resources in the following order: unassigned, assigned, and committed.

***Pension Trust Funds***

In June 2013, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pension Plans*. The objective of this statement is to improve financial reporting by state and local government plans by providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The financial statements incorporate the changes required by Statement No. 68.

The GASB requires a statement of plan net position and a statement of changes in plan net position. These are shown as part of the fiduciary statements. It also requires plan investments to be recorded at their fair value and establishes standards for the measurement, recognition, and display of pension expense and related liabilities, assets, and note disclosures.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Deferred Compensation Plan***

The Borough has established a deferred compensation plan under Internal Revenue Code Section 457 which covers all employees. All assets and income of the plan are held for the exclusive benefit of the plan's participants and their beneficiaries. In accordance with the provisions of the GASB, the assets and liabilities of the plan are not reported on the financial statements of the Borough.

***Compensated Absences***

Liability for compensated absences is accounted for in accordance with the provisions of the GASB, which require entities to accrue for employees' rights to receive compensation for vacation leave, or payments in lieu of accrued vacation or sick leave, as such benefits are earned and payment becomes probable.

Under terms of the Borough's employment agreements, employees are granted vacation and sick leave in varying amounts. Vacation days not used by December 31 are lost unless otherwise approved, or are retained if employed for at least 20 years by the Borough. All employees (including uniformed police) are permitted to accumulate unlimited sick days. Upon retirement from the Borough, employees with a certain number of years of continuous service are reimbursed as follows for their accumulated sick leave:

- **Non-Bargaining and Police** - employees may accrue and bank unlimited sick leave time but said time shall be understood to have no cash value. As a wellness incentive, the Borough shall pay to an employee with at least five (5) years of continuous employment with the Borough, a post-separation lump sum payment of 1% of such employee's unused accumulated sick leave for each year of that the employee has been employed with the Borough. (Example: An employee who has been employed for 15 years with the Borough would be entitled to 15% of the employee's unused accumulated sick leave, subject to the maximum payment amount set forth below). Such payment shall be based upon the employee's hourly rate at the time of separation. However, any employee who is terminated due to gross neglect, fraud, dishonesty, or willful failure to perform such employee's duties, shall forfeit all rights to such lump sum payment for unused sick leave (the wellness incentive). Additionally, employees shall only be eligible for the wellness incentive if, upon separation, the employee has accumulated in excess of five hundred (500) hours of sick leave. The maximum amount to be paid to any employee for such wellness incentive shall be Ten Thousand Dollars (\$10,000).
- **Bargaining** - 1% per year of service of unused sick leave up to a maximum of 90 days pay for employees with at least five (5) years of continuous employment.
- **Fire** - 15% to 27.5% of accumulated sick leave based on years of service.

***Other Postemployment Benefits Other Than Pension***

The Borough provides postemployment benefits by permitting retired employees the ability to participate in the employee health plan. Even though the retirees pay 102% of the Borough's blended premium rate, the Borough is still providing an implicit rate subsidy to its retirees. These benefits are financed on a pay-as-you-go basis. The Borough provides no other postemployment benefits for Borough employees.

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Statement of Cash Flows - Proprietary Funds***

Because the Borough accounts for all deposits and investments through a Central Treasury function, all investments are considered to be cash equivalents for purposes of the statement of cash flows.

***Reclassifications***

Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 presentation.

**NOTE 2 CASH AND CASH EQUIVALENTS**

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The Borough is authorized to invest in the following:

- U.S. Treasury Bills.
- Short-term obligations of the U.S. Government or its agencies.
- Deposits in savings accounts or certificates of deposit insured by the FDIC or NCUSIF to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law shall be pledged by the depository.
- Obligations of the U.S. Government, Commonwealth of Pennsylvania, or any agency, instrumentality, or political subdivision thereof, backed by the full faith and credit of the applicable government.
- Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933.

***Deposits***

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough does not have a written policy for custodial credit risk. As of December 31, 2015, the Borough has a bank balance of \$ 9,264,490. Of this balance, \$ 677,500 is covered by FDIC insurance and the remaining balance of \$ 8,586,990 is collateralized by securities held by the pledging financial institution, not in the Borough's name.

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)**

***Investments***

As of December 31, 2015, the Borough's investments were as follows:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Credit Quality Rating</b>
PLGIT/PLGIT PLUS	\$ 1,001,790	AAAm
PLGIT - CD's and Term CD's	2,973,904	AAAm
Valley Forge - US governmental obligations	37,730,195	AA+
Valley Forge - Negotiable CD's	2,149,189	Not Rated

The certificates of deposit held at PLGIT and Valley Forge were all covered by FDIC insurance.

**Credit Risk - Investments**

The Borough has no investment policy that would limit its investment choices to certain credit ratings.

Included in cash and cash equivalents on the statement of net position are pooled investments in the Pennsylvania Local Government Investment Trust (PLGIT) of \$ 1,001,790. These funds are basically mutual funds that consist of short-term money market instruments and seek to maintain a constant net asset value of \$ 1 per share.

**Concentrations of Credit Risk - Investments**

The Borough places no limit on the amount it may invest in any one issuer. At December 31, 2015, 88% of the Borough's investments are held in U.S. Government Obligations which includes Federal Home Loan Bank (24%), Federal Farm Credit Bank (16%), Federal National Mortgage Association (14%), Federal Home Loan Mortgage Corporation (20%) and Freddie Mac (14%), while 12% are held in negotiable certificates of deposit with various banks.

**Interest Rate Risk - Investments**

The following investments are subject to interest rate risk:

	<b>Total Fair Value</b>	<b>Investment Maturities (in Years)</b>	
		<b>Less Than 1</b>	<b>1-5</b>
PLGIT - CD's and Term CD's	\$ 2,973,904	\$ 2,973,904	\$ -
Valley Forge - US governmental obligations	37,730,195	397,094	37,333,101
Valley Forge - Negotiable CD's	2,149,189	729,736	1,419,453

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Borough has \$ 37,333,101 invested in U. S. governmental obligations with call dates in excess of one year as of December 31, 2015. Subsequent to year end upon receiving additional legal advice, it was determined these are considered unallowable investments. These investments were then sold and replaced with allowable investments.

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)**

***Investments (Continued)***

**Municipal Pension Plans**

Investments held by the trustees of the pension plans are as follows:

	<b>Total Fair Value</b>	<b>Investment Maturities</b>
Money Market Funds	\$ 185,594	N/A
Corporate Bond Mutual Funds	4,626,961	Less Than 1 Year
Open End Mutual Funds	<u>29,689,252</u>	N/A
Total	<u>\$ 34,501,807</u>	

**Concentrations of Credit Risk - Pension Plan Investments**

At December 31, 2015, the following investments were in excess of 5% of the plan net position: Short-Term Investment-Grade Admiral (16.84%), Vanguard Value Index Fund Admiral Shares (14.35%), Vanguard Institutional Index Fund (14.23%), Dimensional Funds Advisor One Year Fixed Income Portfolio Institutional Class (13.48%), Vanguard Mid-Cap Value Index Fund Admiral Shares (9.26%), Dimensional Funds Advisor U.S. Small Cap Value Portfolio Institutional (8.98%), Dimensional Funds Advisor International Value Port Institutional (6.01%), and Dimensional Funds Advisor International Small Cap Value Portfolio Institutional (5.53%).

***Credit Risk - Pension Plans***

The Borough does not have a formal policy pertaining to credit risk. The corporate bond mutual funds credit rating is detailed below:

<b><u>Institution</u></b>	<b><u>Description</u></b>	<b><u>Credit Quality</u></b>
Vanguard	GNMA Fund Admiral Shares	AA
Vanguard	Short-Term Investment - Grade Admiral	A
DFA	One year Fixed Income Portfolio - Instl	AA

***Foreign Securities and Currencies Risk - Pension Plans***

Foreign securities prices may decline or fluctuate because of economic or political actions of foreign governments or the possibility that foreign currency will fluctuate in value against the U. S. dollar. Included in the \$ 29,689,252 of Open End Mutual Funds shown above are International Mutual Funds with a fair value of \$ 4,288,987. The International Mutual Funds may be subject to foreign securities and currencies risk.

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

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**NOTE 3 TAXES AND OTHER RECEIVABLES**

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Property taxes are levied on March 1 for the tax year. Taxes are payable at a 2% discount if paid before May 1 and at a 10% penalty if paid after the due date of June 30. Outstanding real estate taxes are turned over to a delinquent tax collector on January 15 of each year. After proper notification is made to a property owner, a lien is filed on or about May 1 and must remain in effect for a period of two years before a tax sale may occur.

Taxes are recorded in the funds as revenue by the Borough when received from the tax collector, and accruals are recorded at year-end for taxes expected to be received within 60 days of December 31 in accordance with the modified accrual basis of accounting. The Borough has not established an allowance for uncollectible taxes since experience has demonstrated that substantially all taxes are ultimately collectible.

Receivables as of December 31, 2015 for the Borough's governmental activities, including the applicable allowances for uncollectible accounts, are as follows:

Real estate	\$ 422,333
Earned income tax	490,154
Real estate transfer tax	229,049
Ambulance billings	481,686
Loans receivable	291,954
Grants receivable	63,668
Contribution receivable	408,536
Other	237,904
Allowance for uncollectible accounts	<u>(283,709)</u>
Receivables - full accrual basis	2,341,575
Allocation of internal service funds receivables not recorded in the governmental fund financial statements	<u>(9,245)</u>
Receivables - modified accrual basis	<u>\$ 2,332,330</u>

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the Borough consists of the following for the year ended December 31, 2015:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Cost:					
Capital assets not being depreciated					
Land	\$ 402,325	\$ -	\$ -	\$ -	\$ 402,325
Construction-in-progress	1,198,919	134,590	(1,001,393)	-	332,116
Capital assets					
Land improvements	3,517,605	157,531	(1,981)	(518,874)	3,154,281
Buildings	4,840,703	-	(462)	-	4,840,241
Machinery and equipment	5,045,056	296,175	(241,381)	-	5,099,850
Infrastructure - highways	15,734,865	-	-	-	15,734,865
Infrastructure - railroads	2,478,702	2,312,326	-	(2,221,282)	2,569,746
Infrastructure - other	6,214,950	91,449	-	(1,344,460)	4,961,939
Total cost	<u>39,433,125</u>	<u>2,992,071</u>	<u>(1,245,217)</u>	<u>(4,084,616)</u>	<u>37,095,363</u>
Less accumulated depreciation:					
Land improvements	(1,425,363)	(192,604)	1,987	47,418	(1,568,562)
Buildings	(3,562,725)	(101,112)	202	-	(3,663,635)
Machinery and equipment	(3,402,158)	(280,401)	201,232	-	(3,481,327)
Infrastructure - railroads	(1,735,090)	(99,148)	-	-	(1,834,238)
Infrastructure - highways	(4,439,536)	(503,659)	-	799,693	(4,143,502)
Infrastructure - other	(1,825,858)	(151,156)	-	160,740	(1,816,274)
Total accumulated depreciation	<u>(16,390,730)</u>	<u>(1,328,080)</u>	<u>203,421</u>	<u>1,007,851</u>	<u>(16,507,538)</u>
<b>Capital assets, net</b>	<b><u>\$ 23,042,395</u></b>	<b><u>\$ 1,663,991</u></b>	<b><u>\$ (1,041,796)</u></b>	<b><u>\$ (3,076,765)</u></b>	<b><u>\$ 20,587,825</u></b>
<b>Business-Type Activities:</b>					
Cost:					
Capital assets not being depreciated					
Land	\$ 900,475	\$ 612,032	\$ -	\$ -	\$ 1,512,507
Construction-in-progress	23,858,028	14,988,883	(1,811,961)	-	37,034,950
Capital assets					
Utility plant in service	162,299,346	2,232,392	(20,326)	1,344,460	165,855,872
Land improvements	543,898	850,176	-	2,740,156	4,134,230
Buildings	1,403,787	20,266	(4,839)	-	1,419,214
Machinery and equipment	11,342,765	1,218,749	(417,330)	-	12,144,184
Total cost	<u>200,348,299</u>	<u>19,922,498</u>	<u>(2,254,456)</u>	<u>4,084,616</u>	<u>222,100,957</u>
Less accumulated depreciation:					
Utility plant in service	(75,545,621)	(4,494,788)	23,629	-	(80,016,780)
Land improvements	(471,133)	(108,483)	-	(847,111)	(1,426,727)
Buildings	(406,093)	(32,058)	-	-	(438,151)
Machinery and equipment	(6,655,148)	(676,036)	345,207	(160,740)	(7,146,717)
Total accumulated depreciation	<u>(83,077,995)</u>	<u>(5,311,365)</u>	<u>368,836</u>	<u>(1,007,851)</u>	<u>(89,028,375)</u>
<b>Capital assets, net</b>	<b><u>\$ 117,270,304</u></b>	<b><u>\$ 14,611,133</u></b>	<b><u>\$ (1,885,620)</u></b>	<b><u>\$ 3,076,765</u></b>	<b><u>\$ 133,072,582</u></b>

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

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**NOTE 4 CAPITAL ASSETS (CONTINUED)**

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Included in the above additions for Business-Type Activities and retirements for Governmental Activities are assets and related accumulated depreciation that was transferred from the Governmental Activities to the Storm Sewer Fund in the current year. This transfer is recorded in the governmental activities and business-type activities; however it is not shown as a transfer of assets from the governmental activities on the fund level financial statements since capital assets are not recorded on the governmental fund level. This transfer was necessary for the establishment of the Storm Sewer Fund in the current year.

See Note 10 for project commitments.

Depreciation expense for the year ended December 31, 2015 was charged to expense functions, including the internal service fund allocations, as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
General government	\$ 418,576	\$ -
Public safety	165,268	-
Public services	540,869	-
Parks and recreation	203,367	-
Electric	-	2,264,639
Gas	-	451,566
Water	-	747,031
Sewer	-	1,515,017
Sanitation	-	121,339
Parking, traffic and street lights	-	126,054
Storm Sewer	-	85,719
	<u>\$ 1,328,080</u>	<u>\$ 5,311,365</u>

***Internal Service Fund Allocation***

The capital asset information shown above for governmental activities and business-type activities includes the allocation of capital assets, accumulated depreciation and current year depreciation expense of internal services funds. This allocation is based on the applicable usage of each internal service fund by the governmental activities (29%) and the business-type activities (71%). These allocations changed in 2015 compared to 2014, thus the beginning balances do not match the previous year financial statements due to reallocating the beginning balance of the internal service funds using the new allocations.



**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 5 LONG-TERM LIABILITIES**

The changes in long-term liabilities during the year ended December 31, 2015 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Unamortized Bond Premium and Discount	Current Portion	Long-term Portion
<b>Governmental Activities:</b>							
Liability for self-insured losses	\$ 310,916	\$ -	\$ (84,804)	\$ 226,112	\$ -	\$ 75,205	\$ 150,907
Compensated absences	631,390	518,321	(469,921)	679,790	-	373,642	306,148
<b>Total long-term liabilities</b>	<b>\$ 942,306</b>	<b>\$ 518,321</b>	<b>\$ (554,725)</b>	<b>\$ 905,902</b>	<b>\$ -</b>	<b>\$ 448,847</b>	<b>\$ 457,055</b>
<b>Business-Type Activities</b>							
Bonds and notes payable							
(B) Sewer 2009 GO Bond	\$ 766,800	\$ -	\$ (408,412)	\$ 358,388	\$ 5,310	\$ 178,658	\$ 185,040
(D) Sewer 2012 GO Note	6,296,894	-	(259,666)	6,037,228	-	184,241	5,852,987
(A) Electric 2007 GO Bond	40,000	-	(40,000)	-	-	-	-
(B) Electric 2009 GO Bond	1,373,200	-	(731,588)	641,612	9,509	319,877	331,244
(C) Electric 2012 GO Bond	9,775,000	-	(55,000)	9,720,000	65,940	1,120,170	8,665,770
(D) Electric 2012 GO Note	1,463,106	-	(60,335)	1,402,771	-	42,809	1,359,962
(E) Sanitation 2014 GO Note	614,202	885,798	(12,787)	1,487,213	-	50,232	1,436,981
Subtotal - bonds and notes	20,329,202	885,798	(1,567,788)	19,647,212	80,759	1,895,987	17,831,984
Liability for self-insured losses	773,548	-	(210,987)	562,561	-	187,108	375,453
Compensated absences	786,265	522,773	(460,897)	848,141	-	457,434	390,707
<b>Total long-term liabilities</b>	<b>\$ 21,889,015</b>	<b>\$ 1,408,571</b>	<b>\$ (2,239,672)</b>	<b>\$ 21,057,914</b>	<b>\$ 80,759</b>	<b>\$ 2,540,529</b>	<b>\$ 18,598,144</b>

The General Fund and Internal Service Funds have been used in prior years to liquidate the liability for compensated absences in the Governmental Activities. In addition to the long-term liabilities listed above, the Borough has a net pension obligation and a net OPEB obligation. See Note 7 and Note 8 for additional details. The General Fund and the Internal Service Fund have been used in prior years to liquidate the net pension liability and net other postemployment benefit obligation in the Governmental Activities.

***Internal Service Fund Allocation***

The liability for self-insured losses and compensated absences information shown above for governmental activities and business-type activities includes the allocation of self-insured losses and use of compensated absences of internal service funds. This allocation is based on the applicable usage of each internal service fund by the governmental activities (29%) and the business-type activities (71%). These allocations changed in 2015 compared to 2014, thus the beginning balances do not match the previous year financial statements due to reallocating the beginning balance of the internal service funds using the new allocations.

- (A) **General Obligation Bonds – Series of 2007** – On June 1, 2007, the Borough issued General Obligation Bonds in the principal amount of \$ 10,000,000 to be used for a partial refunding of the General Obligation Bonds, Series of 2002 and 2003 and the costs of issuing the Bonds. Annual installments of the debt were paid from the Electric Fund and varied from \$ 30,000 to \$ 1,475,000 and were due through September 1, 2015. Interest rates varied from 3.60% to 4.00%. Interest was payable every March 1 and September 1.

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

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**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

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*Internal Service Fund Allocation (Continued)*

- (B) **General Obligation Bonds – Series of 2009** – On March 1, 2009, the Borough issued General Obligation Bonds in the principal amount of \$ 10,000,000 to be used for a full refunding of the General Obligation Bonds, Series of 2002 and 2003, a partial refunding of the General Obligation Bonds, Series of 2004 and the costs of issuing the Bonds. Annual installments of the debt are to be paid from the Electric and Sewer Funds, which vary from \$ 510,000 to \$ 1,530,000 and are due through September 1, 2017. Interest rates vary from 2.50% to 3.00%. Interest is payable every March 1 and September 1.
- (C) **General Obligation Bonds – Series of 2012** – On May 29, 2012, the Borough issued General Obligation Bonds in the principal amount of \$ 9,785,000 to be used for a partial refunding of the General Obligation Bonds, Series of 2007 and the costs of issuing the bonds. Annual installments of debt are to be paid from the Electric Funds, which vary in amounts from \$ 5,000 to \$ 1,500,000 and are due through July 1, 2022. Interest rates for the bonds are 2.00%. Interest is payable every January 1 and July 1.
- (D) **General Obligation Notes – Series of 2012** – On October 5, 2012, the Borough issued a General Obligation Note in the total of \$ 8,000,000 to be used for various projects. The drawdown period on the note was through April 31, 2014. The funds will be utilized by the Sewer and Electric Funds. Principal is due monthly beginning on May 1, 2014. Interest rates for the note is 2.46% for the first eight years, followed by 66% of U.S. prime rate, less 0.25% with a floor of 1.98% and a ceiling of 2.51% for the next 3.5 years and 66% of the U.S. prime rate less 0.25% with a floor of 1.98% and a ceiling of 5.3% for the remaining 15 years. The maturity date of the principal is October 1, 2038.
- (E) **General Obligation Notes – Series of 2014** – On March 31, 2014, the Borough issued a General Obligation Note in the total of \$ 1,500,000 to be used for the purpose of financing the construction of a new green waste recycling facility. The drawdown period on the note was through November 30, 2015. The funds will be utilized by the Sanitation Fund. Principal is due monthly beginning on November 1, 2015. Interest rates for the note are 3.17% for the first 11 years and six months, followed by 66% of U.S. prime rate, less 0.25% with a floor of 1.98% and a ceiling of 5.30% for the remaining 10 years. The maturity date of the principal is October 1, 2035, based on the loan being fully drawn.

The general obligation bonds and general obligation notes are secured by the full faith, credit, and taxing power of the Borough. The principal and interest payments of the 2007 and 2009 General Obligation bonds are also guaranteed under financial guarantee insurance policies.

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

The following is a schedule by years and in the aggregate of future minimum bond and note principal and interest payments required at December 31, 2015:

Electric						
	Series of 2009 Bonds		Series of 2012 Bonds		Series of 2012 Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 314,400	\$ 18,780	\$ 1,110,000	\$ 194,400	\$ 42,809	\$ 31,291
2017	327,212	9,820	1,365,000	172,200	47,920	32,917
2018	-	-	1,395,000	144,900	49,112	31,725
2019	-	-	1,420,000	117,000	50,334	30,503
2020	-	-	1,450,000	88,600	51,595	29,299
2021 - 2025	-	-	2,980,000	89,600	261,012	173,144
2026 - 2030	-	-	-	-	287,975	202,655
2031 - 2035	-	-	-	-	375,137	115,493
2036 - 2039	-	-	-	-	236,877	16,937
	<u>\$ 641,612</u>	<u>\$ 28,600</u>	<u>\$ 9,720,000</u>	<u>\$ 806,700</u>	<u>\$ 1,402,771</u>	<u>\$ 663,964</u>

Sewer				Sanitation		Total	
	Series of 2009 Bonds		Series of 2012 Note		Series of 2014 Note		
	Principal	Interest	Principal	Interest	Principal	Interest	
2016	\$ 175,600	\$ 10,485	\$ 184,241	\$ 134,671	\$ 50,232	\$ 42,687	\$ 2,309,596
2017	182,788	5,480	206,235	141,669	56,632	44,734	2,592,607
2018	-	-	211,367	136,538	58,454	42,913	2,070,009
2019	-	-	216,625	131,279	60,334	41,033	2,067,108
2020	-	-	222,055	126,098	62,274	39,092	2,069,013
2021 - 2025	-	-	1,123,338	745,176	341,429	167,170	5,880,869
2026 - 2030	-	-	1,239,376	872,189	379,830	180,059	3,162,084
2031 - 2035	-	-	1,614,497	497,066	478,028	65,069	3,145,290
2036 - 2039	-	-	1,019,494	73,340	-	-	1,346,648
	<u>\$ 358,388</u>	<u>\$ 15,965</u>	<u>\$ 6,037,228</u>	<u>\$ 2,858,026</u>	<u>\$ 1,487,213</u>	<u>\$ 622,757</u>	<u>\$ 24,643,224</u>

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

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**NOTE 6 INTERFUND ACTIVITY**

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Interfund transfers consisted of the following during 2015:

	<b>Transfers In</b>	<b>Transfers Out</b>
Major governmental funds:		
General fund	\$ 2,090,000	\$ 1,595,603
Special revenue grant programs	8,507	-
Nonmajor governmental funds:		
Special revenue liquid fuels	-	1,130,000
Special revenue Richard Kasher Fire tax	-	478,947
Capital reserve	2,994,278	7,507
Major proprietary funds:		
Electric	-	2,095,317
Gas	-	410,000
Water	-	160,000
Sewer	-	122,000
Nonmajor proprietary funds:		
Sanitation	-	7,250
Parking, traffic and street lights	875,242	23,000
Storm Sewer	221,000	5,000
Internal service funds:		
Motor equipment	526,947	632,500
Self insurance	10,000	-
Engineering	-	50,000
Worker's compensation	41,150	-
Administrative services	-	50,000
	<u>\$ 6,767,124</u>	<u>\$ 6,767,124</u>

Transfers were made to help finance operations of the general or other funds. Transfers were also made during the current year to establish reserves for various future capital improvements. All transfers are considered routine.

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

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**NOTE 7 PENSION PLANS**

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*Summary of Significant Accounting Policies*

**Plan Description**

The Borough sponsors three single-employer defined benefit retirement plans which cover Bargaining and Administrative Employees, Police Officers and Paid Firemen. Plan provisions are established by municipal ordinance with the authority for municipal contributions required by Act 205 of the Commonwealth.

**Plan Membership**

At December 31, 2015, the participation in each plan is as follows:

	<b>Bargaining and Administrative Employees</b>	<b>Police</b>	<b>Firemen</b>
<b>Participants:</b>			
Retirees and beneficiaries	90	23	17
Vested former members	12	1	-
Active employees	<u>149</u>	<u>35</u>	<u>23</u>
Total	<u>251</u>	<u>59</u>	<u>40</u>

**Benefits Provided**

All regular full-time and certain part-time employees are eligible to participate in the plans. Benefits vest after twelve years of service for Bargaining and Administrative Employees, Paid Firemen and Police Officers. Bargaining and Administrative Employees are eligible for normal retirement after attaining age sixty-five. Eligibility for normal retirement under the Police Officers and Paid Firemen plans is attained at age fifty and completion of twenty-five years of service. Benefits under the Bargaining and Administrative Employees plan are based on 1.5% of average monthly pay times the number of years of service not to exceed thirty-five years. Average monthly pay is based on the three years of highest pay out of the last five years of employment. Benefits under the Police Officers and Paid Firemen pensions are based on 50% of average monthly pay during the last thirty-six months and the average monthly pay of the three highest years of compensation, respectively. In addition, police officers receive a service increment equal to \$ 100 per month for members who complete 26 or more years of benefit service. The Bargaining and Administrative Employees Plan and the Police Officers Plan also include a disability benefit and survivor benefits. If a police member retires on or after January 1, 2000, or a fireman retires on or after January 1, 2008, an annual cost-of-living adjustment is made to his pension equal to the percentage increase in the Consumer Price Index for the preceding calendar year, with a maximum total cost-of-living increase of 30%, and a maximum pension benefit of 75% of the salary used for computing the initial retirement benefit.

**NOTE 7 PENSION PLANS (CONTINUED)**

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***Summary of Significant Accounting Policies (Continued)***

**Financial Reports**

There are no separate, audited GAAP-basis pension plan reports for the defined benefit plans, as all necessary information is disclosed herein.

**Contributions**

The Bargaining and Administrative Employees plan, the Police Officers plan, and the Paid Firemen plan require employee contributions of 4%. The Borough is required to contribute the remaining amounts necessary to fund the plans, using the actuarial basis specified by the plan. The average contribution rate was 7.56 percent of annual payroll for the Bargaining and Administrative Employees, 22.02 percent of annual payroll for the Police Officers, and 18.96 percent of annual payroll for the Paid Firemen. The employer contributions for 2015 were \$ 699,463 for the Bargaining and Administrative Employees, \$ 498,970 for the Police Officers, and \$ 299,092 for the Paid Firemen.

Act 205 of the Commonwealth requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). The MMO calculation is based upon the biennial actuarial valuation also required by Act 205. Employees are not required to contribute under Act 205; such contributions are subject to collective bargaining. The Commonwealth allocates foreign fire and casualty premiums to assist in pension funding. Any financial requirement above the Commonwealth allocation must be funded by the Borough.

Administrative costs, including investment services, custodial trustee and actuarial services are charged to the appropriate plan and funded from investment earnings.

***Investments***

**Method Used to Value Investments**

Investments are reported at fair value. Short term investments are reported at cost, which approximates fair value. Fair value is determined by quoted market price.

**Rate of Return**

For the year ended December 31, 2015, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense was negative (1.9) percent for the bargaining and administrative plan, negative (1.9) percent for the police officers plan, and negative (1.0) percent for the paid firemen plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 7 PENSION PLANS (CONTINUED)**

*Investments (Continued)*

**Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2015 the Borough reported a liability of \$ 11,827,898 in the Statement of Net Position. The net pension liability was measured as of December 31, 2015, and the total pension liability was determined by rolling forward liabilities from an actuarial valuation as of January 1, 2015. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. For the year ended December 31, 2015, the Borough recognized pension expense of \$ 1,017,181 for the Bargaining and Administrative Employees, \$ 565,270 for the Police Officers, and \$ 323,157 for the Paid Firemen.

The following details the changes in total pension liability, the plan fiduciary net position, and the net pension liability, as of December 31, 2015:

**Bargaining and Administrative Employees**

	<u>Increase (Decrease)</u>			Plan Fiduciary Net Position as a % of Total Pension Liability
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)	
Balances as of December 31, 2014	\$ 24,066,589	\$ 18,994,759	\$ 5,071,830	78.93%
Changes for the year:				
Service cost	571,290		571,290	
Interest	1,918,151		1,918,151	
Changes in benefits	-		-	
Changes of assumptions	-		-	
Differences in expected and actual experience	58,932		58,932	
Contributions - employer		699,463	(699,463)	
Contributions - employee		358,759	(358,759)	
Net investment income		(360,956)	360,956	
Benefit payments, including refunds of member contributions	(1,439,849)	(1,439,849)	-	
Administrative expenses		(11,500)	11,500	
Other	-	-	-	
Net Changes	<u>1,108,524</u>	<u>(754,083)</u>	<u>1,862,607</u>	
Balances as of December 31, 2015	<u>\$ 25,175,113</u>	<u>\$ 18,240,676</u>	<u>\$ 6,934,437</u>	72.46%

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 7 PENSION PLANS (CONTINUED)**

*Investments (Continued)*

**Police**

	<u>Increase (Decrease)</u>			Plan Fiduciary Net Position as a % of Total Pension Liability
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)	
Balances as of December 31, 2014	\$ 13,785,858	\$ 11,482,385	\$ 2,303,473	83.29%
Changes for the year:				
Service cost	346,120		346,120	
Interest	1,077,560		1,077,560	
Changes in benefits	-		-	
Changes of assumptions	(161,076)		(161,076)	
Differences in expected and actual experience	(153,499)		(153,499)	
Contributions - employer		498,970	(498,970)	
Contributions - employee		141,981	(141,981)	
Net investment income		(212,275)	212,275	
Benefit payments, including refunds of member contributions	(695,818)	(695,818)	-	
Administrative expenses		(8,900)	8,900	
Other	-	-	-	
Net Changes	<u>413,287</u>	<u>(276,042)</u>	<u>689,329</u>	
Balances as of December 31, 2015	<u>\$ 14,199,145</u>	<u>\$ 11,206,343</u>	<u>\$ 2,992,802</u>	78.92%

**Firemen**

	<u>Increase (Decrease)</u>			Plan Fiduciary Net Position as a % of Total Pension Liability
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)	
Balances as of December 31, 2014	\$ 6,672,687	\$ 5,089,452	\$ 1,583,235	76.27%
Changes for the year:				
Service cost	177,557		177,557	
Interest	525,937		525,937	
Changes in benefits	-		-	
Changes of assumptions	(75,778)		(75,778)	
Differences in expected and actual experience	(56,915)		(56,915)	
Contributions - employer		299,092	(299,092)	
Contributions - employee		62,716	(62,716)	
Net investment income		(101,931)	101,931	
Benefit payments, including refunds of member contributions	(286,689)	(286,689)	-	
Administrative expenses		(6,500)	6,500	
Other	-	-	-	
Net Changes	<u>284,112</u>	<u>(33,312)</u>	<u>317,424</u>	
Balances as of December 31, 2015	<u>\$ 6,956,799</u>	<u>\$ 5,056,140</u>	<u>\$ 1,900,659</u>	72.68%



**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 7 PENSION PLANS (CONTINUED)**

***Investments (Continued)***

At December 31, 2015 the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Bargaining and Administrative Employees</b>		<b>Police</b>		<b>Firemen</b>		<b>Total</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 53,039	\$ -	\$ -	\$ 136,443	\$ -	\$ 49,801	\$ 53,039	\$ 186,244
Net difference between projected and actual earnings on pension plan investments	1,491,849	-	902,652	-	409,466	-	2,803,967	-
Changes in assumptions	-	-	-	143,178	-	66,306	-	209,484
	<u>\$ 1,544,888</u>	<u>\$ -</u>	<u>\$ 902,652</u>	<u>\$ 279,621</u>	<u>\$ 409,466</u>	<u>\$ 116,107</u>	<u>\$ 2,857,006</u>	<u>\$ 395,728</u>

The amounts reported as deferred outflows of resources and inflows of resources will be recognized in pension expense as follows:

	<b>Bargaining and Administrative Employees</b>	<b>Police</b>	<b>Firemen</b>	<b>Total</b>
Year ended December 31:				
2016	\$ 378,855	\$ 190,711	\$ 85,780	\$ 655,346
2017	378,855	190,711	85,780	655,346
2018	378,855	190,711	85,780	655,346
2019	378,855	190,711	85,780	655,346
2020	5,893	(34,952)	(16,586)	(45,645)
Thereafter	23,575	(104,861)	(33,175)	(114,461)
	<u>\$ 1,544,888</u>	<u>\$ 623,031</u>	<u>\$ 293,359</u>	<u>\$ 2,461,278</u>

***Actuarial Methods and Assumptions***

The total pension liability in the January 1, 2015 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	5.00% (average, including inflation)
Investment rate of return	8.00% (including inflation)
Postretirement cost of living increases	3.00% (except general, which is N/A)

Mortality rates were based on the RP2000 Table for males and females. This table does not include projected mortality improvements.

**Valuation Date**

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

The actuarial assumptions used in the January 1, 2015 valuation were based on an actual experience study for the period January 1, 2013 through December 31, 2014.

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

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**NOTE 7 PENSION PLANS (CONTINUED)**

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***Assumption Changes***

For the Police and Firemen plan, the inflation rate was lowered from 4% to 3% to more closely estimate the future inflation rate.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. The pension plans' policy in regards to the allocation of invested assets is established and may be amended by the investment committee. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of December 31, 2015 are summarized in the table below and is applicable to all three plans:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic equity	45.50%	5.50% - 7.50%
International equity	16.50%	4.50% - 6.50%
Fixed income	30.00%	1.00% - 3.00%
Real estate	3.00%	4.50% - 6.50%
Cash	5.00%	0.00% -1.00%

***Discount Rate***

The discount rate used to measure the total pension liability was 8.00% for all three plans. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as an amortization of the unfunded liability.

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 7 PENSION PLANS (CONTINUED)**

***Sensitivity of the Net Pension Liability to Changes to the Discount Rate***

The following represents the net pension liability of the Borough, calculated using the discount rate of 8.00%, as well as what the Borough's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) and 1 percentage point higher (9 percent) than the current rate:

	<b>1% Decrease (7.00%)</b>	<b>Current Discount Rate (8.00%)</b>	<b>1% Increase (9.00%)</b>
Bargaining and Administrative Employees	\$ 9,676,150	\$ 6,934,437	\$ 4,562,540
Police Plan	\$ 4,681,629	\$ 2,992,802	\$ 1,568,459
Firemen Plan	\$ 2,765,299	\$ 1,900,659	\$ 1,167,893

***Financial Statements***

The following are financial statements as of December 31, 2015 for the individual pension plans maintained by the Borough:

	<b>Firemen Pension Fund</b>	<b>Police Pension Fund</b>	<b>Bargaining and Administrative Employees Pension Fund</b>	<b>Total Pension Trust Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 20,506	\$ 54,926	\$ 110,162	\$ 185,594
Mutual funds - U.S. Government and Agency Securities	1,019,228	2,253,725	3,664,061	6,937,014
Mutual funds - Corporate bonds	679,342	1,507,992	2,439,626	4,626,960
Mutual funds - Stocks	3,181,650	7,048,308	11,471,217	21,701,175
Mutual funds - Real estate securities	153,985	341,391	555,688	1,051,064
Contribution receivable - plan member	1,429	-	-	1,429
Total assets	<u>\$ 5,056,140</u>	<u>\$ 11,206,342</u>	<u>\$ 18,240,754</u>	<u>\$ 34,503,236</u>
<b>NET POSITION</b>				
Held in trust for benefits and other purposes	<u>\$ 5,056,140</u>	<u>\$ 11,206,342</u>	<u>\$ 18,240,754</u>	<u>\$ 34,503,236</u>

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 7 PENSION PLANS (CONTINUED)**

*Financial Statements (Continued)*

	Firemen Pension Fund	Police Pension Fund	Bargaining and Administrative Employees Pension Fund	Total Pension Trust Funds
<b>ADDITIONS</b>				
Contributions				
Employer	\$ 299,092	\$ 498,970	\$ 699,463	\$ 1,497,525
Plan member	<u>62,716</u>	<u>141,980</u>	<u>358,837</u>	<u>563,533</u>
Total contributions	<u>361,808</u>	<u>640,950</u>	<u>1,058,300</u>	<u>2,061,058</u>
Investment income:				
Net appreciation (depreciation) in fair value of investments and gains (loss) on sale of investments	(197,764)	(430,761)	(704,505)	(1,333,030)
Interest, dividends and other	<u>93,249</u>	<u>217,776</u>	<u>348,173</u>	<u>659,198</u>
Total net investment earnings	<u>(104,515)</u>	<u>(212,985)</u>	<u>(356,332)</u>	<u>(673,832)</u>
Total additions	<u>257,293</u>	<u>427,965</u>	<u>701,968</u>	<u>1,387,226</u>
<b>DEDUCTIONS</b>				
Benefits	286,688	695,819	1,439,848	2,422,355
Administrative expenses	<u>3,917</u>	<u>8,189</u>	<u>16,125</u>	<u>28,231</u>
Total deductions	<u>290,605</u>	<u>704,008</u>	<u>1,455,973</u>	<u>2,450,586</u>
Change in net position	(33,312)	(276,043)	(754,005)	(1,063,360)
Net position - beginning	<u>5,089,452</u>	<u>11,482,385</u>	<u>18,994,759</u>	<u>35,566,596</u>
Net position - ending	<u>\$ 5,056,140</u>	<u>\$ 11,206,342</u>	<u>\$ 18,240,754</u>	<u>\$ 34,503,236</u>

**NOTE 8 POSTEMPLOYMENT HEALTHCARE PLAN**

***Plan Description***

The Borough has a healthcare plan for retired employees, which is a single employer defined benefit healthcare plan administered by the Borough. The plan provides medical, prescription drug, and vision coverage for both the retiree and spouse. Retirees opting to participate are asked to pay a premium that is less than the Borough's actual cost to provide health care coverage to retirees. The premium amount retirees pay is a blended rate for covering both active and retired Plan members and amounts to 102% of the Borough's current blended premium rate. The fact that the blended rate that the retirees pay is less than the actual cost of covering retired members and their beneficiaries results in what is known as an "implicit rate subsidy" by the Borough, which gives rise to the other postemployment benefit (OPEB).

Because the Plan consists solely of the Borough's decision to provide OPEB through the payment of the implied subsidy by extending medical benefits to retirees at the above mentioned blended rate, no stand-alone financial report is available. The Plan is not included in the financial report of another entity. The coverage shall discontinue if the retiree obtains employment where medical coverage is provided, the retiree's spouse insurance coverage covers the retiree, or the retiree qualifies for Medicare coverage.

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

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**NOTE 8 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

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***Funding Policy***

The Borough funds Plan liabilities on a “pay-as-you-go” basis, and has not established an OPEB trust fund to accumulate assets to fund Plan obligations. The Borough has no statutory or contractual obligation to fund the Plan and only does so at the Borough’s discretion. The Borough funds the implicit rate subsidy through the payment of health insurance premiums. For fiscal year 2015, the Borough contributed an estimated \$ 36,497 in the form of additional premiums for active employees based on implicit rates for retired employees to the plan. Plan members receiving benefits also contributed \$ 36,916, or approximately 102% of the total premiums.

***Annual OPEB Cost and Net OPEB Obligation***

The Borough’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Borough’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Borough’s net OPEB obligation to the plan:

Annual required contribution (ARC)	\$ 484,486
Estimated interest on Net OPEB obligation	77,740
Estimated adjustment to ARC	<u>(106,057)</u>
Annual OPEB Cost	456,169
Estimated employer contributions made	<u>(36,497)</u>
Increase in net OPEB obligation	419,672
Net OPEB obligation – beginning of the year	<u>1,727,555</u>
Net OPEB obligation – end of the year	<u>\$ 2,147,227</u>

The Borough’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the preceding two years are as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
12/31/15	\$ 456,169	8%	\$ 2,147,227
12/31/14	396,104	19%	1,727,555
12/31/13	401,721	15%	1,404,763

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

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**NOTE 8 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

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***Funded Status and Funding Progress***

As of January 1, 2015, the most recent actuarial valuation date, the plan had the following funding status and progress:

<b>Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
01/01/15	\$ -	\$ 1,746,295	\$ 1,746,295	0.00%	\$ 12,170,331	14.35%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

***Actuarial Methods and Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2015 actuarial valuation, the entry age normal cost method was used. The actuarial assumption included a 4.5 percent investment rate of return (net of administrative expenses), a 4.0 percent inflation rate, annual salary increases of 5% and an annual healthcare cost trend rate of 6.0% percent in 2015, 5.5 percent in 2016 through 2020, with rates gradually decreasing from 5.4% in 2021 to 3.8% in 2075 and later. The actuarial value of assets is equal to the market value of the assets. The UAAL is being amortized based on a level dollar 30 year open period.

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 9 RISK MANAGEMENT**

The Borough is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has established a Self-Insurance Fund and a Workmen's Compensation Fund (internal service funds), respectively, to account for and finance its uninsured risks of loss. The Self-Insurance Fund services all general liability, medical, directors' and officers' liability, and unemployment compensation claims for risk of loss. The Workmen's Compensation Fund provides coverage up to a maximum of \$ 500,000 for each worker's compensation claim. The Borough has purchased workmen's compensation insurance for claims in excess of coverage provided by the Fund, and also has purchased vehicle insurance and employee bonding coverage. Settlements have not exceeded insurance coverage for each of the past three years.

The general fund, all enterprise funds, and all internal service funds (except the Insurance Funds) participate in the program and make payments to the Self-Insurance and Workmen's Compensation Funds (Insurance Funds) based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

Insurance Fund liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities are computed under actuarial formulas and include an amount for claims that have been incurred but not reported.

Changes in the general and workers' compensation claims liability amounts for the prior two years were:

	<b>Liability Beginning</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Liability Ending</b>
<b>2015</b>				
Self-insurance fund	\$ 205,052	\$ 7,259	\$ (27,585)	\$ 184,726
Workers' compensation fund	879,412	(173,221)	(102,244)	603,947
<b>2014</b>				
Self-insurance fund	\$ 149,117	\$ 126,523	\$ (70,588)	\$ 205,052
Workers' compensation fund	953,599	42,783	(116,970)	879,412

The Borough is part of the Pennsylvania Municipal Health Insurance Cooperative (PMHIC). This trust consists of a group of municipalities that have pooled their interests together in order to establish a self-funded medical insurance plan in order to better control insurance rates. The Borough pays a premium to PMHIC that consists of a portion for actual claim expenses, administrative costs, reinsurance costs and a reserve account. At year end, the actual claims of the Borough are reviewed and the reserve account is used to fund any excess claims for the Borough over premiums paid during the year. If any funds remain in the reserve account, 15% of the total reserve balance could possibly be used to fund claim overages for the trust. A reinsurance policy is used to pay any additional excess claims. Therefore, the expense recognized by the Borough is limited to the premiums paid during the year. Any potential refund of the reserve account is calculated and received by the Borough several months after year end. Total payments by the Borough to PMHIC during the year were \$ 3,552,324. During 2015, the Borough received \$ 855,838 from PMHIC as a refund for prior premiums paid.

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 10 COMMITMENTS**

The Borough has the following projects open at December 31, 2015:

Project Description	Total estimated costs							Costs paid as of 12/31/15	Costs to complete
	Electric	Gas	Water	Sewer	Parking, Traffic, and Street Light	Storm Sewer	General		
Installation of 261 Underground Getaway on Orchard Drive	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 192,260	\$ 57,740
Upgrade Engine Control System on #11	527,000	-	-	-	-	-	-	158,100	368,900
Upgrade Gas Main and Services on Route 11	-	900,000	-	-	-	-	-	822,606	77,394
Gas Main & Service Upgrade on Kenwood/Riddle/Edgar	-	150,000	-	-	-	-	-	90,513	59,487
Gas Main & Service Upgrade on King Street	-	195,000	-	-	-	-	-	35,700	159,300
Gas Main & Service Installation at Progress Village	-	115,000	-	-	-	-	-	28,130	86,870
Upgrade the Water Treatment Plants Filtering System	-	-	1,150,000	-	-	-	-	647,061	502,939
Design of Borough Hall Addition	-	-	500,000	-	-	-	-	158,247	341,753
Wastewater Treatment Plant Upgrade (*)	-	-	-	43,000,000	-	-	-	32,813,942	10,186,058
Operation of a Nutrient Credit Program during the 2013, 2014 & 2015 Water Years	-	-	-	900,000	-	-	-	769,341	130,659
Upgrade of WWTP Approach Interceptor(**)	-	-	-	1,100,000	-	-	-	642,924	457,076
Upgrade East Conococheague Interceptor	-	-	-	1,200,000	-	-	-	70,681	1,129,319
Upgrade Chambers 5 Lift Station	-	-	-	1,000,000	-	-	-	6,968	993,032
Demolition 240 & 250 S Third St & Construct Unmetered Parking Lot	-	-	-	-	300,000	-	-	78,844	221,156
Traffic Signal at Intersection Wayne Avenue & Orchard Drive	-	-	-	-	188,000	-	-	75,484	112,516
Fee-in-lieu of Recreation for Chambersburg Family Townhomes	-	-	-	-	-	-	123,000	99,633	23,367
Eighth Street Paving Project	-	-	-	-	-	-	179,607	5,923	173,684
Seventh Street Paving Project	-	-	-	-	-	-	348,581	5,601	342,980
Hollywell Avenue/Industrial Drive Intersection Street Paving Project	-	-	-	-	-	-	250,000	257	249,743
Cumberland Avenue Street Paving Project	-	-	-	-	-	-	375,000	8,172	366,828
Highland Avenue Street Paving Project	-	-	-	-	-	-	253,709	8,023	245,686
King Street Reconstruction Project	-	-	-	-	-	-	790,000	5,358	784,642
Camera and Security Project	-	-	-	-	-	-	423,000	62,883	360,117
Various	150,000	387,500	219,405	-	50,000	4,535	382,167	580,415	613,192
Totals	\$ 927,000	\$ 1,747,500	\$ 1,869,405	\$ 47,200,000	\$ 538,000	\$ 4,535	\$ 3,125,064	\$ 37,367,066	\$ 18,044,438

(\*) The Borough has a signed agreement with the local Townships related to the wastewater treatment plant upgrades. The majority of the project is for the additional capacity of the Townships and therefore will be paid for by the Townships. Of this total cost, approximately 85% will be reimbursed by the Townships.

(\*\*) The Borough also has a signed agreement with the local Townships related to the wastewater treatment plant interceptor. The majority of the project is for the additional capacity of the Townships and therefore will be paid for by the Townships. Of this total cost, approximately 86% will be reimbursed by the Townships.



**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

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**NOTE 11 CONDUIT DEBT OBLIGATIONS**

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From time to time, the Municipal Authority of the Borough of Chambersburg has issued Revenue Notes to provide financial assistance to local not-for-profit organizations. Banks agree to loan the funds (via purchasing the Revenue Notes) to the entities, and the Municipal Authority assigns all rights, title, and interest in, and all sums payable by the entities to the banks. The notes are fully secured by the properties financed and are payable solely from resources of the entities that ultimately receive the financing. The Municipal Authority is not obligated in any manner for repayment of the debt. Consequently, this debt and the corresponding mortgages receivable are not reflected in these financial statements.

As of December 31, 2015 outstanding note balances under conduit debt arrangements were as follows:

Wilson College	\$ 26,680,000
Lutheran Homes	2,178,045
Children's Aid Society	984,250

**NOTE 12 CONTINGENCIES**

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The Borough is subject to real estate tax assessment appeals on an ongoing basis. If tax appeals are successful, the result is a loss of tax revenue to the Borough. It is anticipated that any material loss of tax revenue on individual tax appeals will be offset with additional revenues from other properties or other sources of revenue and would not create a financial hardship to the Borough.

The Borough is involved with various lawsuits in the normal course of operations. In most cases, management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. Management believes that losses resulting from these matters, if any, would be substantially covered under the Borough's professional liability insurance policy and would not have a material effect on the financial position of the Borough.

**BOROUGH OF CHAMBERSBURG**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 13 RESTATEMENT**

A restatement was required to correct the balance of receivables for the Capital Reserve Fund at December 31, 2014 due to federal grant monies not meeting the availability criteria. Also, during the year ended December 31, 2015, the Borough adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions, which required the Borough to record the net pension liability, deferred outflows and inflows of resources, and pension expense associated with the pension plan. As a result, the beginning net position and fund balance amounts reflect the changes at December 31, 2014 resulting from the addition of the previously unrecorded information.

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Electric Fund</b>
Net position, as originally stated - December 31, 2014	\$ 32,797,038	\$ 137,742,144	\$ 39,395,492
Record net pension liability	(4,841,231)	(4,117,306)	(952,492)
Restatement of receivables	-	-	-
Net position, as restated - December 31, 2014	<u>\$ 27,955,807</u>	<u>\$ 133,624,838</u>	<u>\$ 38,443,000</u>

	<b>Sanitation Fund</b>	<b>Parking, Traffic and Street Light Fund</b>	<b>Stores Fund</b>
Net position, as originally stated - December 31, 2014	\$ 1,183,598	\$ 3,867,767	\$ 1,563,211
Record net pension liability	(331,190)	(75,570)	(59,340)
Restatement of receivables	-	-	-
Net position, as restated - December 31, 2014	<u>\$ 852,408</u>	<u>\$ 3,792,197</u>	<u>\$ 1,503,871</u>

	<b>Motor Equipment Fund</b>	<b>Engineering Fund</b>	<b>Administrative Services Fund</b>
Net position, as originally stated - December 31, 2014	\$ 9,890,443	\$ 244,022	\$ (437,202)
Record net pension liability	(127,810)	(199,830)	(1,353,671)
Restatement of receivables	-	-	-
Net position, as restated - December 31, 2014	<u>\$ 9,762,633</u>	<u>\$ 44,192</u>	<u>\$ (1,790,873)</u>

	<b>Capital Reserve Fund</b>
Fund balance, as originally stated - December 31, 2014	\$ 3,944,873
Record net pension liability	-
Restatement of receivables	(432,064)
Fund balance, as restated - December 31, 2014	<u>\$ 3,512,809</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

# BOROUGH OF CHAMBERSBURG

## Pension Trust Funds

### Unaudited Schedule of Changes in the Borough's Net Pension Liability and Related Ratios

	Bargaining and Administrative		Police		Firemen	
	2015	2014	2015	2014	2015	2014
<b>Total pension liability</b>						
Service cost	\$ 571,290	\$ 551,672	\$ 346,120	\$ 338,256	\$ 177,557	\$ 183,801
Interest	1,918,151	1,836,430	1,077,560	1,042,200	525,937	505,051
Differences in expected and actual experience	58,932	-	(153,499)	-	(56,915)	-
Changes in assumptions	-	-	(161,076)	-	(75,778)	-
Benefit payments, including refunds of member contributions	(1,439,849)	(1,450,430)	(695,818)	(567,680)	(286,689)	(290,995)
Net change in total pension liability	1,108,524	937,672	413,287	812,776	284,112	397,857
Total pension liability - beginning	24,066,589	23,128,917	13,785,858	12,973,082	6,672,687	6,274,830
Total pension liability - ending	<u>25,175,113</u>	<u>24,066,589</u>	<u>14,199,145</u>	<u>13,785,858</u>	<u>6,956,799</u>	<u>6,672,687</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	699,463	640,380	498,970	399,615	299,092	269,702
Contributions - employee	358,759	246,550	141,981	66,471	62,716	62,106
Net investment income	(360,956)	994,073	(212,275)	609,935	(101,931)	270,869
Benefit payments, including refunds of member contributions	(1,439,849)	(1,450,430)	(695,818)	(567,680)	(286,689)	(290,995)
Administrative expenses	(11,500)	(6,000)	(8,900)	(6,600)	(6,500)	(4,800)
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	<u>(754,083)</u>	<u>424,573</u>	<u>(276,042)</u>	<u>501,741</u>	<u>(33,312)</u>	<u>306,882</u>
Plan fiduciary net position - beginning	18,994,759	18,570,186	11,482,385	10,980,644	5,089,452	4,782,570
Plan fiduciary net position - ending	<u>\$ 18,240,676</u>	<u>\$ 18,994,759</u>	<u>\$ 11,206,343</u>	<u>\$ 11,482,385</u>	<u>\$ 5,056,140</u>	<u>\$ 5,089,452</u>
Borough's net pension liability	<u>\$ 6,934,437</u>	<u>\$ 5,071,830</u>	<u>\$ 2,992,802</u>	<u>\$ 2,303,473</u>	<u>\$ 1,900,659</u>	<u>\$ 1,583,235</u>
Plan fiduciary net position as a percentage of the total pension liability	72.46%	78.93%	78.92%	83.29%	72.68%	76.27%
Covered-employee payroll	9,251,503	\$ 8,505,696	2,266,039	\$ 2,200,081	1,577,331	\$ 1,464,554
Net pension liability as a percentage of covered-employee payroll	74.95%	59.63%	132.07%	104.70%	120.50%	108.10%

**Notes to the schedule:**

This schedule will be expanded to show multi-year trends as additional information becomes available in the future.

**Assumption changes:**

In 2015, for the Police and Firemen's plan, the inflation rate was lowered from 4% to 3% to more closely estimate the future inflation rate.

# BOROUGH OF CHAMBERSBURG

## Pension Trust Funds

### Unaudited Schedule of Borough Contributions

General	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 699,463	\$ 640,380	\$ 789,962	\$ 650,683	\$ 648,163	\$ 472,936	\$ 454,029	\$ 418,654	\$ 438,129	\$ 351,368
Contributions in relation to the actuarially determined contribution	<u>699,463</u>	<u>640,380</u>	<u>789,962</u>	<u>650,683</u>	<u>759,192</u>	<u>472,936</u>	<u>454,029</u>	<u>418,654</u>	<u>438,129</u>	<u>351,368</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (111,029)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 9,251,503	\$ 8,505,696	Unavailable	\$ 7,504,401	Unavailable	\$ 7,587,865	Unavailable	\$ 6,873,071	Unavailable	\$ 6,172,381
Contributions as a percentage of covered-employee payroll	7.56%	7.53%	N/A	8.67%	N/A	6.23%	N/A	6.09%	N/A	5.69%
<b>Police</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Actuarially determined contribution	\$ 498,970	\$ 399,615	\$ 420,753	\$ 454,682	\$ 474,748	\$ 490,641	\$ 466,941	\$ 453,071	\$ 454,641	\$ 404,176
Contributions in relation to the actuarially determined contribution	<u>498,970</u>	<u>399,615</u>	<u>420,753</u>	<u>454,682</u>	<u>474,748</u>	<u>490,641</u>	<u>466,941</u>	<u>453,071</u>	<u>454,641</u>	<u>404,176</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 2,266,039	\$ 2,200,081	Unavailable	\$ 1,936,497	Unavailable	\$ 1,918,058	Unavailable	\$ 1,824,708	Unavailable	\$ 1,558,754
Contributions as a percentage of covered-employee payroll	22.02%	18.16%	N/A	23.48%	N/A	25.58%	N/A	24.83%	N/A	25.93%
<b>Firemen</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Actuarially determined contribution	\$ 299,092	\$ 269,702	\$ 244,149	\$ 209,739	\$ 204,343	\$ 116,340	\$ 124,682	\$ 112,021	\$ 131,129	\$ 109,004
Contributions in relation to the actuarially determined contribution	<u>299,092</u>	<u>269,702</u>	<u>244,149</u>	<u>209,739</u>	<u>204,343</u>	<u>116,340</u>	<u>124,682</u>	<u>112,021</u>	<u>131,129</u>	<u>109,004</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,577,331	\$ 1,464,554	Unavailable	\$ 1,414,222	Unavailable	\$ 1,330,676	Unavailable	\$ 1,231,786	Unavailable	\$ 867,312
Contributions as a percentage of covered-employee payroll	18.96%	18.42%	N/A	14.83%	N/A	8.74%	N/A	9.09%	N/A	12.57%

#### Notes to Schedule

##### Valuation date:

Actuarially determined contributions rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which contributions are reported.

##### Methods and assumptions used to determine contribution rates:

Actuarial cost method           Entry age normal  
 Amortization method       Level dollar closed  
 Amortization period       General - 16 years  
   Police - 13 years  
   Firemen - 14 years

Asset valuation method       The actuarial value of assets from the prior valuation report (reduced for benefits paid and increased for contributions) is projected forward at an artificial investment return of 7.00% (interest rate assumption minus 1%) with a corridor of 80% to 120% of market value.

Inflation                       4.00%  
 Salary increases             5.00%  
 Investment rate of return   8.00%

Retirement age             General - normal retirement age  
   Police - Attainment of Age 53 and completion of 25 years of service  
   Firemen - Attainment of Age 53 and completion of 25 years of service

Mortality                       RP2000 Table. This table does not include projected mortality improvements.

**BOROUGH OF CHAMBERSBURG**  
**Pension Trust Funds**  
**Unaudited Schedule of Investment Returns**

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	<b>Bargaining and Administrative</b>		<b>Police</b>		<b>Firemen</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Annual money-weighted rate of return, net of investment expense	(1.9%)	5.7%	(1.9%)	5.8%	(1.0%)	5.9%

This schedule will be expanded to show multi-year trends as additional information becomes available in the future.

**BOROUGH OF CHAMBERSBURG**  
**OPEB (Other Postemployment Benefit Plan)**  
**Unaudited Required Schedule of Funding Progress**

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<b>Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
01/01/15	\$ -	\$ 1,746,295	\$ 1,746,295	0.00%	\$ 12,170,331	14.35%
01/01/12	-	1,538,475	1,538,475	0.00%	10,572,905	14.55%
01/01/10	\$ -	674,215	674,215	0.00%	10,934,753	6.17%

**BOROUGH OF CHAMBERSBURG**  
**Unaudited Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**Year Ended December 31, 2015**

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 6,819,600	\$ 7,652,811	\$ 833,211
Licenses and permits	370,350	380,070	9,720
Fines and forfeits	160,000	174,703	14,703
Investment earnings	2,500	15,583	13,083
Intergovernmental	904,400	910,468	6,068
Departmental charges for services	1,703,600	2,016,983	313,383
Miscellaneous	163,700	182,908	19,208
Total revenues	<u>10,124,150</u>	<u>11,333,526</u>	<u>1,209,376</u>
<b>EXPENDITURES</b>			
General government	1,475,790	1,357,014	118,776
Police department	4,882,705	4,476,149	406,556
Emergency services	3,628,700	3,629,952	(1,252)
Planning and zoning	451,700	527,330	(75,630)
Highways	1,115,930	1,021,646	94,284
Culture and recreation	1,493,000	1,355,246	137,754
Total expenditures	<u>13,047,825</u>	<u>12,367,337</u>	<u>680,488</u>
Excess (deficiency) of revenues over expenditures	<u>(2,923,675)</u>	<u>(1,033,811)</u>	<u>1,889,864</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	3,260,000	2,090,000	(1,170,000)
Transfers out	<u>(336,325)</u>	<u>(1,595,603)</u>	<u>(1,259,278)</u>
Total other financing sources and uses	<u>2,923,675</u>	<u>494,397</u>	<u>(2,429,278)</u>
Net change in fund balance	<u>\$ 0</u>	<u>( 539,414)</u>	<u>(\$ 539,414)</u>
Fund balance - beginning		<u>2,532,654</u>	
Fund balance - ending		<u>\$ 1,993,240</u>	



**BOROUGH OF CHAMBERSBURG**  
**Unaudited Required Supplementary Information**  
**Budgetary Comparison Schedule - Special Revenue Fund - Grant Programs**  
**Year Ended December 31, 2015**

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 50	\$ 520	\$ 470
Intergovernmental	1,115,400	231,793	(883,607)
Miscellaneous	30,850	16,525	(14,325)
Total revenues	<u>1,146,300</u>	<u>248,838</u>	<u>(897,462)</u>
<b>EXPENDITURES (by department)</b>			
General government	-	81,111	(81,111)
Public Safety			
Police department	4,000	2,400	1,600
Fire department	-	12,300	(12,300)
Public works			
Highways	-	8,676	(8,676)
Culture and recreation	542,852	-	542,852
Community development	610,498	225,876	384,622
Total expenditures	<u>1,157,350</u>	<u>330,363</u>	<u>826,987</u>
Excess (deficiency) of revenues over expenditures	<u>(11,050)</u>	<u>(81,525)</u>	<u>(70,475)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	15,000	8,507	(6,493)
Transfers out	-	-	-
Total other financing sources and uses	<u>15,000</u>	<u>8,507</u>	<u>(6,493)</u>
Net change in fund balance	<u>\$ 3,950</u>	(73,018)	<u>\$ (76,968)</u>
Fund balance - beginning		<u>416,992</u>	
Fund balance - ending		<u>\$ 343,974</u>	

**OTHER SUPPLEMENTARY INFORMATION**

**BOROUGH OF CHAMBERSBURG**  
**Other Governmental Funds**

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**Liquid Fuels Fund** – This fund (special revenue fund) is used to account for the Borough’s share of Liquid Fuels funds disbursed by the Commonwealth of Pennsylvania. The funds are legally restricted to the construction and maintenance of Borough streets and bridges.

**Richard Kasher Fire Tax Fund** – This fund (special revenue fund) is used to account for the fire tax collected by the Borough. The funds are legally restricted to pay for fire related services.

**Capital Reserve Fund** – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise funds).

**BOROUGH OF CHAMBERSBURG**  
**Combining Balance Sheet - Other Governmental Funds**  
**December 31, 2015**

	Special Revenue Liquid Fuels Fund	Special Revenue Richard Kasher Fire Tax Fund	Capital Reserve Fund	Total - Other Governmental Funds
<b>ASSETS</b>				
Cash and equity in pooled cash and investments	\$ 419,631	\$ 171	\$ 4,945,505	\$ 5,365,307
Taxes receivable, net	-	44,779	-	44,779
Other receivables	-	-	585,673	585,673
Total assets	<u>\$ 419,631</u>	<u>\$ 44,950</u>	<u>\$ 5,531,178</u>	<u>\$ 5,995,759</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 93,566	\$ 93,566
Unearned revenue	-	-	248,528	248,528
Accrued wages, benefits and withholdings	-	-	171	171
Total liabilities	<u>-</u>	<u>-</u>	<u>342,265</u>	<u>342,265</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable tax revenue	-	24,835	-	24,835
Total deferred inflows of resources	<u>-</u>	<u>24,835</u>	<u>-</u>	<u>24,835</u>
<b>Fund balances</b>				
Nonspendable for long term receivables	-	-	158,758	158,758
Restricted	419,631	20,115	5,030,155	5,469,901
Total fund balances	<u>419,631</u>	<u>20,115</u>	<u>5,188,913</u>	<u>5,628,659</u>
Total liabilities and fund balances	<u>\$ 419,631</u>	<u>\$ 44,950</u>	<u>\$ 5,531,178</u>	<u>\$ 5,995,759</u>

**BOROUGH OF CHAMBERSBURG**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Other**  
**Governmental Funds**  
**Year Ended December 31, 2015**

	Special Revenue Liquid Fuels Fund	Special Revenue Richard Kasher Fire Tax Fund	Capital Reserve Fund	Total - Other Governmental Funds
<b>REVENUES</b>				
Taxes	\$ -	\$ 488,067	\$ -	\$ 488,067
Investment earnings	4,601	2,767	4,066	11,434
Intergovernmental	483,207	-	314,000	797,207
Contributions and donations	-	-	71,190	71,190
Miscellaneous	-	-	13,156	13,156
Total revenues	<u>487,808</u>	<u>490,834</u>	<u>402,412</u>	<u>1,381,054</u>
<b>EXPENDITURES</b>				
General government	-	-	73,919	73,919
Public Safety				
Police department	-	-	1,841	1,841
Emergency services	-	-	98,987	98,987
Public works				
Highways	-	-	1,374,837	1,374,837
Culture and recreation	-	-	130,995	130,995
Community development	-	-	32,500	32,500
Total expenditures	<u>-</u>	<u>-</u>	<u>1,713,079</u>	<u>1,713,079</u>
Excess (deficiency) of revenues over expenditures	<u>487,808</u>	<u>490,834</u>	<u>(1,310,667)</u>	<u>(332,025)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	2,994,278	2,994,278
Transfers out	<u>(1,130,000)</u>	<u>(478,947)</u>	<u>(7,507)</u>	<u>(1,616,454)</u>
Total other financing sources and uses	<u>(1,130,000)</u>	<u>(478,947)</u>	<u>2,986,771</u>	<u>1,377,824</u>
Net change in fund balances	(642,192)	11,887	1,676,104	1,045,799
Fund balances - beginning, as restated	<u>1,061,823</u>	<u>8,228</u>	<u>3,512,809</u>	<u>4,582,860</u>
Fund balances - ending	<u>\$ 419,631</u>	<u>\$ 20,115</u>	<u>\$ 5,188,913</u>	<u>\$ 5,628,659</u>

**BOROUGH OF CHAMBERSBURG**  
**Budgetary Comparison Schedule - Special Revenue Fund - Liquid Fuels**  
**Year Ended December 31, 2015**

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	<b>Original/Final Budget</b>	<b>Actual (Budgetary/ GAAP Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>			
Investment earnings	\$ 500	\$ 4,601	\$ 4,101
Intergovernmental	<u>467,695</u>	<u>483,207</u>	<u>15,512</u>
Total revenues	<u>468,195</u>	<u>487,808</u>	<u>19,613</u>
<b>EXPENDITURES</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>468,195</u>	<u>487,808</u>	<u>19,613</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	<u>(1,170,000)</u>	<u>(1,130,000)</u>	<u>40,000</u>
Total other financing sources and uses	<u>(1,170,000)</u>	<u>(1,130,000)</u>	<u>40,000</u>
Net change in fund balance	<u>\$ (701,805)</u>	( 642,192)	<u>\$ 59,613</u>
Fund balance - beginning		<u>1,061,823</u>	
Fund balance - ending		<u>\$ 419,631</u>	

**BOROUGH OF CHAMBERSBURG**  
**Budgetary Comparison Schedule - Special Revenue Fund - Richard Kasher Fire Tax**  
**Fund**  
**Year Ended December 31, 2015**

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	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 465,500	\$ 488,067	\$ 22,567
Investment earnings	100	2,767	2,667
Total revenues	<u>465,600</u>	<u>490,834</u>	<u>25,234</u>
<b>EXPENDITURES</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>465,600</u>	<u>490,834</u>	<u>25,234</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	<u>(465,600)</u>	<u>(478,947)</u>	<u>(13,347)</u>
Total other financing sources and uses	<u>(465,600)</u>	<u>(478,947)</u>	<u>(13,347)</u>
Net change in fund balance	<u>\$ -</u>	11,887	<u>\$ 11,887</u>
Fund balance - beginning		<u>8,228</u>	
Fund balance - ending		<u>\$ 20,115</u>	

**BOROUGH OF CHAMBERSBURG**  
**Budgetary Comparison Schedule - Capital Reserve Fund**  
**Year Ended December 31, 2015**

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 5,000	\$ 4,066	\$ (934)
Intergovernmental	500,000	314,000	(186,000)
Contributions and donations	400,000	71,190	(328,810)
Miscellaneous	<u>39,650</u>	<u>13,156</u>	<u>(26,494)</u>
Total revenues	<u>944,650</u>	<u>402,412</u>	<u>(542,238)</u>
<b>EXPENDITURES</b>			
General government	134,170	73,919	60,251
Police department	52,000	1,841	50,159
Emergency services	107,000	98,987	8,013
Highways	2,013,300	1,374,837	638,463
Culture and recreation	250,500	130,995	119,505
Community development	<u>178,000</u>	<u>32,500</u>	<u>145,500</u>
Total expenditures	<u>2,734,970</u>	<u>1,713,079</u>	<u>1,021,891</u>
Excess (deficiency) of revenues over expenditures	<u>(1,790,320)</u>	<u>(1,310,667)</u>	<u>479,653</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	430,000	2,994,278	2,564,278
Transfers out	<u>(14,000)</u>	<u>(7,507)</u>	<u>6,493</u>
Total other financing sources and uses	<u>416,000</u>	<u>2,986,771</u>	<u>2,570,771</u>
Net change in fund balance	<u>\$ (1,374,320)</u>	1,676,104	<u>\$ 3,050,424</u>
Fund balance - beginning, as restated		<u>3,512,809</u>	
Fund balance - ending		<u>\$ 5,188,913</u>	



**OTHER ENTERPRISE FUNDS**

**BOROUGH OF CHAMBERSBURG**  
**Other Enterprise Funds**

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**Sanitation Fund** – This fund is used to account for the Borough’s trash and garbage removal for its residents and commercial establishments throughout the Borough.

**Parking, Traffic and Street Lights Fund** – This fund is used to account for financial resources to be used for the regulation and control of vehicle parking, traffic, and street lights throughout the Borough.

**Storm Sewer Fund** – This fund is used to account for the Borough’s stormwater removal for its residents and commercial establishments throughout the Borough.

**BOROUGH OF CHAMBERSBURG**  
**Combining Statement of Net Position - Other Enterprise Funds**  
**December 31, 2015**

	Sanitation Fund	Parking, Traffic and Street Lights Fund	Storm Sewer Fund	Total Other Enterprise Funds
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and equity in pooled cash and investments	\$ 1,269,004	\$ 1,413,155	\$ 229,476	\$ 2,911,635
Accounts receivable, net	156,041	50,573	18,379	224,993
Receivables from other governments	225,000	-	366	225,366
Other receivables	2,669	2,963	807	6,439
Prepaid expenses	983	-	-	983
Total current assets	<u>1,653,697</u>	<u>1,466,691</u>	<u>249,028</u>	<u>3,369,416</u>
<b>Noncurrent assets</b>				
Capital assets not being depreciated:				
Land	413,127	310,058	-	723,185
Construction in progress	-	177,337	-	177,337
Capital assets being depreciated:				
Buildings and system	75,529	-	1,344,460	1,419,989
Improvements other than buildings	573,798	694,889	2,814,368	4,083,055
Machinery and equipment	850,912	3,134,654	-	3,985,566
Less accumulated depreciation	<u>(580,882)</u>	<u>(1,755,763)</u>	<u>(1,088,877)</u>	<u>(3,425,522)</u>
Total capital assets	<u>1,332,484</u>	<u>2,561,175</u>	<u>3,069,951</u>	<u>6,963,610</u>
Total noncurrent assets	<u>1,332,484</u>	<u>2,561,175</u>	<u>3,069,951</u>	<u>6,963,610</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension liability	<u>100,881</u>	<u>23,019</u>	<u>-</u>	<u>123,900</u>
Total assets and deferred outflows of resources	<u>\$ 3,087,062</u>	<u>\$ 4,050,885</u>	<u>\$ 3,318,979</u>	<u>\$ 10,456,926</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	\$ 34,599	\$ 21,958	\$ -	\$ 56,557
Accrued wages payable	23,396	3,559	2,240	29,195
Compensated absences - current	23,516	10,401	1,704	35,621
Bonds, notes and loans payable - current	<u>50,232</u>	<u>-</u>	<u>-</u>	<u>50,232</u>
Total current liabilities	<u>131,743</u>	<u>35,918</u>	<u>3,944</u>	<u>171,605</u>
<b>Noncurrent liabilities</b>				
Compensated absences	19,756	12,407	71	32,234
Net pension obligation	452,819	103,323	-	556,142
Net OPEB obligation	79,170	18,064	-	97,234
Bonds, notes and loans payable	<u>1,436,981</u>	<u>-</u>	<u>-</u>	<u>1,436,981</u>
Total non-current liabilities	<u>1,988,726</u>	<u>133,794</u>	<u>71</u>	<u>2,122,591</u>
Total liabilities	<u>2,120,469</u>	<u>169,712</u>	<u>4,015</u>	<u>2,294,196</u>
<b>NET POSITION</b>				
Net investment in capital assets	54,816	2,561,175	3,069,951	5,685,942
Unrestricted	<u>911,777</u>	<u>1,319,998</u>	<u>245,013</u>	<u>2,476,788</u>
Total net position	<u>966,593</u>	<u>3,881,173</u>	<u>3,314,964</u>	<u>8,162,730</u>
Total liabilities and net position	<u>\$ 3,087,062</u>	<u>\$ 4,050,885</u>	<u>\$ 3,318,979</u>	<u>\$ 10,456,926</u>

**BOROUGH OF CHAMBERSBURG**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Other**  
**Enterprise Funds**  
**Year Ended December 31, 2015**

	Sanitation Fund	Parking, Traffic and Street Lights Fund	Storm Sewer Fund	Total Other Enterprise Funds
<b>REVENUES</b>				
Charges for services	\$ 2,379,074	\$ 89,687	\$ 293,302	\$ 2,762,063
Miscellaneous	65,182	38,016	2,060	105,258
Total operating revenues	<u>2,444,256</u>	<u>127,703</u>	<u>295,362</u>	<u>2,867,321</u>
<b>OPERATING EXPENSES</b>				
Operation and maintenance	-	680,609	-	680,609
Collection and disposal	2,137,996	-	79,282	2,217,278
Customer accounting and administrative	305,088	123,258	112,894	541,240
Depreciation	81,690	115,193	81,026	277,909
Total operating expenses	<u>2,524,774</u>	<u>919,060</u>	<u>273,202</u>	<u>3,717,036</u>
Operating income (loss)	<u>(80,518)</u>	<u>(791,357)</u>	<u>22,160</u>	<u>(849,715)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and investment revenue	1,436	4,028	39	5,503
Gain (loss) on sale of assets	(13,709)	(205)	-	(13,914)
Intergovernmental revenues	16,813	2,418	-	19,231
Interest expense	(27,587)	-	-	(27,587)
Total nonoperating revenue (expenses)	<u>(23,047)</u>	<u>6,241</u>	<u>39</u>	<u>(16,767)</u>
Income (loss) before contributions and transfers	<u>(103,565)</u>	<u>(785,116)</u>	<u>22,199</u>	<u>(866,482)</u>
Capital contributions and grants	225,000	21,850	-	246,850
Transfers in	-	875,242	221,000	1,096,242
Transfers out	(7,250)	(23,000)	(5,000)	(35,250)
Transfer of capital assets from governmental activities	-	-	3,076,765	3,076,765
Change in net position	<u>114,185</u>	<u>88,976</u>	<u>3,314,964</u>	<u>3,518,125</u>
Total net position - beginning, as restated	<u>852,408</u>	<u>3,792,197</u>	<u>-</u>	<u>4,644,605</u>
Total net position - ending	<u>\$ 966,593</u>	<u>\$ 3,881,173</u>	<u>\$ 3,314,964</u>	<u>\$ 8,162,730</u>

**BOROUGH OF CHAMBERSBURG**  
**Combining Statement of Cash Flows - Other Enterprise Funds**  
**Year Ended December 31, 2015**

	Sanitation Fund	Parking, Traffic and Street Lights Fund	Storm Sewer Fund	Total Other Enterprise Funds
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 2,465,855	\$ 103,471	\$ 276,617	\$ 2,845,943
Payments to suppliers	(1,414,519)	(655,259)	(168,664)	(2,238,442)
Payments to and on behalf of employees	(968,258)	(152,743)	(21,250)	(1,142,251)
Net cash provided (used) by operating activities	<u>83,078</u>	<u>(704,531)</u>	<u>86,703</u>	<u>(534,750)</u>
<b>Cash flows from capital and related financing activities:</b>				
Proceeds from capital debt	885,798	-	-	885,798
Purchase of capital assets	(687,911)	(631,660)	(74,212)	(1,393,783)
Principal paid on capital debt	(12,787)	-	-	(12,787)
Interest and fiscal charges paid on capital debt	(27,587)	-	-	(27,587)
Net cash provided (used) by capital and related financing activities	<u>157,513</u>	<u>(631,660)</u>	<u>(74,212)</u>	<u>(548,359)</u>
<b>Cash flows from non-capital financing activities:</b>				
Transfers from other funds	-	875,242	221,000	1,096,242
Transfer to other funds	(7,250)	(23,000)	(5,000)	(35,250)
Grants received	16,813	2,418	-	19,231
Net cash provided (used) by non-capital financing activities	<u>9,563</u>	<u>854,660</u>	<u>216,000</u>	<u>1,080,223</u>
<b>Cash flows from investing activities:</b>				
Interest and dividends received	7,333	2,342	985	10,660
Net cash provided (used) by investing activities	<u>7,333</u>	<u>2,342</u>	<u>985</u>	<u>10,660</u>
Net increase (decrease) in cash and cash equivalents	<u>257,487</u>	<u>(479,189)</u>	<u>229,476</u>	<u>7,774</u>
Cash and cash equivalents - beginning of the year	<u>1,011,517</u>	<u>1,892,344</u>	<u>-</u>	<u>2,903,861</u>
Cash and cash equivalents - end of the year	<u>\$ 1,269,004</u>	<u>\$ 1,413,155</u>	<u>\$ 229,476</u>	<u>\$ 2,911,635</u>
<b>Reconciliation of income (loss) from operations to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ (80,518)	\$ (791,357)	\$ 22,160	(\$ 849,715)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization expense	81,690	115,193	81,026	277,909
Miscellaneous nonoperating income	(7,885)	-	(1,425)	(9,310)
(Increase) decrease in:				
Accounts receivable	21,599	(24,232)	(19,073)	(21,706)
Prepaid expenses	(1)	-	-	(1)
Increase (decrease) in:				
Accounts payable and accrued expenses	47,445	(8,869)	4,015	42,591
Net pension liability and related deferred outflows and inflows	20,748	4,734	-	25,482
Net cash provided (used) by operating activities	<u>\$ 83,078</u>	<u>\$ (704,531)</u>	<u>\$ 86,703</u>	<u>\$ (534,750)</u>
Non-cash investing, capital and non-capital financing activities				
Donated assets from developers	<u>\$ -</u>	<u>\$ 21,850</u>	<u>\$ -</u>	<u>\$ 21,850</u>

## **BOROUGH OF CHAMBERSBURG**

### **Internal Service Funds**

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**Stores Fund** – The Stores Department is responsible for the purchase, storage, and disbursal of inventory which is used to support the construction and maintenance functions of the Borough utilities.

**Motor Equipment Fund** – This fund supports the activities of the Motor Equipment Department which manages a rolling stock of more than 120 vehicles.

**Self-Insurance Fund** – This fund is used for the purpose of funding risk which the Borough does not transfer to commercial insurance carriers or insurance pools.

**Engineering Fund** – This fund supports the activities of the Engineering Department which is responsible for furnishing engineering, surveying, drafting, and utility location information to other departments. The department also designs and inspects public works projects.

**Worker’s Compensation** – This fund underwrites the risks to the Borough resulting from job-related injury or illness to its employees.

**Administrative Services Fund** – Administrative Services is synonymous with the Finance Department which is responsible for the complete financial, and utility meter reading, as well as the operation and maintenance of Borough Hall.

**BOROUGH OF CHAMBERSBURG**  
**Combining Statement of Net Position - Internal Service Funds**  
**December 31, 2015**

	Stores Fund	Motor Equipment Fund	Self Insurance Fund
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and equity in pooled cash and investments	\$ 352,758	\$ 7,169,065	\$ 6,346,259
Accounts receivable, net	-	765	-
Receivables from other governments	1,059	-	-
Other receivables	741	15,031	13,299
Inventories	1,204,018	90,962	-
Prepaid expenses	179	1,104	-
Total current assets	<u>1,558,755</u>	<u>7,276,927</u>	<u>6,359,558</u>
<b>Noncurrent assets</b>			
Capital Assets			
Land	-	13,984	-
Buildings and system	5,823	149,981	-
Machinery and equipment	3,993	8,700,087	-
Less accumulated depreciation	<u>(7,706)</u>	<u>(5,606,487)</u>	<u>-</u>
Total capital assets	<u>2,110</u>	<u>3,257,565</u>	<u>-</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension liability	<u>18,075</u>	<u>38,931</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 1,578,940</u>	<u>\$ 10,573,423</u>	<u>\$ 6,359,558</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 3,798	\$ 5,385	\$ 8,124
Accrued wages payable	3,344	6,533	1,473
Compensated absences - current	6,662	14,348	-
Liability for self insured losses - current	<u>-</u>	<u>-</u>	<u>61,440</u>
Total current liabilities	<u>13,804</u>	<u>26,266</u>	<u>71,037</u>
<b>Noncurrent liabilities</b>			
Compensated absences	5,985	12,447	-
Liability for self insured losses	-	-	123,286
Net pension obligation	81,133	174,748	-
Net OPEB obligation	<u>14,184</u>	<u>30,552</u>	<u>-</u>
Total noncurrent liabilities	<u>101,302</u>	<u>217,747</u>	<u>123,286</u>
Total liabilities	<u>115,106</u>	<u>244,013</u>	<u>194,323</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,110	3,257,565	-
Unrestricted	<u>1,461,724</u>	<u>7,071,845</u>	<u>6,165,235</u>
Total net position	<u>1,463,834</u>	<u>10,329,410</u>	<u>6,165,235</u>
Total liabilities and net position	<u>\$ 1,578,940</u>	<u>\$ 10,573,423</u>	<u>\$ 6,359,558</u>

<b>Engineering Fund</b>	<b>Worker's Compensation Fund</b>	<b>Administrative Services Fund</b>	<b>Total Internal Service Funds</b>
\$ 408,155	\$ 231,045	\$ -	\$ 14,507,282
-	-	-	765
-	-	-	1,059
860	490	-	30,421
-	-	-	1,294,980
-	-	-	1,283
<u>409,015</u>	<u>231,535</u>	<u>-</u>	<u>15,835,790</u>
-	-	-	13,984
-	-	-	155,804
46,979	-	15,487	8,766,546
(36,111)	-	(1,549)	(5,651,853)
<u>10,868</u>	<u>-</u>	<u>13,938</u>	<u>3,284,481</u>
<u>60,869</u>	<u>-</u>	<u>412,331</u>	<u>530,206</u>
<u>\$ 480,752</u>	<u>\$ 231,535</u>	<u>\$ 426,269</u>	<u>\$ 19,650,477</u>
\$ 12,664	\$ 642	\$ 25,689	\$ 56,302
6,628	-	70,615	88,593
22,980	-	176,870	220,860
-	200,873	-	262,313
<u>42,272</u>	<u>201,515</u>	<u>273,174</u>	<u>628,068</u>
19,766	-	160,760	198,958
-	403,074	-	526,360
273,217	-	1,850,801	2,379,899
47,768	-	323,588	416,092
<u>340,751</u>	<u>403,074</u>	<u>2,335,149</u>	<u>3,521,309</u>
<u>383,023</u>	<u>604,589</u>	<u>2,608,323</u>	<u>4,149,377</u>
10,868	-	13,938	3,284,481
86,861	(373,054)	(2,195,992)	12,216,619
<u>97,729</u>	<u>(373,054)</u>	<u>(2,182,054)</u>	<u>15,501,100</u>
<u>\$ 480,752</u>	<u>\$ 231,535</u>	<u>\$ 426,269</u>	<u>\$ 19,650,477</u>



**BOROUGH OF CHAMBERSBURG**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal**  
**Service Funds**  
**Year Ended December 31, 2015**

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	Stores Fund	Motor Equipment Fund	Self Insurance Fund
<b>OPERATING REVENUES</b>			
Charges for services	\$ 147,781	\$ 2,418,610	\$ 160,433
Miscellaneous	1	-	-
Total operating revenues	<u>147,782</u>	<u>2,418,610</u>	<u>160,433</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	125,847	906,744	-
General and administrative	65,665	363,783	2,711
Claim payments and special services	-	-	407,397
Increase (decrease) in expected unpaid losses	-	-	(20,326)
Depreciation and amortization	146	523,643	-
Total operating expenses	<u>191,658</u>	<u>1,794,170</u>	<u>389,782</u>
Operating income (loss)	<u>(43,876)</u>	<u>624,440</u>	<u>(229,349)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and investment revenue	1,384	12,718	11,728
Gain (loss) on sale of assets	-	24,470	-
Other nonoperating revenues	51	5,522	-
Reimbursement of prior year expense	-	-	741,012
Intergovernmental revenue	2,404	5,180	-
Total non-operating revenue (expenses)	<u>3,839</u>	<u>47,890</u>	<u>752,740</u>
Income (loss) before transfers	(40,037)	672,330	523,391
Transfers in	-	526,947	10,000
Transfers out	-	(632,500)	-
Change in net position	(40,037)	566,777	533,391
Total net position - beginning, as restated	<u>1,503,871</u>	<u>9,762,633</u>	<u>5,631,844</u>
Total net position - ending	<u>\$ 1,463,834</u>	<u>\$ 10,329,410</u>	<u>\$ 6,165,235</u>

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<b>Engineering Fund</b>	<b>Worker's Compensation Fund</b>	<b>Administrative Services Fund</b>	<b>Total Internal Service Funds</b>
\$ 389,682	\$ -	\$ 4,330,087	\$ 7,446,593
6,587	213	1,833	8,634
<u>396,269</u>	<u>213</u>	<u>4,331,920</u>	<u>7,455,227</u>
37,064	-	4,725,910	5,795,565
261,031	97,663	-	790,853
-	102,244	-	509,641
-	(275,465)	-	(295,791)
1,912	-	1,549	527,250
<u>300,007</u>	<u>(75,558)</u>	<u>4,727,459</u>	<u>7,327,518</u>
<u>96,262</u>	<u>75,771</u>	<u>(395,539)</u>	<u>127,709</u>
550	804	-	27,184
-	-	-	24,470
-	-	-	5,573
-	-	-	741,012
6,725	-	54,358	68,667
<u>7,275</u>	<u>804</u>	<u>54,358</u>	<u>866,906</u>
103,537	76,575	(341,181)	994,615
-	41,150	-	578,097
<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>	<u>(732,500)</u>
53,537	117,725	(391,181)	840,212
44,192	(490,779)	(1,790,873)	14,660,888
<u>\$ 97,729</u>	<u>\$ (373,054)</u>	<u>\$ (2,182,054)</u>	<u>\$ 15,501,100</u>

**BOROUGH OF CHAMBERSBURG**  
**Combining Statement of Cash Flows - Internal Service Funds**  
**Year Ended December 31, 2015**

	Stores Fund	Motor Equipment Fund	Self Insurance Fund
<b>Cash flows from operating activities:</b>			
Interfund services provided	\$ 119,474	\$ 2,424,328	\$ 160,433
Payments to suppliers	(53,765)	(942,896)	(451,464)
Payments to and on behalf of employees	(118,447)	(297,637)	1,473
Net cash provided (used) by operating activities	<u>(52,738)</u>	<u>1,183,795</u>	<u>(289,558)</u>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	-	(629,107)	-
Proceeds from sale of capital assets	-	25,480	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(603,627)</u>	<u>-</u>
<b>Cash flows from non-capital financing activities:</b>			
Transfer from other funds	-	526,947	10,000
Transfer to other funds	-	(632,500)	-
Refund received for health insurance	-	-	741,012
Grants received	1,345	5,180	-
Net cash provided (used) by non-capital financing activities	<u>1,345</u>	<u>(100,373)</u>	<u>751,012</u>
<b>Cash flows from investing activities:</b>			
Interest and dividends received	916	2,188	2,388
Net cash provided (used) by investing activities	<u>916</u>	<u>2,188</u>	<u>2,388</u>
Net increase (decrease) in cash and cash equivalents	<u>(50,477)</u>	<u>481,983</u>	<u>463,842</u>
Cash and cash equivalents - beginning of the year	<u>403,235</u>	<u>6,687,082</u>	<u>5,882,417</u>
Cash and cash equivalents - end of the year	<u>\$ 352,758</u>	<u>\$ 7,169,065</u>	<u>\$ 6,346,259</u>
<b>Reconciliation of income from operations to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ (43,876)	\$ 624,440	\$ (229,349)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization expense	145	523,643	-
Miscellaneous nonoperating income	51	5,522	-
(Increase) decrease in:			
Accounts receivable	-	196	-
Inventories	(28,359)	4,108	-
Prepaid expenses	(6)	(11)	-
Increase (decrease) in:			
Accounts payable and accrued expenses	15,589	17,890	(60,209)
Net pension liability and related deferred outflows and inflows	3,718	8,007	-
Net cash provided (used) by operating activities	<u>\$ (52,738)</u>	<u>\$ 1,183,795</u>	<u>\$ (289,558)</u>

<b>Engineering Fund</b>	<b>Worker's Compensation Fund</b>	<b>Administrative Services Fund</b>	<b>Total</b>
\$ 396,269	\$ 213	\$ 4,333,459	\$ 7,434,176
(52,552)	(200,053)	(1,505,362)	(3,206,092)
<u>(183,160)</u>	<u>(5,850)</u>	<u>(2,817,008)</u>	<u>(3,420,629)</u>
<u>160,557</u>	<u>(205,690)</u>	<u>11,089</u>	<u>807,455</u>
(4,712)	-	(15,487)	(649,306)
-	-	-	25,480
<u>(4,712)</u>	<u>-</u>	<u>(15,487)</u>	<u>(623,826)</u>
-	41,150	-	578,097
(50,000)	-	(50,000)	(732,500)
-	-	-	741,012
<u>6,725</u>	<u>-</u>	<u>54,358</u>	<u>67,608</u>
<u>(43,275)</u>	<u>41,150</u>	<u>4,358</u>	<u>654,217</u>
<u>2,425</u>	<u>580</u>	<u>-</u>	<u>8,497</u>
<u>2,425</u>	<u>580</u>	<u>-</u>	<u>8,497</u>
<u>114,995</u>	<u>(163,960)</u>	<u>(40)</u>	<u>846,343</u>
<u>293,160</u>	<u>395,005</u>	<u>40</u>	<u>13,660,939</u>
<u>\$ 408,155</u>	<u>\$ 231,045</u>	<u>\$ -</u>	<u>\$ 14,507,282</u>
\$ 96,262	\$ 75,771	\$ (395,539)	\$ 127,709
1,912	-	1,549	527,249
(2,536)	-	-	3,037
-	-	1,539	1,735
-	-	-	(24,251)
-	-	-	(17)
52,401	(281,461)	318,741	62,951
<u>12,518</u>	<u>-</u>	<u>84,799</u>	<u>109,042</u>
<u>\$ 160,557</u>	<u>\$ (205,690)</u>	<u>\$ 11,089</u>	<u>\$ 807,455</u>

## **BOROUGH OF CHAMBERSBURG**

### **Trust and Agency Funds**

---

Trust Funds are used to account for assets held by the Borough in a trustee capacity. Agency Funds are used to account for assets held by the Borough as an agent for individuals, private organizations, other governments and/or other funds.

**Police Pension Fund** – This fund is used to account for the accumulation of resources for pension benefit payments to qualified public safety (police) employees.

**Bargaining and Administrative Employees Pension Fund** – This fund is used to account for the accumulation of resources for pension benefit payments to qualified employees of the Borough other than police or fire department employees.

**Firemen’s Pension Fund** – This fund is used to account for the accumulation of resources for pension benefit payments to qualified Fire Department employees.

**Citizen’s Reward Fund** – Trust fund used to hold contributions from private citizens for the purpose of rewarding police informants for their assistance in solving crime.

**Sister City Fund** – Trust fund used to hold money that accumulates for the specific purpose of “sister city” activities. Our sister city is Gotemba, Japan.

**Project HEAT Fund** – Trust fund to hold contributions from citizens for the purpose of assisting others pay their utility bills.

**Payroll Clearing Fund** – An account to temporarily hold every dollar expended through the payroll system. This includes net payroll, all taxes withheld, miscellaneous deductions and employers’ share of Social Security/Medicare expense. Theoretically, every dollar contained within the account will eventually be paid out in net pay, taxes or other deductions.

**Consumer Deposits Fund** – Agency fund used to hold deposits on behalf of utility customers. Interest is earned and “tracked” for individual customers at the Borough’s composite interest rate. These funds can be used to settle an outstanding account or returned to the customer whenever a “good credit history” record is attained. These funds are also returned to the customer whenever they move outside the Borough. Occasionally, some deposits and or down payments from other individuals and organizations for other purposes are deposited in this account and held until final resolution has occurred.

**BOROUGH OF CHAMBERSBURG**  
**Combining Statement of Fiduciary Net Position - Pension Trust Funds**  
**December 31, 2015**

---

	<b>Firemen Pension Fund</b>	<b>Police Pension Fund</b>	<b>Bargaining and Administrative Employees Pension Fund</b>	<b>Total Pension Trust Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 20,506	\$ 54,926	\$ 110,162	\$ 185,594
Mutual funds - U.S. Government and Agency Securities	1,019,228	2,253,725	3,664,061	6,937,014
Mutual funds - Corporate bonds	679,342	1,507,992	2,439,626	4,626,960
Mutual funds - Stocks	3,181,650	7,048,308	11,471,217	21,701,175
Mutual funds - Real estate securities	153,985	341,391	555,688	1,051,064
Contribution receivable - plan member	1,429	-	-	1,429
Total assets	<u>\$ 5,056,140</u>	<u>\$ 11,206,342</u>	<u>\$ 18,240,754</u>	<u>\$ 34,503,236</u>
<b>NET POSITION</b>				
Held in trust for benefits and other purposes	<u>\$ 5,056,140</u>	<u>\$ 11,206,342</u>	<u>\$ 18,240,754</u>	<u>\$ 34,503,236</u>

**BOROUGH OF CHAMBERSBURG**  
**Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds**  
**Year Ended December 31, 2015**

	Firemen Pension Fund	Police Pension Fund	Bargaining and Administrative Employees Pension Fund	Total Pension Trust Funds
<b>ADDITIONS</b>				
Contributions				
Employer	\$ 299,092	\$ 498,970	\$ 699,463	\$ 1,497,525
Plan member	62,716	141,980	358,837	563,533
Total contributions	<u>361,808</u>	<u>640,950</u>	<u>1,058,300</u>	<u>2,061,058</u>
Investment income:				
Net appreciation (depreciation) in fair value of investments and gains (loss) on sale of investments	(197,764)	(430,761)	(704,505)	(1,333,030)
Interest, dividends and other	93,249	217,776	348,173	659,198
Total net investment earnings	<u>(104,515)</u>	<u>(212,985)</u>	<u>(356,332)</u>	<u>(673,832)</u>
Total additions	<u>257,293</u>	<u>427,965</u>	<u>701,968</u>	<u>1,387,226</u>
<b>DEDUCTIONS</b>				
Benefits	286,688	695,819	1,439,848	2,422,355
Administrative expenses	3,917	8,189	16,125	28,231
Total deductions	<u>290,605</u>	<u>704,008</u>	<u>1,455,973</u>	<u>2,450,586</u>
Change in net position	(33,312)	(276,043)	(754,005)	(1,063,360)
Net position - beginning	<u>5,089,452</u>	<u>11,482,385</u>	<u>18,994,759</u>	<u>35,566,596</u>
Net position - ending	<u>\$ 5,056,140</u>	<u>\$ 11,206,342</u>	<u>\$ 18,240,754</u>	<u>\$ 34,503,236</u>

**BOROUGH OF CHAMBERSBURG**  
**Combining Statement of Fiduciary Net Position - Private Purpose Trust Funds**  
**December 31, 2015**

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	Citizen's Reward Fund	Sister City Fund	Project Heat Fund	Total Private Purpose Trust Funds
<b>ASSETS</b>				
Cash and equity in pooled cash and investments	\$ 10,479	\$ 26,151	\$ -	\$ 36,630
Other receivables	<u>22</u>	<u>-</u>	<u>-</u>	<u>22</u>
Total assets	<u>\$ 10,501</u>	<u>\$ 26,151</u>	<u>\$ -</u>	<u>\$ 36,652</u>
<b>Liabilities</b>				
Other payables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,330</u>	<u>\$ 20,330</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>20,330</u>	<u>20,330</u>
<b>NET POSITION</b>				
Held in trust for other purposes	<u>10,501</u>	<u>26,151</u>	<u>(20,330)</u>	<u>16,322</u>
Total liabilities and net position	<u>\$ 10,501</u>	<u>\$ 26,151</u>	<u>\$ -</u>	<u>\$ 36,652</u>



**BOROUGH OF CHAMBERSBURG**  
**Combining Statement of Changes in Fiduciary Net Position -**  
**Private Purpose Trust Funds**  
**Year Ended December 31, 2015**

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	Citizen's Reward Fund	Sister City Fund	Project Heat Fund	Total Private Purpose Trust Funds
<b>ADDITIONS</b>				
Interest earnings	\$ 26	\$ 86	\$ 49	\$ 161
Public contributions and other revenue	<u>200</u>	<u>1,081</u>	<u>15,153</u>	<u>16,434</u>
Total additions	<u>226</u>	<u>1,167</u>	<u>15,202</u>	<u>16,595</u>
<b>DEDUCTIONS</b>				
Administrative expense	-	-	46,518	46,518
Miscellaneous expense	<u>-</u>	<u>14,234</u>	<u>6,201</u>	<u>20,435</u>
Total deductions	<u>-</u>	<u>14,234</u>	<u>52,719</u>	<u>66,953</u>
Change in net position	226	(13,067)	(37,517)	(50,358)
Net position, beginning	<u>10,275</u>	<u>39,218</u>	<u>17,187</u>	<u>66,680</u>
Net position, ending	<u>\$ 10,501</u>	<u>\$ 26,151</u>	<u>(\$ 20,330)</u>	<u>\$ 16,322</u>

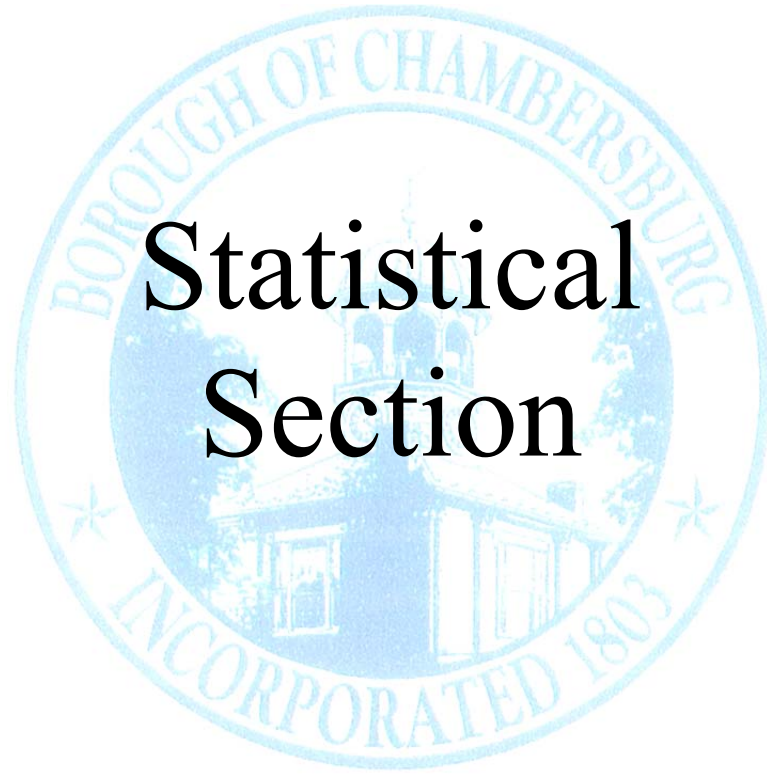
**BOROUGH OF CHAMBERSBURG**  
**Combining Statement of Changes in Assets and Liabilities - All Agency Funds**  
**Year Ended December 31, 2015**

	Balance 1/1/15	Additions	Deductions	Balance 12/31/15
<b>PAYROLL CLEARING FUND</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 13,618,296	\$ 13,618,296	\$ -
Total assets	<u>\$ -</u>	<u>\$ 13,618,296</u>	<u>\$ 13,618,296</u>	<u>\$ -</u>
<b>Liabilities</b>				
Withholdings	\$ -	\$ 4,720,600	\$ 4,720,600	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 4,720,600</u>	<u>\$ 4,720,600</u>	<u>\$ -</u>
<b>CONSUMER DEPOSIT FUND</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 900,685	\$ 496,425	\$ 418,541	\$ 978,569
Other receivables	606	7,700	6,269	2,037
Total assets	<u>\$ 901,291</u>	<u>\$ 504,125</u>	<u>\$ 424,810</u>	<u>\$ 980,606</u>
<b>Liabilities</b>				
Consumer deposits	\$ 901,291	\$ 509,504	\$ 430,189	\$ 980,606
Total liabilities	<u>\$ 901,291</u>	<u>\$ 509,504</u>	<u>\$ 430,189</u>	<u>\$ 980,606</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 900,685	\$ 14,114,721	\$ 14,036,837	\$ 978,569
Other receivables	606	7,700	6,269	2,037
Total assets	<u>\$ 901,291</u>	<u>\$ 14,122,421</u>	<u>\$ 14,043,106</u>	<u>\$ 980,606</u>
<b>Liabilities</b>				
Withholdings	\$ -	\$ 4,720,600	\$ 4,720,600	\$ -
Consumer deposits	901,291	509,504	430,189	980,606
Total liabilities	<u>\$ 901,291</u>	<u>\$ 5,230,104</u>	<u>\$ 5,150,789</u>	<u>\$ 980,606</u>

**BOROUGH OF CHAMBERSBURG**  
**Schedule of Taxes Receivable**  
**Year Ended December 31, 2015**

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	<b>General Purpose</b>	<b>Fire Purpose</b>
Assessed valuation of real property	\$ 197,793,910	\$ 197,793,910
Add: Additions	1,016,468	1,016,468
Less: Reductions and exonerations	<u>1,563,040</u>	<u>1,563,040</u>
Adjusted assessment	197,247,338	197,247,338
Tax rate	<u>21.0</u> mills	<u>2.5</u> mills
Total tax levied	4,142,194	493,118
Add: Penalties	33,615	4,002
Less: Discounts	(71,178)	(8,476)
Collections	<u>(3,850,395)</u>	<u>(458,377)</u>
2015 taxes receivable - December 31, 2015	254,236	30,267
Prior years' taxes	<u>123,318</u>	<u>14,512</u>
Total taxes receivable - December 31, 2015	<u><u>\$ 377,554</u></u>	<u><u>\$ 44,779</u></u>



# Statistical Section

## STATISTICAL SECTION UNAUDITED

This section of the Borough of Chambersburg's comprehensive annual financial report presents detailed information as a context for the understanding what the information in the financial statements, not disclosures, and required supplementary information says about the municipality's overall financial health.

<b>Contents</b>	<b>Page(s)</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the municipality's financial performance and well-being have changed over time.	<b>94 - 100</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the municipality's most significant local revenue sources, the property tax, and the earned income tax.	<b>101 - 106</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the municipality's current levels of outstanding debt and the municipality's ability to issue additional debt in the future.	<b>107 - 111</b>
<b>Demographic and Economic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the municipality's financial activities take place.	<b>112 - 113</b>
<b>Operating Information</b> These schedules contain service information and infrastructure data to help the reader understand how the information in the municipality's financial report relates to the services the municipality provides and the activities it performs.	<b>114 - 116</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

## **FINANCIAL TRENDS**

These schedules contain trend information to help the reader understand how the Borough's financial performance and well-being have changed over time. These schedules include:

Net Position by Component	Schedule 1
Changes in Net Position	Schedule 2
Fund Balances - Governmental Funds	Schedule 3
Changes in Fund Balances - Governmental Funds	Schedule 4
Program Revenues by Function	Schedule 5
Tax Revenues by Source - Governmental Funds	Schedule 6

**Schedule 1**  
**Borough of Chambersburg, PA**  
**Net Position By Component**  
**Last Ten Years**  
*(accrual basis of accounting)*

	2015	2014	2013	2012 (a)	2011	2010	2009	2008	2007	2006
<b>Governmental activities</b>										
Net investment in capital assets	\$ 20,494,089	\$ 22,850,486	\$ 22,561,919	\$ 22,217,709	\$ 25,275,852	\$ 25,907,241	\$ 24,030,856	\$ 22,103,501	\$ 20,030,556	\$ 16,422,498
Restricted	5,972,633	5,431,916	3,975,045	3,852,332	3,769,761	1,193,916	1,452,889	1,168,346	786,100	392,808
Unrestricted	132,897	4,514,636	5,173,101	3,952,283	4,633,198	7,463,807	9,876,322	10,751,978	10,030,131	9,157,620
Total governmental activities net position	<u>26,599,619</u>	<u>32,797,038</u>	<u>31,710,065</u>	<u>30,022,324</u>	<u>33,678,811</u>	<u>34,564,964</u>	<u>35,360,067</u>	<u>34,023,825</u>	<u>30,846,787</u>	<u>25,972,926</u>
<b>Business-type activities</b>										
Net investment in capital assets	111,221,937	94,346,244	85,933,597	81,864,727	76,493,701	75,126,828	74,790,451	71,707,129	69,516,503	67,563,288
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	38,851,232	43,395,900	35,802,218	30,945,382	30,885,875	33,192,820	27,013,942	30,437,794	31,862,509	23,049,503
Total business-type activities net position	<u>150,073,169</u>	<u>137,742,144</u>	<u>121,735,815</u>	<u>112,810,109</u>	<u>107,379,576</u>	<u>108,319,648</u>	<u>101,804,393</u>	<u>102,144,923</u>	<u>101,379,012</u>	<u>90,612,791</u>
<b>Primary government</b>										
Net investment in capital assets	131,716,026	117,196,730	108,495,516	104,082,436	101,769,553	101,034,069	98,821,307	93,810,630	89,547,059	83,985,786
Restricted	5,972,633	5,431,916	3,975,045	3,852,332	3,769,761	1,193,916	1,452,889	1,168,346	786,100	392,808
Unrestricted	38,984,129	47,910,536	40,975,319	34,897,665	35,519,073	40,656,627	36,890,264	41,189,772	41,892,640	32,207,123
Total primary government net position	<u>\$ 176,672,788</u>	<u>\$ 170,539,182</u>	<u>\$ 153,445,880</u>	<u>\$ 142,832,433</u>	<u>\$ 141,058,387</u>	<u>\$ 142,884,612</u>	<u>\$ 137,164,460</u>	<u>\$ 136,168,748</u>	<u>\$ 132,225,799</u>	<u>\$ 116,585,717</u>

(a) During 2012, the Borough implemented items previously reported as assets and liabilities provisions of GASB 65 which changed how bond issue costs were recorded. Prior year amounts have not been restated and are shown based on the reporting requirements prior to the implementation of GASB 65.

**Schedule 2**  
**Borough of Chambersburg, PA**  
**Changes in Net Position**  
**Last Ten Years**  
*(accrual basis of accounting)*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses</b>										
Governmental activities										
General government	\$ 1,320,836	\$ 1,871,895	\$ 1,632,713	\$ 1,696,708	\$ 1,460,984	\$ 1,143,438	\$ 1,380,277	\$ 1,041,494	\$ 1,466,517	\$ 1,043,354
Public safety	8,722,730	8,044,957	7,882,241	7,697,570	8,274,656	8,186,805	7,372,746	7,335,996	7,032,498	6,349,063
Public works	1,483,408	1,728,115	1,814,913	1,655,579	2,315,450	2,113,662	1,963,186	1,117,850	542,993	1,852,946
Culture and recreation	1,561,445	1,383,781	1,378,850	1,353,831	1,442,428	1,931,419	1,453,670	1,469,475	1,237,341	1,019,986
Community development	297,047	498,846	655,614	539,858	776,979	313,210	475,765	661,485	579,662	467,084
Total governmental activities expenses	<u>13,385,466</u>	<u>13,527,594</u>	<u>13,364,331</u>	<u>12,943,546</u>	<u>14,270,497</u>	<u>13,688,534</u>	<u>12,645,644</u>	<u>11,626,300</u>	<u>10,859,011</u>	<u>10,732,433</u>
Business-type activities										
Electric	26,082,326	27,588,665	25,296,812	32,925,694	33,550,331	30,413,576	33,623,997	26,899,617	17,036,148	18,523,367
Gas	5,513,289	7,263,637	7,033,202	6,531,657	7,136,724	7,311,796	8,694,454	10,858,357	9,804,046	10,084,205
Water	3,394,584	3,296,954	3,123,219	2,950,841	2,898,515	2,617,711	2,831,476	2,674,069	2,775,409	2,495,541
Sewer	5,891,206	5,555,216	5,185,515	5,260,073	5,283,679	5,630,067	5,152,404	5,372,469	4,435,959	4,165,673
Sanitation	2,493,738	2,465,248	2,322,274	2,205,691	2,274,672	2,070,085	2,092,023	2,045,442	1,900,908	1,875,660
Parking, traffic and street lights	968,851	857,249	761,190	760,007	173,881	166,447	164,223	145,482	146,970	164,675
Storm Sewer	264,641	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	<u>44,608,635</u>	<u>47,026,969</u>	<u>43,722,212</u>	<u>50,633,963</u>	<u>51,317,802</u>	<u>48,209,682</u>	<u>52,558,577</u>	<u>47,995,436</u>	<u>36,099,440</u>	<u>37,309,121</u>
Total primary government expenses	<u>\$ 57,994,101</u>	<u>\$ 60,554,563</u>	<u>\$ 57,086,543</u>	<u>\$ 63,577,509</u>	<u>\$ 65,588,299</u>	<u>\$ 61,898,216</u>	<u>\$ 65,204,221</u>	<u>\$ 59,621,736</u>	<u>\$ 46,958,451</u>	<u>\$ 48,041,554</u>
<b>Program revenues</b>										
Governmental activities										
Charges for services										
General government	\$ 471,697	\$ 360,506	\$ 455,531	\$ 334,574	\$ 404,010	\$ 544,572	\$ 455,042	\$ 474,050	\$ 445,288	\$ 491,696
Public safety	1,883,333	1,997,494	1,717,115	1,692,575	1,394,915	1,414,129	1,274,477	1,234,849	1,270,041	1,119,281
Public works	2,695	1,784	1,845	806	2,391	2,880	3,366	4,314	10,406	32,156
Culture and recreation	365,388	355,229	402,534	438,791	412,401	413,090	418,973	398,106	388,699	366,255
Community development	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	1,688,126	2,431,255	2,746,623	2,089,208	2,189,108	1,874,440	1,414,482	1,775,741	1,488,749	1,200,413
Capital grants and contributions	253,796	964,645	1,325,376	171,505	511,286	1,118,987	2,901,458	2,026,960	2,994,098	2,921,896
Total governmental activities program revenues	<u>4,665,035</u>	<u>6,110,913</u>	<u>6,649,024</u>	<u>4,727,459</u>	<u>4,914,111</u>	<u>5,368,098</u>	<u>6,467,798</u>	<u>5,914,020</u>	<u>6,597,281</u>	<u>6,131,697</u>
Business-type activities										
Charges for services										
Electric	30,286,293	31,695,974	31,914,866	31,823,441	32,243,631	34,765,216	30,785,021	25,655,849	23,374,049	19,731,687
Gas	6,261,957	9,105,354	8,273,829	7,368,579	7,812,764	8,323,329	9,410,294	10,971,012	10,111,337	10,295,262
Water	3,142,529	3,150,530	3,101,815	3,460,555	3,075,317	3,196,140	3,375,869	3,469,626	3,879,178	3,472,734
Sewer	5,567,270	5,376,373	5,507,845	5,317,072	5,084,952	4,570,569	4,096,262	4,068,865	4,027,596	4,096,020
Sanitation	2,440,813	2,475,937	2,452,154	1,997,409	2,032,789	2,039,950	2,045,885	2,067,715	2,026,588	1,938,838
Parking, traffic and street lights	197,041	206,656	179,281	168,168	182,707	134,397	134,927	137,939	145,400	154,740
Storm Sewer	295,362	-	-	-	-	-	-	-	-	-
Operating grants and contributions	239,650	284,758	264,847	139,192	518,395	706,484	168,207	173,335	482,632	178,031
Capital grants and contributions	11,740,114	11,506,390	2,484,348	3,643,331	1,195,252	1,320,441	3,400,102	2,619,182	2,537,794	1,481,518
Total business-type activities program revenues	<u>60,171,029</u>	<u>63,801,972</u>	<u>54,178,985</u>	<u>53,917,747</u>	<u>52,145,807</u>	<u>55,056,526</u>	<u>53,416,567</u>	<u>49,163,523</u>	<u>46,584,574</u>	<u>41,048,830</u>
Total primary government program revenues	<u>\$ 64,836,064</u>	<u>\$ 69,912,885</u>	<u>\$ 60,828,009</u>	<u>\$ 58,645,206</u>	<u>\$ 57,059,918</u>	<u>\$ 60,424,624</u>	<u>\$ 59,884,365</u>	<u>\$ 55,077,543</u>	<u>\$ 53,181,855</u>	<u>\$ 47,180,527</u>



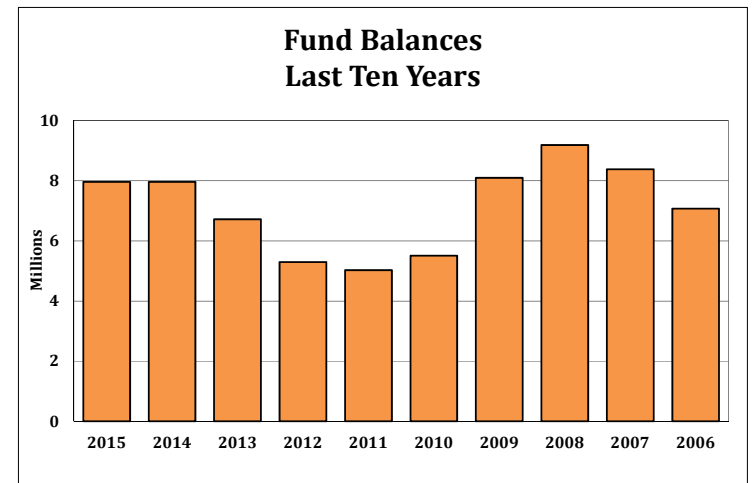
**Schedule 2**  
**Borough of Chambersburg, PA**  
**Changes in Net Position (Continued)**  
**Last Ten Years**  
*(accrual basis of accounting)*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (8,720,431)	\$ (7,416,681)	\$ (6,715,307)	\$ (8,216,087)	\$ (9,356,386)	\$ (8,320,436)	\$ (6,177,846)	\$ (5,712,280)	\$ (4,261,730)	\$ (4,600,736)
Business-type activities	15,562,394	16,775,003	10,456,773	3,283,784	828,005	6,846,844	857,990	1,168,087	10,485,134	3,739,709
Total primary government net expenses	<u>\$ 6,841,963</u>	<u>\$ 9,358,322</u>	<u>\$ 3,741,466</u>	<u>\$ (4,932,303)</u>	<u>\$ (8,528,381)</u>	<u>\$ (1,473,592)</u>	<u>\$ (5,319,856)</u>	<u>\$ (4,544,193)</u>	<u>\$ 6,223,404</u>	<u>\$ (861,027)</u>
<b>General revenues and other changes in net position</b>										
Governmental activities										
Taxes										
Property taxes	\$ 4,142,267	\$ 4,079,972	\$ 3,871,122	\$ 3,860,019	\$ 3,797,204	\$ 3,732,778	\$ 3,710,125	\$ 3,627,868	\$ 3,486,845	\$ 2,810,388
Real estate transfer tax	779,004	317,334	261,049	296,618	265,172	240,954	272,005	540,465	816,051	674,435
Earned income tax	1,853,327	1,840,955	1,804,341	1,753,574	1,561,233	1,524,001	1,390,053	1,907,032	1,568,769	1,629,180
Local services tax	702,097	797,699	729,747	747,799	744,131	757,564	860,057	775,600	1,165,990	1,111,662
Kasher Fire tax	491,328	486,642	-	-	-	-	-	-	-	-
Other taxes	74,975	60,819	62,682	14,803	14,213	13,408	12,616	11,682	10,565	10,452
Gain on sale of assets	-	-	(13,184)	-	-	-	-	-	-	-
Unrestricted contributions and grants	-	-	-	-	-	-	-	22,816	3,926	26,935
Unrestricted investment earnings	35,331	20,707	11,165	19,745	40,144	60,048	181,223	404,894	518,979	437,046
Miscellaneous income	39,477	16,612	29,829	10,557	51,117	24,360	57,152	36,279	125,626	32,651
Transfer of capital assets	(3,076,765)	-	-	-	-	-	-	-	-	-
Transfers	2,323,202	882,914	1,646,297	(2,143,515)	1,997,019	1,172,220	1,705,586	1,562,682	1,117,180	1,047,915
Total governmental activities	<u>\$ 7,364,243</u>	<u>\$ 8,503,654</u>	<u>\$ 8,403,048</u>	<u>\$ 4,559,600</u>	<u>\$ 8,470,233</u>	<u>\$ 7,525,333</u>	<u>\$ 8,188,817</u>	<u>\$ 8,889,318</u>	<u>\$ 8,813,931</u>	<u>\$ 7,780,664</u>
Business-type activities										
Unrestricted investment earnings	\$ 101,695	\$ 90,602	\$ 41,143	\$ 60,705	\$ 125,701	\$ 187,285	\$ 358,101	\$ 969,639	\$ 1,180,310	\$ 951,240
Miscellaneous income	30,679	23,638	74,087	42,013	103,241	124,596	148,965	190,867	217,957	104,600
Transfer of capital assets	3,076,765	-	-	-	-	-	-	-	-	-
Transfers	(2,323,202)	(882,914)	(1,646,297)	2,143,515	(1,997,019)	(1,172,220)	(1,705,586)	(1,562,682)	(1,117,180)	(1,047,912)
Extraordinary items	-	-	-	-	-	-	-	-	-	(316,751)
Total business-type activities	<u>\$ 885,937</u>	<u>\$ (768,674)</u>	<u>\$ (1,531,067)</u>	<u>\$ 2,246,233</u>	<u>\$ (1,768,077)</u>	<u>\$ (860,339)</u>	<u>\$ (1,198,520)</u>	<u>\$ (402,176)</u>	<u>\$ 281,087</u>	<u>\$ (308,823)</u>
Total primary government	\$ 8,250,180	\$ 7,734,980	\$ 6,871,981	\$ 6,805,833	\$ 6,702,156	\$ 6,664,994	\$ 6,990,297	\$ 8,487,142	\$ 9,095,018	\$ 7,471,841
<b>Change in net position</b>										
Governmental activities	(1,356,188)	1,086,973	1,687,741	(3,656,487)	(886,153)	(795,103)	2,010,971	3,177,038	4,552,201	3,179,928
Business-type activities	16,448,331	16,006,329	8,925,706	5,530,017	(940,072)	5,986,505	(340,530)	765,911	10,766,221	3,430,886
Total primary government change in net position	<u>\$ 15,092,143</u>	<u>\$ 17,093,302</u>	<u>\$ 10,613,447</u>	<u>\$ 1,873,530</u>	<u>\$ (1,826,225)</u>	<u>\$ 5,191,402</u>	<u>\$ 1,670,441</u>	<u>\$ 3,942,949</u>	<u>\$ 15,318,422</u>	<u>\$ 6,610,814</u>

**Schedule 3**  
**Borough of Chambersburg, PA**  
**Fund Balances - Governmental Funds**  
**Last Ten Years**  
**(modified accrual basis of accounting)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>General fund</b>										
Unassigned	\$ 1,993,240	\$ 2,532,654	\$ 2,746,679	\$ 1,450,260	\$ 1,259,687	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	1,375,034	2,139,230	3,022,011	3,132,235	3,002,526
Total general fund	<u>1,993,240</u>	<u>2,532,654</u>	<u>2,746,679</u>	<u>1,450,260</u>	<u>1,259,687</u>	<u>1,375,034</u>	<u>2,139,230</u>	<u>3,022,011</u>	<u>3,132,235</u>	<u>3,002,526</u>
<b>All other governmental funds</b>										
Reserved	-	-	-	-	-	583,627	506,093	439,688	482,736	334,814
Unreserved, reported in										
Special revenue fund	-	-	-	-	-	860,642	1,096,594	858,329	455,558	89,893
Capital reserve funds	-	-	-	-	-	2,688,148	4,359,108	4,871,296	4,309,406	3,647,518
Nonspendable for long term receivables	203,916	229,855	241,387	237,186	249,133	-	-	-	-	-
Restricted	5,768,717	5,202,061	3,733,658	3,615,146	3,520,628	-	-	-	-	-
Total all other governmental funds	<u>5,972,633</u>	<u>5,431,916</u>	<u>3,975,045</u>	<u>3,852,332</u>	<u>3,769,761</u>	<u>4,132,417</u>	<u>5,961,795</u>	<u>6,169,313</u>	<u>5,247,700</u>	<u>4,072,225</u>
Total governmental funds	<u><u>\$ 7,965,873</u></u>	<u><u>\$ 7,964,570</u></u>	<u><u>\$ 6,721,724</u></u>	<u><u>\$ 5,302,592</u></u>	<u><u>\$ 5,029,448</u></u>	<u><u>\$ 5,507,451</u></u>	<u><u>\$ 8,101,025</u></u>	<u><u>\$ 9,191,324</u></u>	<u><u>\$ 8,379,935</u></u>	<u><u>\$ 7,074,751</u></u>

Fund balance reporting as presented by GASB 54 was implemented during 2011. Prior year amounts have not been restated and are shown based on the fund balance classifications as presented by GASB Standards prior to the implementation of GASB 54.



**Schedule 4**  
**Borough of Chambersburg, PA**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Years**  
**(modified accrual basis of accounting)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>REVENUES</b>				
Real estate taxes	\$ 4,640,063	\$ 4,698,871	\$ 3,991,164	\$ 3,783,960
Local enabling taxes	3,500,815	2,970,211	2,780,009	2,588,481
Licenses and permits	380,070	332,478	381,972	349,126
Fines and forfeits	174,703	182,691	169,126	147,438
Investment earnings	27,537	13,914	7,363	12,817
Intergovernmental	1,939,468	3,357,515	3,674,830	2,055,872
Charges for services	2,016,983	2,062,651	1,844,936	1,840,196
Miscellaneous	212,589	187,075	257,232	220,524
Contributions and donations	71,190	4,636	349,025	124,660
Total revenues	<u>12,963,418</u>	<u>13,810,042</u>	<u>13,455,657</u>	<u>11,123,074</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,512,044	1,321,670	1,287,815	1,098,876
Public safety				
Police department	4,480,390	4,175,714	3,980,135	4,065,329
Emergency services	3,741,239	3,581,379	3,396,910	3,210,618
Planning and zoning	527,330	432,463	474,599	329,461
General health and ambulance service	-	-	-	-
Public works				
Highways	2,405,159	2,591,445	2,396,425	1,442,803
Parking, traffic control, and transit system	-	-	-	-
Culture and recreation	1,486,241	1,508,108	1,220,489	1,164,260
Community development	258,376	237,696	681,306	521,509
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>14,410,779</u>	<u>13,848,475</u>	<u>13,437,679</u>	<u>11,832,856</u>
Excess (deficiency) of revenues over expenditures	<u>(1,447,361)</u>	<u>(38,433)</u>	17,978	<u>(709,782)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	-	-	-	-
Transfers in (out)	1,880,728	1,281,279	1,401,154	982,926
Total other financing sources and uses	<u>1,880,728</u>	<u>1,281,279</u>	<u>1,401,154</u>	<u>982,926</u>
Net change in fund balances	<u>\$ 433,367</u>	<u>\$ 1,242,846</u>	<u>\$ 1,419,132</u>	<u>\$ 273,144</u>
Debt service as a percentage of non-capital expenditures	00.0%	00.0%	00.0%	00.0%
Debt service as a percentage of total expenditures	0.000%	0.000%	0.000%	0.000%

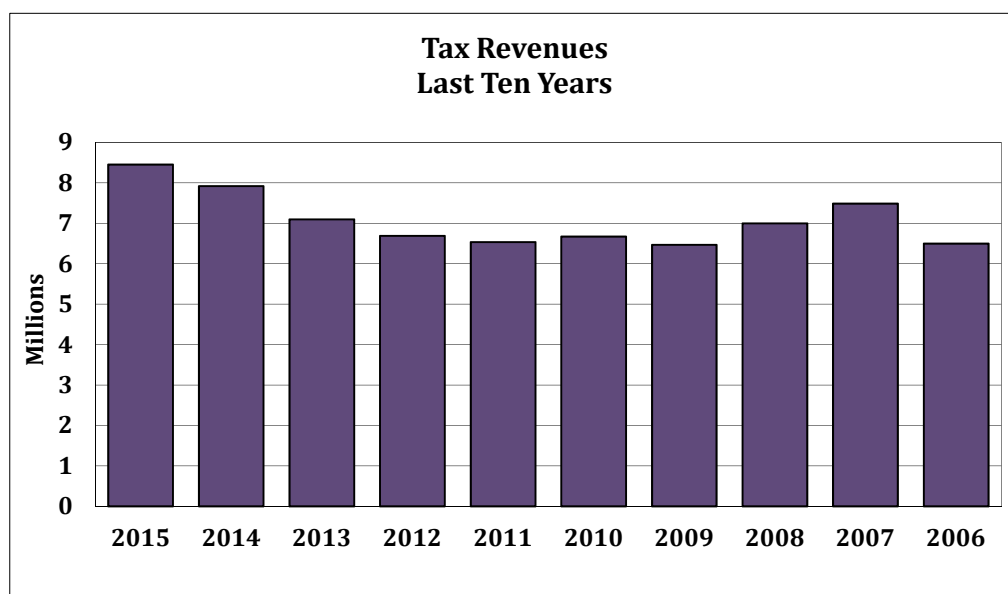
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$	3,754,875	\$ 3,732,778	\$ 3,710,125	\$ 3,579,097	\$ 3,496,353	\$ 2,812,617
	2,602,256	2,620,238	2,438,571	3,115,435	3,795,794	3,378,559
	320,776	357,550	329,480	314,841	283,832	327,849
	122,283	130,940	127,416	147,943	134,912	124,607
	22,777	37,461	130,960	304,813	433,095	340,051
	2,418,840	2,045,106	1,854,862	2,203,624	4,128,114	2,963,293
	1,638,809	1,792,542	1,551,711	1,533,643	1,609,239	1,429,528
	297,500	212,953	217,277	225,042	286,146	406,735
	134,832	79,094	392,826	767,176	-	-
	<u>11,312,948</u>	<u>11,008,662</u>	<u>10,753,228</u>	<u>12,191,614</u>	<u>14,167,485</u>	<u>11,783,239</u>
	1,106,857	1,265,367	1,039,126	995,568	1,524,590	1,221,598
	4,230,668	4,597,965	4,105,028	4,007,937	3,998,185	3,745,351
	2,412,176	2,056,357	1,790,115	1,768,874	1,804,011	1,703,609
	537,731	455,054	371,105	424,173	454,234	359,499
	1,053,206	1,184,088	1,086,075	995,078	770,771	798,504
	1,447,497	2,107,854	2,168,345	1,330,447	962,915	2,553,405
	476,187	990,662	684,238	448,458	476,549	718,504
	1,555,752	1,803,470	1,394,860	1,493,780	1,189,479	1,058,650
	568,877	487,577	559,625	1,198,910	2,765,619	661,039
	-	-	-	-	-	-
	<u>13,388,951</u>	<u>14,948,394</u>	<u>13,198,517</u>	<u>12,663,225</u>	<u>13,946,353</u>	<u>12,820,159</u>
	<u>(2,076,003)</u>	<u>(3,939,732)</u>	<u>(2,445,289)</u>	<u>(471,611)</u>	<u>221,132</u>	<u>(1,036,920)</u>
	-	-	-	-	-	-
	<u>1,598,000</u>	<u>1,346,158</u>	<u>1,330,307</u>	<u>1,283,000</u>	<u>1,084,052</u>	<u>1,671,226</u>
	<u>1,598,000</u>	<u>1,346,158</u>	<u>1,330,307</u>	<u>1,283,000</u>	<u>1,084,052</u>	<u>1,671,226</u>
\$	<u>(478,003)</u>	<u>(2,593,574)</u>	<u>(1,114,982)</u>	<u>811,389</u>	<u>1,305,184</u>	<u>634,306</u>
	00.0%	00.0%	00.0%	00.0%	00.0%	00.0%
	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

**Schedule 5**  
**Borough of Chambersburg, PA**  
**Program Revenues by Function**  
**Last Ten Years**  
*(accrual basis of accounting)*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Function/Program</b>										
Governmental activities										
General government	\$ 509,291	\$ 394,215	\$ 488,079	\$ 366,191	\$ 1,297,380	\$ 2,029,383	\$ 635,089	\$ 2,513,514	\$ 3,764,057	\$ 1,399,348
Public safety	2,641,513	3,274,261	3,204,865	2,639,445	2,095,069	2,190,353	1,937,743	2,016,269	1,364,935	1,655,801
Public works	777,088	1,442,069	1,763,380	564,311	4,860	261,626	2,870,251	532,278	1,015,251	2,180,286
Culture and recreation	510,254	444,977	501,333	550,572	675,646	413,090	425,909	539,959	422,506	393,682
Community development	226,889	555,391	691,367	606,940	841,156	473,646	598,806	312,000	30,532	502,580
Subtotal governmental activities	<u>4,665,035</u>	<u>6,110,913</u>	<u>6,649,024</u>	<u>4,727,459</u>	<u>4,914,111</u>	<u>5,368,098</u>	<u>6,467,798</u>	<u>5,914,020</u>	<u>6,597,281</u>	<u>6,131,697</u>
Business-type activities										
Electric	30,362,435	31,747,722	31,982,784	32,759,537	32,517,943	35,088,796	32,316,324	26,568,799	23,787,570	20,634,722
Gas	6,301,368	9,182,534	8,388,751	7,530,410	7,913,084	8,405,864	9,488,238	11,149,104	10,129,533	10,496,579
Water	3,285,875	3,176,857	3,222,033	3,481,859	3,174,372	4,022,392	4,420,697	4,273,076	4,407,194	3,759,890
Sewer	17,022,054	16,925,664	7,925,879	7,933,656	6,235,990	5,243,703	4,958,834	4,919,105	6,050,383	4,025,793
Sanitation	2,682,626	2,545,943	2,476,723	2,034,451	2,112,945	2,153,694	2,095,168	2,112,950	2,062,631	1,974,758
Parking, traffic and street lights	221,309	223,252	182,815	177,834	191,473	142,077	137,306	140,489	147,263	157,088
Storm Sewer	295,362	-	-	-	-	-	-	-	-	-
Subtotal business type activities	<u>60,171,029</u>	<u>63,801,972</u>	<u>54,178,985</u>	<u>53,917,747</u>	<u>52,145,807</u>	<u>55,056,526</u>	<u>53,416,567</u>	<u>49,163,523</u>	<u>46,584,574</u>	<u>41,048,830</u>
Total primary government	<u>\$64,836,064</u>	<u>\$69,912,885</u>	<u>\$60,828,009</u>	<u>\$58,645,206</u>	<u>\$57,059,918</u>	<u>\$60,424,624</u>	<u>\$59,884,365</u>	<u>\$55,077,543</u>	<u>\$53,181,855</u>	<u>\$47,180,527</u>

**Schedule 6**  
**Borough of Chambersburg, PA**  
**Tax Revenues by Source - Governmental Funds**  
**Last Ten Years**  
*(modified accrual basis of accounting)*

<b>Fiscal Year</b>	<b>Real Estate</b>	<b>Kasher Fire Tax</b>	<b>Real Estate Transfer</b>	<b>Earned Income</b>	<b>Local Services Tax</b>	<b>Cable TV Franchise Fees</b>	<b>Payments in Lieu of Taxes</b>	<b>Total</b>
2015	\$ 4,079,891	\$ 485,197	\$ 779,004	\$ 1,933,081	\$ 788,730	\$ 306,487	\$ 74,975	\$ 8,447,365
2014 (1)	4,170,114	467,938	317,334	1,879,124	773,753	246,599	60,819	7,915,681
2013	3,928,482	-	261,049	1,771,072	747,888	324,337	62,682	7,095,510
2012	3,769,157	-	296,618	1,571,261	720,602	315,504	14,803	6,687,945
2011	3,740,662	-	265,172	1,499,019	702,064	313,867	14,213	6,534,997
2010	3,702,670	-	240,954	1,638,419	757,564	315,038	13,408	6,668,053
2009	3,690,751	-	272,005	1,313,267	860,057	319,990	12,616	6,468,686
2008	3,579,097	-	540,465	1,787,688	775,600	302,892	11,682	6,997,424
2007	3,496,353	-	816,051	1,728,188	1,165,990	269,553	10,565	7,486,700
2006	2,812,617	-	674,435	1,582,009	1,111,662	308,267	10,452	6,499,442



(1) Beginning in 2014, the Borough assessed the Richard Kasher Fire Tax.

Source: Borough of Chambersburg Finance Department.

## **REVENUE CAPACITY**

These schedules contain trend information to help the reader assess the Borough's most significant local revenue source, the property tax. These schedules include:

Property Tax Rates - Direct and Overlapping Governments	Schedule 7
Assessed Value and Actual Value of Taxable Property	Schedule 8
Principal Taxpayers	Schedule 9
Property Tax Levies and Collections	Schedule 10
Municipal Earned Income Tax Revenue Base and Collections	Schedule 11
Earned Income Tax Statistics	Schedule 12

**Schedule 7**  
**Borough of Chambersburg, PA**  
**Property Tax Rates - Direct and Overlapping Governments**  
**Last Ten Years**

Tax Year	-----Direct Rate-----			:-----Overlapping Debt-----:		
	General Real Estate Tax	Kasher Fire Tax	Total Direct	Chambersburg Area Sch Dist	Franklin County	Franklin County Library
2015	21.00	2.50	23.50	98.43	25.65	1.05
2014	(1) 21.00	2.50	23.50	96.12	25.65	1.05
2013	20.00	0.00	20.00	93.69	25.65	1.05
2012	20.00	0.00	20.00	92.76	25.15	0.8
2011	20.00	0.00	20.00	92.76	25.15	0.8
2010	20.00	0.00	20.00	89.62	25.15	0.8
2009	20.00	0.00	20.00	84.98	24.65	0.8
2008	20.00	0.00	20.00	80.98	21.95	0.8
2007	20.00	0.00	20.00	76.91	21.75	0.6
2006	17.00	0.00	17.00	70.68	21.75	0.6

(1) Beginning in 2014, the Borough assessed the Richard Kasher Fire Tax.

Sources: Borough of Chambersburg Comprehensive Annual Report  
Chambersburg Area School District Annual Financial Report  
Franklin County Tax Assessment Office



**Schedule 8**  
**Borough of Chambersburg, PA**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Years**

<b>Fiscal Year Ended December 31,</b>	<b>Agricultural Property</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Vacant Property</b>	<b>Tax Exempt Property</b>	<b>Total Estimated Assessed Value</b>	<b>Total Taxable Assessed Value</b>	<b>Chambersburg Municipal Millage Rate</b>
2015	\$ 261,890	\$ 100,769,600	\$ 84,626,080	\$ 9,781,880	\$ 2,354,460	\$ 51,816,300	\$ 249,610,210	\$ 197,793,910	23.50
2014	261,890	99,169,650	84,175,730	9,647,700	2,609,820	51,635,840	247,500,630	195,864,790	23.50
2013	261,890	98,871,380	83,431,360	9,021,630	2,654,140	51,986,140	246,226,540	194,240,400	20.00
2012	267,630	98,678,800	82,147,740	9,006,850	2,784,410	51,973,840	244,859,270	192,885,430	20.00
2011	267,630	98,098,920	80,602,420	9,296,000	2,802,080	51,726,140	242,793,190	191,067,050	20.00
2010	267,630	96,846,110	78,000,260	9,383,290	2,888,840	51,559,840	238,945,970	187,386,130	20.00
2009	267,630	95,560,690	78,327,490	9,709,350	2,782,180	51,027,070	237,674,410	186,647,340	20.00
2008	267,630	92,976,990	74,950,820	10,007,730	2,911,350	50,946,250	232,060,770	181,114,520	20.00
2007	321,620	90,319,950	68,040,640	9,698,490	2,977,070	50,832,230	222,190,000	171,357,770	20.00
2006	331,460	87,762,230	64,269,630	9,698,490	2,111,770	50,389,070	214,562,650	164,173,580	17.00

Sources: Franklin County, PA Tax Assessor's Office  
Borough of Chambersburg Comprehensive Annual Financial Report

**Schedule 9**  
**Borough of Chambersburg, PA**  
**Principal Taxpayers**  
**12/31/2015 and 12/31/2006**

**December 31, 2015**

Taxpayer	Estimated Actual Values of Real Property (1)	Rank	Percentage of Assessed Valuation
Chbg Health Srv/Chbg Hospital	\$ 12,838,824	1	6.49%
Menno-Haven, Inc	5,485,560	2	2.77%
Chambersburg Crossing LP	4,946,620	3	2.50%
Wilsey/Holsum-Ventura Food LLC	2,849,540	4	1.44%
American Real Estate	2,340,650	5	1.18%
ProLogis	1,780,100	6	0.90%
Wayne Avenue LLC	1,628,060	7	0.82%
Chambersburg Cold Storage	1,491,010	8	0.75%
Tanya K. Nitterhouse	1,338,340	9	0.68%
Chbg Area Development Corp	1,199,670	10	0.61%
<b>Total</b>	<b>\$ 35,898,374</b>		<b>18.14%</b>
<b>Total Taxable Assessed Valuation</b>	<b>\$ 197,793,910</b>		

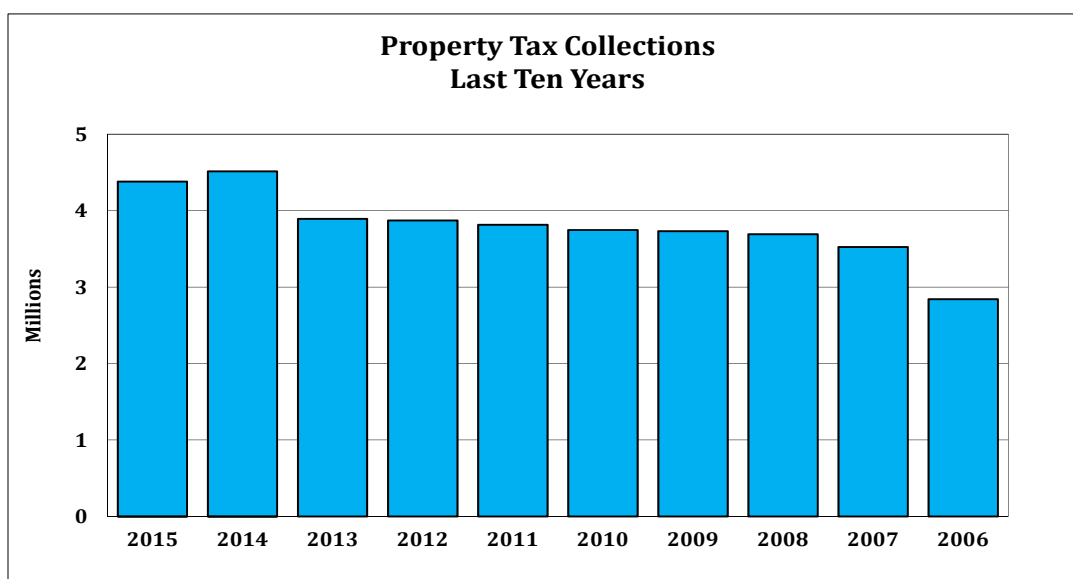
**December 31, 2006**

Taxpayer	Estimated Actual Values of Real Property (1)	Rank	Percentage of Assessed Valuation
Menno-Haven, Inc	\$ 5,479,480	1	3.34%
Chbg Health Srv/Chbg Hospital	4,109,040	2	2.50%
American Real Estate	2,340,650	3	1.43%
Wilsey/Holsum-Ventura Food LLC	2,219,730	4	1.35%
Dermody Owen LLC	1,770,950	5	1.08%
Tanya K. Nitterhouse	1,698,520	6	1.03%
Wayne Avenue LLC	1,520,770	7	0.93%
Chambersburg Cold Storage	1,491,010	8	0.91%
Chbg Area Development Corp	1,161,630	9	0.71%
Chambersburg Business Park LP	1,150,980	10	0.70%
<b>Total</b>	<b>\$ 22,942,760</b>		<b>13.98%</b>
<b>Total Taxable Assessed Valuation</b>	<b>\$ 164,173,580</b>		

Sources: Borough of Chambersburg Comprehensive Annual Financial Report  
Franklin County Assessor's Office

**Schedule 10**  
**Borough of Chambersburg, PA**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended Dec 31,	Taxes Levied for the Fiscal Year	Collections within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 4,663,215	\$ 4,377,257	93.87%	\$ -	\$ 4,377,257	93.87%
2014 (1)(2)	4,617,616	4,387,275	95.01%	123,329	4,510,604	97.68%
2013	3,897,692	3,650,686	93.66%	242,615	3,893,301	99.89%
2012	3,872,274	3,593,392	92.80%	278,882	3,872,274	100.00%
2011	3,821,341	3,523,898	92.22%	291,474	3,815,372	99.84%
2010	3,747,723	3,527,832	94.13%	219,498	3,747,330	99.99%
2009	3,732,947	3,521,879	94.35%	209,608	3,731,487	99.96%
2008	3,691,170	3,449,448	93.45%	241,491	3,690,939	99.99%
2007 (3)	3,524,433	3,327,598	94.42%	196,604	3,524,202	99.99%
2006	2,842,065	2,689,089	94.62%	152,976	2,842,065	100.00%



- (1) The Borough's property tax mill rate increased from 20.0 to 21.0, an increase of 5.00%.  
(2) Beginning in 2014, the Borough assessed the Richard Kasher Fire Tax.  
(3) The Borough's property tax mill rate increased from 17.0 to 20.0, an increase of 17.64%  
Source: Borough of Chambersburg Finance Department

**Schedule 11**  
**Borough of Chambersburg, PA**  
**Municipal Earned Income Tax Revenue Base and Collections**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

Fiscal Year	Tax Rate	Total Earned Income Tax Collected	Refunds	Net Earned Income Tax Collected
2015	1.00%	\$ 1,900,774	\$ 57,461	\$ 1,843,314
2014	1.00%	1,900,071	60,254	1,839,818
2013	1.00%	1,763,576	50,104	1,713,472
2012	1.00%	1,726,825	41,883	1,684,942
2011	1.00%	1,545,659	36,156	1,509,503
2010	1.00%	1,506,994	40,290	1,466,704
2009	1.00%	1,532,436	38,505	1,493,931
2008	1.00%	1,768,256	34,413	1,733,843
2007	1.00%	1,604,820	41,275	1,563,545
2006	1.00%	1,517,056	38,543	1,478,513

Source: Franklin County Area Tax Bureau

**Schedule 12**  
**Borough of Chambersburg, PA**  
**Earned Income Tax Statistics**  
**Last Ten Years**

Number of tax filers										
Income Range	2015 (1)	2014	2013	2012	2011	2010	2009	2008	2007	2006
> \$1,000,000		0	1	1	0	0	0	0	1	0
\$500,000 - \$999,999		14	6	15	12	12	17	16	16	15
\$200,000 - \$499,000		67	58	45	64	65	45	44	43	34
\$100,000 - \$199,000		232	187	183	192	198	163	148	140	132
\$50,000 - \$99,000		1,583	1,347	1,365	1,453	1,442	1,216	1,148	1,099	1,008
<\$49,999		8,238	7,046	7,135	6,923	6,445	6,941	7,455	7,079	7,344
Total		<u>10,134</u>	<u>8,645</u>	<u>8,744</u>	<u>8,644</u>	<u>8,162</u>	<u>8,382</u>	<u>8,811</u>	<u>8,378</u>	<u>8,533</u>
% of total earned income taxes paid										
Income Range	2015 (1)	2014	2013	2012	2011	2010	2009	2008	2007	2006
> \$1,000,000		0.00%	0.37%	0.61%	0.00%	0.00%	0.00%	0.00%	0.41%	0.00%
\$500,000 - \$999,999		3.11%	1.53%	3.21%	2.76%	2.95%	3.76%	3.54%	3.51%	3.42%
\$200,000 - \$499,000		6.73%	6.75%	5.07%	6.85%	6.96%	4.98%	4.88%	5.05%	3.86%
\$100,000 - \$199,000		9.31%	8.73%	8.63%	8.64%	9.15%	7.80%	7.10%	6.87%	6.64%
\$50,000 - \$99,000		32.69%	32.73%	32.89%	32.50%	33.05%	29.12%	27.73%	27.18%	25.64%
<\$49,999		48.16%	49.89%	49.59%	49.25%	47.89%	54.34%	56.75%	56.98%	60.44%
Total		<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Total Personal Income		<u>\$319,408,262</u>	<u>\$306,751,179</u>	<u>\$310,489,463</u>	<u>\$296,903,258</u>	<u>\$286,781,775</u>	<u>\$273,204,270</u>	<u>\$270,954,117</u>	<u>\$263,147,886</u>	<u>\$255,114,215</u>

(1) Information for year ended 12/31/2015 not yet available  
Source: Franklin County Area Tax Bureau

## **DEBT CAPACITY**

These schedules contain trend information to help the reader assess the affordability of the Borough's current levels of outstanding debt and the Borough's ability to issue additional debt in the future.

These schedules include:

Ratios of Outstanding Debt by Type	Schedule 13
Ratios of General Bonded Debt Outstanding	Schedule 14
Legal Debt Margin Information	Schedule 15
Computation of Direct and Overlapping Debt	Schedule 16
Debt Capacity Information - Pledged - Revenue Coverage	Schedule 17

**Schedule 13**  
**Borough of Chambersburg, PA**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Years**

<b>Governmental Activities (1)</b>		<b>Business Type Activities (1)</b>									
<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Electric Department General Obligation Bonds</b>	<b>Electric Department General Obligation Notes</b>	<b>Gas Department General Obligation Notes</b>	<b>Sewer Treatment Plant General Obligation Bonds</b>	<b>Sewer Treatment Plant General Obligation Notes</b>	<b>Water Plant Revenue Notes Payable (2)</b>	<b>Sanitation Department General Obligation Notes</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
2015	\$ -	\$ 10,361,612	\$ 1,402,771	\$ -	\$ 358,388	\$ 6,037,228	\$ -	\$ 1,487,213	\$ 19,647,212	4.529%	950
2014	-	11,188,200	1,463,106	-	766,800	6,296,894	-	614,202	20,329,202	4.834%	1,003
2013	-	12,220,000	1,508,357	38,417	1,315,000	58,667	2,463,360	-	17,603,801	4.186%	869
2012	-	13,217,900	27,467	38,417	1,847,100	58,667	2,649,126	-	17,838,677	4.242%	880
2011	-	14,095,208	-	-	2,364,792	-	2,640,542	-	19,100,542	4.542%	942
2010	-	15,033,600	-	-	2,866,400	-	2,845,376	-	20,745,376	5.309%	1,024
2009	-	15,941,300	-	-	3,353,700	-	2,370,233	-	21,665,233	6.257%	1,206
2008	-	16,355,000	-	-	3,955,000	-	2,338,177	-	22,648,177	6.541%	1,261
2007	-	17,240,000	-	-	4,340,000	-	2,556,619	-	24,136,619	6.971%	1,344
2006	-	17,550,000	-	-	4,715,000	-	2,732,990	-	24,997,990	7.220%	1,392

(1) Details regarding the Borough's outstanding debt can be found in the Note 5 in the current financial statements.

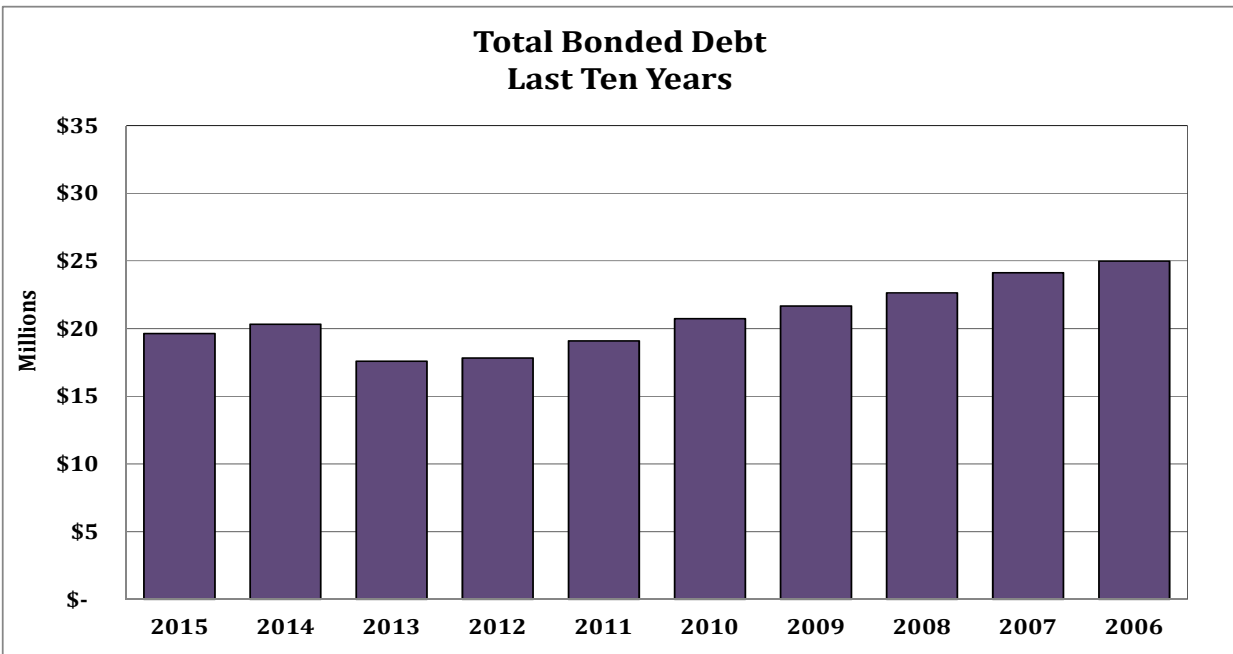
(2) Various water projects financed via the Commonwealth of Pennsylvania's Pennvest loan program.

Source: Borough of Chambersburg Finance Department

**Schedule 14**  
**Borough of Chambersburg, PA**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Years**

**General Bonded Debt Outstanding**

	<b>Net Non-electoral debt</b>	<b>Lease rental debt</b>	<b>Total Primary Government</b>	<b>% of Assessed Valuation</b>	<b>Debt per Capita</b>
2015	\$ 19,647,212	\$ -	\$ 19,647,212	9.93%	\$ 950
2014	20,329,202	-	20,329,202	10.38%	1,003
2013	17,603,801	-	17,603,801	9.06%	869
2012	17,838,677	-	17,838,677	9.25%	880
2011	19,100,542	-	19,100,542	10.00%	942
2010	20,745,376	-	20,745,376	11.07%	1,024
2009	21,665,233	-	21,665,233	11.61%	1,206
2008	22,648,177	-	22,648,177	12.50%	1,261
2007	24,136,619	-	24,136,619	14.09%	1,344
2006	24,997,990	-	24,997,990	15.23%	1,392



Source: Borough of Chambersburg Finance Department.



**Schedule 15**  
**Borough of Chambersburg, PA**  
**Legal Debt Margin Information**  
**Last Ten Years**

**General Bonded Debt Outstanding**

Fiscal Year	Three year average revenue borrowing base	Legal debt limit	Total Debt Applicable to limit	Legal Debt margin (1)	Legal Debt margin %
2015	\$ 59,852,837	\$ 149,632,093	\$ 19,647,212	\$ 129,984,881	86.87%
2014	59,486,469	148,716,173	20,329,202	128,386,971	86.33%
2013	58,000,270	145,000,675	17,603,801	127,396,874	87.86%
2012	58,064,147	145,160,368	17,838,677	127,321,691	87.71%
2011	57,836,427	144,591,068	19,100,542	125,490,526	86.79%
2010	56,923,585	142,308,963	20,745,376	121,563,587	85.42%
2009	54,295,910	135,739,774	21,665,233	114,074,541	84.04%
2008	53,780,759	134,451,898	22,648,177	111,803,721	83.16%
2007	52,021,411	130,053,528	24,136,619	105,916,909	81.44%
2006	49,400,885	123,502,213	24,997,990	98,504,223	79.76%

**(1) Legal Debt Margin: (12/31/2015)**

a	Average revenues past 3 yrs	59,852,837	(\$179,558,512 / 3)
b	Legal debt limit (2.5 time average rev)	149,632,093	
c	Debt outstanding @ 12/31/2015	(19,647,212)	
	Legal Debt Margin (b-c)	<b>\$ 129,984,881</b>	

Source: Borough of Chambersburg Finance Department

Note: Certain amounts in the schedule were restated due to reclassifications.

**Schedule 16**  
**Borough of Chambersburg, PA**  
**Computation of Direct and Overlapping Debt**  
**December 31, 2015**

<b>Jurisdiction</b>	<b>Total Debt Outstanding</b>	<b>Estimated Percentage Applicable (a)</b>	<b>Amount Applicable To Borough of Chbg</b>
<b>Direct</b>			
Borough of Chambersburg <b>(Governmental Activities)</b>	\$ -		\$ -
<b>Overlapping</b>			
Chambersburg School Dist	145,650,000	28.1624%	41,018,542
County of Franklin	33,745,000	13.6917%	4,620,265
Total Overlapping Debt	179,395,000		45,638,807
Total	\$ 179,395,000		\$ 45,638,807

(a) The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the borough's boundaries and dividing it by each unit's total taxable value.

Souces: Borough of Chambersburg Comprehensive Annual Financial Report  
Franklin County Fiscal Department  
Chambersburg Area School District

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the borough. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the borough. This process recognizes that, when considering the borough's ability to issue and repay long-term debt, the entire burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

**Schedule 17**  
**Borough of Chambersburg, PA**  
**Debt Capacity Information - Pledged-Revenue Coverage**  
**Last Ten Years**

**Water Revenue Loan Payable (1)**

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2015	\$ 3,120,727	\$ 3,488,707	\$ (367,980)	\$ -	\$ -	0.00
2014	3,131,530	3,364,685	(233,155)	2,463,360	(3,618)	-0.09
2013	3,080,915	3,109,390	(28,475)	185,766	84,924	-0.11
2012	3,440,721	2,833,995	606,726	211,416	85,112	2.05
2011	3,054,195	2,800,078	254,117	204,834	91,121	0.86
2010	3,169,299	2,580,434	588,865	213,664	84,117	1.98
2009	3,375,869	2,831,476	544,393	223,025	60,540	1.92
2008	3,469,626	2,674,069	795,557	218,753	61,061	2.84
2007	3,879,178	2,673,401	1,205,777	213,118	66,696	4.31
2006	3,472,734	2,495,541	977,193	218,998	60,816	3.49

(1) Water improvement project loan from the Pennsylvania Infrastructure Investment Authority (Pennvest).

Source: Borough of Chambersburg Finance Department

Note: Details regarding the Borough's outstanding debt can be found in the Note 5 in the current financial statements.

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Borough's financial activities take place. These schedules include:

Demographic and Economic Statistics

Schedule 18

Principal Employers

Schedule 19

**Schedule 18**  
**Borough of Chambersburg, PA**  
**Demographic and Economic Statistics**  
**Last Ten Years**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Per Capita Personal Income (1)</b>	<b>Per Capita Household Income (1)</b>	<b>Median Household Income (1)</b>	<b>Median Age (1)</b>	<b>Educational Attainment Bachelor's Degree or Higher (1)</b>	<b>School Enrollment (1)</b>	<b>Unemployment Rate (1)</b>	<b>Median Value of Residential Property (1)</b>	<b>Total Assessed Property Value (2)</b>	<b>Total Personal Income (3)</b>
2015	20,691	\$ 20,967	\$ 50,937	\$ 40,936	36.3	21.50%	4,548	7.70%	\$ 158,200	\$ 197,793,910	(4)
2014	20,602	20,851	49,388	39,960	36.2	21.30%	4,532	9.40%	159,200	195,864,790	\$ 319,408,262
2013	20,508	20,342	48,383	39,491	36.1	19.90%	4,738	8.50%	156,500	194,240,400	306,751,179
2012	20,425	20,750	48,325	36,586	36.5	19.80%	4,469	7.50%	157,700	192,885,430	310,489,463
2011	20,268	20,750	48,348	38,246	37.1	21.00%	4,713	8.60%	161,000	191,067,050	296,903,258
2010	20,268	20,750	48,348	38,246	37.1	21.00%	4,713	8.60%	161,000	187,386,130	286,781,775
2009	17,862	19,278	41,641	32,336	40	17.90%	3,635	3.90%	86,500	186,647,340	273,204,270
2008	17,862	19,278	41,641	32,336	40	17.90%	3,635	3.90%	86,500	181,114,520	270,954,117
2007	17,862	19,278	41,641	32,336	40	17.90%	3,635	3.90%	86,500	171,357,770	263,147,886
2006	17,862	19,278	41,641	32,336	40	17.90%	3,635	3.90%	86,500	164,173,580	255,114,215

- (1) American Fact Finder (5-year estimate) based on latest information available
- (2) Franklin County Assessor's Office
- (3) Franklin County Area Tax Bureau
- (4) Information for year ended 12/31/2015 not yet available

**Schedule 19**  
**Borough of Chambersburg, PA**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2015			2006		
	Employees	Rank	Percentage of Total Borough Employment	Employees	Rank	Percentage of Total Borough Employment
Summit Health Services	3,000	1	11.32%	2,700	1	11.81%
Chambersburg School District	1,100	2	4.15%	1,062	2	4.65%
County of Franklin	690	3	2.60%	900	3	3.94%
Menno Haven, Inc	608	4	2.29%	543	4	2.38%
Ventura Foods	400	5	1.51%	380	5	1.66%
Staples Direct	315	6	1.19%	300	8	1.31%
T.B. Woods, Inc	300	7	1.13%	353	7	1.54%
Knouse Foods	265	8	1.00%	----		----
Farmers & Merchants Trust Co.	252	9	0.95%	----		----
Borough of Chambersburg	209	10	0.79%	191	9	0.84%
K-Mart Regional Specialty Center	----		----	370	6	1.62%
Patriot Federal Credit Union	----		----	141	10	0.62%
<b>Total</b>	<b>7,139</b>		<b>26.94%</b>	<b>6,940</b>		<b>30.36%</b>
<b>Total Employees</b>	<b>26,499</b>	<b>(1)</b>		<b>22,861</b>		

(1) Estimated by Franklin County Area Tax Bureau W-2 Forms Filed  
Source: Franklin County Area Development Corp.  
Franklin County Area Tax Bureau

## **OPERATING INFORMATION**

These schedules contain service information and infrastructure data to help the reader understand how the information in the municipality's financial report relates to the services the municipality provides and the activities it performs. These schedules include:

Full-time Equivalent Municipal Employees by Function/Program	Schedule 20
Operating Indicators by Function/Program	Schedule 21
Capital Asset Statistics by Function/Program	Schedule 22

**Schedule 20**  
**Borough of Chambersburg, PA**  
**Full-Time Equivalent Municipal Employees by Function/Program**  
**Last Ten Years**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Function/Program</b>										
<b>General government:</b>										
Administration	2	2	2	2	2	2	3	2	2	2
Clerical	14	12	11	10	11	11	11	11	11	11
Code Enforcement	1	1	2	2	2	4	4	4	4	4
Community Development	1	1	1	1	1	1	1	1	1	0
Engineering	4	4	4	4	4	4	4	4	3	3
Finance	22	19	19	20	20	22	20	20	18	18
Information Technology	5	5	5	5	5	5	5	5	5	5
Personnel	3	2	2	2	2	2	2	2	2	2
Planning/Zoning	1	1	1	1	1	1	1	1	1	1
Public Information	0	0	0	0	0	0	0	0	0	0
<b>Public works:</b>										
Administration	4	3	3	2	2	2	2	2	2	2
Central Garage	3	3	3	3	4	4	4	4	4	4
Labor/Maintenance	6	6	5	6	6	6	6	6	6	7
Sanitation	12	12	11	11	11	11	11	11	11	9
<b>Recreation:</b>										
Administration	2	2	2	2	2	2	2	2	2	2
Labor/Maintenance	3	3	3	3	3	4	4	4	4	4
Pool	0	0	0	0	0	0	0	0	0	0
Seasonal	0	0	0	0	0	0	0	0	0	0
Tennis	0	0	0	0	0	0	0	0	0	0
<b>Public safety:</b>										
Fire Administration	2	2	2	2	2	2	2	2	2	2
Fire Personnel	21	21	21	21	21	21	21	22	21	21
Police Administration	1	1	1	1	1	1	1	1	1	1
Police Personnel	34	32	33	31	31	33	33	33	33	30
911	0	0	0	0	0	0	0	0	0	0
<b>Utilities:</b>										
Administration	6	6	6	6	6	6	6	6	6	6
Electric Distribution	9	9	9	9	9	9	9	9	9	9
Electric Generation	11	11	11	11	9	9	9	8	8	8
Electric System Maintenance	1	1	1	1	1	0	0	0	0	0
Gas Distribution	8	8	8	8	8	8	8	8	8	8
Stores/Warehouse/Call Center	6	6	6	6	6	6	6	6	6	6
Water Distribution	2	2	3	3	3	4	3	3	3	3
Water Treatment Plant	7	7	6	6	7	7	8	8	8	6
Sewer Collection/Conveyance	5	5	5	4	4	4	4	4	4	4
Sewer Treatment Plant	11	11	10	10	10	10	10	13	13	13
Traffic Signal/Street Lights	1	1	1	0	0	0	0	0	0	0
Storm Sewer	1	0	0	0	0	0	0	0	0	0
<b>Totals</b>	<b>209</b>	<b>199</b>	<b>197</b>	<b>193</b>	<b>194</b>	<b>201</b>	<b>200</b>	<b>202</b>	<b>198</b>	<b>191</b>

Source: Borough of Chambersburg Human Resources Department



**Schedule 21**  
**Borough of Chambersburg, PA**  
**Operating Indicators by Function/Program**  
**Last Ten Years**

Function/Program	2015	2014	2013	2012
<b>General government:</b>				
Lien letter & tax certification requests	185	65	70	90
<b>Community development:</b>				
Building permits issued	516	444	444	384
Estimated value of construction	\$ 17,519,123	\$ 8,397,058	\$ 6,108,000	\$ 40,002,841
Occupancy permits issued	98	53	59	73
Number of planning commission Agenda items	24	15	8	11
<b>Public works:</b>				
Roads resurfaced (linear feet)	3,611	2,671	5,053	1,402
Roads reconstructed (linear feet)	9,490	1,932	149	5,237
Tons of snow melting salt used	919	1,322	775	482
<b>Recreation:</b>				
Pool attendance	24,900	17,300	21,500	32,035
Number of utilization events (2)	1,750	1,702	1,791	1,773
Number of consumers served	95,200	87,600	104,100	97,131
Number of seasonal programs	309	232	231	240
<b>Police:</b>				
Calls for service	21,392	14,650	14,639	13,743
Total arrests	1,264	1,478	1,520	1,520
Part I offenses reported (major offenses)	1,047	1,089	1,171	1,176
Part I offenses cleared (percentage)	41.0%	44.0%	39.0%	38.0%
Part II offenses reported (major offenses)	2,045	1,866	1,904	1,829
Part II offenses cleared (percentage)	33.0%	37.0%	40.0%	40.0%
DUI arrests	155	141	145	153
<b>Fire:</b>				
Total number of responses	978	869	626	861
Responses involving loss	7	6	6	0
Structure fires	49	39	46	20
Volunteer hours	79,484	83,503	83,731	81,597
False alarms/false calls	130	101	99	132
Total calls for assistance	4,113	3,992	3,772	3,503
<b>Utilities:</b>				
Electric department				
Units billed (kwh)	319,635,858	319,544,389	310,888,474	295,123,824
Billed revenue	\$ 29,135,014	\$ 29,951,885	\$ 30,869,982	\$ 31,174,432
Gas department				
Units billed (100 cu. ft.)	11,130,033	11,519,811	10,144,132	8,995,037
Billed revenue	\$ 6,600,376	\$ 9,315,187	\$ 7,996,195	\$ 7,260,743
Water department				
Units billed (10 cu. ft.)	14,230,754	13,660,004	13,680,994	13,796,641
Billed revenue	\$ 2,870,909	\$ 2,827,392	\$ 2,850,251	\$ 2,862,527
Sewer treatment plant				
Units billed (10 cu. ft.)	25,861,090	24,803,706	25,504,521	25,712,303
Billed revenue	\$ 5,457,716	\$ 5,276,763	\$ 5,392,759	\$ 4,968,169
Storm Sewer				
Fees billed	8,170	0	0	0
Billed revenue	\$ 293,302	\$ -	\$ -	\$ -
Sanitation department				
Units billed (cu. yds.)	140,519	141,880	142,169	141,130
Billed revenue	\$ 1,139,021	\$ 2,377,421	\$ 2,378,282	\$ 1,946,578

	2011	2010	2009	2008	2007	2006
	91	87	73	55	42	41
	351	342	337	398	463	338
\$	14,890,487	\$ 75,907,998	\$ 19,856,490	\$ 3,798,670	\$ 60,752,500	\$ 55,624,200
	54	70	91	133	68	44
	14	15	34	33	52	59
	9,605	2,725	4,500	11,904	14,500	28,200
	0	6,700	2,550	0	0	2,200
	595	675	336	420	546	150
	34,111	28,783	30,700	32,714	33,224	34,491
	1,977	2,199	1,714	1,859	1,130	2,068
	75,265	76,426	69,813	74,431	73,002	79,783
	151	153	91	82	77	92
	13,847	13,235	13,439	14,584	14,698	14,564
	1,567	1,614	1,587	780	1,000	978
	1,102	1,158	1,260	1,356	1,337	1,187
	35.0%	39.0%	40.0%	35.0%	32.2%	27.5%
	2,079	1,898	1,826	2,053	2,042	2,129
	35.0%	36.0%	36.0%	23.0%	38.5%	36.1%
	141	136	112	145	153	151
	925	892	947	1,068	1,216	1,219
	5	3	7	5	3	0
	32	29	30	20	31	(1)
	85,009	86,180	87,190	88,195	86,342	112,414
	118	147	148	171	144	205
	3,529	3,680	3,626	4,461	4,769	4,543
	299,890,758	297,488,630	283,303,708	301,419,493	298,904,180	280,162,497
\$	31,751,606	\$ 34,534,887	\$ 29,658,637	\$ 25,122,123	\$ 22,832,498	\$ 19,350,942
	9,933,703	9,490,142	9,331,406	9,548,283	9,263,225	8,764,951
\$	8,034,808	\$ 8,355,397	\$ 9,546,728	\$ 10,804,867	\$ 9,931,409	\$ 11,161,166
	13,706,080	14,755,234	14,573,232	14,601,233	14,666,433	14,922,136
\$	2,842,906	\$ 2,903,732	\$ 2,855,138	\$ 2,856,052	\$ 2,824,616	\$ 2,805,748
	24,620,125	23,970,170	23,577,112	24,492,922	22,945,608	21,063,582
\$	4,917,654	\$ 4,386,674	\$ 3,805,662	\$ 3,699,207	\$ 3,579,563	\$ 3,289,890
	0	0	0	0	0	0
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	146,364	149,709	150,805	157,123	154,436	143,248
\$	1,975,707	\$ 1,989,396	\$ 1,994,205	\$ 2,015,815	\$ 1,974,698	\$ 1,891,367

**Schedule 22**  
**Borough of Chambersburg, PA**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Years**

<b>Function/Program</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>General government:</b>				
Square footage occupied	45,912	45,912	45,912	45,912
Inspection vehicles	1	1	1	1
Other departmental vehicles	8	7	6	6
<b>Public works:</b>				
Number of traffic signals	47	47	45	45
Street lights	1,917	1,862	2,166	2,166
Vehicles	12	12	12	12
<b>Recreation:</b>				
Number of parks	16	16	16	16
Acerage of park lands	88	88	88	88
Recreation centers	1	1	1	1
Recreation center square footage	19,975	19,975	19,975	19,975
Tennis courts	5	5	5	5
Ball fields	3	3	4	4
Skate parks	2	2	2	2
Vehicles	3	3	3	3
<b>Public safety:</b>				
Square footage of emergency services dept	18,947	18,947	18,947	18,947
Square footage of police department	15,048	15,048	15,048	15,048
Fire vehicles/ambulances	13	13	12	11
Police vehicles	14	14	14	14
<b>Utilities:</b>				
Electric Department				
Value of plant in service	\$ 76,197,067	\$ 74,814,439	\$ 73,507,952	\$ 69,699,796
Vehicles	11	12	11	11
Gas Department				
Value of plant in service	\$ 15,273,846	\$ 14,762,161	\$ 13,627,925	\$ 12,489,239
Vehicles	9	9	9	9
Water Department				
Value of plant in service	\$ 32,739,259	\$ 32,414,692	\$ 32,266,422	\$ 28,401,148
Vehicles	7	8	7	7
Sewer Treatment Plant				
Value of plant in service	\$ 44,269,756	\$ 44,061,410	\$ 43,816,263	\$ 42,412,493
Vehicles	6	6	6	6
Storm Sewer				
Value of plant in service	4,158,828	-	-	-
Vehicles	1	-	-	-
Sanitation Department				
Value of plant in service	\$ 1,913,367	\$ 634,126	\$ 572,435	\$ 528,551
Vehicles	11	11	11	11

2011	2010	2009	2008	2007	2006
45,912	45,912	16,571	16,571	16,571	16,571
1	2	2	2	2	2
5	5	5	5	5	5
45	45	45	40	40	35
2,163	2,162	2,161	1,500	1,500	1,500
12	11	11	11	11	11
16	16	16	16	16	16
88	88	88	81	81	81
1	1	1	1	1	1
19,975	19,975	20,154	20,154	20,154	20,154
5	5	5	9	10	10
4	4	4	4	4	4
2	2	2	2		
3	3	3	3	3	3
18,947	18,947	9,526	9,526	9,526	9,526
15,048	15,048	10,726	10,726	10,726	10,726
12	11	9	9	9	9
15	15	13	12	13	13
\$ 69,529,818	\$ 68,795,448	\$ 60,896,827	\$ 63,374,252	\$ 60,902,232	\$ 57,912,422
9	9	9	8	9	8
\$ 12,395,373	\$ 12,039,244	\$ 10,825,895	\$ 11,053,344	\$ 10,752,079	\$ 10,336,655
9	10	10	9	9	9
\$ 28,410,834	\$ 28,341,731	\$ 25,690,405	\$ 26,612,637	\$ 26,063,089	\$ 25,506,678
7	7	7	7	7	7
\$ 42,407,403	\$ 42,040,874	\$ 38,313,773	\$ 39,038,610	\$ 38,578,161	\$ 36,284,115
6	6	6	6	6	6
-	-	-	-	-	-
-	-	-	-	-	-
\$ 528,449	\$ 520,425	\$ 555,737	\$ 502,148	\$ 498,893	\$ 465,795
10	8	8	8	7	7

Source: Borough of Chambersburg Designated Departments  
General Government and Public Safety square footage updated through re-evaluation