

*Borough of
Chambersburg
Pennsylvania*



*Annual Comprehensive
Financial Report*

*For the Year Ended
December 31, 2021*

**Borough of Chambersburg
Pennsylvania**

**Annual Comprehensive
Financial Report**

**For the Year Ended
December 31, 2021**

Prepared by the Department of Finance

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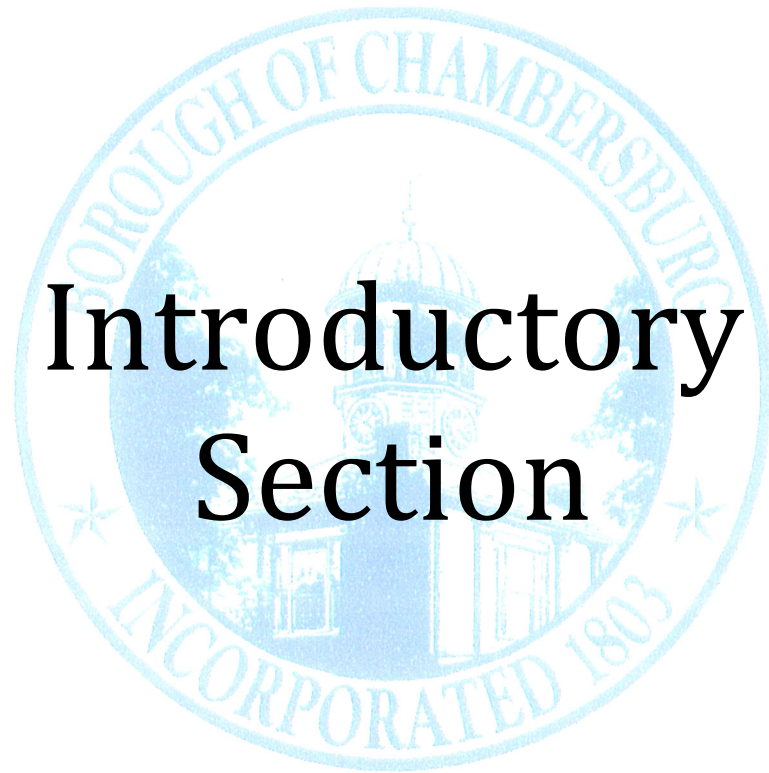
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Introductory Section



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Borough of Chambersburg
Pennsylvania**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO



Borough of Chambersburg

*A full service municipality in Franklin County
celebrating over 65 years of consumer owned natural gas service
over 100 years of community electric and a
regional wastewater, water, and municipal solid waste utility*

Letter of Transmittal for 2021 Annual Comprehensive Financial Report

June 30, 2022

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

The Annual Comprehensive Financial Report of the Borough of Chambersburg for the year ended December 31, 2021, 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 Annual Comprehensive Financial Report 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 Annual Comprehensive Financial Report. 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

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 Legislature 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 21,903, between 2010 and 2021, an increase of 8.06 percent during the period.

Municipal Services and Facilities

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, storm water 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-eighth 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.

This report also includes financial data for the Borough's discretely presented component unit, the Chambersburg Area Municipal Authority which provides conduit financing for local organizations and serves to further economic development in the community through various projects.

Governmental Organization

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 councilpersons are elected from each of the five wards, one councilperson 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 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. In the Borough of Chambersburg, the role of the Director of Finance and that of the Borough Treasurer – who is appointed by Town Council, are filled by the same individual, who exercises the powers 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 the 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 – Water Department

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 Emergency Services Department. This year's report highlights our Water Department.

A good source of water has always been essential to the well-being and survival of communities throughout civilization. It is no wonder that the original Colonel Benjamin Chambers Fort was built over the Falling Spring to provide a good source of water for the use of the inhabitants as well for fire protection. The Chambersburg Water Company was organized around 1818. A waterwheel was employed to pump water from the Falling Spring to a reservoir sited on the current Chambersburg Hospital location. Water then flowed to customers through hollowed pine logs, which were joined "end to end". It is estimated that the cost of this undertaking was approximately \$ 40,000; no small sum in 1818.

The water system was improved and expanded in 1871 with the development of the Borough's first utility enterprise, the Birkinbine Reservoir, which consisted of a 300,000 brick reservoir near the intersection of Reservoir and Franklin Streets (Reservoir Hill). A steam engine powered pumping station along the Conococheague Creek lifted the water from the creek into the reservoir. Over six miles of cast iron pipe were installed to transport the water to the reservoir, and then distribute it to the North Main Street area, as well as to the center of town. The water was taken from the creek with little regard to the fact that raw sewerage was being piped into the creek about a mile above the pumping station.

In January of 1891, the C. B. Gish flour mill, at what is now called "Siloam", was purchased. It consisted of a mill dam and the impounding area above it. An additional land purchase gave rise to the possibility of a new 2 million gallon reservoir, Horst Reservoir. In 1905, a Worthington steam driven pump was successfully installed, with the plant producing about 1.5 million gallons per day in 1907. Unfortunately, the water from the Conococheague Creek flowed through miles of pastures and fields making it a less than an agreeable source of water. In 2005, the Siloam Dam was breached, and the stream's banks restored.

In 1909, the Burgess, Mr. A.W. Zacharias, prompted the locals to work on the "water situation of the Borough". By 1910, Town Council decided to look to the east of the Borough and develop the town's main water source, the Conococheague Creek, in the valley above Caledonia Park, east of town on the South Mountain. This system would eventually provide the Borough with pure water from a gravity-fed water system eliminating the costs of pumping water. To obtain the State Department of Health's approval, the Borough agreed to install the first sanitary sewer system along with a sewerage treatment plant. The Borough issued a \$150,000 bond package in 1910 to construct the stream intake facilities, a 2 million gallon reservoir east of town, and a fourteen inch pipeline into town, terminating at South Sixth Street.

The first water from the new source arrived on July 3, 1911 and was of sufficient purity that no chemical treatment was necessary for many years. The elevation at the center of Chambersburg was about 360 feet below that of the intake dam providing water pressure of fifty to sixty pounds per square inch throughout the town. In later years, chlorine was utilized to treat the water for microorganisms and fluoride compounds were added to help protect residents' teeth. In the early 1930's, a reinforced concrete dam was constructed across the Birch Run creating a storage capacity of 387 million gallons.

In the late 1960s, the Borough decided to enlarge its water storage reserve and improve other facilities. A new dam called the Long Pine Run Dam was constructed upstream from the Birch Run Dam creating a lake with a surface of 150 acres and storing 1.78 billion gallons of water. Additionally, a new Water Treatment Plant with a daily flow capacity of six million gallons was constructed. A three million gallon "ground based steel water storage tank" was built at the former Birkenbine open reservoir site on Reservoir Hill. In 1967 and 1969, bond issues were floated for a total of \$8,325,000 to cover the \$7,410,850 cost of these projects as well as other items including the old Borough swimming pool.

Most recently, a 2.5 million gallon clearwell was completed in 2021 on the Water Treatment Plant property. The clearwell adds additional treated water storage as well as redundancy for aging facilities. Additional projects scheduled through 2023 include the installation of new watershed weirs and the construction of a 2,000 linear foot extension of a 16" water main. These projects are being financed through an \$ 8.55 million bond sale, completed in 2020.

Since the major system improvements of the 1960's, and continuing through to the present, the Borough has continued to initiate projects that have enhanced the quality of service to its diverse customer base, while consistently keeping its rates (cost per unit) at one of the lowest levels in the region.

Economic Environment - Historical

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

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 2021 were:

EMPLOYER	PRIMARY BUSINESS	AVERAGE NUMBER OF EMPLOYEES
Wellspan (formerly Summit Health)	Health Care	3,650
Chambersburg Area School District	Public Education	1,170
County of Franklin	Government	697
Ventura Foods	Food Packaging	676
Menno Haven, Inc.	Retirement Community	545
Staples	Retailing	526
Knouse Foods	Food Packaging	358
F & M Trust	Financial Services	285
Borough of Chambersburg	Municipal Government	246
T.B. Woods	Power Transmission Equipment	220

The Borough of Chambersburg is considered the employment center for the region. Between 24,000 and 28,000 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:

EMPLOYER	PRIMARY BUSINESS	AVERAGE NUMBER OF EMPLOYEES
Letterkenny Army Depot/Tenants	Repair Military Vehicles and Missiles/Misc.	2,683
Target Distribution Center	Distribution Warehousing	1,375
Martins Famous Pastry Shoppe, Inc.	Potato Bread and Rolls	725
Ulta Beauty	Distribution Center	600
Walmart	Retail	441
Ingram Book Company	Warehousing	375
New Enterprise Stone & Lime Co., Inc.	Manufacturing	221

FINANCIAL INFORMATION

Borough management has taken the initiative to prepare an Annual Comprehensive Financial Report starting with fiscal year ending December 31, 2004, and each year thereafter. The Annual Comprehensive Financial Report 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 an Annual Comprehensive Financial Report 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

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

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 capital asset according to the Capital Asset Policy adopted by Town Council.
- A project that adds value or useful life to a capital 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 \$ 10,000.
- 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 \$ 10,000.

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

There were no changes in financial policies in 2021 that had a significant impact on the current period’s financial statements.

INDEPENDENT AUDIT

The independent accounting firm, Smith Elliott Kearns & Company, LLC, audited the basic financial statements of the Borough of Chambersburg for fiscal year 2021. 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

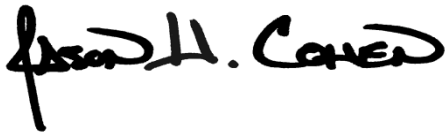
The preparation of this Annual Comprehensive Financial Report would not have been possible without the consistently meticulous hard work of every member of the Finance Department. This effort requires a significant investment of time and resources on behalf of many, above and beyond their routine responsibilities. 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.

It is important to recognize the individual and cumulative efforts put forth by the Borough's accounting division, which has continued to effectively facilitate the financial activities and the reporting requirements of the Borough, through a particularly trying 2021, due to the challenges presented by COVID-19. These individuals, as follow, are in many respects the people that are responsible for the accuracy and efficiency of our organization's business functions: Jena Bard – Staff Accountant, Michelle Amsley – Accounting Technician, Gwen Sewell – Accounting Technician, Jennifer Rutan – Accounts Receivable Clerk, and Chris Roberts – Accounts Payable Clerk, and Stacy Seville - Property Asset Accounting Technician.

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 consistent 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.

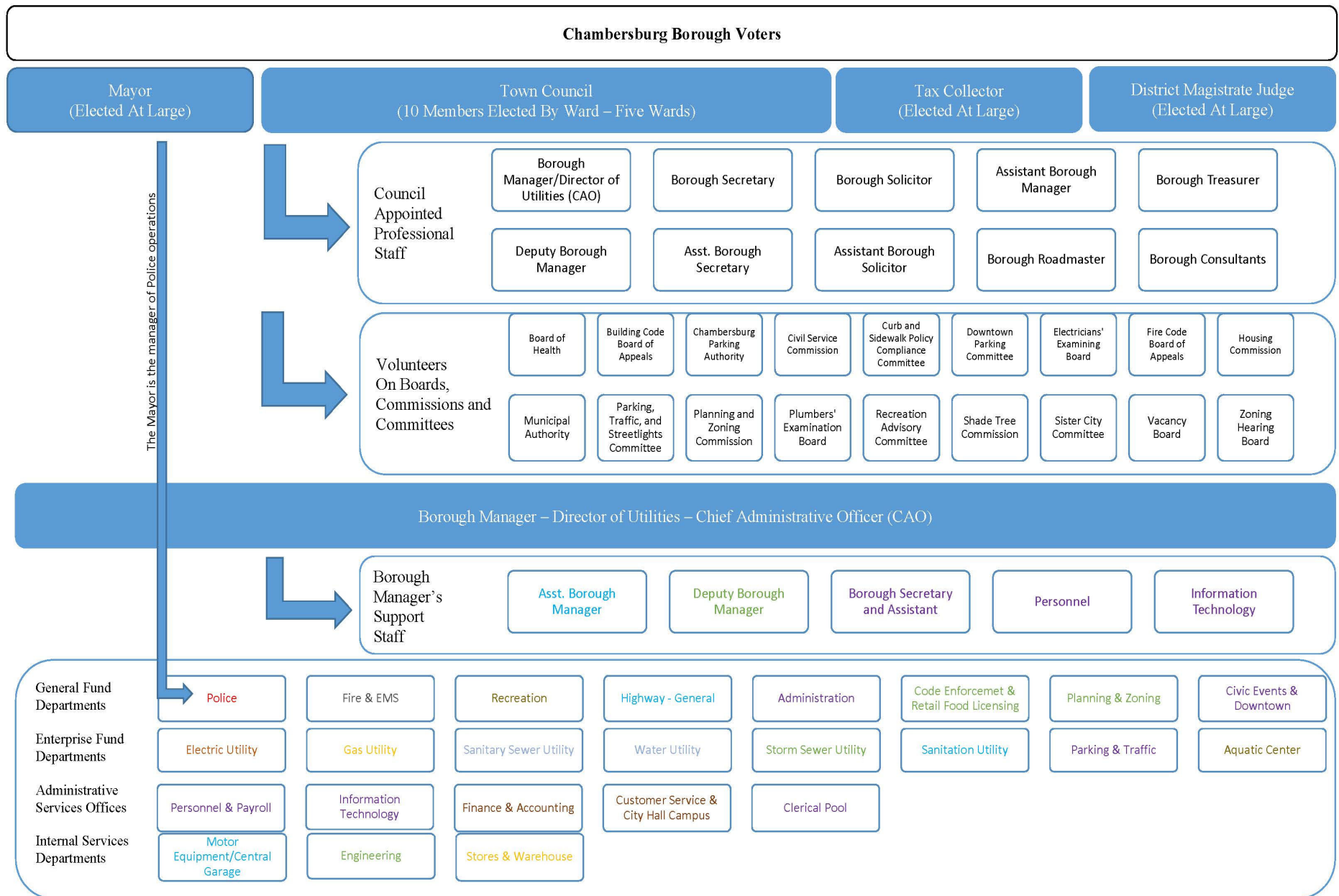
Finally, I wish to thank the Mayor and members of Town Council for their leadership and support, and particularly for their faith in the abilities and dedication of Borough staff to strive for, and to continue to meet, the high performance standards that have come to be the norm in our organization.

Respectfully submitted,

A handwritten signature in black ink that reads "Jason H. Cohen". The signature is written in a cursive, slightly stylized font.

Jason H. Cohen, MPA
Director of Finance

Chambersburg Organizational Chart 2021



**2021 ROSTER
MAYOR AND MEMBERS OF TOWN COUNCIL
OF THE BOROUGH OF CHAMBERSBURG, PENNSYLVANIA**

MAYOR

Walter C. Bietsch
530 East Liberty Street
Chambersburg, PA 17201
2018-2021
Mayors Office 261-3243
mayor@chambersburgpa.gov

COUNCIL MEMBERS

Alice C. Elia
1447 Wilson Avenue
First Ward - 2020-2023
aelia@chambersburgpa.gov

Allen B. Coffman
112 Pennsylvania Avenue
First Ward – 2018-2021
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John Huber
234 South Coldbrook Avenue
Second Ward – 2020-2023
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Michael Herbert
209 South Coldbrook Avenue
Second Ward – 2018-2021
mherbert@chambersburgpa.gov

Kathy J. Leedy
191 Eisenhower Drive
Third Ward - 2020-2023
kleedy@chambersburgpa.gov

Barbara Beattie
218 Lantern Lane
Third Ward – 2018-2021
bbeattie@chambersburgpa.gov

Sharon A. Bigler
359 High Street
Fourth Ward - 2020-2023
sbigler@chambersburgpa.gov

Dennis Schmaltz
260 Miller Street
Fourth Ward – 2021
achaudhry@chambersburgpa.gov

Bill Everly
910 Leidig Drive
Fifth Ward - 2020-2023
beverly@chambersburgpa.gov

Heath E. Talhelm
840 Brandon Drive
Fifth Ward - 2018-2021
htalhelm@chambersburgpa.gov

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 AS OF DECEMBER 31, 2021

Jeffrey Stonehill
Borough Manager
(717) 251-2433

Phil Wolgemuth
Deputy Borough Manager/
Land Use and Development Director
(717) 251-2436

David Finch
Assistant Borough Manager
(717) 660-2702

Jamia L. Wright
Borough Secretary
(717) 251-2437

Cindy Hall
Assistant Borough Secretary

G. Bryan Salzmann
Borough Solicitor
(717) 263-2121

Welton J. Fischer
Assistant Borough Solicitor
(717) 264-8020

Ron Pezon
Electric Superintendent
(717) 251-2426

Jeff Heverley
Assistant Electric Superintendent
(717) 251-2418

John Leary
Gas Superintendent
(717) 251-2422

Jon Mason
Assistant Gas Superintendent
(717) 251-2423

Lance Anderson
Water and Sewer Superintendent
(717) 251-2405

Travis Amsley
Assistant to the Water and Sewer Superintendent
(717) 251-2439

A. Elwood Sord
Assistant Public Works Director
(717) 251-2479

Dustin Ulrich
Emergency Services Chief
(717) 251-2475

Roland Camacho
Police Chief
(717) 264-4131

Julie Redding
Recreation Superintendent
(717) 251-2470

William F. Dubbs, Jr.
Property Maintenance Code Officer
(717) 251-2444

Ana Carey
Property Maintenance Code Officer
(717) 251-2445

Guy Shaul
Community and Economic Development Specialist
(717) 251-2446

Andy Stottlemeyer
Storm Sewer System Manager
(717) 251-2434

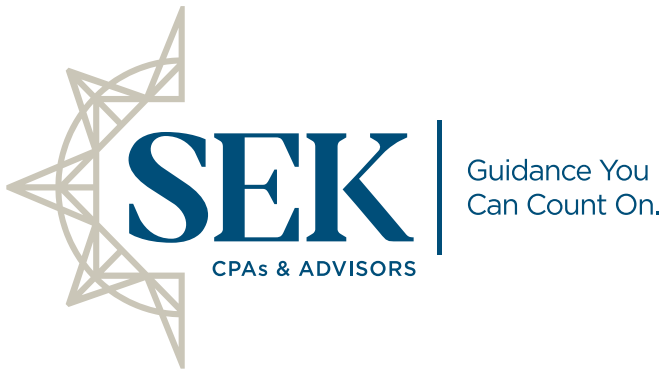
Jason H. Cohen
Finance Director
(717) 251-2412

Brenda Hill
Borough Tax Collector
(717) 263-6565

Franklin County Area Tax Bureau
Wage Tax Collector
(717) 263-5141



Financial Section



INDEPENDENT AUDITOR'S REPORT

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

REPORT ON FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Borough of Chambersburg, Pennsylvania, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Borough of Chambersburg, Pennsylvania's basic financial statements as listed in the table of contents.

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Borough of Chambersburg, Pennsylvania, as of December 31, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Chambersburg, Pennsylvania, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the discretely presented component unit, Chambersburg Area Municipal Authority, were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Chambersburg, Pennsylvania's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Borough of Chambersburg, Pennsylvania's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Chambersburg, Pennsylvania's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 18, the schedules related to the pension and OPEB liabilities on pages 75 through 80, and budgetary comparison information on pages 81 through 82 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022, on our consideration of the Borough of Chambersburg, Pennsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Chambersburg, Pennsylvania's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Chambersburg, Pennsylvania's internal control over financial reporting and compliance.



Chambersburg, Pennsylvania
June 30, 2022

BOROUGH OF CHAMBERSBURG, PENNSYLVANIA

Management's Discussion and Analysis - Unaudited

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, 2021. Readers should also review the basic financial statements and related footnotes on pages 19 – 74 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

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

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 2021?" 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. This report also includes financial data for the Borough's discretely presented component unit, the Chambersburg Area Municipal Authority, which provides conduit financing for local organizations and serves to further economic development in the community through various projects.

- **The Statement of Net Position.** This statement (page 19) reports all assets and liabilities of the Borough as of December 31, 2021. 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 20) 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, 2021. 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.

BOROUGH OF CHAMBERSBURG, PENNSYLVANIA

Management's Discussion and Analysis - Unaudited

A more detailed explanation of these statements is found in Note 1 on pages 30 - 44 in the Notes to the Financial Statements.

Reporting on the Borough of Chambersburg's Most Significant Funds

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, Sewer Fund, and Swimming Pool 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 19 and 20.

The Borough of Chambersburg maintains separate governmental funds. The governmental fund financial statements on pages 21 through 24 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, Sewer, and Swimming Pool Funds are all considered to be major funds and are displayed separately in the proprietary fund statements on pages 25 through 27. 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.

BOROUGH OF CHAMBERSBURG, PENNSYLVANIA

Management's Discussion and Analysis - Unaudited

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.

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 28 - 29 of this report.

Other Information

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 75 through 82 of this report.

BOROUGH OF CHAMBERSBURG, PENNSYLVANIA
Management's Discussion and Analysis - Unaudited

The Borough of Chambersburg as a Whole

The following table presents condensed information on net position as of December 31, 2021 and 2020.

In total, combined net position equaled \$ 190.83 million as of December 31, 2021

Net Position December 31, 2021 and 2020						
	2021 Governmental Activities	2020 Governmental Activities	2021 Business-Type Activities	2020 Business-Type Activities	2021 Total	2020 Total
Assets						
Current and other assets	\$ 23,261,677	\$ 18,201,354	\$ 62,134,148	\$ 67,175,841	\$ 85,395,825	\$ 85,377,195
Capital assets	<u>25,380,681</u>	<u>25,751,523</u>	<u>150,112,380</u>	<u>144,653,797</u>	<u>175,493,061</u>	<u>170,405,320</u>
Total assets	<u>48,642,358</u>	<u>43,952,877</u>	<u>212,246,528</u>	<u>211,829,638</u>	<u>260,888,886</u>	<u>255,782,515</u>
Deferred Outflows of Resources						
Deferred outflows related to pension liability	1,397,801	1,022,556	714,379	819,798	2,112,180	1,842,354
Deferred outflows related to OPEB liability	262,977	136,836	71,044	87,769	334,021	224,605
Deferred charge on bond refunding	<u>-</u>	<u>-</u>	<u>7,774</u>	<u>23,623</u>	<u>7,774</u>	<u>23,623</u>
Total deferred outflows of resources	<u>1,660,778</u>	<u>1,159,392</u>	<u>793,197</u>	<u>931,190</u>	<u>2,453,975</u>	<u>2,090,582</u>
Liabilities						
Current liabilities	2,176,084	1,393,156	10,788,618	9,250,651	12,964,702	10,643,807
Other liabilities	<u>10,901,062</u>	<u>12,597,351</u>	<u>42,137,546</u>	<u>46,113,589</u>	<u>53,038,608</u>	<u>58,710,940</u>
Total liabilities	<u>13,077,146</u>	<u>13,990,507</u>	<u>52,926,164</u>	<u>55,364,240</u>	<u>66,003,310</u>	<u>69,354,747</u>
Deferred Inflows of Resources						
Deferred inflows related to pension liability	2,170,327	1,420,673	2,406,984	1,716,794	4,577,311	3,137,467
Deferred inflows related to OPEB liability	1,037,386	524,119	815,030	472,461	1,852,416	996,580
Deferred inflows related to bond refunding	<u>21,223</u>	<u>-</u>	<u>61,254</u>	<u>-</u>	<u>82,477</u>	<u>-</u>
Total deferred inflows of resources	<u>3,228,936</u>	<u>1,944,792</u>	<u>3,283,268</u>	<u>2,189,255</u>	<u>6,512,204</u>	<u>4,134,047</u>
Net Position:						
Net investment in capital assets	21,941,943	22,115,169	116,509,826	113,784,569	138,451,769	135,899,738
Restricted	9,234,534	7,897,042	-	-	9,234,534	7,897,042
Unrestricted	<u>2,820,577</u>	<u>(835,241)</u>	<u>40,320,467</u>	<u>41,422,764</u>	<u>43,141,044</u>	<u>40,587,523</u>
Total net position	<u>\$ 33,997,054</u>	<u>\$ 29,176,970</u>	<u>\$ 156,830,293</u>	<u>\$ 155,207,333</u>	<u>\$ 190,827,347</u>	<u>\$ 184,384,303</u>

In total, combined net position equaled \$ 190.83 million as of December 31, 2021.

BOROUGH OF CHAMBERSBURG, PENNSYLVANIA
Management's Discussion and Analysis - Unaudited

The following tables present condensed information on the changes in net position for the years ended December 31, 2021, and 2020, respectively.

Changes in Net Position
For the Year Ended December 31, 2021

	Governmental Activities	Business-Type Activities	Total Activities
Revenues			
Program revenues:			
Charges for services	\$ 3,616,110	\$ 53,226,571	\$ 56,842,681
Operating grants and contributions	6,205,849	4,469,635	10,675,484
Capital grants and contributions	209,478	229,894	439,372
General revenues:			
Property taxes, levied for general purposes	4,951,190	-	4,951,190
Property taxes, levied for specific purposes	1,281,684	-	1,281,684
Real estate transfer tax	927,983	-	927,983
Earned income tax	2,509,252	-	2,509,252
Local services tax	783,031	-	783,031
Other taxes	29,193	-	29,193
Unrestricted investment earnings (loss)	(114,930)	(468,837)	(583,767)
Miscellaneous income	73,458	835,016	908,474
Total revenues	<u>\$ 20,472,298</u>	<u>\$ 58,292,279</u>	<u>\$ 78,764,577</u>
Expenses			
General government	\$ 2,412,425	\$ -	\$ 2,412,425
Public safety	11,187,488	-	11,187,488
Public works	2,027,300	-	2,027,300
Community development	281,047	-	281,047
Culture and recreation (also interest expense)	1,392,939	-	1,392,939
Electric	-	26,553,376	26,553,376
Gas	-	7,637,569	7,637,569
Water	-	4,412,363	4,412,363
Sewer	-	9,189,602	9,189,602
Swimming Pool	-	1,156,886	1,156,886
Other business-type activities	-	6,070,538	6,070,538
Total expenses	<u>17,301,199</u>	<u>55,020,334</u>	<u>72,321,533</u>
Excess before transfers	3,171,099	3,271,945	6,443,044
Transfers	<u>1,648,985</u>	<u>(1,648,985)</u>	<u>-</u>
Change in net position	4,820,084	1,622,960	6,443,044
Net position - beginning	<u>29,176,970</u>	<u>155,207,333</u>	<u>184,384,303</u>
Net position - ending	<u>\$ 33,997,054</u>	<u>\$ 156,830,293</u>	<u>\$ 190,827,347</u>

BOROUGH OF CHAMBERSBURG, PENNSYLVANIA
Management's Discussion and Analysis - Unaudited

Changes in Net Position
For the Year Ended December 31, 2020

	Governmental	Business-Type	Total
	Activities	Activities	Activities
Revenues			
Program revenues:			
Charges for services	\$ 3,451,833	\$ 50,178,942	\$ 53,630,775
Operating grants and contributions	2,669,592	976,785	3,646,377
Capital grants and contributions	79,490	156,694	236,184
General revenues:			
Property taxes, levied for general purposes	4,909,050	-	4,909,050
Property taxes, levied for specific purposes	1,217,623	-	1,217,623
Real estate transfer tax	631,580	-	631,580
Earned income tax	2,291,675	-	2,291,675
Local services tax	808,573	-	808,573
Other taxes	74,371	-	74,371
Unrestricted investment earnings (loss)	123,411	617,561	740,972
Miscellaneous income	468,005	56,887	524,892
Total revenues	<u>\$ 16,725,203</u>	<u>\$ 51,986,869</u>	<u>\$ 68,712,072</u>
Expenses			
General government	\$ 2,526,221		\$ 2,526,221
Public safety	11,212,547		11,212,547
Public works	1,707,400		1,707,400
Community development	177,017		177,017
Culture and recreation (also interest expense)	1,393,769		1,393,769
Electric	-	\$ 24,023,259	24,023,259
Gas	-	5,760,745	5,760,745
Water	-	4,779,583	4,779,583
Sewer	-	8,434,520	8,434,520
Swimming Pool	-	998,616	998,616
Other business-type activities	-	4,963,464	4,963,464
Total expenses	<u>17,016,954</u>	<u>48,960,187</u>	<u>65,977,141</u>
Excess before transfers	(291,751)	3,026,682	2,734,931
Transfers	<u>2,233,411</u>	<u>(2,233,411)</u>	<u>-</u>
Change in net position	1,941,660	793,271	2,734,931
Net position - beginning, as restated	<u>27,235,310</u>	<u>154,414,062</u>	<u>181,649,372</u>
Net position - ending	<u>\$ 29,176,970</u>	<u>\$ 155,207,333</u>	<u>\$ 184,384,303</u>

BOROUGH OF CHAMBERSBURG, PENNSYLVANIA

Management's Discussion and Analysis - Unaudited

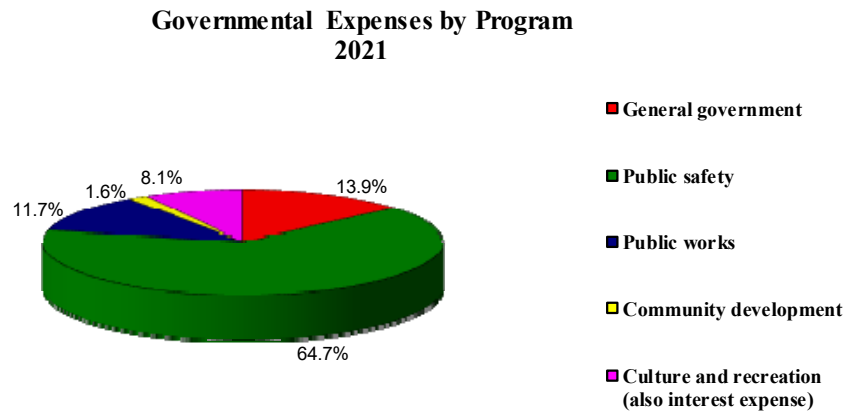
Net position increased by \$ 6.44 million in 2021 for “total activities” compared to an increase of \$ 2.73 million in 2020. This is a \$ 3.71 million increase in overall performance for 2021 compared to 2020 and is the result of an increase in total revenues of \$ 10.05 million, and an offsetting increase in expenses of \$ 6.34 million. With respect to business-type activities, although offset by significant increases in Electric and Gas Department expenses as a result of increased energy consumption demands, and a decrease in unrestricted investment earnings of \$ 1.32 million, the increase in total revenues is due primarily to an increase of \$ 3.05 million, in charges for service resulting from increased economic activity, and an increase in operating grants and contributions in the amount of \$ 3.49 million, made up mostly of State & Local Fiscal Recovery Funds and Congestion Mitigation and Air Quality grants. The largest contributors to the year-over-year increase in business-type activities expenses were an increase of \$ 2.53 million in the Electric Fund’s expenses, largely as a result of the increased purchase of electric energy, due to increased customer demand; an increase of \$ 1.88 million in the Gas Fund’s expenses, largely as a result of increased purchases of natural gas, again due to increased customer demand; an increase of \$ 1.11 million in other business-type activities resulting from increased capital project activity within the Parking, Traffic, and Street Lighting Fund, as they spend down their Congestion Mitigation and Air Quality grant on signal and system improvements, and an increase of \$ 755,082 in Sewer treatment plant operational expenses resulting from increased year-over-year treatment volumes. The substantial increase in governmental activities revenue, and subsequent increase in fund balance, is directly related to the receipt of State and Local Fiscal Recovery Funds .

In the Business-Type Activities transfers line item, there were \$ 1,648,985 of transfers to governmental activities. This represents net transfers from the business-type activities funds to the governmental activities funds, the majority of which consists of operating transfers (Payments in Lieu of Gross Receipts Tax) from the Electric and Gas Departments to the General Fund, designed to mimic the payments that would be required of those utilities, if they were subjected to a gross receipts tax. Mitigating transfers from governmental activities to business-type activities include transferring tax revenue from the Special Revenue Fire Tax and Recreation Tax Funds to their respective destinations – the Motor Equipment Fund to contribute to the expense of fire apparatus, and the Swimming Pool Fund to pay down the debt service, respectively.

The Borough’s largest governmental activities revenue source: real estate taxes, increased by \$ 106,201 or 1.73% in 2021. There was no change in the property tax millage rate in 2021, and instead the increase seems to stem from an increased assessed value of the Borough’s property base, as result of additions and new construction. The Earned Income Tax receipts increased by \$ 217,577 or 9.49%, in 2021, while the real estate transfer tax increased by \$ 296,403 or 46.93% in 2021. The Local Services Tax yield decreased by \$ 25,542, or 3.16%, in 2021. These results are generally indicative of increased economic activity within the Borough, in 2021.

BOROUGH OF CHAMBERSBURG, PENNSYLVANIA
Management's Discussion and Analysis - Unaudited

Expenses of governmental activities break down as follows:



Total governmental expenses for 2021 were \$ 17.30 million, up slightly from \$ 17.02 million in 2020. Public safety, which consisted primarily of police, fire, and ambulance services, comprised 64.66% of the total governmental expenses. General government expenses were 13.94%. Public works expenses, which include street overlaying and repairs, were 11.72%. Leisure time activities represented by the Culture and Recreation portion of expenses were 8.05% of the total. Community development comprised 1.62% of total expenses. This breakdown is consistent with 2020 activity.

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.

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

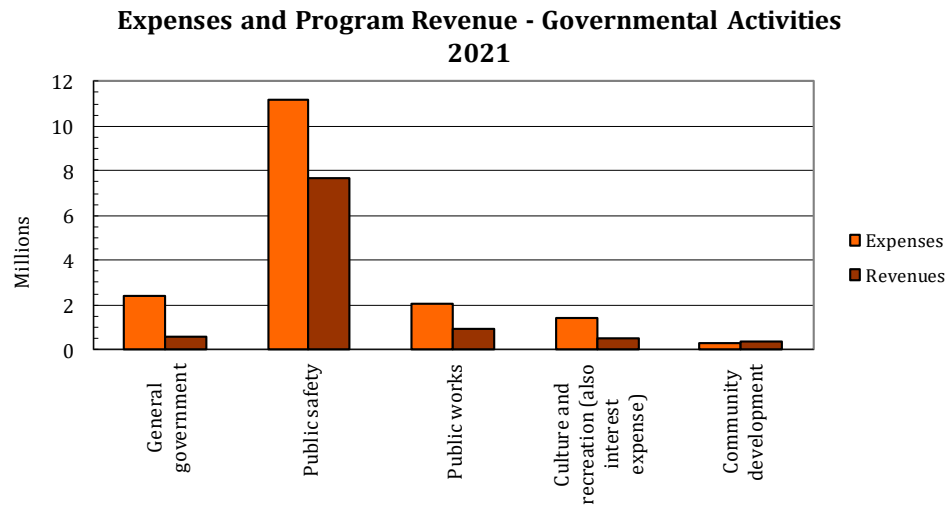
**Expenses and Program Revenue - Governmental Activities
Year Ended December 31, 2021**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities					
General government	\$ 2,412,425	\$ 474,964	\$ 78,259	\$ -	\$ (1,859,202)
Public safety	11,187,488	2,989,390	4,645,835	45,814	(3,506,449)
Public works	2,027,300	4,374	769,132	163,664	(1,090,130)
Culture and recreation (also interest expense)	1,392,939	147,382	354,137	-	(891,420)
Community development	281,047	-	358,486	-	77,439
Total Governmental Activities	\$ 17,301,199	\$ 3,616,110	\$ 6,205,849	\$ 209,478	\$ (7,269,762)

**Expenses and Program Revenue - Governmental Activities
Year Ended December 31, 2020**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities					
General government	\$ 2,526,221	\$ 477,850	\$ 96,228	\$ -	\$ (1,952,143)
Public safety	11,212,547	2,866,093	1,724,212	-	(6,622,242)
Public works	1,707,400	1,663	652,675	79,490	(973,572)
Culture and recreation (also interest expense)	1,393,769	106,227	78,163	-	(1,209,379)
Community development	177,017	-	118,314	-	(58,703)
Total Governmental Activities	\$ 17,016,954	\$ 3,451,833	\$ 2,669,592	\$ 79,490	\$ (10,816,039)

BOROUGH OF CHAMBERSBURG, PENNSYLVANIA
Management's Discussion and Analysis - Unaudited



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

Business-Type Activities

Business-type net position increased by \$ 1,622,960, in 2021. Electric Department revenues increased 4.80%, Gas Department revenues increased 2.24%, Water Department revenues increased 15.47%, Sewer Department revenues increased 4.96%, Sanitation Department revenues increased 19.96%, Parking, Traffic and Street Lights Department revenues increased 1,071.47%, Storm Sewer Department revenues increased by 23.20%, and the Swimming Pool revenues increased by 138.67%. The total increase in Charges for Services revenues was \$ 3.05 million or 6.07%, and the primary contributor to the increase in both Electric and Gas revenues was an increase in sales, due to increased industrial/commercial demand returning to pre-COVID-19 levels. The increase in Water Department revenues is a result of a large uptick in licensing, permitting, and testing due to economic development, as well as a small increase in rates. The increase in the Sewer Department revenues was primarily due to the receipt of State and Local Fiscal Recovery Funds, directed towards reimbursing operating expenses. The measurable increase in Sanitation Department revenues was also due to the receipt of State and Local Fiscal Recovery Funds, directed towards reimbursing operating expenses. The massive increase in Parking, Traffic & Street Lights Department revenues was a result of receiving federal grant funding to complete congestion mitigation and air quality improvement projects. Finally, the large increase in Storm Sewer revenue was a direct result of receiving State and Local Fiscal Recovery Funds, directed towards reimbursing operating expenses, while the increase in Swimming Pool revenues was due to increased user fee revenue, as a result of returning to full capacity limitations operations during the 2021 season, but also State and Local Fiscal Recovery Funds, directed towards reimbursing operating expenses.

Electric Department expenses increased by 10.53%, and Gas Department expenses increased by 32.58%, both primarily as a result of increased production/generation expenses when compared to 2020, due to that year’s decrease in demand, resulting from COVID-19. Water Department expenses decreased by 7.68% as a result of decreased maintenance and vehicle rental expenses. Sewer Department expenses increased by 8.95% as a result of increased treatment plant operation, sludge disposal, and collection system maintenance costs. Sanitation expenses increased by 5.50%, largely due to increased landfill disposal expenses. Parking, Traffic and Street Lights Department expenses increased by 76.11%, due to completing grant-funded congestion mitigation and air quality improvement projects; Storm Sewer expenses decreased by a minimal 0.65%; and Swimming Pool expenses increased by 15.85%, due almost entirely to increases in personnel and facility operating expenses, as a result of returning to pre-COVID-19 operational levels.

BOROUGH OF CHAMBERSBURG, PENNSYLVANIA
Management's Discussion and Analysis - Unaudited

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

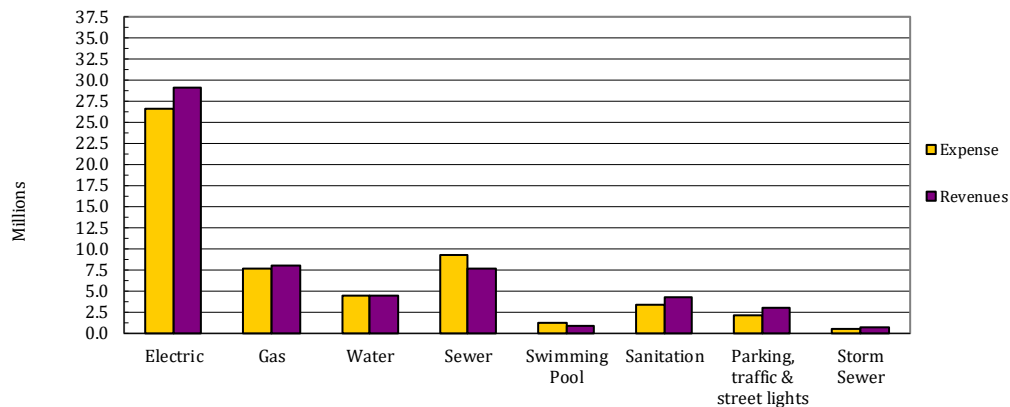
Expenses and Program Revenue - Business-Type Activities
For Year Ended December 31, 2021

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Electric	\$ 26,553,376	\$ 28,986,441	\$ 87,314	\$ 10,000	\$ 2,530,379
Gas	7,637,569	7,860,850	71,710	-	294,991
Water	4,412,363	4,236,182	19,531	106,667	(49,983)
Sewer	9,189,602	7,316,151	264,379	74,827	(1,534,245)
Swimming Pool	1,156,886	615,111	283,810	-	(257,965)
Sanitation	3,418,335	3,525,576	687,680	-	794,921
Parking, traffic & st. lights	2,156,532	167,532	2,874,246	22,815	908,061
Storm Sewer	495,671	518,728	180,965	15,585	219,607
Total business-type activities	\$ 55,020,334	\$ 53,226,571	\$ 4,469,635	\$ 229,894	\$ 2,905,766

Expenses and Program Revenue - Business-Type Activities
For Year Ended December 31, 2020

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Electric	\$ 24,023,259	\$ 27,661,278	\$ 83,054	\$ 7,000	\$ 3,728,073
Gas	5,760,745	7,136,435	615,483	6,520	1,997,693
Water	4,779,583	3,730,901	46,973	-	(1,001,709)
Sewer	8,434,520	7,110,699	50,766	132,174	(1,140,881)
Swimming Pool	998,616	373,201	3,429	-	(621,986)
Sanitation	3,239,985	3,474,556	37,759	-	272,330
Parking, traffic & st. lights	1,224,552	115,045	135,558	11,000	(962,949)
Storm Sewer	498,927	576,827	3,763	-	81,663
Total business-type activities	\$ 48,960,187	\$ 50,178,942	\$ 976,785	\$ 156,694	\$ 2,352,234

Expenses and Program Revenue - Business-Type Activities
2021



BOROUGH OF CHAMBERSBURG, PENNSYLVANIA

Management's Discussion and Analysis - Unaudited

Individual Funds Summary and Analysis

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, 2021 were \$ 15.09 million, as compared to \$ 11.65 million as of December 31, 2020.

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 increased from \$ 3,751,167 to \$ 5,853,214, largely as a direct result of receiving \$ 3.08 million in State and Local Fiscal Recovery Funds, directed towards reimbursing operating expenses.

Budget Variations

Operations for the Borough's General Fund resulted in an overall favorable net budget variance of \$ 2.10 million for the year ended December 31, 2021. That means that we had \$ 2.10 million more in positive net change in fund balance than we budgeted. The budget was balanced, with revenues equaling expenditures, but finished the year with an actual net surplus of \$ 2.10 million. Total revenues exceeded total expenditures by \$ 1.37 million, and net inter-fund transfers from other Borough funds amounted to \$ 733,395 million, creating the overall positive results of \$ 2.10 million for net receipts or "net change in fund balance".

While we had a favorable budget variance of \$ 445,697 or 2.75%, of total budgeted operating expenditures (\$ 16,229,976), we also had a favorable budget variance of \$ 3.64 million or 26.96% of total budgeted operating revenues (\$ 13,510,136). Additionally, there was an unfavorable negative net budget variance of \$ 2.01 million, or 1,371.11%, of budgeted transfers out of the General Fund, due to Borough Council's decision to again transfer expected surplus funds to the Capital Reserve Fund, in the amount of \$ 1.9 million, for future capital needs.

The favorable variance of \$ 3.64 million in revenues is as direct result of receiving \$ 3.08 million in State and Local Fiscal Recovery Funds, directed towards reimbursing operating expenses, as well as moderate increases in tax liens and deed transfer taxes. On the expenditure side, the favorable variance of \$ 445,697 can be attributed to lesser than anticipated salary and benefit expenses in the Police Department due to personnel retirements, and below-budget expenses for personnel and operations in the Recreation Department, due to minimal operations in the first half of the year, as a result of COVID-19.

Changes in Revenue and Expenditure Levels

In looking at the performance of the General Fund for 2021, we had an overall increase of \$ 304,103 in 2021, as compared to 2020, for the net change in fund balance (*ncfb*). In 2021, we finished the year with a positive *ncfb* of \$ 2.10 million, compared to a positive *ncfb* of \$ 1.80 million for 2020. In 2021, Borough Council again chose to transfer un-budgeted surplus, this year in the amount of \$ 1.9 million, into the General Capital Reserve Fund (in 2015, 2016, 2017, 2018, and 2019 transfers of \$ 1.1 million, \$ 1.25 million, \$ 1 million, \$ 670,000, and \$ 822,000, respectively, were made in the same manner). In the absence of this optional transfer, the positive *ncfb* would have increased to \$ 4.0 million for 2021. Although the Borough insists on setting funds aside for such future needs, ultimately, as the funds are in the Capital Reserve Fund, they would be available for any and all capital-type General Fund operations, if that were ever deemed necessary.

BOROUGH OF CHAMBERSBURG, PENNSYLVANIA

Management's Discussion and Analysis - Unaudited

In the absence of transfers to and from other departments, we would have ended the year with a *ncfb* of \$ 1.37 million for 2021, in the General Fund. Compared to the same for 2020, of (\$ 721,517) (negative), 2021 would be \$ 2.09 million greater. In 2021 there was budgeted a net \$ 2,719,840 transfer into the general fund, whereas in 2020, budgeted net was \$ 2,553,845.

Changes in Fund Balance/Net Position

The fund balance in the General Fund increased by \$ 2,102,047 in 2021. This was because total revenues (\$ 17,152,931) exceeded total expenditures (\$ 15,784,279) by \$ 1,368,652, while net transfers (\$ 733,395) from other departments, added to the positive change, resulting in a net increase in fund balance for the General Fund of \$ 2,102,047.

The fund balance in the Special Revenue Fund – Grant Funds, decreased by \$ 44,212 in 2021. Revenues decreased by \$ 29,291 to \$ 135,034 in 2021, while expenditures increased by \$ 34,106, to \$ 184,727. However, this net decrease in resources of \$ 49,693 was reduced by net transfers in, in the amount of \$ 5,481, resulting in a decrease of the fund balance in the amount of \$ 44,212, related directly to awaiting reimbursement for the spending down of grant funds in the current year.

The net position in the enterprise funds increased by \$ 191,304, or 0.14%, in 2021, compared to an increase of \$ 498,805, or 0.35%, in 2020. Operating revenues in the enterprise funds increased by \$ 2.31 million, or 4.65%. Operating expenses increased by \$ 5.97 million, or 12.55%. Increases in both are primarily related to the increased purchase and sale of utilities and their operational components, as the economy returned to pre-COVID-19 activity levels.

The net position of the Sewer Department decreased by \$ 1.88 million, or 3.73%, in 2021, due primarily to recording \$ 3.42 million in depreciation expense, having only recently placed new facilities into operation. The net position of the Water Department decreased by \$ 348,035, or 1.63%, due largely to outgoing transfers exceeding incoming transfers by a similar amount. Net position of the Gas Department decreased by \$ 678,423, or 3.91%, primarily due to increased outgoing transfer expenses, including to the Gas Capital Reserve Fund, and Electric increased this year by \$ 318,733, or 0.76%, due to increases in operating revenues exceeding increases in expenses. Additionally, the net position of the Swimming Pool realized an increase of \$ 234,336, or 272.65%, due to receiving \$ 100,000 in State and Local Fiscal Recovery Funds, directed towards reimbursing operating expenses, while the Other Enterprise Funds (Sanitation, Parking, Traffic & Street Lights, and Storm Sewer) increased by \$ 2.54 million, or 25.49%, largely due to the Sanitation Fund receiving over \$ 600,000, Storm Sewer receiving over \$ 150,000 in State and Local Fiscal Recovery Funds, directed towards reimbursing operating expenses, and the Parking, Traffic & Street Light Fund receiving over \$ 2.6 million in grant funding for congestion mitigation and air quality improvement projects.

Also, the net position in the internal service funds increased by \$ 1.17 million, or 6.06%, compared to an increase of \$ 963,695, or 5.23% in 2020. Operating revenues decreased by \$ 516,193, or 4.67%, while operating expenses decreased by \$ 122,846, or a minimal 1.13%, and incoming transfers exceeded outgoing transfers by \$ 1.14 million. The decrease in revenues is attributable to reduced inventory purchases from the Stores Department as the utilities just began to ramp up activity to pre-COVID-19 levels, decreases in vehicle rental payments to Motor Equipment as departments maintained existing equipment and postponed new vehicle purchases, and reduced payments from the departments into the Administrative Services Fund, due to reduced personnel expenses in the Administrative Services Fund, as a result of positions remaining unfilled.

Capital Asset and Debt Administration

Capital Asset Activity

In 2021, 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, and financing partnerships with state and federal agencies.

The Gas Department completed a number of gas main extensions and pipe replacement projects in 2021. These projects are providing safe and affordable gas to many residents, as well as help to improve the safety of the system. Pipe replacement projects were completed on Pleasant Street, Center Street, Moon Court, North Main Street, and North Second Street. Due to ever-increasing demands for service, new gas mains were also installed in order to expand service to Leidig Drive, South Main Street, Mill Road and Alexander Avenue.

In 2021, the Borough resumed street improvement projects, after postponing such projects in 2020, due to the economic uncertainty resulting from the COVID-19 pandemic. The Engineering Department administered construction contracts for various street projects, including Full Depth Reclamation on Beechwood Lane/Court, Guilford Avenue, Fairground Avenue and South Second Street, milling and overlaying of Stonegate Court, and permanent restoration of utility-related surface openings on Borough Streets and State Routes.

The 2021 construction season saw an extreme difficulty in obtaining materials for Storm Sewer projects and some still have 6-8 month lead times. In 2021, the Utility received \$ 200,000 through the Growing Greener program for the South Main Street Storm Water BMP Implementation project. Design will be completed in 2022 with construction to follow in 2023. Design was completed for the Broad Street Storm Sewer Improvement project and will commence construction during summer of 2022. HRG initiated design in 2021 for the Center Street Improvements project that is being funded with Community Development Block Grant funds. Construction is anticipated during summer of 2022. Phase 1 of the Falling Spring Branch Restoration project (North Fourth Street) was funded by a \$ 65,000 Commonwealth Financing Authority- Watershed Restoration and Protection Program grant and was completed in mid-July 2021. Phase 1 was completed for approximately \$ 17,000. We received an extension by the grantor and hope to implement Phase 2 in 2022/2023. Finally, the Mill Alley Storm Sewer System Improvements project has been postponed, however, the Borough Engineering Department will be designing proposed improvements in 2022.

In December 2021 Town Council finalized the updated storm sewer utility fee structure that was originally contemplated by the 2014 Feasibility Report. In 2022, the utility will switch what has been a flat rate, per sanitary sewer connection, to a rate based upon impervious area. This new methodology will result in a significant change for commercial, industrial, and institutional customers (shopping centers, schools, churches, the hospital, etc.), which may all see significant changes in their Storm Sewer Pollution Control Fee based on the attributes of their impervious area on their tax parcels. The change for single-family residential customers will not be noticeable. Under the old system, only single-family residential customers were paying a fair fee. Now, every type of property will pay their fair share based upon their relationship to the impervious area of an average single-family residential home. There will also be opportunities for property owners to apply for credits that may result in a utility fee reduction for the implementation of storm water best management practices.

BOROUGH OF CHAMBERSBURG, PENNSYLVANIA

Management's Discussion and Analysis - Unaudited

In 2021, the Electric Department made continuous progress toward the successful and on-time completions of the routine capital upgrades, capital improvements proposed within the 2019 Electric Bond. The majority of work was related to transmission, substation, distribution, generation control systems nearing or exceeding their useful lives, and other customer support improvement initiatives being made throughout the year to increase capabilities and improve functional performance.

The interconnection substation to the SunTribe/Safari Energy-owned solar facility was substantially completed in 2020 with its tested completion on schedule in March 2021. It is estimated that about 25% of the entire Borough's annual energy requirements will now come from renewable energy sources.

Electric Bond funds were used to complete the Commerce Street Community Solar Interconnection Substation, upgrades to the Commerce Street Substation, new Electric Distribution Operations Center, and a major portion of the generation control upgrade projects at the Orchard Park and Falling Spring Generation Stations, by the end of 2021. Two (of the four) remaining generation units at the Orchard Park Generating Station received control system upgrades after about 20 years of successful service. The department upgraded the majority of the transmission poles along Orchard Drive in 2021 into 2022, paving the way for the extension of a new feeder to serve residential and industrial load growth in the southeast area of the Borough.

The new Distribution Operations Center was built on the Borough Utilities Service Center property and completed in late fall 2021. The new facility is housing fleet vehicles, line department personnel, equipment, and materials extending their useful lives, and thereby increasing the day-to-day safety of personnel, operations at the utilities warehouse, but also lowering operating and capital expenditures in the long term. In 2022 the Department will outfit the new facility with shelving and racking systems to bring in as much equipment from the harsh exposure to weather as possible.

In the Parking Traffic, and Street Lighting Department, significant field work on the multi-million dollar federally funded traffic signal upgrade project began in 2020 with its substantial completion in 2021. The PennDOT-approved project included upgrading traffic signalization in the Borough and many, by virtue of inter-governmental agreements, outside of the Borough. The upgrade included traffic signal RADAR detection, cameras, the upgrade of the local intersection control systems, significantly improved communication between signals, and a new Penn DOT central control and performance monitoring system. The Borough concurrently upgraded many pedestrian walk buttons, and installed LED pedestrian walk signal heads.

In 2021, the Water Department continued to plan for future water needs with the construction of an additional 2.5 million gallon clear well at the water treatment plant. The second clear well will increase the borough's storage capacity and allow maintenance to take place on the existing 2 million gallon clear well, which was constructed in 1969. The project was awarded to Hickes Associates, Inc. from Alexandria, PA on March 30, 2020. Construction continued into 2021 and the clear well became operational in June 2021. The total final cost of the project is estimated to be \$ 5.3 million. The project is financed through a portion of the \$ 9.99 million bond sale in January 2020.

Additionally, Borough Council awarded the contract for the construction of a third weir in the watershed. The project was awarded to Flyway Excavating, Inc. of Mount Joy, PA on June 21, 2021 at a bid price of \$ 114,500. Weir construction will take place in 2022. This weir as well as the additional weirs installed in 2020 will be used to determine accurate watershed yield, which is necessary for the Borough's Water Allocation Permit renewal process in 2029. This project will also be financed through a portion of the \$ 9.99 million bond sale in January 2020.

BOROUGH OF CHAMBERSBURG, PENNSYLVANIA

Management's Discussion and Analysis - Unaudited

In 2021, design work was paused on the wastewater treatment plant's solids processing upgrades and on the East Conococheague Pump Station. These projects were postponed in the construction schedule due to the coronavirus pandemic, as well as availability of professional engineering personnel to complete the design. 2022 will see a return to these projects.

Moreover, the Water and Sewer Departments continued to undertake main and service line repairs in advance of future street paving and reconstruction projects. In 2021, improvements were made within East Catherine Street, South Coldbrook Avenue, Hollywell Avenue, South Street, Mentzer Avenue, and Laurel Avenue. Much of the water and sewer infrastructure throughout Chambersburg is 50 to 100 years old. These repairs and improvements will allow us to continue to efficiently serve our customers for decades to come.

Additional detail on the capital asset activity for the year ended December 31, 2021 is presented in the Notes to the Basic Financial Statements in Note 4.

Debt

A summary of outstanding debt at December 31, 2021 and 2020, respectively, is as follows:

	December 31, 2021	December 31, 2020
General Obligation Bonds/Notes		
Governmental activities	\$ 3,222,732	\$ 3,614,129
Business-type activities	<u>38,619,747</u>	<u>41,388,914</u>
Total outstanding debt	<u>\$ 41,842,479</u>	<u>\$ 45,003,043</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

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, 2021

	Primary Government			Discretely Presented
	Governmental Activities	Business-Type Activities	Total	Component Unit Chambersburg Area Municipal Authority
ASSETS				
Current assets				
Cash and equity in pooled cash and investments	\$ 20,244,904	\$ 50,461,561	\$ 70,706,465	\$ 65,529
Receivables				
Taxes receivable, net of allowance	340,235	-	340,235	-
Accounts receivable, net of allowance	372,232	6,074,395	6,446,627	-
Due from other governments	2,259,053	981,503	3,240,556	-
Other receivables	142,172	708,481	850,653	-
Internal balances	(633,796)	633,796	-	-
Inventories	317,366	3,009,105	3,326,471	-
Prepaid expenses	6,009	265,307	271,316	-
Total current assets	<u>23,048,175</u>	<u>62,134,148</u>	<u>85,182,323</u>	<u>65,529</u>
Noncurrent assets				
Noncurrent receivables	213,502	-	213,502	-
Capital assets not being depreciated:				
Land	426,106	2,215,395	2,641,501	-
Construction in progress	742,548	16,845,319	17,587,867	-
Capital assets net of accumulated depreciation:				
Utility plant in service	-	103,910,300	103,910,300	-
Land improvements	1,620,215	11,658,642	13,278,857	-
Buildings and improvements	3,722,312	9,097,785	12,820,097	-
Machinery, equipment and furniture	1,968,954	6,384,939	8,353,893	-
Infrastructure	16,900,546	-	16,900,546	-
Total noncurrent assets	<u>25,594,183</u>	<u>150,112,380</u>	<u>175,706,563</u>	<u>-</u>
Total assets	<u>48,642,358</u>	<u>212,246,528</u>	<u>260,888,886</u>	<u>65,529</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension liability	1,397,801	714,379	2,112,180	-
Deferred outflows related to OPEB liability	262,977	71,044	334,021	-
Deferred charge on bond refunding	-	7,774	7,774	-
Total deferred outflows of resources	<u>1,660,778</u>	<u>793,197</u>	<u>2,453,975</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 50,303,136</u>	<u>\$ 213,039,725</u>	<u>\$ 263,342,861</u>	<u>\$ 65,529</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 638,445	\$ 4,397,158	\$ 5,035,603	\$ -
Accrued wages and withholdings	110,958	120,652	231,610	-
Accrued interest expense	1,126	210,165	211,291	-
Unearned revenues	772,393	92,663	865,056	-
Customer deposits	-	2,020,199	2,020,199	-
Long-term liabilities: Due within one year				
Bonds and notes payable	123,979	3,141,009	3,264,988	-
Compensated absences	466,424	612,005	1,078,429	-
Liability for self-insured losses	62,759	194,767	257,526	-
Total current liabilities	<u>2,176,084</u>	<u>10,788,618</u>	<u>12,964,702</u>	<u>-</u>
Noncurrent liabilities				
Long-term liabilities: Due in more than one year				
Bonds and notes payable	3,143,142	37,397,876	40,541,018	-
Compensated absences	385,081	461,613	846,694	-
Net pension liability	5,345,027	3,532,728	8,877,755	-
OPEB liability	1,993,769	639,680	2,633,449	-
Liability for self-insured losses	34,043	105,649	139,692	-
Total noncurrent liabilities	<u>10,901,062</u>	<u>42,137,546</u>	<u>53,038,608</u>	<u>-</u>
Total liabilities	<u>13,077,146</u>	<u>52,926,164</u>	<u>66,003,310</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension liability	2,170,327	2,406,984	4,577,311	-
Deferred inflows related to OPEB liability	1,037,386	815,030	1,852,416	-
Deferred inflows related to bond refunding	21,223	61,254	82,477	-
Total deferred inflows of resources	<u>3,228,936</u>	<u>3,283,268</u>	<u>6,512,204</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	21,941,943	116,509,826	138,451,769	-
Restricted				
Capital improvements	8,404,886	-	8,404,886	-
Grant expenses	158,936	-	158,936	-
Fire expenses	8,705	-	8,705	-
Recreation expenses	248,840	-	248,840	-
Police expenses	11,135	-	11,135	-
Highway improvements	402,032	-	402,032	-
Unrestricted	2,820,577	40,320,467	43,141,044	65,529
Total net position	<u>33,997,054</u>	<u>156,830,293</u>	<u>190,827,347</u>	<u>65,529</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 50,303,136</u>	<u>\$ 213,039,725</u>	<u>\$ 263,342,861</u>	<u>\$ 65,529</u>

BOROUGH OF CHAMBERSBURG
Statement of Activities
Year Ended December 31, 2021

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							
	Expenses	Program Revenues			Primary Government			Discretely Presented Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Chambersburg Area Municipal Authority
PRIMARY GOVERNMENT								
Governmental activities								
General government	\$ 2,412,425	\$ 474,964	\$ 78,259	\$ -	\$ (1,859,202)	\$ -	\$ (1,859,202)	\$ -
Public safety	11,187,488	2,989,390	4,645,835	45,814	(3,506,449)	-	(3,506,449)	-
Public works	2,027,300	4,374	769,132	163,664	(1,090,130)	-	(1,090,130)	-
Culture and recreation	1,335,937	147,382	354,137	-	(834,418)	-	(834,418)	-
Community development	281,047	-	358,486	-	77,439	-	77,439	-
Interest expense and debt issuance costs	57,002	-	-	-	(57,002)	-	(57,002)	-
Total governmental activities	<u>17,301,199</u>	<u>3,616,110</u>	<u>6,205,849</u>	<u>209,478</u>	<u>(7,269,762)</u>	<u>-</u>	<u>(7,269,762)</u>	<u>-</u>
Business-type activities								
Electric	26,553,376	28,986,441	87,314	10,000	-	2,530,379	2,530,379	-
Gas	7,637,569	7,860,850	71,710	-	-	294,991	294,991	-
Water	4,412,363	4,236,182	19,531	106,667	-	(49,983)	(49,983)	-
Sewer	9,189,602	7,316,151	264,379	74,827	-	(1,534,245)	(1,534,245)	-
Swimming pool	1,156,886	615,111	283,810	-	-	(257,965)	(257,965)	-
Sanitation	3,418,335	3,525,576	687,680	-	-	794,921	794,921	-
Parking, traffic and street lights	2,156,532	167,532	2,874,246	22,815	-	908,061	908,061	-
Storm sewer	495,671	518,728	180,965	15,585	-	219,607	219,607	-
Total business-type activities	<u>55,020,334</u>	<u>53,226,571</u>	<u>4,469,635</u>	<u>229,894</u>	<u>-</u>	<u>2,905,766</u>	<u>2,905,766</u>	<u>-</u>
Total primary government	<u>\$ 72,321,533</u>	<u>\$ 56,842,681</u>	<u>\$ 10,675,484</u>	<u>\$ 439,372</u>	<u>\$ (7,269,762)</u>	<u>\$ 2,905,766</u>	<u>\$ (4,363,996)</u>	<u>\$ -</u>
DISCRETELY PRESENTED COMPONENT UNIT								
Chambersburg Area Municipal Authority	<u>\$ 2,100</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 900</u>
General revenues and transfers:								
Taxes:								
Property taxes, levied for general purposes					\$ 4,951,190	\$ -	\$ 4,951,190	\$ -
Property taxes, levied for specific purposes					1,281,684	-	1,281,684	-
Real estate transfer tax					927,983	-	927,983	-
Earned income tax					2,509,252	-	2,509,252	-
Local services tax					783,031	-	783,031	-
Payments in lieu of taxes					29,193	-	29,193	-
Unrestricted investment earnings (losses)					(114,930)	(468,837)	(583,767)	-
Miscellaneous income					73,458	835,016	908,474	5
Transfers					1,648,985	(1,648,985)	-	-
Total general revenues and transfers					<u>12,089,846</u>	<u>(1,282,806)</u>	<u>10,807,040</u>	<u>5</u>
Change in net position					4,820,084	1,622,960	6,443,044	905
Net position - beginning					29,176,970	155,207,333	184,384,303	64,624
Net position - ending					<u>\$ 33,997,054</u>	<u>\$ 156,830,293</u>	<u>\$ 190,827,347</u>	<u>\$ 65,529</u>

BOROUGH OF CHAMBERSBURG
Balance Sheet - Governmental Funds
December 31, 2021

	General Fund	Special Revenue Fund - Grant Programs	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and equity in pooled cash and investments	\$ 2,952,643	\$ 3,853,000	\$ 8,948,388	\$ 15,754,031
Due from other funds	3,077,204	49,654	17,754	3,144,612
Taxes receivable, net	273,103	-	67,132	340,235
Receivable from other governments	2,144,299	75,404	45,814	2,265,517
Other receivables, net	443,796	26,079	242,843	712,718
Total assets	<u>\$ 8,891,045</u>	<u>\$ 4,004,137</u>	<u>\$ 9,321,931</u>	<u>\$ 22,217,113</u>
LIABILITIES				
Accounts payable	\$ 1,029,942	\$ 81,662	\$ 151,980	\$ 1,263,584
Due to other funds	67,408	3,711,000	-	3,778,408
Unearned revenue	82,760	8,698	-	91,458
Accrued wages, benefits and withholdings	98,532	-	-	98,532
Total liabilities	<u>1,278,642</u>	<u>3,801,360</u>	<u>151,980</u>	<u>5,231,982</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable grant revenue	1,076,134	43,841	45,814	1,165,789
Unavailable tax revenue	683,055	-	48,539	731,594
Total deferred inflows of resources	<u>1,759,189</u>	<u>43,841</u>	<u>94,353</u>	<u>1,897,383</u>
FUND BALANCES				
Restricted	-	158,936	9,075,598	9,234,534
Unassigned	5,853,214	-	-	5,853,214
Total fund balances	<u>5,853,214</u>	<u>158,936</u>	<u>9,075,598</u>	<u>15,087,748</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,891,045</u>	<u>\$ 4,004,137</u>	<u>\$ 9,321,931</u>	<u>\$ 22,217,113</u>

BOROUGH OF CHAMBERSBURG
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2021

Total fund balance - governmental funds \$ 15,087,748

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 the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Cost of assets	43,983,371	
Accumulated depreciation	<u>(21,930,633)</u>	22,052,738

Tax and 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 statement. 1,897,383

Long-term liabilities are not due and payable in the current period and are not included in the fund balance sheet, but are included in the governmental activities of the Statement of Net Position. Long-term liabilities and related deferred inflows and outflows of resources consist of:

Bonds payable, net of premium	(1,160,146)	
Compensated absences	(718,994)	
Net pension liability	(4,948,398)	
Deferred outflows related to pension liability	1,305,541	
Deferred inflows related to pension liability	(1,916,291)	
OPEB liability	(1,921,950)	
Deferred outflows related to OPEB liability	253,007	
Deferred inflows related to OPEB liability	<u>(947,087)</u>	(10,054,318)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, motor equipment, engineering, administrative, and others, to individual funds. A portion of these assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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. 5,013,503

Total net position - governmental activities **\$ 33,997,054**

BOROUGH OF CHAMBERSBURG
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Funds
Year Ended December 31, 2021

	General Fund	Special Revenue Fund - Grant Programs	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 9,231,918	\$ -	\$ 1,241,904	\$ 10,473,822
Licenses and permits	470,601	-	-	470,601
Fines and forfeits	136,342	-	-	136,342
Interest earnings and unrealized investment gains (losses)	(121,568)	2,449	46,882	(72,237)
Intergovernmental	4,378,524	113,295	572,610	5,064,429
Charges for services	2,809,422	-	-	2,809,422
Miscellaneous	247,692	19,290	175,913	442,895
Total revenues	<u>17,152,931</u>	<u>135,034</u>	<u>2,037,309</u>	<u>19,325,274</u>
EXPENDITURES				
General government	1,689,938	29,756	63,742	1,783,436
Public safety				
Police department	5,402,120	28,243	874,302	6,304,665
Emergency services	5,303,176	38,334	-	5,341,510
Planning and zoning	890,057	-	-	890,057
Public works				
Highways	1,294,925	-	780,305	2,075,230
Culture and recreation	1,036,596	5,058	36,910	1,078,564
Community development	167,467	83,336	438	251,241
Debt service	-	-	101,743	101,743
Total expenditures	<u>15,784,279</u>	<u>184,727</u>	<u>1,857,440</u>	<u>17,826,446</u>
Excess (deficiency) of revenues over expenditures	<u>1,368,652</u>	<u>(49,693)</u>	<u>179,869</u>	<u>1,498,828</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long term financing	-	-	1,093,408	1,093,408
Payment to refund long term debt	-	-	(1,110,462)	(1,110,462)
Bond premium	-	-	44,481	44,481
Transfers in	2,891,529	6,481	3,157,055	6,055,065
Transfers out	(2,158,134)	(1,000)	(1,982,640)	(4,141,774)
Total other financing sources and uses	<u>733,395</u>	<u>5,481</u>	<u>1,201,842</u>	<u>1,940,718</u>
Net change in fund balances	2,102,047	(44,212)	1,381,711	3,439,546
Fund balances - beginning	<u>3,751,167</u>	<u>203,148</u>	<u>7,693,887</u>	<u>11,648,202</u>
Fund balances - ending	<u>\$ 5,853,214</u>	<u>\$ 158,936</u>	<u>\$ 9,075,598</u>	<u>\$ 15,087,748</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, 2021

Net change in fund balances - total governmental funds: \$ 3,439,546

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	(1,646,752)	
Capital outlays	<u>1,767,898</u>	121,146

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.

1,174,300

The repayment of principal of long term obligations consumes the current financial resources of governmental funds. Also, governmental funds report prepaid bond insurance, bond premiums, and other similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Repayment of long-term obligations	17,346	
Amortization of bond discount	<u>(1,150)</u>	16,196

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. This is the difference between the amount incurred and the amount paid of:

Accrued interest	1,118	
OPEB liability and related deferred outflows and inflows	(296,282)	
Net pension liability and related deferred outflows and inflows	530,276	
Compensated absences	<u>90,610</u>	325,722

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.

(256,826)

Change in net position - governmental activities **\$ 4,820,084**

BOROUGH OF CHAMBERSBURG
Statement of Net Position - Proprietary Funds
December 31, 2021

	Enterprise Funds						Total	Internal Service Funds
	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Swimming Pool Fund	Other Enterprise Funds		
ASSETS								
Current assets								
Cash and equity in pooled cash and investments	\$ 11,374,257	\$ 2,732,245	\$ 10,736,923	\$ 9,048,135	\$ 343,911	\$ 2,289,090	\$ 36,524,561	\$ 18,427,873
Accounts receivable, net	2,820,263	1,484,593	347,424	1,152,603	1,364	268,148	6,074,395	-
Due from other funds	-	-	633,796	2,500	-	633,796	1,270,092	-
Receivables from other governments	16,609	16,609	106,667	245,188	182,575	413,855	981,503	-
Other receivables	637,559	5,360	21,522	19,174	-	4,578	688,193	35,793
Inventories	1,041,017	826,116	66,766	90,290	-	-	2,024,189	1,302,282
Prepaid expenses	104,339	18,020	39,524	54,672	-	30,104	246,659	24,657
Total current assets	15,994,044	5,082,943	11,952,622	10,612,562	527,850	3,639,571	47,809,592	19,790,605
Noncurrent assets								
Capital assets not being depreciated:								
Land	464,369	37,716	384,488	43,591	-	1,274,655	2,204,819	13,984
Construction in progress	7,053,086	918,127	5,757,584	20,893	-	2,858,405	16,608,095	313,663
Capital assets being depreciated:								
Buildings and system	79,053,834	19,698,552	19,966,467	90,808,148	-	3,531,910	213,058,911	9,929,385
Improvements other than buildings	81,350	2,860	420,481	14,150	8,557,225	4,883,238	13,959,304	-
Machinery and equipment	912,136	425,601	489,982	722,434	-	5,477,171	8,027,324	11,224,298
Less accumulated depreciation	(44,837,365)	(6,576,789)	(8,185,589)	(47,665,588)	(1,142,115)	(5,666,584)	(114,074,030)	(7,825,430)
Total capital assets	42,727,410	14,506,067	18,833,413	43,943,628	7,415,110	12,358,795	139,784,423	13,655,900
Total noncurrent assets	42,727,410	14,506,067	18,833,413	43,943,628	7,415,110	12,358,795	139,784,423	13,655,900
Total assets	58,721,454	19,589,010	30,786,035	54,556,190	7,942,960	15,998,366	187,594,015	33,446,505
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows related to pension liability	116,052	51,899	48,590	59,006	31,307	121,203	428,057	378,582
Deferred outflows related to OPEB liability	10,011	4,477	4,192	5,090	4,191	12,144	40,105	40,909
Deferred charge on bond refunding	7,774	-	-	-	-	-	7,774	-
Total deferred outflows of resources	133,837	56,376	52,782	64,096	35,498	133,347	475,936	419,491
Total assets and deferred outflows of resources	\$ 58,855,291	\$ 19,645,386	\$ 30,838,817	\$ 54,620,286	\$ 7,978,458	\$ 16,131,713	\$ 188,069,951	\$ 33,865,996
LIABILITIES								
Current liabilities								
Accounts payable	\$ 1,572,619	\$ 1,437,392	\$ 635,373	\$ 250,608	\$ 1,709	\$ 341,041	\$ 4,238,742	\$ 227,833
Accrued wages payable	26,014	11,144	14,980	13,709	349	15,045	81,241	52,110
Accrued interest payable	105,435	-	72,924	7,764	7,457	9,473	203,053	-
Unearned revenue	38,712	53,951	-	-	-	-	92,663	-
Due to other funds	-	-	2,500	-	-	633,796	636,296	-
Customer deposits	1,151,513	646,464	101,010	121,212	-	-	2,020,199	-
Compensated absences - current	139,156	39,621	77,580	66,943	-	58,570	381,870	304,290
Liability for self insured losses - current	-	-	-	-	-	-	-	257,526
Bonds, notes and loans payable - current	1,936,928	-	306,860	273,265	305,783	76,700	2,899,536	319,282
Total current liabilities	4,970,377	2,188,572	1,211,227	733,501	315,298	1,134,625	10,553,600	1,161,041
Noncurrent liabilities								
Compensated absences	122,315	21,870	64,060	43,445	-	28,822	280,512	239,457
Liability for self insured losses	-	-	-	-	-	-	-	139,692
Net pension liability	822,890	367,997	344,535	418,395	25,634	322,378	2,301,829	1,627,528
OPEB liability	149,003	66,634	62,384	75,760	4,642	58,373	416,796	294,703
Bonds, notes and loans payable	9,945,080	-	7,744,294	4,396,639	7,229,797	1,715,384	31,031,194	8,418,197
Total noncurrent liabilities	11,039,288	456,501	8,215,273	4,934,239	7,260,073	2,124,957	34,030,331	10,719,577
Total liabilities	16,009,665	2,645,073	9,426,500	5,667,740	7,575,371	3,259,582	44,583,931	11,880,618
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows related to pension liability	513,866	245,242	269,205	306,051	15,844	268,399	1,618,607	1,042,413
Deferred inflows related to OPEB liability	184,962	85,970	83,444	98,698	5,704	76,017	534,795	370,534
Deferred charge on bond refunding	-	-	-	-	61,254	-	61,254	-
Total deferred inflows of resources	698,828	331,212	352,649	404,749	82,802	344,416	2,214,656	1,412,947
NET POSITION								
Net investment in capital assets	34,566,064	14,443,128	14,174,343	39,273,724	(181,724)	10,878,917	113,154,452	4,913,993
Unrestricted	7,580,734	2,225,973	6,885,325	9,274,073	502,009	1,648,798	28,116,912	15,658,438
Total net position	42,146,798	16,669,101	21,059,668	48,547,797	320,285	12,527,715	141,271,364	20,572,431
Total liabilities, deferred inflows of resources, and net position	\$ 58,855,291	\$ 19,645,386	\$ 30,838,817	\$ 54,620,286	\$ 7,978,458	\$ 16,131,713	\$ 188,069,951	\$ 33,865,996

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.

Net position of business-type activities \$ 156,830,293

BOROUGH OF CHAMBERSBURG
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
Year Ended December 31, 2021

	Enterprise Funds					Other		Total	Internal Service Funds
	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Swimming Pool Fund	Enterprise Funds			
OPERATING REVENUES									
Charges for services	\$ 28,357,281	\$ 7,794,686	\$ 3,392,683	\$ 6,809,968	\$ 615,111	\$ 4,075,092	\$ 51,044,821	\$ 10,511,184	
Miscellaneous	571,162	65,782	111,243	25,253	5,655	147,295	926,390	20,136	
Total operating revenues	<u>28,928,443</u>	<u>7,860,468</u>	<u>3,503,926</u>	<u>6,835,221</u>	<u>620,766</u>	<u>4,222,387</u>	<u>51,971,211</u>	<u>10,531,320</u>	
OPERATING EXPENSES									
Production, gathering, treatment and transmission	4,419,398	902,795	2,468,683	3,248,670	-	-	11,039,546	-	
Operation and maintenance	-	-	-	-	474,778	1,500,036	1,974,814	7,605,664	
Collection and disposal	-	-	-	999,973	-	3,112,701	4,112,674	-	
Purchase of energy for sale	16,540,746	4,732,882	-	-	-	-	21,273,628	-	
Customer accounting and administrative	3,124,307	1,626,113	1,170,668	1,106,241	-	992,976	8,020,305	1,171,847	
Claim payments and special services	-	-	-	-	-	-	-	994,125	
Increase (decrease) in expected unpaid losses	-	-	-	-	-	-	-	(41,954)	
Depreciation and amortization	2,081,961	395,333	465,795	3,419,460	324,234	425,789	7,112,572	1,008,050	
Total operating expenses	<u>26,166,412</u>	<u>7,657,123</u>	<u>4,105,146</u>	<u>8,774,344</u>	<u>799,012</u>	<u>6,031,502</u>	<u>53,533,539</u>	<u>10,737,732</u>	
Operating income (loss)	<u>2,762,031</u>	<u>203,345</u>	<u>(601,220)</u>	<u>(1,939,123)</u>	<u>(178,246)</u>	<u>(1,809,115)</u>	<u>(1,562,328)</u>	<u>(206,412)</u>	
NONOPERATING REVENUES (EXPENSES)									
Connection fees	-	-	704,301	475,930	-	-	1,180,231	-	
Interest earnings and unrealized investment gains (losses)	(114,426)	(20,269)	(97,819)	(79,539)	(833)	(23,273)	(336,159)	(175,431)	
Gain (loss) on sale of assets	(312)	-	-	-	-	6,978	6,666	(47,405)	
Reimbursement of prior year expense	-	-	-	-	-	-	-	572,736	
Other nonoperating expenses	(7,978)	(7,981)	(68,415)	(201,541)	-	-	(285,915)	-	
Other nonoperating revenues	716,068	382	139,915	51,917	11,132	5,574	924,988	1,546	
Intergovernmental revenues	87,314	71,710	19,531	264,379	283,810	3,719,903	4,446,647	79,742	
Interest expense and debt issuance costs	(435,012)	-	(261,202)	(234,685)	(358,815)	(65,569)	(1,355,283)	(194,092)	
Total nonoperating revenues (expenses)	<u>245,654</u>	<u>43,842</u>	<u>436,311</u>	<u>276,461</u>	<u>(64,706)</u>	<u>3,643,613</u>	<u>4,581,175</u>	<u>237,096</u>	
Income (loss) before contributions and transfers	3,007,685	247,187	(164,909)	(1,662,662)	(242,952)	1,834,498	3,018,847	30,684	
Capital contributions and grants	10,000	-	106,667	74,827	-	38,400	229,894	-	
Transfers in	10,000	10,000	1,244,528	-	477,448	1,058,645	2,800,621	2,163,682	
Transfers out	(2,708,952)	(935,610)	(1,534,321)	(292,300)	(160)	(386,715)	(5,858,058)	(1,019,536)	
Change in net position	318,733	(678,423)	(348,035)	(1,880,135)	234,336	2,544,828	191,304	1,174,830	
Total net position - beginning	<u>41,828,065</u>	<u>17,347,524</u>	<u>21,407,703</u>	<u>50,427,932</u>	<u>85,949</u>	<u>9,982,887</u>	<u>141,080,060</u>	<u>19,397,601</u>	
Total net position - ending	<u>\$ 42,146,798</u>	<u>\$ 16,669,101</u>	<u>\$ 21,059,668</u>	<u>\$ 48,547,797</u>	<u>\$ 320,285</u>	<u>\$ 12,527,715</u>	<u>\$ 141,271,364</u>	<u>\$ 20,572,431</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

Change in net position of business-type activities \$ 1,622,960

BOROUGH OF CHAMBERSBURG
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2021

	Enterprise Funds					Other Enterprise Funds	Total	Internal Service Funds
	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Swimming Pool Fund			
Cash flows from operating activities:								
Receipts from customers	\$ 29,594,938	\$ 7,835,328	\$ 3,688,827	\$ 7,061,887	\$ 630,690	\$ 4,058,024	\$ 52,869,694	\$ -
Receipts from interfund services provided	-	-	-	-	-	-	-	10,661,232
Payments to suppliers	(21,278,125)	(5,997,813)	(2,109,449)	(3,881,359)	(174,584)	(3,782,479)	(37,223,809)	(4,111,670)
Payments to and on behalf of employees	(2,788,871)	(930,894)	(1,610,657)	(1,697,488)	(308,254)	(1,820,636)	(9,156,800)	(5,981,784)
Refund received for health insurance	-	-	-	-	-	-	-	572,736
Net cash provided (used) by operating activities	5,527,942	906,621	(31,279)	1,483,040	147,852	(1,545,091)	6,489,085	1,140,514
Cash flows from capital and related financing activities:								
Proceeds from capital debt	1,085,203	-	-	4,670,484	7,536,187	640,472	13,932,346	-
Purchase of capital assets	(5,562,965)	(931,502)	(2,676,984)	(797,504)	-	(2,903,866)	(12,872,821)	(670,362)
Proceeds from sale of assets	-	-	-	-	-	6,978	-	15,250
Proceeds from tap fees	-	-	704,301	475,930	-	-	1,180,231	-
Transfer from other funds for debt service	-	-	-	-	477,448	-	477,448	-
Principal paid on capital debt	(2,896,101)	-	(253,576)	(4,738,899)	(7,639,765)	(729,434)	(16,257,775)	(312,553)
Interest and fiscal charges paid on capital debt	(483,059)	-	(304,036)	(227,502)	(369,734)	(72,805)	(1,457,136)	(194,092)
Net cash provided (used) by capital and related financing activities	(7,856,922)	(931,502)	(2,530,295)	(617,491)	4,136	(3,058,655)	(14,990,729)	(1,161,757)
Cash flows from non-capital financing activities:								
Transfer from other funds	10,000	10,000	1,244,528	-	-	1,058,645	2,323,173	2,163,682
Transfer to other funds	(2,708,952)	(935,610)	(1,534,321)	(292,300)	(160)	(386,715)	(5,858,058)	(1,019,536)
Grants received	84,786	55,138	27,234	48,145	104,002	3,478,984	3,798,289	137,769
Net cash provided (used) by non-capital financing activities	(2,614,166)	(870,472)	(262,559)	(244,155)	103,842	4,150,914	263,404	1,281,915
Cash flows from investing activities:								
Interest and dividends received	108,809	31,804	84,814	57,137	1,450	16,935	300,949	111,066
Net cash provided (used) by investing activities	108,809	31,804	84,814	57,137	1,450	16,935	300,949	111,066
Net increase (decrease) in cash and cash equivalents	(4,834,337)	(863,549)	(2,739,319)	678,531	257,280	(435,897)	(7,937,291)	1,371,738
Market appreciation (depreciation) (*)	(203,656)	(41,796)	(178,718)	(138,160)	(2,283)	(39,443)	(604,056)	(291,601)
Total increase (decrease) in cash and cash equivalents	(5,037,993)	(905,345)	(2,918,037)	540,371	254,997	(475,340)	(8,541,347)	1,080,137
Cash and equity in pooled cash and investments - beginning of the year	16,412,250	3,637,590	13,654,960	8,507,764	88,914	2,764,430	45,065,908	17,347,736
Cash and equity in pooled cash and investments - end of the year	\$ 11,374,257	\$ 2,732,245	\$ 10,736,923	\$ 9,048,135	\$ 343,911	\$ 2,289,090	\$ 36,524,561	\$ 18,427,873
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 2,762,031	\$ 203,345	\$ (601,220)	\$ (1,939,123)	\$ (178,246)	\$ (1,809,115)	\$ (1,562,328)	\$ (206,412)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation and amortization expense	2,081,961	395,333	465,795	3,419,460	324,234	425,789	7,112,572	1,008,050
Miscellaneous nonoperating income	716,068	382	139,915	(149,624)	11,132	5,574	723,447	1,546
Miscellaneous nonoperating expense	(7,978)	(7,981)	-	-	-	-	(15,959)	-
(Increase) decrease in:								
Accounts receivable	(289,420)	(4,113)	(59,117)	174,749	(1,208)	(169,937)	(349,046)	65
Inventories	51,346	(491,178)	(9,209)	(9,333)	-	-	(458,374)	(96,740)
Prepaid expenses	(11,535)	(1,614)	(8,331)	(7,380)	-	(5,799)	(34,659)	(1,010)
Increase (decrease) in:								
Accounts payable and accrued expenses	54,753	863,695	20,018	(4,342)	(4,450)	36,795	966,469	5,185
Net pension liability and related deferred outflows and inflows	(117,270)	(51,647)	(47,196)	(58,101)	(4,773)	(46,856)	(325,843)	(236,712)
Net OPEB liability and related deferred outflows and inflows	48,139	21,808	20,669	24,877	1,163	18,458	135,114	93,806
Unearned revenue	35,495	29,095	-	-	-	-	64,590	-
Customer deposits	204,352	(50,504)	47,397	31,857	-	-	233,102	-
Refund received for health insurance	-	-	-	-	-	-	-	572,736
Net cash provided (used) by operating activities	\$ 5,527,942	\$ 906,621	\$ (31,279)	\$ 1,483,040	\$ 147,852	\$ (1,545,091)	\$ 6,489,085	\$ 1,140,514
Non-cash investing, capital and non-capital financing activities								
Donated assets from developers	\$ 10,000	\$ -	\$ -	\$ 22,758	\$ -	\$ 38,400	\$ 71,158	\$ -
Market appreciation (depreciation) (*)	(203,656)	(41,796)	(178,718)	(138,160)	(2,283)	(39,443)	(604,056)	(291,601)

(*) Cash and equity in pooled cash and investments includes various investments held by the Borough. The market appreciation (depreciation) represents the unrealized gain (loss) on these investments.

BOROUGH OF CHAMBERSBURG
Statement of Fiduciary Net Position
December 31, 2021

	Pension Trust Funds	Private Purpose Trust Funds
ASSETS		
Cash and equity in pooled cash and investments	\$ 268,083	\$ 28,053
Mutual funds - Corporate bonds	18,628,832	-
Mutual funds - Stocks	34,669,889	-
Mutual funds - Real estate securities	1,775,035	-
Employee contribution receivable	37,005	-
Total assets	<u>\$ 55,378,844</u>	<u>\$ 28,053</u>
NET POSITION		
Net position restricted for pensions	55,378,844	-
Held in trust for other purposes	-	28,053
Total net position	<u>55,378,844</u>	<u>28,053</u>
Total net position	<u>\$ 55,378,844</u>	<u>\$ 28,053</u>

BOROUGH OF CHAMBERSBURG
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2021

	Pension Trust Funds	Private Purpose Trust Funds
ADDITIONS		
Contributions		
Employer	\$ 2,034,923	\$ -
Plan member	902,738	-
Total contributions	<u>2,937,661</u>	<u>-</u>
Investment income		
Net appreciation (depreciation) in fair value of investments and gain (loss) on sale of investments	5,327,065	-
Interest, dividends, and other	898,662	71
Total net investment earnings	<u>6,225,727</u>	<u>71</u>
 Total additions	 <u>9,163,388</u>	 <u>71</u>
DEDUCTIONS		
Benefits	3,249,536	-
Administrative expenses	139,798	-
Total deductions	<u>3,389,334</u>	<u>-</u>
Change in net position	5,774,054	71
Net position - beginning	<u>49,604,790</u>	<u>27,982</u>
Net position - ending	<u>\$ 55,378,844</u>	<u>\$ 28,053</u>

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 is reported discretely as it does not satisfy the blending criteria of GASB Standards:

The Chambersburg Area Municipal Authority (the "Authority") is governed by a Board appointed by Borough Council. The Authority primarily provides conduit financing to organizations outside the Borough. See Note 13 for additional information. As a result of the fact the Authority provides services to outside organizations and not directly to the Borough, the Authority is included in these financial statements as a discretely presented component unit. Separately issued financial statements of the Authority can be obtained by contacting management of the Borough.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 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 four 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.

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

Recreation Tax Fund is used to account for real estate tax revenue used primarily for recreational purposes.

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

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).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

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).

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.

Swimming Pool Department – Provides aquatic recreational services for the residents of Chambersburg and the surrounding areas.

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 streetlights throughout the Borough of Chambersburg.

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

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

Operating Revenues – Operating revenues are defined as any charge for service or revenue related to the general operations of the respective fund. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Proprietary Funds (Continued)

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.

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 responsible for the complete financial reporting and utility meter reading, as well as the operation and maintenance of Borough Hall. This fund also includes the Finance Department.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

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, and private-purpose trust fund (Sister City).

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.

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.

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.

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 primary government is reported separately from the legally separate discretely presented component unit for which the primary government is financially accountable.

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)

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, deferred outflows of resources and deferred inflows of resources 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The government-wide, proprietary, and fiduciary 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 reserve, grant program tax funds, 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, liabilities, deferred inflows of resources, deferred outflows of resources 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 capital assets are recorded at their acquisition value as of the date received. The Borough maintains a capitalization threshold of \$ 10,000. 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 related to construction are expensed as incurred.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

	Governmental Activities	Business-Type Activities
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 assets 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 and various amounts related to the pension and OPEB liabilities. 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 assets 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 several items that qualify for reporting in this category, including unavailable tax and grant revenue that is reported as deferred inflows of resources in the governmental funds balance sheet and various amounts related to the pension and OPEB liabilities and deferred charges related to bond refunding on the statements of net position. These amounts will be amortized in future periods.

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)

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 loan agreements with the Chambersburg Area Development Corporation for the renovation of the Heritage Center funded by DCED and Franklin County Visitor's Bureau for visitor center renovations.

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 shorter of the life of the refunded or refunding 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

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, 2021:

Government-Wide Activity

	Governmental Activities	Business-Type Activities
Capital assets	\$ 25,380,681	\$ 150,112,380
Bonds and notes payable	(3,267,121)	(40,538,885)
Deferred inflow on bond refunding	(21,223)	(61,254)
Deferred charge on bond refunding	-	7,774
Accounts and retainage payable related to capital assets	(150,394)	(1,059,827)
Unspent bond proceeds	-	8,049,638
Net investment in capital assets	<u>\$ 21,941,943</u>	<u>\$ 116,509,826</u>

Proprietary Funds

	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Swimming Pool Fund	Sanitation Fund	Parking, Traffic, and Street Lights Fund	Storm Sewer Fund
Capital assets	\$ 42,727,410	\$ 14,506,067	\$ 18,833,413	\$ 43,943,628	\$ 7,415,110	\$ 2,786,058	\$ 5,732,122	\$ 3,840,615
Bonds and notes payable	(11,882,008)	-	(8,051,154)	(4,669,904)	(7,535,580)	(1,792,084)	-	-
Deferred inflow on bond refunding	-	-	-	-	(61,254)	-	-	-
Deferred charge on bond refunding	7,774	-	-	-	-	-	-	-
Accounts and retainage payable related to capital assets	(230,549)	(62,939)	(558,378)	-	-	-	(203,308)	(225)
Unspent bond proceeds	3,943,437	-	3,950,462	-	-	515,739	-	-
Net investment in capital assets	<u>\$ 34,566,064</u>	<u>\$ 14,443,128</u>	<u>\$ 14,174,343</u>	<u>\$ 39,273,724</u>	<u>(\$ 181,724)</u>	<u>\$ 1,509,713</u>	<u>\$ 5,528,814</u>	<u>\$ 3,840,390</u>

Internal Service Funds

	Stores Fund	Motor Equipment Fund	Engineering Fund	Administrative Services Fund
Capital assets	\$ 233,269	\$ 4,444,976	\$ 19,200	\$ 8,958,455
Bonds and notes payable	-	-	-	(8,737,479)
Accounts and retainage payable related to capital assets	-	-	-	(4,428)
Unspent bond proceeds	-	-	-	-
Net investment in capital assets	<u>\$ 233,269</u>	<u>\$ 4,444,976</u>	<u>\$ 19,200</u>	<u>\$ 216,548</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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, Engineering Fund, and Worker's Compensation Fund (internal service funds) have deficit net position balances of \$ 2,046,500, \$ 308,370, and \$ 57,019 respectively, at December 31, 2021.

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	\$ 8,404,886
Restricted for grant expenditures	158,936
Restricted for fire expenditures	8,705
Restricted for recreation expenditures	248,840
Restricted for police expenditures	11,135
Restricted for highway improvements/projects	<u>402,032</u>
	<u>\$ 9,234,534</u>

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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)

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. Upon separation from employment with the Borough, employees shall receive pay for all unused vacation leave including leave earned to that date for the next calendar year. Pay for all unused vacation leave shall be based on the rate of pay of the employees at the time of separation. Upon separation from employment from the Borough for any reason other than termination, employees with a certain number of years of continuous service are reimbursed as follows for their accumulated sick leave:

- **Bargaining, Non-Bargaining and Police** - 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 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 at least 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).
- **Fire** - 15% to 27.5% of accumulated sick leave based on years of service.

Sick leave accumulated by bargaining and non-bargaining employees as of January 1, 2016, shall be converted to Catastrophic Sick Leave and credited to their Catastrophic Sick Leave bank. Employees may accumulate a maximum of 1,200 hours of Catastrophic Sick Leave (the "Catastrophic Sick Leave Cap"). At the end of each calendar year, employees with less than 1,200 hours of Catastrophic Sick Leave may roll any unused Regular Sick Leave into their Catastrophic Sick Leave bank, up to the Catastrophic Sick Leave Cap. Regular part-time employees shall be entitled to one-half of this benefit (600 hours catastrophic sick leave). Any accumulated sick leave under this benefit will be paid in accordance with the provisions noted above.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Benefits Other Than Pension

GASB establishes standards for the measurement, recognition, and display of other postemployment benefit expenditures and related liabilities, note disclosures, and if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The Borough's other postemployment benefits are accounted for in accordance with these standards.

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.

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.

Risks and Uncertainties

Recent economic and government reactions to the COVID-19 pandemic have resulted in temporary reductions or shutdowns of operations for some businesses and created many economic uncertainties. The long-term financial impact and duration of these impacts cannot be reasonably estimated at this time.

NOTE 2 CASH AND CASH EQUIVALENTS

The Borough and its discretely presented component unit are authorized to invest in the following under Borough code and Act 10 of 2016:

- U.S. Treasury Bills.
- Short-term obligations of the U.S. Government and federal agencies.
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund 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 therefore shall be pledged by the depository.
- Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the respective governmental entity.
- Shares of an investment company restricted under the Investment Company Act of 1940.
- Obligations, participations or other instruments of any Federal agency, instrumentality, or United States government-sponsored enterprise if the debt obligations are rated at least "A" or its equivalent.
- Commercial paper issued by corporations or other business entities organized in accordance with federal or state law, with a maturity not to exceed 270 days.
- Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity.
- Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less.

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

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, 2021, the Borough has a bank balance of \$ 10,155,106. Of this balance, \$ 500,000 is covered by FDIC insurance and the remaining balance of \$ 9,655,106 is collateralized by securities held by the pledging financial institution, not in the Borough’s name. As of December 31, 2021, the Authority has a bank balance of \$ 65,529, all of which is covered by FDIC insurance.

Pennsylvania Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis and authorizing the appointment of custodians to act as the pledger of the assets. Based on the standards outlined in Act 72, the various banks utilized by the Borough have pledged collateral on a pooled basis on behalf of the Borough and all other governmental depositors in the respective financial institutions.

Investments

As of December 31, 2021, the Borough’s investments were as follows:

Investment Type	Fair Value	Average Credit Quality Rating
PLGIT/PLGIT Prime	\$ 9,324,462	AAAm
PLGIT/PLGIT Class	201,487	AAAm
U.S. Treasury Notes	751,703	N/A
Government Sponsored Enterprises	48,694,841	AA+
Money Market Fund	296,012	AAA
Negotiable CD's	2,971,246	Not Rated

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 in the financial statements are pooled investments in the Pennsylvania Local Government Investment Trust (PLGIT) - Class and PLGIT - Prime. PLGIT is an external investment pool. These funds operate similarly to mutual funds and consist of short-term money market instruments and seek to maintain a constant net asset value of \$ 1 per share.

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Investments (Continued)

Interest Rate Risk – Investments

The following investments are subject to interest rate risk:

	Total Fair Value	Investment Maturities (in Years)		
		Less Than 1	1-5	>5
U.S. Treasury Notes	\$ 751,703	\$ 751,703	\$ -	\$ -
Government Sponsored Enterprises	48,694,841	734,919	40,560,186	7,399,736
Negotiable CD's	2,971,246	1,487,951	1,483,295	-

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.

Concentrations of Credit Risk – Investments

At December 31, 2021, the following investments were in excess of 5% of the Borough's investments: Federal Home Loan Bank (33.74%), Federal Farm Credit Banks (26.66%), and Federal Home Loan Mortgage Corp (14.38%).

Policies Followed at PLGIT

Regulatory Oversight

The operation of PLGIT is governed by an eleven-member Board of Trustees. The Trustees must be employees or elected officials of a local government or school district and are elected at the annual meeting of investors. The Trustees have exclusive and absolute control over the affairs of the Trust and its' assets, subject to rights of the Investors, as provided in the Declaration of Trust.

PLGIT is not registered with the Securities and Exchange Commission (SEC); however, PLGIT follows investment procedures similar to those followed by SEC registered money market funds.

Valuation of Investments

Portfolios are valued using the net asset value per share. The net asset value per share is computed by dividing the total value of the securities and other assets of the portfolio less liabilities, by the outstanding shares of the portfolio.

The Borough has no limitations or restrictions on withdrawals on accounts held at PLGIT.

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Investments (Continued)

Municipal Pension Plans

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

	Total Fair Value	Investment Maturities (in Years)		
		N/A	1-5	>5
Corporate Bond Mutual Funds	\$ 18,628,832	\$ -	\$ 8,357,723	\$ 10,271,109
Open-End Mutual Funds	36,444,924	36,444,924	-	-
Total	<u>\$ 55,073,756</u>	<u>\$ 36,444,924</u>	<u>\$ 8,357,723</u>	<u>\$ 10,271,109</u>

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:

Rating	Percentage of Total
AAA	41.97%
AA	3.59%
A	21.45%
BBB	29.34%
BB	0.04%
B	0.00%
Below B	1.32%
Not rated	2.29%
	<u>100.00%</u>

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 \$ 36,444,924 of Open-End Mutual Funds shown above are International Mutual Funds with a fair value of \$ 9,344,580. The International Mutual Funds may be subject to foreign securities and currencies risk.

Investments – Fair Value Measurements

Generally accepted accounting principles define fair value, describe a framework for measuring fair value, and require disclosure about fair value measurements. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. The established framework includes a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the asset or liability. Classification of assets and liabilities within the hierarchy considers the markets in which the assets and liabilities are traded and

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Investments (Continued)

Investments – Fair Value Measurements (Continued)

reliability and transparency of the assumptions used to determine fair value. The hierarchy requires the use of observable market data when available. The levels of the hierarchy and those investments included in each are as follows:

Level 1 – Represented by quoted prices available in an active market. Level 1 securities include highly liquid government bonds, treasury securities, mortgage products and exchange traded equities and mutual funds.

Level 2 – Represented by assets and liabilities similar to Level 1 where quoted prices are not available, but are observable, either directly or indirectly through corroboration with observable market data, such as quoted prices for similar securities and quoted prices in inactive markets and estimated using pricing models or discounted cash flows. Level 2 securities would include U.S. agency securities, mortgage-backed agency securities, obligations of states, and political subdivisions and certain corporate, asset backed securities, swap agreements, and life insurance contracts.

Level 3 – Represented by financial instruments where there is limited activity or unobservable market prices and pricing models significant to determining the fair value measurement include the reporting entity's own assumptions about the market risk. Level 3 securities would include hedge funds, private equity securities, and those with internally developed values.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value on the statement of net position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Money Market Funds

The fair value of money market funds is estimated using quoted active markets for identical assets. Such investments are generally classified as Level 1 of the valuation hierarchy.

Negotiable Certificates of Deposit

The fair value of negotiable certificates of deposit are estimated using a discounted cash flow calculation that applies to interest rates currently being offered for deposits of similar remaining maturities to a schedule of aggregated expected maturities of such deposits. Such investments are generally classified within Level 2 of the valuation hierarchy.

U.S. Treasury Notes

The fair value of the U.S. Treasury Notes are estimated using quoted active markets for identical assets. Such investments are generally classified as Level 1 of the valuation hierarchy.

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Investments (Continued)

Investments – Fair Value Measurements (Continued)

Agency Bonds

Agency Bonds consisting of Federal Farm Credit Banks, Federal Home Loan Mortgage Corp, Federal Home Loan Bank, Federal Home Loan Mortgage Co., Federal National Mortgage Association and Fannie Mae are generally valued at the most recent price of the equivalent quotes yield for such securities, or those of comparable maturity, quality, and type. Such investments are generally classified within Level 2 of the valuation hierarchy.

Mutual Funds

Mutual funds listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the mean of the last bid and ask prices on such exchange. The Borough's interests in mutual funds are categorized by type as equity, fixed income, or alternative investments. Such securities are classified within Level 1 of the valuation hierarchy.

The following table sets forth, by level within the fair value hierarchy, the financial assets that were accounted for at fair value on a recurring basis as of December 31, 2021:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Negotiable certificates of deposit	\$ 2,971,246	\$ -	\$ 2,971,246	\$ -
U.S. Treasury Notes	751,703	751,703	-	-
Money market fund	296,012	296,012	-	-
Agency Bonds:				
Federal Farm Credit Banks	16,592,998	-	16,592,998	-
Federal Home Loan Mortgage Corp	8,947,160	-	8,947,160	-
Federal Home Loan Bank	21,000,849	-	21,000,849	-
Federal National Mortgage Association	2,153,834	-	2,153,834	-
Total Agency Bonds	<u>48,694,841</u>	<u>-</u>	<u>48,694,841</u>	<u>-</u>
Mutual funds by type:				
Corporate Bond	18,628,832	18,628,832	-	-
Open-End	36,444,924	36,444,924	-	-
Total mutual funds	<u>55,073,756</u>	<u>55,073,756</u>	<u>-</u>	<u>-</u>
Total investments by fair value category	<u>\$ 107,787,558</u>	<u>\$ 56,121,471</u>	<u>\$ 51,666,087</u>	<u>\$ -</u>

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 3 TAXES AND OTHER RECEIVABLES AND TAX ABATEMENTS

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, 2021 for the Borough's governmental activities, including the applicable allowances for uncollectible accounts, are as follows:

Real estate	\$	340,235
Earned income tax		850,584
Real estate transfer tax		199,435
Ambulance billings		670,409
Loans receivable		258,874
Grants receivable		1,190,887
Other		239,631
Allowance for uncollectible accounts		<u>(422,861)</u>
Receivables - full accrual basis		3,327,194
Allocation of internal service funds receivables not recorded in the governmental fund financial statements		<u>(8,724)</u>
Receivables - modified accrual basis	\$	<u>3,318,470</u>

Tax Abatements

Local Economic Revitalization Tax Assistance Act

The Borough enters into property tax abatement agreements with local businesses under the Local Economic Revitalization Tax Assistance Act. The Act authorizes specified local governments to provide tax exemption for new construction and improvements to industrial, commercial, and other business properties located within certain designated areas. Under the Act, local governments may grant property tax abatements of up to 100 percent of a business' property tax bill, based on assessed value, for the purpose of attracting or retaining businesses within their jurisdiction.

For the fiscal year ended December 31, 2021, total Borough property taxes of \$ 11,754 were abated under this program.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 4 CAPITAL ASSETS

Capital asset activity for the Borough consists of the following for the year ended December 31, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Cost:				
Capital assets not being depreciated				
Land	\$ 401,724	\$ 24,382	\$ -	\$ 426,106
Construction-in-progress	421,998	334,938	(14,388)	742,548
Capital assets				
Land improvements	4,083,738	63,827	-	4,147,565
Buildings	7,452,524	617,208	-	8,069,732
Machinery and equipment	5,377,092	153,105	(90,627)	5,439,570
Infrastructure - highways	21,460,745	751,430	-	22,212,175
Infrastructure - railroads	2,478,702	-	-	2,478,702
Infrastructure - other	5,701,974	-	-	5,701,974
Total cost	<u>47,378,497</u>	<u>1,944,890</u>	<u>(105,015)</u>	<u>49,218,372</u>
Less accumulated depreciation:				
Land improvements	(2,200,511)	(326,839)	-	(2,527,350)
Buildings	(4,112,475)	(234,945)	-	(4,347,420)
Machinery and equipment	(3,258,235)	(287,739)	75,358	(3,470,616)
Infrastructure - highways	(7,450,682)	(751,093)	-	(8,201,775)
Infrastructure - railroads	(2,329,978)	(99,148)	-	(2,429,126)
Infrastructure - other	(2,668,754)	(192,650)	-	(2,861,404)
Total accumulated depreciation	<u>(22,020,635)</u>	<u>(1,892,414)</u>	<u>75,358</u>	<u>(23,837,691)</u>
Capital assets, net	<u>\$ 25,357,862</u>	<u>\$ 52,476</u>	<u>\$ (29,657)</u>	<u>\$ 25,380,681</u>
Business-Type Activities:				
Cost:				
Capital assets not being depreciated				
Land	\$ 1,991,879	\$ 223,516	\$ -	\$ 2,215,395
Construction-in-progress	11,067,369	10,466,130	(4,688,180)	16,845,319
Capital assets				
Utility plant in service	204,754,118	5,377,740	(24,426)	210,107,432
Land improvements	13,654,857	304,447	-	13,959,304
Buildings	9,827,442	634,446	-	10,461,888
Machinery and equipment	16,126,440	671,635	(280,477)	16,517,598
Total cost	<u>257,422,105</u>	<u>17,677,914</u>	<u>(4,993,083)</u>	<u>270,106,936</u>
Less accumulated depreciation:				
Utility plant in service	(99,719,762)	(6,501,486)	24,116	(106,197,132)
Land improvements	(2,164,303)	(136,359)	-	(2,300,662)
Buildings	(1,070,754)	(293,349)	-	(1,364,103)
Machinery and equipment	(9,419,828)	(945,920)	233,089	(10,132,659)
Total accumulated depreciation	<u>(112,374,647)</u>	<u>(7,877,114)</u>	<u>257,205</u>	<u>(119,994,556)</u>
Capital assets, net	<u>\$ 145,047,458</u>	<u>\$ 9,800,800</u>	<u>\$ (4,735,878)</u>	<u>\$ 150,112,380</u>

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 4 CAPITAL ASSETS (CONTINUED)

See Note 10 for project commitments.

Depreciation expense for the year ended December 31, 2021 was charged to expense functions, including the internal service fund allocations, as follows:

	Governmental Activities	Business-Type Activities
General government	\$ 570,887	\$ -
Public safety	212,171	-
Public services	795,395	-
Parks and recreation	313,961	-
Electric	-	2,359,678
Gas	-	531,017
Water	-	576,075
Sewer	-	3,522,785
Sanitation	-	226,983
Parking, traffic and street lights	-	215,581
Storm Sewer	-	116,124
Pool Fund	-	328,871
	<u>\$ 1,892,414</u>	<u>\$ 7,877,114</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 (24%) and the business-type activities (76%). These allocations changed in 2021 compared to 2020, 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

NOTE 5 LONG-TERM LIABILITIES

The changes in long-term liabilities during the year ended December 31, 2021 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Unamortized Bond Premium and Discount	Current Portion	Long-term Portion
Governmental Activities:							
Bonds							
(D) Capital Reserve 2016 GO Bond	\$ 1,155,235	\$ -	\$ (1,155,235)	\$ -	\$ -	\$ -	\$ -
(I) Recreation Tax 2021A GO Bond	-	1,093,408	-	1,093,408	44,389	46,170	1,091,627
Direct Borrowing							
(E) Administrative Services 2017 GO Note	2,205,493	-	(76,169)	2,129,324	-	77,809	2,051,515
Subtotal - bonds and notes	3,360,728	1,093,408	(1,231,404)	3,222,732	44,389	123,979	3,143,142
Liability for self-insured losses	107,026	67,367	(77,591)	96,802	-	62,759	34,043
Compensated absences	953,298	497,279	(599,072)	851,505	-	466,424	385,081
Total long-term liabilities	\$ 4,421,052	\$ 1,658,054	\$ (1,908,067)	\$ 4,171,039	\$ 44,389	\$ 653,162	\$ 3,562,266
Business-Type Activities							
Bonds							
(A) Electric 2012 GO Bond	\$ 2,980,000	\$ -	\$ (1,480,000)	\$ 1,500,000	\$ 4,919	\$ 1,504,919	\$ -
(F) Electric 2019 GO Bond	9,015,000	-	(315,000)	8,700,000	592,021	368,516	8,923,505
(H) Electric 2021 GO Bond	-	1,057,012	-	1,057,012	28,056	63,493	1,021,575
(D) Swimming Pool 2016 GO Bond	7,639,765	-	(7,639,765)	-	-	-	-
(I) Swimming Pool 2021A GO Bond	-	7,241,592	-	7,241,592	293,988	305,783	7,229,797
(G) Water 2020 GO Bond	7,550,262	-	(253,576)	7,296,686	754,469	306,860	7,744,295
(G) Sanitation 2020 GO Bond	1,079,738	-	(36,424)	1,043,314	108,378	39,227	1,112,465
(H) Sanitation 2021 GO Bond	-	623,834	-	623,834	16,558	37,473	602,919
(H) Sewer 2021 GO Bond	-	4,549,154	-	4,549,154	120,749	273,265	4,396,638
Direct Borrowing							
(B) Electric 2012 GO Note	1,101,101	-	(1,101,101)	-	-	-	-
(B) Sewer 2012 GO Note	4,738,899	-	(4,738,899)	-	-	-	-
(C) Sanitation 2014 GO Note	693,010	-	(693,010)	-	-	-	-
(E) Administrative Services 2017 GO Note	6,844,540	-	(236,385)	6,608,155	-	241,473	6,366,682
Subtotal - bonds and notes	41,642,315	13,471,592	(16,494,160)	38,619,747	1,919,138	3,141,009	37,397,876
Liability for self-insured losses	332,146	209,066	(240,796)	300,416	-	194,767	105,649
Compensated absences	1,155,568	469,953	(551,903)	1,073,618	-	612,005	461,613
Total long-term liabilities	\$ 43,130,029	\$ 14,150,611	\$ (17,286,859)	\$ 39,993,781	\$ 1,919,138	\$ 3,947,781	\$ 37,965,138

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 liability and a total OPEB liability. See Note 8 and Note 9 for additional details. The General Fund and the Internal Service Fund have been used in prior years to liquidate the net pension liability and total OPEB liability 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 compensated absences of internal service funds. This allocation is based on the applicable usage of each internal service fund by the governmental activities (24%) and the business-type activities (76%). These allocations changed in 2021 compared to 2020, 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.

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Bonds and Notes Payable

- (A) **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.
- (B) **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 funds were utilized by the Sewer and Electric Funds. Principal was due monthly beginning on May 1, 2014. On August 31, 2020, interest rates for the note were modified to a fixed rate of 2.15% for the period through August 31, 2030. The note was currently refunded with the issuance of the Series of 2021 Bond.
- (C) **General Obligation Notes – Series of 2014** – On March 31, 2014, the Borough issued a General Obligation Note in the total amount of \$ 1,500,000 to be used for the purpose of financing the construction of a new green waste recycling facility. The funds were utilized by the Sanitation Fund. Principal was due monthly beginning on November 1, 2015. On August 31, 2020, interest rates for the note were modified to a fixed rate of 2.15% for the period through August 31, 2030. The note was currently refunded with the issuance of the Series of 2021 Bond.
- (D) **General Obligation Bonds – Series of 2016** – On September 19, 2016, the Borough issued a General Obligation Bond in the total of \$ 9,750,000 to be used for the purpose of financing the construction of a new swimming pool, various recreational improvements including upgrades to playground equipment and to pay the costs of issuing the Bonds. The funds were utilized by the Capital Reserve Fund and Swimming Pool Fund. Principal was due monthly beginning on December 1, 2017. The bonds were currently refunded with the issuance of the Series of 2021 A Bond.
- (E) **General Obligation Notes – Series of 2017** – On February 17, 2017, the Borough issued a General Obligation Note in the total amount not to exceed \$ 9,750,000 to be used for the purpose of financing the design, construction and equipping of a municipal building annex. The funds will be utilized by the Administrative Services Fund, which is an Internal Service Fund; thus, the debt is allocated between the governmental activities and business-type activities. The Note is interest only for 18 months from the date of issuance, with principal and interest due monthly beginning on September 1, 2018. On August 31, 2020, interest rates for the note were modified to a fixed rate of 2.15% for the period through August 31, 2030. Following the fixed interest rate period, the interest rate will float at 1 minus the corporate tax rate percentage times the U.S. Prime Rate minus 0.25% with a tax-exempt floor rate of 1.98%, provided however, in the first year following the expiration of the fixed interest rate period the tax-exempt interest rate shall not exceed 3.20%; the following year the rate shall not exceed 4.25%, and the following and each subsequent year the rate shall not exceed the tax-exempt ceiling rate of 4.85%. The maturity date of the principal is September 1, 2043, based on the loan being fully drawn.

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Bonds and Notes Payable (Continued)

- (F) **General Obligation Bonds – Series of 2019** – On February 25, 2019, the Borough issued General Obligation Bonds in the amount of \$ 9,315,000 to be used for the purpose of financing various projects, including improvements to electric generation and supply facilities. The Bond requires semiannual principal and interest payments on October 1 and April 1 of each year beginning October 1, 2019 until paid in full in October 2039. The Bonds have a fixed interest rate of 5% through 2023. Thereafter the interest rate is 4%.
- (G) **General Obligation Bonds – Series of 2020** - On January 13, 2020, the Borough issued General Obligation Bonds, Series of 2020 in the amount of \$ 9,050,000 for the purpose of financing various capital projects, including the acquisition of real property for municipal purposes, the addition to the Water Treatment Plant, and various other capital improvement projects. The funds will be utilized by the Water Fund and Sanitation Fund. The Bond requires semiannual interest payments due on April 1, and October 1 of each year, and annual principal payments due on October 1 of each year, beginning October 1, 2020 until paid in full in October 2040. The bonds have a fixed interest rate of 4%.
- (H) **General Obligation Bonds – Series of 2021** – On November 30, 2021 the Borough issued General Obligation Bonds, Series of 2021 in the amount of \$ 6,230,000 for the purpose of refunding the General Outstanding Note, Series of 2012, refunding General Outstanding Note, Series of 2014, and paying the costs to issue the bonds. The funds will be utilized by the Electric, Sanitation, and Sewer funds. The Bond requires semiannual interest payments due on June 1 and December 1 of each year and annual principal payments due on June 1 of each year, beginning June 1, 2022 until paid in full in June 2039. The Bonds have a fixed interest rate of 2.00% through 2037. Thereafter, the interest rate is 2.05%.

As a result of the refunding, the Borough will have the following benefits:

(1) Cash flow gain	\$ 328,378
(2) Economic gain	\$ 325,504

- (I) **General Obligation Bonds – Series of 2021 A** – On December 16, 2021, the Borough issued General Obligation Bonds, Series of 2021 A in the amount of \$ 8,335,000 for the purpose of refunding General Obligation Bonds, Series of 2016 and paying the costs. The funds will be utilized by the Recreation Tax Fund and Swimming Pool Fund. The Bond requires semiannual interest payments due on May 1 and November 1 of each year and annual principal payments due on November 1 of each year, beginning November 1, 2022 until paid in full in November 2041. The bonds have a fixed interest rate of 2%.

As a result of the refunding, the Borough will have the following benefits:

(1) Cash flow gain	\$ 686,300
(2) Economic gain	\$ 574,677

- (1) Represents the difference between the cash flows required to service the old debt and the new debt, less bond issue costs.
- (2) Represents the difference in the present value of the old debt and new debt, less bond issue costs.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Bonds and Notes Payable (Continued)

The Borough's bonds and notes contain provisions that in the event of default, all principal of notes and bonds outstanding may be declared or may become due and payable upon conditions provided in the agreements.

The general obligation bonds and general obligation notes are secured by the full faith, credit, and taxing power of the Borough.

Subsequent Events

On February 28, 2022, the Borough entered into a rate modification agreement for the General Obligation Notes – Series of 2017. This agreement modified the fixed interest rate from 2.15% to 2.00%, which shall remain in place through February 28, 2032, and modified the variable ceiling rate to 3.50%.

On March 3, 2022, the Borough issued \$ 5,810,000 of General Obligations Bonds, Series of 2022 A. The proceeds will be used to finance capital projects, including but not limited to, buildings and facilities comprising the municipal police station and various other capital improvements and to pay the related costs of issuing the bonds.

On March 3, 2022, the Borough issued \$ 1,335,000 of General Obligations Bonds, Series of 2022 B. The proceeds will be used to finance costs related to the purchase, acquisition and construction of the municipal police station and to pay the related costs of issuing the bonds.

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, 2021:

	BONDS									
	Electric						Recreation Tax		Swimming Pool	
	Series of 2012 Bonds		Series of 2019 Bond		Series of 2021 Bond		Series of 2021A Bond		Series of 2021A Bond	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,500,000	\$ 30,000	\$ 335,000	\$ 354,850	\$ 61,941	\$ 20,625	\$ 43,952	\$ 23,821	\$ 291,048	\$ 157,742
2023	-	-	350,000	338,100	63,638	19,311	41,328	26,345	273,672	174,455
2024	-	-	365,000	320,600	65,335	18,021	43,296	24,279	286,704	160,771
2025	-	-	380,000	306,000	66,183	16,706	45,920	22,114	304,080	146,436
2026	-	-	395,000	290,800	67,032	15,374	47,888	19,818	317,112	131,232
2027 - 2031	-	-	2,240,000	1,202,800	291,885	58,328	262,400	76,830	1,737,600	508,770
2032 - 2036	-	-	2,730,000	717,000	296,128	29,776	289,296	49,540	1,915,704	328,060
2037 - 2041	-	-	1,905,000	154,400	144,870	3,524	319,328	19,391	2,115,672	128,409
	<u>\$ 1,500,000</u>	<u>\$ 30,000</u>	<u>\$ 8,700,000</u>	<u>\$ 3,684,550</u>	<u>\$ 1,057,012</u>	<u>\$ 181,665</u>	<u>\$ 1,093,408</u>	<u>\$ 262,138</u>	<u>\$ 7,241,592</u>	<u>\$ 1,735,875</u>

	BONDS									
	Water		Sanitation		Sewer		Sewer		Total	
	Series of 2020 Bond		Series of 2020 Bond		Series of 2021 Bond		Series of 2021 Bond		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2022	\$ 262,320	\$ 291,700	\$ 37,680	\$ 41,900	\$ 36,537	\$ 12,166	\$ 266,523	\$ 88,748	\$ 2,835,001	\$ 1,021,552
2023	275,436	281,208	39,564	40,392	37,537	11,391	273,825	83,091	1,355,000	974,293
2024	284,180	270,190	40,820	38,810	38,538	10,630	281,127	77,542	1,405,000	920,843
2025	297,296	258,822	42,704	37,178	39,039	9,854	284,778	71,883	1,460,000	868,993
2026	306,040	246,930	43,960	35,470	39,540	9,068	288,429	66,151	1,505,001	814,843
2027 - 2031	1,731,312	1,040,534	248,688	149,466	172,173	34,406	1,255,944	250,979	7,940,002	3,322,113
2032 - 2036	2,116,048	664,892	303,952	95,508	174,676	17,563	1,274,199	128,122	9,100,003	2,030,461
2037 - 2041	2,024,054	206,012	285,946	29,588	85,794	2,079	624,329	15,164	7,504,993	558,567
	<u>\$ 7,296,686</u>	<u>\$ 3,260,288</u>	<u>\$ 1,043,314</u>	<u>\$ 468,312</u>	<u>\$ 623,834</u>	<u>\$ 107,157</u>	<u>\$ 4,549,154</u>	<u>\$ 781,680</u>	<u>\$ 33,105,000</u>	<u>\$ 10,511,665</u>

	DIRECT BORROWING			
	Internal Service		Total	
	Series of 2017 Note		Principal	Interest
Principal	Interest			
2022	\$ 319,282	\$ 187,364	\$ 319,282	\$ 187,364
2023	326,312	180,334	326,312	180,334
2024	333,006	173,640	333,006	173,640
2025	340,828	165,817	340,828	165,817
2026	348,333	158,313	348,333	158,313
2027 - 2031	1,818,799	771,168	1,818,799	771,168
2032 - 2036	1,896,401	1,051,436	1,896,401	1,051,436
2037 - 2041	2,413,615	546,185	2,413,615	546,185
2042 - 2043	940,903	101,781	940,903	101,781
	<u>\$ 8,737,479</u>	<u>\$ 3,336,038</u>	<u>\$ 8,737,479</u>	<u>\$ 3,336,038</u>

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 6 OPERATING LEASES

The Borough has entered noncancelable leases for the use of land to convert, store, sell, distribute, and transmit solar energy. In addition, the Borough leases facilities for the use of the temporary police station. Rent expense for 2021 was \$ 435,208. The Borough has the following future minimum payments on long-term operating leases:

<u>Year ended December 31:</u>	
2022	\$ 449,060
2023	449,060
2024	234,260
2025	234,260
2026	234,260
2027 - 2031	1,171,300
2031 - 2036	1,171,300
2037 - 2040	<u>937,040</u>
	<u>\$ 4,880,540</u>

NOTE 7 INTERFUND ACTIVITY

Interfund receivables and payables consist of the following at December 31, 2021:

	<u>Due From</u>	<u>Due To</u>
Major governmental funds:		
General Fund	\$ 3,077,204	\$ 67,408
Special revenue grant programs	<u>49,654</u>	<u>3,711,000</u>
	3,126,858	3,778,408
Nonmajor governmental funds:		
Capital reserve	<u>17,754</u>	<u>-</u>
Major proprietary funds:		
Water	633,796	2,500
Sewer	<u>2,500</u>	<u>-</u>
	636,296	2,500
Nonmajor proprietary funds:		
Sanitation	<u>633,796</u>	<u>633,796</u>
	<u>\$ 4,414,704</u>	<u>\$ 4,414,704</u>

Interfund receivables and payables are for purchases made or monies received by a fund on behalf of another fund that is to be reimbursed.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 7 INTERFUND ACTIVITY (CONTINUED)

Interfund transfers consisted of the following during 2021:

	Transfers In	Transfers Out
Major governmental funds:		
General fund	\$ 2,891,529	\$ 2,158,134
Special revenue grant programs	6,481	1,000
Nonmajor governmental funds:		
Special revenue liquid fuels	-	727,261
Special revenue fire tax	-	637,250
Recreation tax	-	476,448
Capital reserve	3,157,055	141,681
Total nonmajor governmental funds	3,157,055	1,982,640
Major proprietary funds:		
Electric	10,000	2,708,952
Gas	10,000	935,610
Water	1,244,528	1,534,321
Sewer	-	292,300
Swimming Pool	477,448	160
Nonmajor proprietary funds:		
Sanitation	-	156,190
Parking, traffic and street lights	1,058,645	230,510
Storm sewer	-	15
Total nonmajor proprietary funds	1,058,645	386,715
Internal service funds:		
Stores	831,520	3,380
Motor equipment	581,042	589,691
Self insurance	82,875	-
Engineering	-	200,880
Worker's compensation	528,045	-
Administrative services	140,200	225,585
	2,163,682	1,019,536
	<u>\$ 11,019,368</u>	<u>\$ 11,019,368</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.

NOTE 8 PENSION PLANS

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, 2021, the participation in each plan is as follows:

	Bargaining and Administrative Employees	Police	Firemen
Participants:			
Retirees and beneficiaries	95	32	16
Vested former members	18	1	2
Active employees	<u>150</u>	<u>35</u>	<u>27</u>
Total	<u>263</u>	<u>68</u>	<u>45</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.

Financial Reports

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

NOTE 8 PENSION PLANS (CONTINUED)

Summary of Significant Accounting Policies

Contributions

The Bargaining and Administrative Employees plan requires employee contributions of 6.0%. The Police Officers plan requires employee contributions of 4.25%. The Firemen plan requires employee contributions of 5%. 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 8.32 % of annual payroll for the Bargaining and Administrative Employees, 26.63% of annual payroll for the Police Officers, and 18.22% of annual payroll for the Paid Firemen. The employer contributions for 2021 were \$ 852,497 for the Bargaining and Administrative Employees, \$ 690,371 for the Police Officers, and \$ 492,055 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, 2021, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense was 12.5% for the bargaining and administrative plan, police officers plan, and paid firemen plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 8 PENSION PLANS (CONTINUED)

Net Pension Liability

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

At December 31, 2021 the Borough reported a liability of \$ 8,877,755 in the Statement of Net Position. The net pension liability was measured as of December 31, 2021, and the total pension liability was determined by rolling forward liabilities from an actuarial valuation as of January 1, 2021. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. For the year ended December 31, 2021, the Borough recognized pension expense of \$ 942,092. This included pension expense of \$ 231,273 for the Bargaining and Administrative Employees, \$ 336,448 for the Police Officers, and \$ 374,371 for the Paid Firemen.

The following details the changes in total pension liability, the plan fiduciary net position, and the net pension liability, for the year ended December 31, 2021:

Bargaining and Administrative Employees

	Increase (Decrease)			Plan Fiduciary Net Position as a % of Total Pension Liability
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	
	(a)	(b)	(a)-(b)	
Balances as of December 31, 2020	\$ 31,638,622	\$ 25,705,039	\$ 5,933,583	81.25%
Changes for the year:				
Service cost	791,184	-	791,184	
Interest	2,503,957	-	2,503,957	
Changes in benefits	-	-	-	
Changes for experience	(246,248)	-	(246,248)	
Changes of assumptions	-	-	-	
Differences in expected and actual experience	-	-	-	
Contributions - employer	-	852,497	(852,497)	
Contributions - employee	-	628,306	(628,306)	
Net investment income	-	3,179,562	(3,179,562)	
Benefit payments, including refunds of member contributions	(1,768,180)	(1,768,180)	-	
Administrative expenses	-	(22,600)	22,600	
Other	-	-	-	
Net changes	<u>1,280,713</u>	<u>2,869,585</u>	<u>(1,588,872)</u>	
Balances as of December 31, 2021	<u>\$ 32,919,335</u>	<u>\$ 28,574,624</u>	<u>\$ 4,344,711</u>	86.80%

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 8 PENSION PLANS (CONTINUED)

Net Pension Liability (Continued)

Police

	<u>Increase (Decrease)</u>			Plan Fiduciary Net Position as a % of Total Pension Liability
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	
	(a)	(b)	(a)-(b)	
Balances as of December 31, 2020	\$ 18,185,545	\$ 15,169,093	\$ 3,016,452	83.41%
Changes for the year:				
Service cost	345,733	-	345,733	
Interest	1,445,074	-	1,445,074	
Changes in benefits	-	-	-	
Changes for experience	77,510	-	77,510	
Changes of assumptions	-	-	-	
Differences in expected and actual experience	-	-	-	
Contributions - employer	-	690,371	(690,371)	
Contributions - employee	-	106,657	(106,657)	
Net investment income	-	1,853,420	(1,853,420)	
Benefit payments, including refunds of member contributions	(1,090,728)	(1,090,728)	-	
Administrative expenses	-	(14,800)	14,800	
Other	-	-	-	
Net changes	<u>777,589</u>	<u>1,544,920</u>	<u>(767,331)</u>	
Balances as of December 31, 2021	<u>\$ 18,963,134</u>	<u>\$ 16,714,013</u>	<u>\$ 2,249,121</u>	88.14%

Firemen

	<u>Increase (Decrease)</u>			Plan Fiduciary Net Position as a % of Total Pension Liability
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	
	(a)	(b)	(a)-(b)	
Balances as of December 31, 2020	\$ 10,921,227	\$ 8,730,658	\$ 2,190,569	79.94%
Changes for the year:				
Service cost	296,813	-	296,813	
Interest	930,958	-	930,958	
Changes in benefits	-	-	-	
Changes for experience	-	-	-	
Changes of assumptions	-	-	-	
Differences in expected and actual experience	612,745	-	612,745	
Contributions - employer	-	492,055	(492,055)	
Contributions - employee	-	176,522	(176,522)	
Net investment income	-	1,092,685	(1,092,685)	
Benefit payments, including refunds of member contributions	(387,613)	(387,613)	-	
Administrative expenses	-	(14,100)	14,100	
Other	-	-	-	
Net changes	<u>1,452,903</u>	<u>1,359,549</u>	<u>93,354</u>	
Balances as of December 31, 2021	<u>\$ 12,374,130</u>	<u>\$ 10,090,207</u>	<u>\$ 2,283,923</u>	81.54%

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 8 PENSION PLANS (CONTINUED)

Deferred Outflows/Inflows of Resources

At December 31, 2021 the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Bargaining and Administrative Employees		Police		Firemen		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,680	\$ 1,064,268	\$ 108,310	\$ 34,111	\$ 890,019	\$ 85,580	\$ 1,016,009	\$ 1,183,959
Net difference between projected and actual earnings on pension plan investments	-	1,621,206	-	928,552	-	545,848	-	3,095,606
Changes in proportions - governmental activities/ business-type activities	252,479	252,479	-	-	-	-	252,479	252,479
Changes in assumptions	595,059	-	177,231	35,795	71,402	9,472	843,692	45,267
	<u>\$ 865,218</u>	<u>\$ 2,937,953</u>	<u>\$ 285,541</u>	<u>\$ 998,458</u>	<u>\$ 961,421</u>	<u>\$ 640,900</u>	<u>\$ 2,112,180</u>	<u>\$ 4,577,311</u>

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

	Bargaining and Administrative Employees	Police	Firemen	Total
Year ended December 31:				
2022	\$ (226,202)	\$ (48,071)	\$ 70,842	\$ (203,431)
2023	(841,786)	(422,666)	(102,881)	(1,367,333)
2024	(463,345)	(158,948)	20,358	(601,935)
2025	(278,270)	(112,567)	84,170	(306,667)
2026	(94,629)	18,264	160,497	84,132
Thereafter	(168,503)	11,071	87,535	(69,897)
	<u>\$ (2,072,735)</u>	<u>\$ (712,917)</u>	<u>\$ 320,521</u>	<u>\$ (2,465,131)</u>

NOTE 8 PENSION PLANS (CONTINUED)

Actuarial Methods and Assumptions

The total pension liability in the January 1, 2021 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)

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, 2021 valuation were based on an actual experience study for the period January 1, 2019 through December 31, 2020.

Rate of Return

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 regard 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, 2021 are summarized in the table below and is applicable to all three plans:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%

NOTE 8 PENSION PLANS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

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.

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:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Bargaining and Administrative Employees	\$ 7,917,194	\$ 4,344,711	\$ 1,255,811
Police Plan	4,424,605	2,249,121	418,471
Firemen Plan	3,792,319	2,283,923	1,009,434

Financial Statements

The following are financial statements as of December 31, 2021 for the individual pension plans maintained by the Borough:

	Firemen Pension Fund	Police Pension Fund	Bargaining and Administrative Employees Pension Fund	Total Pension Trust Funds
ASSETS				
Cash and cash equivalents	\$ 36,998	\$ 89,712	\$ 141,373	\$ 268,083
Mutual funds - Corporate bonds	3,400,228	5,620,671	9,607,933	18,628,832
Mutual funds - Stocks	6,323,304	10,464,586	17,881,999	34,669,889
Mutual funds - Real estate securities	323,705	535,804	915,526	1,775,035
Employee contribution receivable	5,972	3,240	27,793	37,005
Total assets	<u>\$ 10,090,207</u>	<u>\$ 16,714,013</u>	<u>\$ 28,574,624</u>	<u>\$ 55,378,844</u>
NET POSITION				
Net position restricted for pensions	<u>\$ 10,090,207</u>	<u>\$ 16,714,013</u>	<u>\$ 28,574,624</u>	<u>\$ 55,378,844</u>
Total liabilities and net position	<u>\$ 10,090,207</u>	<u>\$ 16,714,013</u>	<u>\$ 28,574,624</u>	<u>\$ 55,378,844</u>

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 8 PENSION PLANS (CONTINUED)

Financial Statements (Continued)

	Firemen Pension Fund	Police Pension Fund	Bargaining and Administrative Employees Pension Fund	Total Pension Trust Funds
ADDITIONS				
Contributions				
Employer	\$ 492,055	\$ 690,371	\$ 852,497	\$ 2,034,923
Plan member	171,886	101,636	629,216	902,738
Total contributions	<u>663,941</u>	<u>792,007</u>	<u>1,481,713</u>	<u>2,937,661</u>
Investment income				
Net appreciation in fair value of investments and gains on sale of investments	953,734	1,619,654	2,753,677	5,327,065
Interest, dividends and other	162,502	268,435	467,725	898,662
Total net investment earnings	<u>1,116,236</u>	<u>1,888,089</u>	<u>3,221,402</u>	<u>6,225,727</u>
Total additions	<u>1,780,177</u>	<u>2,680,096</u>	<u>4,703,115</u>	<u>9,163,388</u>
DEDUCTIONS				
Benefits	387,170	1,090,728	1,771,638	3,249,536
Administrative expenses	33,458	44,448	61,892	139,798
Total deductions	<u>420,628</u>	<u>1,135,176</u>	<u>1,833,530</u>	<u>3,389,334</u>
Change in net position	1,359,549	1,544,920	2,869,585	5,774,054
Net position - beginning	<u>8,730,658</u>	<u>15,169,093</u>	<u>25,705,039</u>	<u>49,604,790</u>
Net position - ending	<u>\$ 10,090,207</u>	<u>\$ 16,714,013</u>	<u>\$ 28,574,624</u>	<u>\$ 55,378,844</u>

Payables to the Pension Plan

As of December 31, 2021, the Borough had no payables to the pension plan.

Defined Contribution Plan

Effective January 1, 2016, the Borough amended the pension plan for non-uniform employees to add a defined contribution provision. To participate in the defined contribution plan, employees (or new hires who have completed their probationary period) on or after January 1, 2016, must elect to participate. Once a participant elects to participate in the defined contribution plan, the election is irrevocable, and the participant shall remain in the defined contribution plan until terminated. For participants who have vested, their defined benefit will be frozen as of January 1st of the year of election to participate in the defined contribution plan. Other than an initial contribution for those participants with less than 12 years of service, there are no required employee contributions to the defined contribution plan. An employee may make voluntary contributions. Employer contributions are made on an annual basis in the amount of \$ 3,400 for full-time defined contribution employees and \$ 1,700 for part-time defined contribution employees. Contributions to the defined contribution plan amounted to \$ 54,400 for 2021.

NOTE 9 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.

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. Plan members receiving benefits contributed \$ 19,439, or approximately 102% of the total premiums.

Plan Membership

Membership in the Borough’s plan consisted of the following at January 1, 2021, the date of the latest actuarial valuation:

	Bargaining and Administrative	Police	Firemen	Total
Active participants	<u>174</u>	<u>31</u>	<u>25</u>	<u>230</u>
Total	<u>174</u>	<u>31</u>	<u>25</u>	<u>230</u>

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

The Borough’s total OPEB liability was measured as of January 1, 2021 using an actuarial valuation based on census information as of January 1, 2021. The plan has no assets that are accumulated in a trust that meets the criteria established in GASB Statement No. 75. At December 31, 2021, the Borough reported a total OPEB liability of \$ 2,633,449.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 9 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB (Continued)

The table below summarizes the OPEB liability and OPEB expense:

	Total OPEB	
	Liability	OPEB Expense
Bargaining and administrative	\$ 786,708	\$ 284,175
Police	963,515	132,141
Firemen	883,226	156,931
	<u>\$ 2,633,449</u>	<u>\$ 573,247</u>

Changes in the Total OPEB Liability

	Total OPEB Liability			
	Bargaining and Administrative	Police	Firemen	Total
Beginning Balance	\$ 969,396	\$ 1,008,278	\$ 876,994	\$ 2,854,668
Changes for the year:				
Service cost	329,751	161,508	114,167	605,426
Interest	41,402	38,053	32,055	111,510
Differences between expected and actual experience	(447,121)	(325,424)	(193,983)	(966,528)
Changes in assumptions	(52,885)	85,750	68,523	101,388
Benefit payments	(53,835)	(4,650)	(14,530)	(73,015)
Net changes	(182,688)	(44,763)	6,232	(221,219)
Ending Balance	<u>\$ 786,708</u>	<u>\$ 963,515</u>	<u>\$ 883,226</u>	<u>\$ 2,633,449</u>

At December 31, 2021, the Borough report deferred outflows of resources and deferred inflows of resources related to OPEB:

	Bargaining and Administrative Employees		Police		Firemen		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 889,322	\$ -	\$ 569,115	\$ -	\$ 241,514	\$ -	\$ 1,699,951
Changes in assumptions	22,018	77,532	130,706	23,849	100,044	17,877	252,768	119,258
Net difference between projected and actual investment earnings	-	-	-	-	-	-	-	-
Changes in proportions - governmental activities/business-type activities	33,207	33,207	-	-	-	-	33,207	33,207
Benefit payments/contributions subsequent to the measurement date	30,841	-	2,547	-	14,658	-	48,046	-
	<u>\$ 86,066</u>	<u>\$ 1,000,061</u>	<u>\$ 133,253</u>	<u>\$ 592,964</u>	<u>\$ 114,702</u>	<u>\$ 259,391</u>	<u>\$ 334,021</u>	<u>\$ 1,852,416</u>

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 9 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB (Continued)

The amount of \$ 48,046 is reported as deferred outflows of resources related to OPEB resulting from Borough benefit payments/contributions subsequent to the measurement date but before the end of the Borough's reporting period and will be recognized as a reduction in the total OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

	Bargaining and Administrative			
	Employees	Police	Firemen	Total
Year ended June 30:				
2022	\$ (86,977)	\$ (42,631)	\$ (14,081)	\$ (143,689)
2023	(86,977)	(42,631)	(14,081)	(143,689)
2024	(86,977)	(42,631)	(14,081)	(143,689)
2025	(86,977)	(42,631)	(14,081)	(143,689)
2026	(86,977)	(42,631)	(14,081)	(143,689)
Thereafter	<u>(509,951)</u>	<u>(249,103)</u>	<u>(88,942)</u>	<u>(847,996)</u>
Total	<u>\$ (944,836)</u>	<u>\$ (462,258)</u>	<u>\$ (159,347)</u>	<u>\$ (1,566,441)</u>

Actuarial Methods and Assumptions

The total OPEB liability as of December 31, 2021, was determined by an actuarial valuation as of January 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Cost Method	Entry age normal
Investment Rate of Return	1.93% - S&P Municipal Bond 20 Year High Grade Rate Index
Salary	An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, annual salary increases are assumed to be 5.0%.
Mortality	IRS 2017 Static Combined Table for Small Plans
Percentage of Eligible Employees Electing Coverage in Plan	It is assumed that upon retirement, 25% elect coverage and that upon disability, 100% elect coverage. It is assumed that if coverage is deferred, 0% will elect coverage at a future date.
Health Care Cost Trend Rate	5.5% in 2021 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

NOTE 9 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Per Capita Claims Cost	The per capita cost for medical and prescription drugs is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. The resulting costs for the Police Officers and Firefighters range from \$ 4,468 to \$ 24,344 for males and from \$ 10,060 to \$ 22,690 for females; and for the Bargaining and Administrative employees range from \$ 2,661 to \$ 14,495 for males and from \$ 5,990 to \$ 13,511 for females.
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Discount Rate

A discount rate of 1.93%, which represents the S&P Municipal Bond 20 Year High Grade Rate Index at January 1, 2021, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liabilities of the Borough, as well as what the Borough's OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

	1% Decrease	Current	1% Increase
	0.93%	Discount Rate	2.93%
		1.93%	
Bargaining and administrative	\$ 724,073	\$ 786,708	\$ 829,319
Police	1,023,665	963,515	899,318
Fire	932,642	883,226	831,801
	<u>\$ 2,680,380</u>	<u>\$ 2,633,449</u>	<u>\$ 2,560,438</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liabilities of the Borough, as well as what the Borough's OPEB liabilities would be if it were calculated using the healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost	1% Increase
		Trend Rate	
Bargaining and administrative	\$ 639,791	\$ 786,708	\$ 957,669
Police	803,369	963,515	1,156,416
Firemen	767,781	883,226	1,019,568
	<u>\$ 2,210,941</u>	<u>\$ 2,633,449</u>	<u>\$ 3,133,653</u>

Payables to the OPEB Plan

As of December 31, 2021, the Borough had no amounts payable to the OPEB plan.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 10 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:

	2021			
	Liability Beginning	Current Year Claims and Changes in Estimates	Claim Payments	Liability Ending
Self-insurance fund	\$ 99,519	\$ -	\$ (23,389)	\$ 76,130
Workers' compensation fund	339,653	253,981	(272,546)	321,088

	2020			
	Liability Beginning	Current Year Claims and Changes in Estimates	Claim Payments	Liability Ending
Self-insurance fund	\$ 107,805	\$ -	\$ (8,286)	\$ 99,519
Workers' compensation fund	362,530	164,122	(186,999)	339,653

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 \$ 5,302,883. During 2021, the Borough received \$ 916,217 from PMHIC as a refund for prior premiums paid.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 11 COMMITMENTS

Projects

The Borough has the following projects open at December 31, 2021:

Project Description	Total estimated costs									Costs paid as of 12/31/2021	Costs to complete
	Electric	Gas	Water	Sewer	Parking, Traffic, and Street Light	Storm Sewer	Admin Services	Capital Reserve and General			
Installation of Feeder 273 from Orchard Park Sub to Downtown	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,049	\$ 241,951
Installation of 261 Underground Getaway on Orchard Drive	450,000	-	-	-	-	-	-	-	-	273,370	176,630
New Distribution Operations Center at Service Center	2,600,000	-	-	-	-	-	-	-	-	2,534,066	65,934
New Renewable Generation Sources	2,000,000	-	-	-	-	-	-	-	-	1,897,899	102,101
Substation Surveillance Camera Project	100,000	-	-	-	-	-	-	-	-	70,036	29,964
Transmission Lin Reconfiguration at Grant/Second Street	150,000	-	-	-	-	-	-	-	-	14,600	135,400
Transmission System Upgrades	1,000,000	-	-	-	-	-	-	-	-	4,330	995,670
Upgrade Commerce Relay Panel	500,000	-	-	-	-	-	-	-	-	376,225	123,775
Upgrade Generation Assets	6,000,000	-	-	-	-	-	-	-	-	1,211,223	4,788,777
Upgrade Generation Assets - OPGS Engines	1,300,000	-	-	-	-	-	-	-	-	329,986	970,014
Upgrade Mill Road Substation	500,000	-	-	-	-	-	-	-	-	1,336	498,664
Clean Up at Service Center	500,000	500,000	-	-	-	-	-	-	-	441,450	558,550
Gas Main & Service Installation at Progress Village	-	200,000	-	-	-	-	-	-	-	124,041	75,959
Guilford Springs Gas Main Relocation	-	700,000	-	-	-	-	-	-	-	3,476	696,524
Laurich Meadows Gas Main Extension	-	520,000	-	-	-	-	-	-	-	504,845	15,155
Upgrade Gas Main and Services on Philadelphia Avenue	-	450,000	-	-	-	-	-	-	-	112,534	337,466
Design and Construction of New Clearwell	-	-	8,172,000	-	-	-	-	-	-	4,923,460	3,248,540
Groundwater Supply Source	-	-	200,000	-	-	-	-	-	-	3,375	196,625
Intake Screen	-	-	300,000	-	-	-	-	-	-	31,533	268,467
Reservoir Hill Water Main Extension	-	-	1,900,000	-	-	-	-	-	-	28,273	1,871,727
Upgrade Conococheague Weir	-	-	250,000	-	-	-	-	-	-	53,393	196,607
Upgrade Lead Goosenecks	-	-	3,799,828	-	-	-	-	-	-	110,435	3,689,393
Upgrade PRV's	-	-	300,000	-	-	-	-	-	-	-	300,000
Upgrade Water Line at Limekiln Bridge	-	-	100,000	-	-	-	-	-	-	-	100,000
Water and Sewer Mains at Falling Spring Bridge	-	-	50,000	50,000	-	-	-	-	-	55,377	44,623
Upgrade Traffic Signals in the Borough	-	-	-	-	3,000,000	-	-	-	-	2,372,192	627,808
Borough Signal Upgrade	-	-	-	-	200,000	-	-	-	-	171,663	28,337
North 4th Street Stream Bank Improvement Project	-	-	-	-	-	125,000	-	-	-	16,531	108,469
South Main Street Storm Conveyance Project	-	-	-	-	-	355,000	-	-	-	14,916	340,084
Miscellaneous IT Projects	-	-	-	-	-	-	-	-	153,000	-	153,000
Bridge Improvement Projects	-	-	-	-	-	-	-	-	304,700	916	303,784
Coldbrook Avenue Street Paving Project (Lincoln Way E to McKinley St)	-	-	-	-	-	-	-	-	109,673	-	109,673
Cosell Drive Street Paving Project (Martina Dr to Martina Dr)	-	-	-	-	-	-	-	-	161,299	-	161,299
Design Improvements to 366 Wayne Avenue Project	-	-	-	-	-	-	-	-	100,000	33,400	66,600
Elrock Dr Street Paving Project (Hollywell Ave to Mill Rd)	-	-	-	-	-	-	-	-	105,498	79	105,419
Martina Drive Street Paving Project (Elrock Dr to Hollywell Ave)	-	-	-	-	-	-	-	-	428,885	180	428,705
Rosa Ann Drive Street Paving Project (Martina Dr to Martina Dr)	-	-	-	-	-	-	-	-	139,504	-	139,504
Stouffer Avenue Street Paving Project (Wayne Ave to McKinley St)	-	-	-	-	-	-	-	-	473,894	-	473,894
Suelinn Drive Street Paving Project (Martina Dr to Cosell Dr)	-	-	-	-	-	-	-	-	139,907	-	139,907
Wellslee Drive Street Paving Project (Martina Dr to Cosell Dr)	-	-	-	-	-	-	-	-	117,997	-	117,997
Demolition of 136 and 138 South Second Street	-	-	-	-	-	-	-	-	100,000	3,670	96,330
Purchase Radios, Body and Dash Cams	-	-	-	-	-	-	-	-	500,000	232,545	267,455
Renovations and Addition to the Police Headquarters	-	-	-	-	-	-	-	-	9,550,000	864,313	8,685,687
Access Control - Utility Building	-	-	-	-	-	-	-	180,000	-	70,253	109,747
Various	106,350	293,000	50,000	75,000	204,094	-	-	563,062	279,944	1,011,562	
Totals	\$ 15,506,350	\$ 2,663,000	\$ 15,121,828	\$ 125,000	\$ 3,404,094	\$ 480,000	\$ 180,000	\$ 12,947,419	\$ 17,223,914	\$ 33,203,777	

NOTE 11 COMMITMENTS (CONTINUED)

Gas Supply Contract

The Borough has a Gas Supply Contract with the Municipal Gas Authority of Georgia (“MGAG”) through December 31, 2040. Under the terms of the contract, the Borough is obligated to pay MGAG the costs of gas supplies provided to the Borough and costs allocated to the Borough under the Annual Authority Budget and Project Cost Projections based on the Borough’s indemnity share percentage. The annual price paid by the Borough to MGAG is intended to cover the Borough’s share of aforementioned costs of MGAG, including scheduled debt service costs. In addition, the Authority is obligated not to suspend or discontinue any payments provided in the contract, until all obligations of the Authority for the furtherance of providing services to the Borough, have been fully paid. As of December 31, 2021, The Borough is contingently liable for the respective indemnity share of MGAG’s debt in the amount of \$ 3,405,002.

NOTE 12 POLLUTION REMEDIATION ACTIVITIES

During the planning phase of expansion at the Borough’s Utility Service Center in 2020, contaminated soils were revealed at the site. Upon discovery, the Borough initiated the assessment of necessary remediation efforts to remove the most significant and accessible structures and materials causing the contamination. As of December 31, 2021, future obligations related to the pollution remediation cannot be reasonably estimated.

NOTE 13 CONDUIT DEBT OBLIGATIONS

From time to time, the Chambersburg Area Municipal Authority 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, 2021 outstanding note balances under conduit debt arrangements were as follows:

Wilson College	\$ 34,800,000
The Shook Home	4,028,528
Children's Aid Society	216,631
Coyle Free Library	3,300,000

NOTE 14 CONTINGENCIES

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.

NOTE 15 SUBSEQUENT EVENTS

Subsequent to December 31, 2021, the Borough and the Chambersburg Area Municipal Authority entered a funding agreement for the Borough to provide the Municipal Authority up to \$ 4,151,857 for the acquisition and redevelopment of a local shopping center. The Municipal Authority intends to facilitate economic development of the immediate and surrounding areas, through redevelopment of the shopping center. On April 7, 2022, the Borough transferred \$ 3,331,756 to the Municipal Authority for the purchase of Phase 1 of the shopping center. As a part of the purchase, the Municipal Authority was also assigned and transferred all existing leases related to the Municipal Authority's portion of the shopping center to the Borough.

REQUIRED SUPPLEMENTARY INFORMATION

BOROUGH OF CHAMBERSBURG
Pension Trust Funds
Schedule of Changes in the Borough's Net Pension Liability and Related Ratios

	Bargaining and Administrative							
	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 791,184	\$ 708,303	\$ 674,574	\$ 706,701	\$ 673,049	\$ 599,855	\$ 571,290	\$ 551,672
Interest	2,503,957	2,404,053	2,293,277	2,236,377	2,130,695	2,003,723	1,918,151	1,836,430
Benefit changes	-	-	-	-	-	-	-	-
Differences in expected and actual experience	(246,248)	-	(630,039)	-	(950,893)	-	58,932	-
Changes in assumptions	-	-	-	-	1,338,876	-	-	-
Benefit payments, including refunds of member contributions	(1,768,180)	(1,630,521)	(1,604,895)	(1,534,429)	(1,498,326)	(1,456,871)	(1,439,849)	(1,450,430)
Net change in total pension liability	1,280,713	1,481,835	732,917	1,408,649	1,693,401	1,146,707	1,108,524	937,672
Total pension liability - beginning	31,638,622	30,156,787	29,423,870	28,015,221	26,321,820	25,175,113	24,066,589	23,128,917
Total pension liability - ending	32,919,335	31,638,622	30,156,787	29,423,870	28,015,221	26,321,820	25,175,113	24,066,589
Plan fiduciary net position								
Contributions - employer	852,497	818,752	790,605	588,100	641,491	727,254	699,463	640,380
Contributions - employee	628,306	646,823	573,617	544,244	490,416	395,820	358,759	246,550
Net investment income	3,179,562	2,838,707	3,470,476	(1,363,327)	2,478,738	1,660,559	(360,956)	994,073
Benefit payments, including refunds of member contributions	(1,768,180)	(1,630,521)	(1,604,895)	(1,534,429)	(1,498,326)	(1,456,871)	(1,439,849)	(1,450,430)
Administrative expenses	(22,600)	(40,062)	(14,402)	(24,200)	-	(34,206)	(11,500)	(6,000)
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	2,869,585	2,633,699	3,215,401	(1,789,612)	2,112,319	1,292,556	(754,083)	424,573
Plan fiduciary net position - beginning	25,705,039	23,071,340	19,855,939	21,645,551	19,533,232	18,240,676	18,994,759	18,570,186
Plan fiduciary net position - ending	\$ 28,574,624	\$ 25,705,039	\$ 23,071,340	\$ 19,855,939	\$ 21,645,551	\$ 19,533,232	\$ 18,240,676	\$ 18,994,759
Borough's net pension liability	\$ 4,344,711	\$ 5,933,583	\$ 7,085,447	\$ 9,567,931	\$ 6,369,670	\$ 6,788,588	\$ 6,934,437	\$ 5,071,830
Plan fiduciary net position as a percentage of the total pension liability	86.80%	81.25%	76.50%	67.48%	77.26%	74.21%	72.46%	78.93%
Covered payroll	\$ 10,245,357	\$ 10,927,744	\$ 9,981,412	\$ 9,329,734	\$ 8,932,704	\$ 8,975,023	\$ 9,251,503	\$ 8,505,696
Net pension liability as a percentage of covered payroll	42.41%	54.30%	70.99%	102.55%	71.31%	75.64%	74.95%	59.63%

Notes

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.

In 2017, mortality rates were modified from the RP 2000 Table for males and females to the IRS 2017 Static Combined Table for Small Plans. Incorporated into the table are rates for annuitants projected 7 years and rates for non-annuitants projected 15 years using Scale AA to reflect morality improvements.

Changes in benefit terms:

Effective January 1, 2016, employees have the option to elect to participate under the defined contribution provisions of the plan.

BOROUGH OF CHAMBERSBURG
Pension Trust Funds
Schedule of Changes in the Borough's Net Pension Liability and Related Ratios
(Continued)

	Police							
	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 345,733	\$ 373,770	\$ 355,971	\$ 360,774	\$ 343,594	\$ 363,426	\$ 346,120	\$ 338,256
Interest	1,445,074	1,386,018	1,331,639	1,275,351	1,224,345	1,134,506	1,077,560	1,042,200
Benefit changes	-	-	-	-	-	-	-	-
Differences in expected and actual experience	77,510	-	57,526	-	15,785	-	(153,499)	-
Changes in assumptions	-	-	-	-	472,617	-	(161,076)	-
Benefit payments, including refunds of member contributions	(1,090,728)	(1,051,405)	(999,917)	(970,587)	(924,511)	(762,502)	(695,818)	(567,680)
Net change in total pension liability	777,589	708,383	745,219	665,538	1,131,830	735,430	413,287	812,776
Total pension liability - beginning	18,185,545	17,477,162	16,731,943	16,066,405	14,934,575	14,199,145	13,785,858	12,973,082
Total pension liability - ending	18,963,134	18,185,545	17,477,162	16,731,943	16,066,405	14,934,575	14,199,145	13,785,858
Plan fiduciary net position								
Contributions - employer	690,371	615,582	599,096	514,380	505,579	509,013	498,970	399,615
Contributions - employee	106,657	117,321	106,974	105,082	94,940	103,248	141,981	66,471
Net investment income	1,853,420	1,659,087	2,096,525	(827,347)	1,518,697	1,011,059	(212,275)	609,935
Benefit payments, including refunds of member contributions	(1,090,728)	(1,051,405)	(999,917)	(970,587)	(924,511)	(762,502)	(695,818)	(567,680)
Administrative expenses	(14,800)	(25,664)	(8,300)	(15,400)	-	(8,200)	(8,900)	(6,600)
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	1,544,920	1,314,921	1,794,378	(1,193,872)	1,194,705	852,618	(276,042)	501,741
Plan fiduciary net position - beginning	15,169,093	13,854,172	12,059,794	13,253,666	12,058,961	11,206,343	11,482,385	10,980,644
Plan fiduciary net position - ending	\$ 16,714,013	\$ 15,169,093	\$ 13,854,172	\$ 12,059,794	\$ 13,253,666	\$ 12,058,961	\$ 11,206,343	\$ 11,482,385
Borough's net pension liability	\$ 2,249,121	\$ 3,016,452	\$ 3,622,990	\$ 4,672,149	\$ 2,812,739	\$ 2,875,614	\$ 2,992,802	\$ 2,303,473
Plan fiduciary net position as a percentage of the total pension liability	88.14%	83.41%	79.27%	72.08%	82.49%	80.75%	78.92%	83.29%
Covered payroll	2,592,275	2,363,039	2,451,633	2,318,880	2,288,652	2,384,793	2,266,039	\$ 2,200,081
Net pension liability as a percentage of covered payroll	86.76%	127.65%	147.78%	201.48%	122.90%	120.58%	132.07%	104.70%

Notes

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.

In 2017, mortality rates were modified from the RP 2000 Table for males and females to the IRS 2017 Static Combined Table for Small Plans. Incorporated into the table are rates for annuitants projected 7 years and rates for non-annuitants projected 15 years using Scale AA to reflect morality improvements.

Changes in benefit terms:

Effective January 1, 2016, employees have the option to elect to participate under the defined contribution provisions of the plan.

BOROUGH OF CHAMBERSBURG
Pension Trust Funds
Schedule of Changes in the Borough's Net Pension Liability and Related Ratios
(Continued)

	Firemen							
	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 296,813	\$ 286,637	\$ 272,988	\$ 220,967	\$ 210,445	\$ 186,435	\$ 177,557	\$ 183,801
Interest	930,958	817,554	753,303	652,898	607,259	561,371	525,937	505,051
Benefit changes	-	-	-	-	76,888	-	-	-
Differences in expected and actual experience	612,745	-	583,695	-	(274,630)	-	(56,915)	-
Changes in assumptions	-	-	-	-	249,908	-	(75,778)	-
Benefit payments, including refunds of member contributions	(387,613)	(231,499)	(242,115)	(266,906)	(248,583)	(252,187)	(286,689)	(290,995)
Net change in total pension liability	1,452,903	872,692	1,367,871	606,959	621,287	495,619	284,112	397,857
Total pension liability - beginning	10,921,227	10,048,535	8,680,664	8,073,705	7,452,418	6,956,799	6,672,687	6,274,830
Total pension liability - ending	12,374,130	10,921,227	10,048,535	8,680,664	8,073,705	7,452,418	6,956,799	6,672,687
Plan fiduciary net position								
Contributions - employer	492,055	382,766	370,371	296,801	289,652	286,496	299,092	269,702
Contributions - employee	176,522	129,166	114,283	111,255	88,617	81,310	62,716	62,106
Net investment income	1,092,684	954,728	1,101,994	(428,422)	718,183	462,584	(101,931)	270,869
Benefit payments, including refunds of member contributions	(387,613)	(231,499)	(242,115)	(266,906)	(248,583)	(252,187)	(286,689)	(290,995)
Administrative expenses	(14,100)	(17,634)	(6,700)	(11,800)	(3,241)	(4,600)	(6,500)	(4,800)
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	1,359,548	1,217,527	1,337,833	(299,072)	844,628	573,603	(33,312)	306,882
Plan fiduciary net position - beginning	8,730,659	7,513,132	6,175,299	6,474,371	5,629,743	5,056,140	5,089,452	4,782,570
Plan fiduciary net position - ending	\$ 10,090,207	\$ 8,730,659	\$ 7,513,132	\$ 6,175,299	\$ 6,474,371	\$ 5,629,743	\$ 5,056,140	\$ 5,089,452
Borough's net pension liability	\$ 2,283,923	\$ 2,190,568	\$ 2,535,403	\$ 2,505,365	\$ 1,599,334	\$ 1,822,675	\$ 1,900,659	\$ 1,583,235
Plan fiduciary net position as a percentage of the total pension liability	81.54%	79.94%	74.77%	71.14%	80.19%	75.54%	72.68%	76.27%
Covered payroll	2,701,307	2,720,122	2,285,719	2,340,947	1,875,428	1,642,257	1,577,331	\$ 1,464,554
Net pension liability as a percentage of covered payroll	84.55%	80.53%	110.92%	107.02%	85.28%	110.99%	120.50%	108.10%

Notes

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.

In 2017, mortality rates were modified from the RP 2000 Table for males and females to the IRS 2017 Static Combined Table for Small Plans. Incorporated into the table are rates for annuitants projected 7 years and rates for non-annuitants projected 15 years using Scale AA to reflect morality improvements.

Changes in benefit terms:

Effective January 1, 2016, employees have the option to elect to participate under the defined contribution provisions of the plan.

BOROUGH OF CHAMBERSBURG
Pension Trust Funds
Schedule of Borough Contributions

Bargaining and Administrative										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 852,497	\$ 804,359	\$ 790,605	\$ 588,100	\$ 641,491	\$ 727,254	\$ 699,463	\$ 640,380	\$ 789,962	\$ 650,683
Contributions in relation to the actuarially determined contribution	<u>852,497</u>	<u>818,752</u>	<u>790,605</u>	<u>588,100</u>	<u>641,491</u>	<u>727,254</u>	<u>699,463</u>	<u>640,380</u>	<u>789,962</u>	<u>650,683</u>
Contribution deficiency (excess)	\$ -	\$ (14,393)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 10,245,357	\$ 10,927,744	\$ 9,981,412	\$ 9,329,734	\$ 8,932,704	\$ 8,975,023	\$ 9,251,503	\$ 8,505,696	Unavailable	\$ 7,504,401
Contributions as a percentage of covered payroll	8.32%	7.49%	7.92%	6.30%	7.18%	8.10%	7.56%	7.53%	N/A	8.67%
Police										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 690,371	\$ 598,082	\$ 599,096	\$ 514,380	\$ 505,579	\$ 509,013	\$ 498,970	\$ 399,615	\$ 420,753	\$ 454,682
Contributions in relation to the actuarially determined contribution	<u>690,371</u>	<u>615,582</u>	<u>599,096</u>	<u>514,380</u>	<u>505,579</u>	<u>509,013</u>	<u>498,970</u>	<u>399,615</u>	<u>420,753</u>	<u>454,682</u>
Contribution deficiency (excess)	\$ -	\$ (17,500)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,592,275	\$ 2,363,039	\$ 2,451,633	\$ 2,318,880	\$ 2,288,652	\$ 2,384,793	\$ 2,266,039	\$ 2,200,081	Unavailable	\$ 1,936,497
Contributions as a percentage of covered payroll	26.63%	26.05%	24.44%	22.18%	22.09%	21.34%	22.02%	18.16%	N/A	23.48%
Firemen										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 492,055	\$ 382,766	\$ 370,371	\$ 296,801	\$ 289,652	\$ 286,496	\$ 299,092	\$ 269,702	\$ 244,149	\$ 209,739
Contributions in relation to the actuarially determined contribution	<u>492,055</u>	<u>382,766</u>	<u>370,371</u>	<u>296,801</u>	<u>289,652</u>	<u>286,496</u>	<u>299,092</u>	<u>269,702</u>	<u>244,149</u>	<u>209,739</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,701,307	\$ 2,720,122	\$ 2,285,719	\$ 2,340,947	\$ 1,875,428	\$ 1,642,257	\$ 1,577,331	\$ 1,464,554	Unavailable	\$ 1,414,222
Contributions as a percentage of covered payroll	18.22%	14.07%	16.20%	12.68%	15.44%	17.45%	18.96%	18.42%	N/A	14.83%

Notes

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 including changes in actuarial assumptions:

Actuarial valuation date	January 1, 2019
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Amortization period	Bargaining and administrative - 13 years Police - 10 years Firemen - 10 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	3.00%
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	Mortality rates were based on the IRS 2017 Static Combined Table for Small Plans. Incorporated into the table are rates for annuitants projected 7 years and rates for non-annuitants projected 15 years using Scale AA to reflect mortality improvements.

BOROUGH OF CHAMBERSBURG
Pension Trust Funds
Schedule of Investment Returns

<i>Annual money-weighted rate of return, net of investment expense</i>	2021	2020	2019	2018	2017	2016	2015	2014
Bargaining and Administrative	12.5%	13.1%	17.8%	(6.3%)	13.1%	9.4%	(1.9%)	5.7%
Police	12.5%	12.8%	17.9%	(6.3%)	13.1%	9.3%	(1.9%)	5.8%
Firemen	12.5%	12.1%	17.9%	(6.3%)	13.1%	9.6%	(1.0%)	5.9%

Notes

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

BOROUGH OF CHAMBERSBURG**Schedule of Changes in the Borough's Total OPEB Liability and Related Ratios**

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 605,426	\$ 547,532	\$ 566,033	\$ 506,544
Interest	111,510	98,982	101,444	96,399
Differences between expected and actual experience	(966,528)	-	(1,050,103)	-
Changes in assumptions	101,388	59,519	(25,620)	13,388
Benefit payments	(73,015)	(50,431)	(80,600)	(44,178)
Net changes	(221,219)	655,602	(488,846)	572,153
Total OPEB liability - beginning	2,854,668	2,199,066	2,687,912	2,115,759
Total OPEB liability - ending	\$ 2,633,449	\$ 2,854,668	\$ 2,199,066	\$ 2,687,912
Covered-employee payroll	\$ 17,294,646	Unavailable	\$ 15,216,312	\$ 13,819,599
Total OPEB liability as a percentage of covered employee payroll	15.23%	N/A	14.45%	19.45%

Notes

This schedule will be expanded to show 10 fiscal years once information becomes available in the future.

No assets are accumulated in a trust that meets the criteria of GASB standards to pay related benefits for the OPEB plan.

N/A = Not available

BOROUGH OF CHAMBERSBURG
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
Year Ended December 31, 2021

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 8,600,175	\$ 9,231,918	\$ 631,743
Licenses and permits	440,300	470,601	30,301
Fines and forfeits	155,000	136,342	(18,658)
Interest earnings and unrealized investment gains	83,390	(121,568)	(204,958)
Intergovernmental	1,287,750	4,378,524	3,090,774
Departmental charges for services	2,688,100	2,809,422	121,322
Miscellaneous	<u>255,421</u>	<u>247,692</u>	<u>(7,729)</u>
Total revenues	<u>13,510,136</u>	<u>17,152,931</u>	<u>3,642,795</u>
EXPENDITURES			
General government	1,901,845	1,689,938	211,907
Police department	5,585,050	5,402,120	182,930
Emergency services	5,266,987	5,303,176	(36,189)
Planning and zoning	857,635	890,057	(32,422)
Highways	1,270,324	1,294,925	(24,601)
Culture and recreation	1,348,135	1,036,596	311,539
Community development	-	167,467	(167,467)
Total expenditures	<u>16,229,976</u>	<u>15,784,279</u>	<u>445,697</u>
Excess (deficiency) of revenues over expenditures	<u>(2,719,840)</u>	<u>1,368,652</u>	<u>4,088,492</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,866,540	2,891,529	24,989
Transfers out	<u>(146,700)</u>	<u>(2,158,134)</u>	<u>(2,011,434)</u>
Total other financing sources and uses	<u>2,719,840</u>	<u>733,395</u>	<u>(1,986,445)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,102,047</u>	<u>\$ 2,102,047</u>

BOROUGH OF CHAMBERSBURG
Required Supplementary Information
Budgetary Comparison Schedule - Special Revenue Fund - Grant Programs
Year Ended December 31, 2021

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Interest earnings and unrealized investment gains (losses)	\$ 330	\$ 2,449	\$ 2,119
Intergovernmental	721,730	113,295	(608,435)
Miscellaneous	16,570	19,290	2,720
Total revenues	<u>738,630</u>	<u>135,034</u>	<u>(603,596)</u>
EXPENDITURES (by department)			
General government	1,000	29,756	(28,756)
Public safety			
Police department	32,900	28,243	4,657
Fire department	-	15,000	(15,000)
Ambulance	-	23,334	(23,334)
Culture and recreation	10,000	5,058	4,942
Community development	722,730	83,336	639,394
Total expenditures	<u>766,630</u>	<u>184,727</u>	<u>581,903</u>
Excess (deficiency) of revenues over expenditures	<u>(28,000)</u>	<u>(49,693)</u>	<u>(21,693)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	15,000	6,481	(8,519)
Transfers out	-	(1,000)	(1,000)
Total other financing sources and uses	<u>15,000</u>	<u>5,481</u>	<u>(9,519)</u>
Net change in fund balance	<u>\$ (13,000)</u>	<u>\$ (44,212)</u>	<u>\$ (31,212)</u>

OTHER SUPPLEMENTARY INFORMATION

BOROUGH OF CHAMBERSBURG

Other Governmental Funds

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.

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.

Recreation Tax Fund – This fund (special revenue fund) is used to account for real estate tax revenue used primarily for recreational purposes. The funds are legally restricted to pay for recreation related services.

Citizen’s Reward Fund – This fund (special revenue fund) is used to account for contributions from private citizens for the purpose of rewarding police informants for their assistance in solving crime. The funds are restricted to pay for the police 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, 2021

	Special Revenue Liquid Fuels Fund	Special Revenue Fire Tax Fund	Special Revenue Recreation Tax Fund	Citizen's Reward Fund	Capital Reserve Fund	Total - Other Governmental Funds
ASSETS						
Cash and equity in pooled cash and investments	\$ 402,032	\$ -	\$ 239,475	\$ 11,133	\$ 8,295,748	\$ 8,948,388
Due from other funds	-	-	-	-	17,754	17,754
Taxes receivable, net	-	33,996	33,136	-	-	67,132
Receivable from other governments	-	-	-	-	45,814	45,814
Other receivables	-	-	-	26	242,817	242,843
Total assets	<u>\$ 402,032</u>	<u>\$ 33,996</u>	<u>\$ 272,611</u>	<u>\$ 11,159</u>	<u>\$ 8,602,133</u>	<u>\$ 9,321,931</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 523	\$ 24	\$ 151,433	\$ 151,980
Total liabilities	<u>-</u>	<u>-</u>	<u>523</u>	<u>24</u>	<u>151,433</u>	<u>151,980</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable grant revenue	-	-	-	-	45,814	45,814
Unavailable tax revenue	-	25,291	23,248	-	-	48,539
Total deferred inflows of resources	<u>-</u>	<u>25,291</u>	<u>23,248</u>	<u>-</u>	<u>45,814</u>	<u>94,353</u>
FUND BALANCES						
Restricted	<u>402,032</u>	<u>8,705</u>	<u>248,840</u>	<u>11,135</u>	<u>8,404,886</u>	<u>9,075,598</u>
Total fund balances	<u>402,032</u>	<u>8,705</u>	<u>248,840</u>	<u>11,135</u>	<u>8,404,886</u>	<u>9,075,598</u>
Total liabilities and fund balances	<u>\$ 402,032</u>	<u>\$ 33,996</u>	<u>\$ 272,611</u>	<u>\$ 11,159</u>	<u>\$ 8,602,133</u>	<u>\$ 9,321,931</u>

BOROUGH OF CHAMBERSBURG
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Other Governmental Funds
Year Ended December 31, 2021

	Special Revenue Liquid Fuels Fund	Special Revenue Fire Tax Fund	Special Revenue Recreation Tax Fund	Citizen's Reward Fund	Capital Reserve Fund	Total - Other Governmental Funds
REVENUES						
Taxes	\$ -	\$ 617,638	\$ 624,266	\$ -	\$ -	\$ 1,241,904
Interest earnings and unrealized investment gains (losses)	2,580	(1,160)	(3,838)	(102)	49,402	46,882
Intergovernmental	572,610	-	-	-	-	572,610
Miscellaneous	-	-	-	-	175,913	175,913
Total revenues	<u>575,190</u>	<u>616,478</u>	<u>620,428</u>	<u>(102)</u>	<u>225,315</u>	<u>2,037,309</u>
EXPENDITURES						
General government	-	2,694	-	-	61,048	63,742
Public works						
Highways	-	-	-	-	780,305	780,305
Public safety						
Police department	-	-	-	-	874,302	874,302
Culture and recreation	-	-	2,465	-	34,445	36,910
Community development	-	-	-	-	438	438
Debt service	-	-	101,743	-	-	101,743
Total expenditures	<u>-</u>	<u>2,694</u>	<u>104,208</u>	<u>-</u>	<u>1,750,538</u>	<u>1,857,440</u>
Excess (deficiency) of revenues over expenditures	<u>575,190</u>	<u>613,784</u>	<u>516,220</u>	<u>(102)</u>	<u>(1,525,223)</u>	<u>179,869</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long term financing	-	-	1,093,408	-	-	1,093,408
Payment to refund long term debt	-	-	(1,110,462)	-	-	(1,110,462)
Bond premium	-	-	44,481	-	-	44,481
Transfers in	-	-	-	-	3,157,055	3,157,055
Transfers out	(727,261)	(637,250)	(476,448)	-	(141,681)	(1,982,640)
Total other financing sources and uses	<u>(727,261)</u>	<u>(637,250)</u>	<u>(449,021)</u>	<u>-</u>	<u>3,015,374</u>	<u>1,201,842</u>
Net change in fund balances	(152,071)	(23,466)	67,199	(102)	1,490,151	1,381,711
Fund balances - beginning	554,103	32,171	181,641	11,237	6,914,735	7,693,887
Fund balances - ending	<u>\$ 402,032</u>	<u>\$ 8,705</u>	<u>\$ 248,840</u>	<u>\$ 11,135</u>	<u>\$ 8,404,886</u>	<u>\$ 9,075,598</u>

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule - Special Revenue Fund - Liquid Fuels
Year Ended December 31, 2021

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Interest earnings and unrealized investment	\$ 1,710	\$ 2,580	\$ 870
Intergovernmental	<u>555,830</u>	<u>572,610</u>	<u>16,780</u>
Total revenues	<u>557,540</u>	<u>575,190</u>	<u>17,650</u>
EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>557,540</u>	<u>575,190</u>	<u>17,650</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>(557,540)</u>	<u>(727,261)</u>	<u>(169,721)</u>
Total other financing sources and uses	<u>(557,540)</u>	<u>(727,261)</u>	<u>(169,721)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (152,071)</u>	<u>\$ (152,071)</u>

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule – Special Revenue Fund –
Fire Tax Fund
Year Ended December 31, 2021

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 614,200	\$ 617,638	\$ 3,438
Interest earnings and unrealized investment gains (losses)	<u>2,340</u>	<u>(1,160)</u>	<u>(3,500)</u>
Total revenues	<u>616,540</u>	<u>616,478</u>	<u>(62)</u>
EXPENDITURES			
	<u>-</u>	<u>2,694</u>	<u>(2,694)</u>
Excess (deficiency) of revenues over expenditures	<u>616,540</u>	<u>613,784</u>	<u>(2,756)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>(616,540)</u>	<u>(637,250)</u>	<u>(20,710)</u>
Total other financing sources and uses	<u>(616,540)</u>	<u>(637,250)</u>	<u>(20,710)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (23,466)</u>	<u>\$ (23,466)</u>

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule – Special Revenue Fund –
Recreation Tax Fund
Year Ended December 31, 2021

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 604,200	\$ 624,266	\$ 20,066
Interest earnings and unrealized investment gains (losses)	<u>2,730</u>	<u>(3,838)</u>	<u>(6,568)</u>
Total revenues	<u>606,930</u>	<u>620,428</u>	<u>13,498</u>
EXPENDITURES			
Culture and recreation	55,680	2,465	53,215
Debt service	<u>74,795</u>	<u>101,743</u>	<u>(26,948)</u>
Total expenditures	<u>130,475</u>	<u>104,208</u>	<u>26,267</u>
Excess (deficiency) of revenues over expenditures	<u>476,455</u>	<u>516,220</u>	<u>39,765</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long term financing	-	1,093,408	1,093,408
Payment to refund long term debt	-	(1,110,462)	(1,110,462)
Bond premium	-	44,481	44,481
Transfers out	<u>(476,455)</u>	<u>(476,448)</u>	<u>7</u>
Total other financing sources and uses	<u>(476,455)</u>	<u>(449,021)</u>	<u>27,434</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 67,199</u>	<u>\$ 67,199</u>

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule - Special Revenue Fund -
Citizen's Reward Fund
Year Ended December 31, 2021

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Contributions from citizens	\$ 140	\$ -	\$ (140)
Interest earnings and unrealized investment gains (losses)	<u>110</u>	<u>(102)</u>	<u>(212)</u>
Total revenues	<u>250</u>	<u>(102)</u>	<u>(352)</u>
EXPENDITURES			
Rewards paid for crime information	<u>250</u>	<u>-</u>	<u>250</u>
Total expenditures	<u>250</u>	<u>-</u>	<u>250</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (102)</u>	<u>\$ (102)</u>

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule - Capital Reserve Fund
Year Ended December 31, 2021

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Interest earnings and unrealized investment gains	\$ 55,660	\$ 49,402	\$ (6,258)
Intergovernmental	100,000	-	(100,000)
Miscellaneous	-	175,913	175,913
Total revenues	<u>155,660</u>	<u>225,315</u>	<u>69,655</u>
EXPENDITURES			
General government	430,000	61,048	368,952
Highways	851,540	780,305	71,235
Public Safety	251,000	874,302	(623,302)
Culture and recreation	31,500	34,445	(2,945)
Community development	337,500	438	337,062
Total expenditures	<u>1,901,540</u>	<u>1,750,538</u>	<u>151,002</u>
Excess (deficiency) of revenues over expenditures	<u>(1,745,880)</u>	<u>(1,525,223)</u>	<u>220,657</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,069,580	3,157,055	2,087,475
Transfers out	<u>(150,200)</u>	<u>(141,681)</u>	<u>8,519</u>
Total other financing sources and uses	<u>919,380</u>	<u>3,015,374</u>	<u>2,095,994</u>
Net change in fund balance	<u>\$ (826,500)</u>	<u>\$ 1,490,151</u>	<u>\$ 2,316,651</u>

OTHER ENTERPRISE FUNDS

BOROUGH OF CHAMBERSBURG
Other Enterprise Funds

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 streetlights 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, 2021

	Sanitation Fund	Parking, Traffic and Street Lights Fund	Storm Sewer Fund	Total Other Enterprise Funds
ASSETS				
Current assets				
Cash and equity in pooled cash and investments	\$ 999,950	\$ 1,051,905	\$ 237,235	\$ 2,289,090
Accounts receivable, net	188,930	49,240	29,978	268,148
Due from other funds	633,796	-	-	633,796
Receivables from other governments	-	258,200	155,655	413,855
Other receivables	1,994	2,099	485	4,578
Prepaid expenses	<u>30,104</u>	<u>-</u>	<u>-</u>	<u>30,104</u>
Total current assets	<u>1,854,774</u>	<u>1,361,444</u>	<u>423,353</u>	<u>3,639,571</u>
Noncurrent assets				
Capital assets not being depreciated:				
Land	743,436	531,219	-	1,274,655
Construction in progress	-	2,809,295	49,110	2,858,405
Capital assets being depreciated:				
Buildings and system	1,804,109	-	1,727,801	3,531,910
Improvements other than buildings	573,798	560,099	3,749,341	4,883,238
Machinery and equipment	930,906	4,546,265	-	5,477,171
Less accumulated depreciation	<u>(1,266,191)</u>	<u>(2,714,756)</u>	<u>(1,685,637)</u>	<u>(5,666,584)</u>
Total capital assets	<u>2,786,058</u>	<u>5,732,122</u>	<u>3,840,615</u>	<u>12,358,795</u>
Total noncurrent assets	<u>2,786,058</u>	<u>5,732,122</u>	<u>3,840,615</u>	<u>12,358,795</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension liability	22,853	66,240	32,110	121,203
Deferred outflows related to OPEB liability	<u>1,970</u>	<u>7,921</u>	<u>2,253</u>	<u>12,144</u>
Total deferred outflows of resources	<u>24,823</u>	<u>74,161</u>	<u>34,363</u>	<u>133,347</u>
Total assets and deferred outflows of resources	<u>\$ 4,665,655</u>	<u>\$ 7,167,727</u>	<u>\$ 4,298,331</u>	<u>\$ 16,131,713</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 55,985	\$ 278,427	\$ 6,629	\$ 341,041
Accrued wages payable	11,269	2,678	1,098	15,045
Accrued interest payable	9,473	-	-	9,473
Due to other funds	633,796	-	-	633,796
Compensated absences - current	36,190	17,772	4,608	58,570
Bonds, notes and loans payable - current	<u>76,700</u>	<u>-</u>	<u>-</u>	<u>76,700</u>
Total current liabilities	<u>823,413</u>	<u>298,877</u>	<u>12,335</u>	<u>1,134,625</u>
Noncurrent liabilities				
Compensated absences	13,057	14,552	1,213	28,822
Net pension liability	162,058	116,004	44,316	322,378
OPEB liability	29,345	21,004	8,024	58,373
Bonds, notes and loans payable	<u>1,715,384</u>	<u>-</u>	<u>-</u>	<u>1,715,384</u>
Total non-current liabilities	<u>1,919,844</u>	<u>151,560</u>	<u>53,553</u>	<u>2,124,957</u>
Total liabilities	<u>2,743,257</u>	<u>450,437</u>	<u>65,888</u>	<u>3,259,582</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension liability	169,304	71,703	27,392	268,399
Deferred inflows related to OPEB liability	<u>40,340</u>	<u>25,815</u>	<u>9,862</u>	<u>76,017</u>
Total deferred inflows of resources	<u>209,644</u>	<u>97,518</u>	<u>37,254</u>	<u>344,416</u>
NET POSITION				
Net investment in capital assets	1,509,713	5,528,814	3,840,390	10,878,917
Unrestricted	<u>203,041</u>	<u>1,090,958</u>	<u>354,799</u>	<u>1,648,798</u>
Total net position	<u>1,712,754</u>	<u>6,619,772</u>	<u>4,195,189</u>	<u>12,527,715</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 4,665,655</u>	<u>\$ 7,167,727</u>	<u>\$ 4,298,331</u>	<u>\$ 16,131,713</u>

BOROUGH OF CHAMBERSBURG
Combining Statement of Revenues, Expenses, and Changes in Net Position -
Other Enterprise Funds
Year Ended December 31, 2021

	Sanitation Fund	Parking, Traffic and Street Lights Fund	Storm Sewer Fund	Total Other Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 3,466,184	\$ 98,128	\$ 510,780	\$ 4,075,092
Miscellaneous	52,529	92,392	2,374	147,295
Total operating revenues	<u>3,518,713</u>	<u>190,520</u>	<u>513,154</u>	<u>4,222,387</u>
OPERATING EXPENSES				
Operation and maintenance	-	1,500,036	-	1,500,036
Collection and disposal	2,948,215	-	164,486	3,112,701
Customer accounting and administrative	294,920	469,049	229,007	992,976
Depreciation	129,065	192,193	104,531	425,789
Total operating expenses	<u>3,372,200</u>	<u>2,161,278</u>	<u>498,024</u>	<u>6,031,502</u>
Operating income (loss)	<u>146,513</u>	<u>(1,970,758)</u>	<u>15,130</u>	<u>(1,809,115)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest earnings and unrealized investment gains (losses)	(7,900)	(13,887)	(1,486)	(23,273)
Other nonoperating revenues	-	-	5,574	5,574
Gain (loss) on sale of assets	6,978	-	-	6,978
Intergovernmental revenues	687,680	2,851,258	180,965	3,719,903
Interest expense and debt issuance costs	(65,569)	-	-	(65,569)
Total nonoperating revenue (expenses)	<u>621,189</u>	<u>2,837,371</u>	<u>185,053</u>	<u>3,643,613</u>
Income (loss) before contributions and transfers	<u>767,702</u>	<u>866,613</u>	<u>200,183</u>	<u>1,834,498</u>
Capital contributions and grants	-	22,815	15,585	38,400
Transfers in	-	1,058,645	-	1,058,645
Transfers out	(156,190)	(230,510)	(15)	(386,715)
Change in net position	<u>611,512</u>	<u>1,717,563</u>	<u>215,753</u>	<u>2,544,828</u>
Total net position - beginning, as restated	<u>1,101,242</u>	<u>4,902,209</u>	<u>3,979,436</u>	<u>9,982,887</u>
Total net position - ending	<u>\$ 1,712,754</u>	<u>\$ 6,619,772</u>	<u>\$ 4,195,189</u>	<u>\$ 12,527,715</u>

BOROUGH OF CHAMBERSBURG
Combining Statement of Cash Flows - Other Enterprise Funds
Year Ended December 31, 2021

	Sanitation Fund	Parking, Traffic and Street Lights Fund	Storm Sewer Fund	Total Other Enterprise Funds
Cash flows from operating activities:				
Receipts from customers	\$ 3,529,742	\$ 172,094	\$ 356,188	\$ 4,058,024
Payments to suppliers	(1,907,728)	(1,710,469)	(164,282)	(3,782,479)
Payments to and on behalf of employees	(1,324,728)	(267,604)	(228,304)	(1,820,636)
Net cash provided (used) by operating activities	<u>297,286</u>	<u>(1,805,979)</u>	<u>(36,398)</u>	<u>(1,545,091)</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(664,055)	(2,210,627)	(29,184)	(2,903,866)
Proceeds from sale of assets	6,978	-	-	6,978
Proceeds from capital debt	640,472	-	-	640,472
Principal paid on capital debt	(729,434)	-	-	(729,434)
Interest and fiscal charges paid on capital debt	(72,805)	-	-	(72,805)
Net cash provided (used) by capital and related financing activities	<u>(818,844)</u>	<u>(2,210,627)</u>	<u>(29,184)</u>	<u>(3,058,655)</u>
Cash flows from non-capital financing activities:				
Transfers from other funds	-	1,058,645	-	1,058,645
Transfer to other funds	(156,190)	(230,510)	(15)	(386,715)
Grants received	690,329	2,607,690	180,965	3,478,984
Net cash provided (used) by non-capital financing activities	<u>534,139</u>	<u>3,435,825</u>	<u>180,950</u>	<u>4,150,914</u>
Cash flows from investing activities:				
Interest and dividends received	7,360	8,501	1,074	16,935
Net cash provided (used) by investing activities	<u>7,360</u>	<u>8,501</u>	<u>1,074</u>	<u>16,935</u>
Net increase (decrease) in cash and cash equivalents	19,941	(572,280)	116,442	(435,897)
Market appreciation (depreciation) (*)	(15,143)	(21,477)	(2,823)	(39,443)
Total increase (decrease) in cash and cash equivalents	<u>4,798</u>	<u>(593,757)</u>	<u>113,619</u>	<u>(475,340)</u>
Cash and cash equity in pooled cash and investments - beginning of the year	<u>995,152</u>	<u>1,645,662</u>	<u>123,616</u>	<u>2,764,430</u>
Cash and cash equity in pooled cash and investments - end of the year	<u>\$ 999,950</u>	<u>\$ 1,051,905</u>	<u>\$ 237,235</u>	<u>\$ 2,289,090</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities				
Operating income (loss)	\$ 146,513	\$ (1,970,758)	\$ 15,130	(\$ 1,809,115)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization expense	129,065	192,193	104,531	425,789
Miscellaneous nonoperating income	-	-	5,574	5,574
(Increase) decrease in:				
Accounts receivable	11,029	(18,426)	(162,540)	(169,937)
Prepaid expenses	(5,799)	-	-	(5,799)
Increase (decrease) in:				
Accounts payable and accrued expenses	27,959	3,309	5,527	36,795
Net pension liability and related deferred outflows and inflows	(21,296)	(18,503)	(7,057)	(46,856)
Net OPEB liability and related deferred outflows and inflows	9,815	6,206	2,437	18,458
Due to other funds	-	-	-	-
Net cash provided (used) by operating activities	<u>\$ 297,286</u>	<u>\$ (1,805,979)</u>	<u>\$ (36,398)</u>	<u>\$ (1,545,091)</u>
Non-cash investing, capital and non-capital financing activities				
Donated assets from developers	\$ -	\$ 22,815	\$ 15,585	\$ 38,400
Market appreciation (depreciation) (*)	(15,143)	(21,477)	(2,823)	(39,443)

(*) Cash and equity in pooled cash and investments includes various investments held by the Borough. The market appreciation (depreciation) represents that unrealized gain (loss) on these investments.

BOROUGH OF CHAMBERSBURG

Internal Service Funds

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 responsible for the complete financial and utility meter reading, as well as the operation and maintenance of Borough Hall. This fund also includes the Finance Department.

BOROUGH OF CHAMBERSBURG
Combining Statement of Net Position - Internal Service Funds
December 31, 2021

	Stores Fund	Motor Equipment Fund	Self Insurance Fund	Engineering Fund	Worker's Compensation Fund	Administrative Services Fund	Total Internal Service Funds
ASSETS							
Current assets							
Cash and equity in pooled cash and investments	\$ 618,448	\$ 9,489,174	\$ 7,446,625	\$ 135,526	\$ 282,322	\$ 455,778	\$ 18,427,873
Accounts receivable, net	-	-	-	-	-	-	-
Receivables from other governments	-	-	-	-	-	-	-
Other receivables	1,233	18,900	14,821	275	564	-	35,793
Inventories	1,205,222	97,060	-	-	-	-	1,302,282
Prepaid expenses	11,084	13,573	-	-	-	-	24,657
Total current assets	<u>1,835,987</u>	<u>9,618,707</u>	<u>7,461,446</u>	<u>135,801</u>	<u>282,886</u>	<u>455,778</u>	<u>19,790,605</u>
Noncurrent assets							
Capital assets not being depreciated:							
Land	-	13,984	-	-	-	-	13,984
Construction in progress	232,545	-	-	-	-	81,118	313,663
Capital assets being depreciated:							
Buildings and system	1,769	149,981	-	-	-	9,777,635	9,929,385
Machinery and equipment	-	11,042,325	-	66,257	-	115,716	11,224,298
Less accumulated depreciation	(1,045)	(6,761,314)	-	(47,057)	-	(1,016,014)	(7,825,430)
Total capital assets	<u>233,269</u>	<u>4,444,976</u>	<u>-</u>	<u>19,200</u>	<u>-</u>	<u>8,958,455</u>	<u>13,655,900</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pension liability	71,231	37,646	-	106,043	-	163,662	378,582
Deferred outflows related to OPEB liability	9,329	5,679	-	11,783	-	14,118	40,909
	<u>80,560</u>	<u>43,325</u>	<u>-</u>	<u>117,826</u>	<u>-</u>	<u>177,780</u>	<u>419,491</u>
Total assets and deferred outflows of resources	<u>\$ 2,149,816</u>	<u>\$ 14,107,008</u>	<u>\$ 7,461,446</u>	<u>\$ 272,827</u>	<u>\$ 282,886</u>	<u>\$ 9,592,013</u>	<u>\$ 33,865,996</u>
LIABILITIES							
Current liabilities							
Accounts payable	\$ 37,664	\$ 58,236	\$ 16,544	\$ 1,066	\$ 18,817	\$ 95,506	\$ 227,833
Accrued wages payable	4,893	4,577	924	2,649	-	39,067	52,110
Compensated absences - current	24,327	30,391	2,044	43,466	-	204,062	304,290
Liability for self insured losses - current	-	-	49,357	-	208,169	-	257,526
Bonds, notes and loans payable - current	-	-	-	-	-	319,282	319,282
Total current liabilities	<u>66,884</u>	<u>93,204</u>	<u>68,869</u>	<u>47,181</u>	<u>226,986</u>	<u>657,917</u>	<u>1,161,041</u>
Noncurrent liabilities							
Compensated absences	9,354	28,728	72	29,829	-	171,474	239,457
Liability for self insured losses	-	-	26,773	-	112,919	-	139,692
Net pension liability	102,101	115,569	-	249,386	-	1,160,472	1,627,528
OPEB liability	18,488	20,926	-	45,157	-	210,132	294,703
Bonds, notes and loans payable	-	-	-	-	-	8,418,197	8,418,197
Total noncurrent liabilities	<u>129,943</u>	<u>165,223</u>	<u>26,845</u>	<u>324,372</u>	<u>112,919</u>	<u>9,960,275</u>	<u>10,719,577</u>
Total liabilities	<u>196,827</u>	<u>258,427</u>	<u>95,714</u>	<u>371,553</u>	<u>339,905</u>	<u>10,618,192</u>	<u>11,880,618</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pension liability	63,109	71,434	-	154,147	-	753,723	1,042,413
Deferred inflows related to OPEB liability	22,721	25,718	-	55,497	-	266,598	370,534
Total deferred inflows of resources	<u>85,830</u>	<u>97,152</u>	<u>-</u>	<u>209,644</u>	<u>-</u>	<u>1,020,321</u>	<u>1,412,947</u>
NET POSITION							
Net investment in capital assets	233,269	4,444,976	-	19,200	-	216,548	4,913,993
Unrestricted	1,633,890	9,306,453	7,365,732	(327,570)	(57,019)	(2,263,048)	15,658,438
Total net position	<u>1,867,159</u>	<u>13,751,429</u>	<u>7,365,732</u>	<u>(308,370)</u>	<u>(57,019)</u>	<u>(2,046,500)</u>	<u>20,572,431</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,149,816</u>	<u>\$ 14,107,008</u>	<u>\$ 7,461,446</u>	<u>\$ 272,827</u>	<u>\$ 282,886</u>	<u>\$ 9,592,013</u>	<u>\$ 33,865,996</u>

BOROUGH OF CHAMBERSBURG
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position -
Internal Service Funds
Year Ended December 31, 2021

	Stores Fund	Motor Equipment Fund	Self Insurance Fund	Engineering Fund	Worker's Compensation Fund	Administrative Services Fund	Total Internal Service Funds
OPERATING REVENUES							
Charges for services	\$ 186,234	\$ 2,962,486	\$ 327,549	\$ 509,885	\$ -	\$ 6,525,030	\$ 10,511,184
Miscellaneous	-	-	-	9,638	5,089	5,409	20,136
Total operating revenues	<u>186,234</u>	<u>2,962,486</u>	<u>327,549</u>	<u>519,523</u>	<u>5,089</u>	<u>6,530,439</u>	<u>10,531,320</u>
OPERATING EXPENSES							
Operation and maintenance	506,773	1,163,401	-	56,602	-	5,878,888	7,605,664
General and administrative	162,216	442,036	3,699	341,858	222,038	-	1,171,847
Claim payments and special services	-	-	721,579	-	272,546	-	994,125
Increase (decrease) in expected unpaid losses	-	-	(23,389)	-	(18,565)	-	(41,954)
Depreciation and amortization	44	709,765	-	5,542	-	292,699	1,008,050
Total operating expenses	<u>669,033</u>	<u>2,315,202</u>	<u>701,889</u>	<u>404,002</u>	<u>476,019</u>	<u>6,171,587</u>	<u>10,737,732</u>
Operating income (loss)	<u>(482,799)</u>	<u>647,284</u>	<u>(374,340)</u>	<u>115,521</u>	<u>(470,930)</u>	<u>358,852</u>	<u>(206,412)</u>
NONOPERATING REVENUES (EXPENSES)							
Interest earnings and unrealized investment gains (losses)	(8,769)	(81,712)	(80,323)	(531)	(4,096)	-	(175,431)
Gain (loss) on sale of assets	-	(47,405)	-	-	-	-	(47,405)
Other nonoperating revenues	1,014	-	-	-	-	532	1,546
Reimbursement of prior year expense	-	-	572,736	-	-	-	572,736
Intergovernmental revenue	7,408	6,321	-	7,000	-	59,013	79,742
Interest expense and debt issuance costs	-	-	-	-	-	(194,092)	(194,092)
Total non-operating revenue (expenses)	<u>(347)</u>	<u>(122,796)</u>	<u>492,413</u>	<u>6,469</u>	<u>(4,096)</u>	<u>(134,547)</u>	<u>237,096</u>
Income (loss) before transfers	(483,146)	524,488	118,073	121,990	(475,026)	224,305	30,684
Transfers in	831,520	581,042	82,875	-	528,045	140,200	2,163,682
Transfers out	(3,380)	(589,691)	-	(200,880)	-	(225,585)	(1,019,536)
Change in net position	344,994	515,839	200,948	(78,890)	53,019	138,920	1,174,830
Total net position - beginning	<u>1,522,165</u>	<u>13,235,590</u>	<u>7,164,784</u>	<u>(229,480)</u>	<u>(110,038)</u>	<u>(2,185,420)</u>	<u>19,397,601</u>
Total net position - ending	<u>\$ 1,867,159</u>	<u>\$ 13,751,429</u>	<u>\$ 7,365,732</u>	<u>\$ (308,370)</u>	<u>\$ (57,019)</u>	<u>\$ (2,046,500)</u>	<u>\$ 20,572,431</u>

BOROUGH OF CHAMBERSBURG
Statement of Cash Flows – Internal Service Funds
Year Ended December 31, 2021

	Stores Fund	Motor Equipment Fund	Self Insurance Fund	Engineering Fund	Worker's Compensation Fund	Administrative Services Fund	Total
Cash flows from operating activities:							
Interfund services provided	\$ 315,614	\$ 2,962,486	\$ 327,549	\$ 519,523	\$ 5,089	\$ 6,530,971	\$ 10,661,232
Payments to suppliers	(354,993)	(1,044,447)	(709,943)	(66,677)	(486,929)	(1,448,681)	(4,111,670)
Payments to and on behalf of employees	(554,049)	(510,929)	-	(353,670)	(2,762)	(4,560,374)	(5,981,784)
Refund received for health insurance	-	-	572,736	-	-	-	572,736
Net cash provided (used) by operating activities	<u>(593,428)</u>	<u>1,407,110</u>	<u>190,342</u>	<u>99,176</u>	<u>(484,602)</u>	<u>521,916</u>	<u>1,140,514</u>
Cash flows from capital and related financing activities:							
Proceeds from capital debt	-	-	-	-	-	-	-
Purchase of capital assets	(232,545)	(337,555)	-	-	-	(100,262)	(670,362)
Proceeds from sale of capital assets	-	15,250	-	-	-	-	15,250
Principal paid on capital debt	-	-	-	-	-	(312,553)	(312,553)
Interest and fiscal charges paid on capital debt	-	-	-	-	-	(194,092)	(194,092)
Net cash provided (used) by capital and related financing activities	<u>(232,545)</u>	<u>(322,305)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(606,907)</u>	<u>(1,161,757)</u>
Cash flows from non-capital financing activities:							
Transfer from other funds	831,520	581,042	82,875	-	528,045	140,200	2,163,682
Transfer to other funds	(3,380)	(589,691)	-	(200,880)	-	(225,585)	(1,019,536)
Grants received	9,599	6,886	-	7,000	-	114,284	137,769
Net cash provided (used) by non-capital financing activities	<u>837,739</u>	<u>(1,763)</u>	<u>82,875</u>	<u>(193,880)</u>	<u>528,045</u>	<u>28,899</u>	<u>1,281,915</u>
Cash flows from investing activities:							
Interest and dividends received	6,814	54,437	46,378	820	2,617	-	111,066
Net cash provided (used) by investing activities	<u>6,814</u>	<u>54,437</u>	<u>46,378</u>	<u>820</u>	<u>2,617</u>	<u>-</u>	<u>111,066</u>
Net increase (decrease) in cash and cash equivalents	18,580	1,137,479	319,595	(93,884)	46,060	(56,092)	1,371,738
Market appreciation (depreciation) (*)	<u>(15,696)</u>	<u>(139,568)</u>	<u>(128,294)</u>	<u>(1,209)</u>	<u>(6,834)</u>	<u>-</u>	<u>(291,601)</u>
Total increase (decrease) in cash and cash equivalents	<u>2,884</u>	<u>997,911</u>	<u>191,301</u>	<u>(95,093)</u>	<u>39,226</u>	<u>(56,092)</u>	<u>1,080,137</u>
Cash and equity in pooled cash and investments - beginning of the year	<u>615,564</u>	<u>8,491,263</u>	<u>7,255,324</u>	<u>230,619</u>	<u>243,096</u>	<u>511,870</u>	<u>17,347,736</u>
Cash and equity in pooled cash and investments - end of the year	<u>\$ 618,448</u>	<u>\$ 9,489,174</u>	<u>\$ 7,446,625</u>	<u>\$ 135,526</u>	<u>\$ 282,322</u>	<u>\$ 455,778</u>	<u>\$ 18,427,873</u>

(*) Cash and equity in pooled cash and investments includes various investments held by the Borough. The market appreciation (depreciation) represents that unrealized gain (loss) on these investments.

BOROUGH OF CHAMBERSBURG
Statement of Cash Flows – Internal Service Funds (Continued)
Year Ended December 31, 2021

	Stores Fund	Motor Equipment Fund	Self Insurance Fund	Engineering Fund	Worker's Compensation Fund	Administrative Services Fund	Total
Reconciliation of income from operations to net cash provided (used) by operating activities							
Operating income (loss)	\$ (482,799)	\$ 647,284	\$ (374,340)	\$ 115,521	\$ (470,930)	\$ 358,852	\$ (206,412)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation and amortization expense	44	709,765	-	5,542	-	292,699	1,008,050
Miscellaneous nonoperating income	1,015	-	-	(1)	-	532	1,546
(Increase) decrease in:							
Accounts receivable	65	-	-	-	-	-	65
Inventories	(100,718)	3,978	-	-	-	-	(96,740)
Prepaid expenses	726	(1,736)	-	-	-	-	(1,010)
Increase (decrease) in:							
Accounts payable and accrued expenses	(133)	59,037	(8,054)	2,621	(13,672)	(34,614)	5,185
Net pension liability and related deferred outflows and inflows	(16,888)	(17,589)	-	(38,299)	-	(163,936)	(236,712)
Net OPEB liability and related deferred outflows and inflows	5,260	6,371	-	13,792	-	68,383	93,806
Due to other funds	-	-	-	-	-	-	-
Refund received for health insurance	-	-	572,736	-	-	-	572,736
Net cash provided (used) by operating activities	<u>\$ (593,428)</u>	<u>\$ 1,407,110</u>	<u>\$ 190,342</u>	<u>\$ 99,176</u>	<u>\$ (484,602)</u>	<u>\$ 521,916</u>	<u>\$ 1,140,514</u>

(*) Cash and equity in pooled cash and investments includes various investments held by the Borough. The market appreciation (depreciation) represents that unrealized gain (loss) on these investments.

BOROUGH OF CHAMBERSBURG

Trust Funds

Trust Funds are used to account for assets held by the Borough in a trustee capacity.

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.

BOROUGH OF CHAMBERSBURG
Combining Statement of Fiduciary Net Position - Pension Trust Funds
December 31, 2021

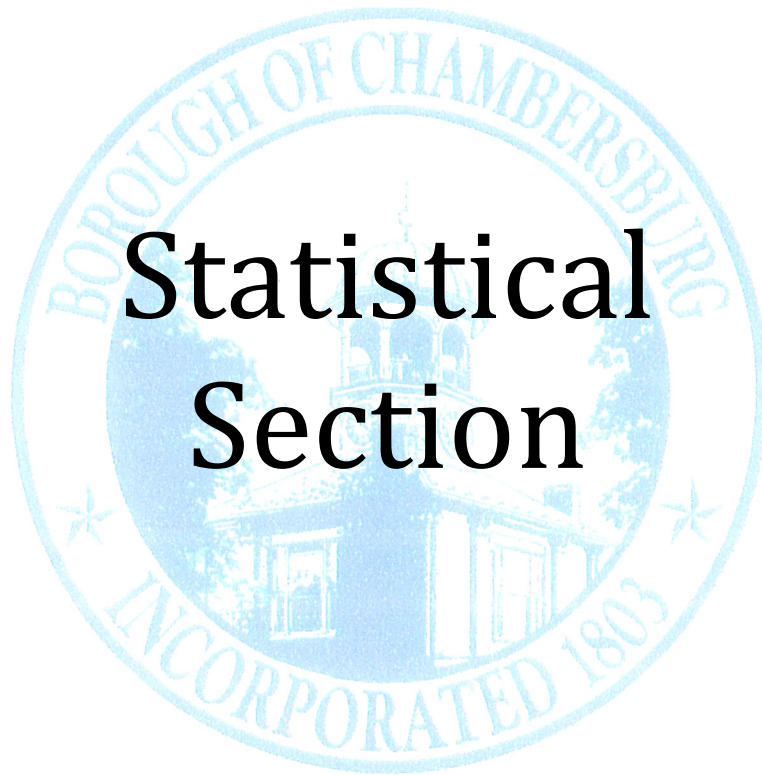
	Firemen Pension Fund	Police Pension Fund	Bargaining and Administrative Employees Pension Fund	Total Pension Trust Funds
ASSETS				
Cash and cash equivalents	\$ 36,998	\$ 89,712	\$ 141,373	\$ 268,083
Mutual funds - Corporate bonds	3,400,228	5,620,671	9,607,933	18,628,832
Mutual funds - Stocks	6,323,304	10,464,586	17,881,999	34,669,889
Mutual funds - Real estate securities	323,705	535,804	915,526	1,775,035
Employee contribution receivable	<u>5,972</u>	<u>3,240</u>	<u>27,793</u>	<u>37,005</u>
Total assets	<u>\$ 10,090,207</u>	<u>\$ 16,714,013</u>	<u>\$ 28,574,624</u>	<u>\$ 55,378,844</u>
NET POSITION				
Net position restricted for pensions	<u>\$ 10,090,207</u>	<u>\$ 16,714,013</u>	<u>\$ 28,574,624</u>	<u>\$ 55,378,844</u>
Total liabilities and net position	<u>\$ 10,090,207</u>	<u>\$ 16,714,013</u>	<u>\$ 28,574,624</u>	<u>\$ 55,378,844</u>

BOROUGH OF CHAMBERSBURG
Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds
Year Ended December 31, 2021

	Firemen Pension Fund	Police Pension Fund	Bargaining and Administrative Employees Pension Fund	Total Pension Trust Funds
ADDITIONS				
Contributions				
Employer	\$ 492,055	\$ 690,371	\$ 852,497	\$ 2,034,923
Plan member	<u>171,886</u>	<u>101,636</u>	<u>629,216</u>	<u>902,738</u>
Total contributions	<u>663,941</u>	<u>792,007</u>	<u>1,481,713</u>	<u>2,937,661</u>
Investment income				
Net appreciation in fair value of investments and gains on sale of investments	953,734	1,619,654	2,753,677	5,327,065
Interest, dividends and other	<u>162,502</u>	<u>268,435</u>	<u>467,725</u>	<u>898,662</u>
Total net investment earnings	<u>1,116,236</u>	<u>1,888,089</u>	<u>3,221,402</u>	<u>6,225,727</u>
Total additions	<u>1,780,177</u>	<u>2,680,096</u>	<u>4,703,115</u>	<u>9,163,388</u>
DEDUCTIONS				
Benefits	387,170	1,090,728	1,771,638	3,249,536
Administrative expenses	<u>33,458</u>	<u>44,448</u>	<u>61,892</u>	<u>139,798</u>
Total deductions	<u>420,628</u>	<u>1,135,176</u>	<u>1,833,530</u>	<u>3,389,334</u>
Change in net position	1,359,549	1,544,920	2,869,585	5,774,054
Net position - beginning	<u>8,730,658</u>	<u>15,169,093</u>	<u>25,705,039</u>	<u>49,604,790</u>
Net position - ending	<u>\$ 10,090,207</u>	<u>\$ 16,714,013</u>	<u>\$ 28,574,624</u>	<u>\$ 55,378,844</u>

BOROUGH OF CHAMBERSBURG
Schedule of Taxes Receivable
Year Ended December 31, 2021

	General Purpose	Fire	Recreation
Assessed valuation of real property	\$ 208,150,620	\$ 208,150,620	\$ 208,150,620
Add: Additions	1,164,921	1,164,921	1,164,921
Less: Reductions and exonerations	<u>572,847</u>	<u>572,847</u>	<u>572,847</u>
Adjusted assessment	208,742,694	208,742,694	208,742,694
Tax rate	<u>24.0</u> mills	<u>3.0</u> mills	<u>3.0</u>
Total tax levied	5,009,825	626,228	626,228
Add: Penalties	25,403	3,176	3,176
Less: Discounts	(91,250)	(11,407)	(11,407)
Collections	<u>(4,753,465)</u>	<u>(594,183)</u>	<u>(594,183)</u>
2021 taxes receivable - December 31, 2021	190,513	23,814	23,814
Prior years' taxes	<u>82,590</u>	<u>10,182</u>	<u>9,322</u>
Total taxes receivable - December 31, 2021	<u>\$ 273,103</u>	<u>\$ 33,996</u>	<u>\$ 33,136</u>



Statistical Section

STATISTICAL SECTION UNAUDITED

This section of the Borough of Chambersburg's annual comprehensive 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.

Contents	Page(s)
Financial Trends These schedules contain trend information to help the reader understand how the municipality's financial performance and well-being have changed over time.	104 - 110
Revenue Capacity 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.	111 - 116
Debt Capacity 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.	117 - 121
Demographic and Economic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the municipality's financial activities take place.	122 - 123
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.	124 - 126

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive 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)

	2021	2020 (c)	2019	2018 (b)	2017	2016	2015	2014	2013	2012 (a)
Governmental activities										
Net investment in capital assets	\$ 21,941,943	\$ 22,115,169	\$ 23,200,125	\$ 22,901,661	\$ 22,392,162	\$ 21,924,750	\$ 20,494,089	\$ 22,850,486	\$ 22,561,919	\$ 22,217,709
Restricted	9,223,399	7,897,042	7,272,595	8,199,300	6,915,510	6,540,937	5,972,633	5,431,916	3,975,045	3,852,332
Unrestricted	2,831,712	(835,241)	(3,082,801)	(3,823,656)	(2,150,736)	(1,256,732)	132,897	4,514,636	5,173,101	3,952,283
Total governmental activities net position	<u>33,997,054</u>	<u>29,176,970</u>	<u>27,389,919</u>	<u>27,277,305</u>	<u>27,156,936</u>	<u>27,208,955</u>	<u>26,599,619</u>	<u>32,797,038</u>	<u>31,710,065</u>	<u>30,022,324</u>
Business-type activities										
Net investment in capital assets	116,509,826	113,784,569	115,442,810	115,631,163	119,251,728	116,310,111	111,221,937	94,346,244	85,933,597	81,864,727
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	40,320,467	41,422,764	39,694,968	39,936,619	36,970,431	36,466,775	38,851,232	43,395,900	35,802,218	30,945,382
Total business-type activities net position	<u>156,830,293</u>	<u>155,207,333</u>	<u>155,137,778</u>	<u>155,567,782</u>	<u>156,222,159</u>	<u>152,776,886</u>	<u>150,073,169</u>	<u>137,742,144</u>	<u>121,735,815</u>	<u>112,810,109</u>
Primary government										
Net investment in capital assets	138,451,769	135,899,738	138,642,935	138,532,824	141,643,890	138,234,861	131,716,026	117,196,730	108,495,516	104,082,436
Restricted	9,234,534	7,897,042	7,272,595	8,199,300	6,915,510	6,540,937	5,972,633	5,431,916	3,975,045	3,852,332
Unrestricted	43,141,044	40,587,523	36,612,167	36,112,963	34,819,695	35,210,043	38,984,129	47,910,536	40,975,319	34,897,665
Total primary government net position	<u>\$ 190,827,347</u>	<u>\$ 184,384,303</u>	<u>\$ 182,527,697</u>	<u>\$ 182,845,087</u>	<u>\$ 183,379,095</u>	<u>\$ 179,985,841</u>	<u>\$ 176,672,788</u>	<u>\$ 170,539,182</u>	<u>\$ 153,445,880</u>	<u>\$ 142,832,433</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.

(b) During 2018, the Borough implemented accounting and financial reporting for postemployment benefits other than pensions provisions of GASB 75. Prior year amounts have not been restated and are shown based on the reporting requirement prior to the implementation of GASB 75.

(c) During 2020, the Borough implemented GASB 84, which changed the way certain fiduciary activities were recorded. Prior year amounts have not been restated and are shown based on the reporting requirement prior to the implementation of GASB 84.

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

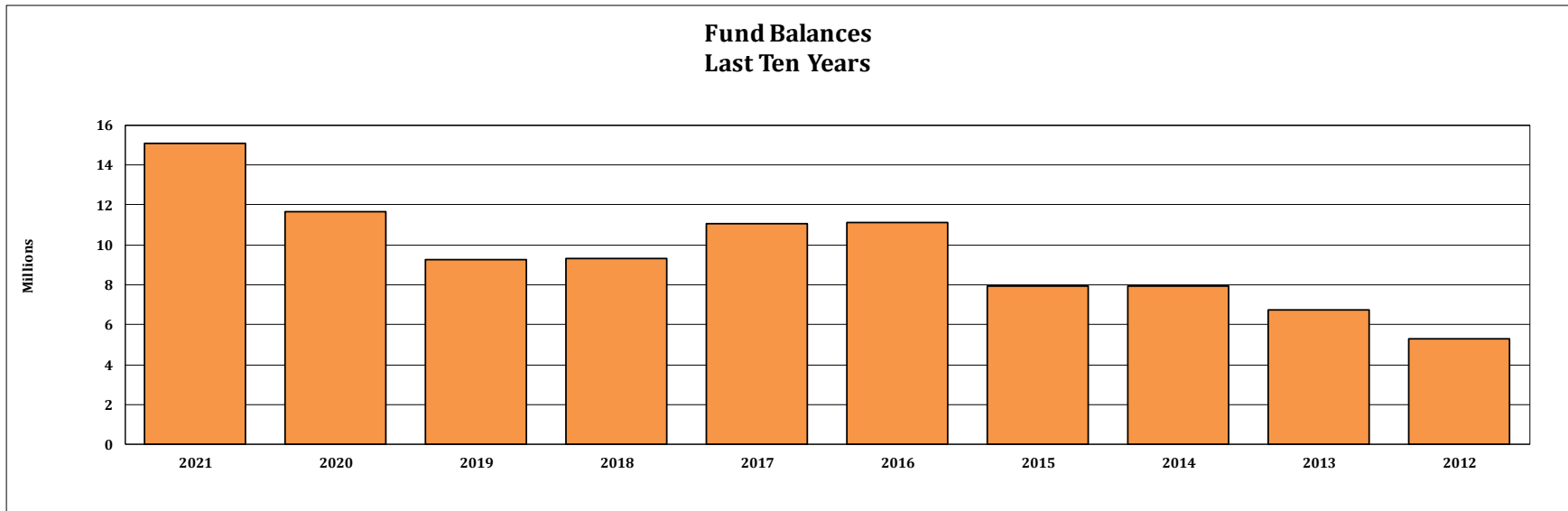
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities										
General government	\$ 2,412,425	\$ 2,526,221	\$ 2,309,817	\$ 2,310,568	\$ 2,294,640	\$ 2,163,331	\$ 1,308,686	\$ 1,871,895	\$ 1,632,713	\$ 1,696,708
Public safety	11,187,488	11,212,547	11,233,362	10,833,457	9,477,333	8,993,278	8,722,730	8,044,957	7,882,241	7,697,570
Public works	2,027,300	1,707,400	2,298,715	1,834,124	1,673,405	1,658,783	1,483,408	1,728,115	1,814,913	1,655,579
Culture and recreation	1,335,937	1,366,457	1,504,825	1,322,566	1,413,812	1,690,579	1,561,445	1,383,781	1,378,850	1,353,831
Community development	281,047	177,017	641,838	836,338	286,185	962,778	309,197	498,846	655,614	539,858
Interest expense and debt issuance costs	57,002	27,312	42,217	60,526	92,027	56,212	-	-	-	-
Total governmental activities expenses	17,301,199	17,016,954	18,030,774	17,197,579	15,237,402	15,524,961	13,385,466	13,527,594	13,364,331	12,943,546
Business-type activities										
Electric	26,553,376	24,023,259	28,115,878	28,240,579	25,729,659	26,383,643	26,082,326	27,588,665	25,296,812	32,925,694
Gas	7,637,569	5,760,745	6,790,538	6,762,534	5,564,198	5,089,708	5,513,289	7,263,637	7,033,202	6,531,657
Water	4,412,363	4,779,583	4,093,906	3,639,107	3,462,915	7,047,612	3,394,584	3,296,954	3,123,219	2,950,841
Sewer	9,189,602	8,434,520	9,756,565	9,729,758	7,981,669	6,290,729	5,891,206	5,555,216	5,185,515	5,260,073
Swimming pool	1,156,886	998,616	1,144,533	843,447	-	163,013	-	-	-	-
Sanitation	3,418,335	3,239,985	3,348,653	3,106,776	2,857,397	2,984,839	2,493,738	2,465,248	2,322,274	2,205,691
Parking, traffic and street lights	2,156,532	1,224,552	1,204,108	1,240,160	998,553	987,489	968,851	857,249	761,190	760,007
Storm Sewer	495,671	498,927	580,002	383,574	389,564	370,805	264,641	-	-	-
Total business-type activities expenses	55,020,334	48,960,187	55,034,183	53,945,935	46,983,955	49,317,838	44,608,635	47,026,969	43,722,212	50,633,963
Total primary government expenses	\$ 72,321,533	\$ 65,977,141	\$ 73,064,957	\$ 71,143,514	\$ 62,221,357	\$ 64,842,799	\$ 57,994,101	\$ 60,554,563	\$ 57,086,543	\$ 63,577,509
Program revenues										
Governmental activities										
Charges for services										
General government	\$ 474,964	\$ 477,850	\$ 473,285	\$ 505,679	\$ 572,926	\$ 532,334	\$ 471,697	\$ 360,506	\$ 455,531	\$ 334,574
Public safety	2,989,390	2,866,093	2,005,498	1,855,468	1,941,723	1,874,555	1,883,333	1,997,494	1,717,115	1,692,575
Public works	4,374	1,663	9,810	5,720	3,770	2,650	2,695	1,784	1,845	806
Culture and recreation	147,382	106,227	204,366	188,537	216,967	417,064	365,388	355,229	402,534	438,791
Community development	-	-	-	-	-	-	-	-	-	-
Interest expense and debt issuance costs	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	6,205,849	2,669,592	2,375,110	2,446,371	1,781,090	2,614,177	1,688,126	2,431,255	2,746,623	2,089,208
Capital grants and contributions	209,478	79,490	529,058	148,045	42,044	346,069	253,796	964,645	1,325,376	171,505
Total governmental activities program revenues	10,031,437	6,200,915	5,597,127	5,149,820	4,558,520	5,786,849	4,665,035	6,110,913	6,649,024	4,727,459
Business-type activities										
Charges for services										
Electric	28,986,441	27,661,278	29,104,394	29,785,076	28,452,711	29,385,789	30,286,293	31,695,974	31,914,866	31,823,441
Gas	7,860,850	7,136,435	7,890,056	7,772,848	6,838,981	5,470,742	6,261,957	9,105,354	8,273,829	7,368,579
Water	4,236,182	3,730,901	3,675,609	4,026,888	3,638,154	3,356,786	3,142,529	3,150,530	3,101,815	3,460,555
Sewer	7,316,151	7,110,699	6,973,566	6,642,974	6,633,050	5,864,946	5,567,270	5,376,373	5,507,845	5,317,072
Swimming pool	615,111	373,201	637,857	570,671	2,987	-	-	-	-	-
Sanitation	3,525,576	3,474,556	3,123,263	3,065,612	3,057,311	2,966,732	2,440,813	2,475,937	2,452,154	1,997,409
Parking, traffic and street lights	167,532	115,045	199,091	345,217	141,881	153,300	197,041	206,656	179,281	168,168
Storm Sewer	518,728	576,827	410,513	403,705	397,739	296,377	295,362	-	-	-
Operating grants and contributions	4,469,635	976,785	756,431	979,885	328,881	385,322	239,650	284,758	264,847	139,192
Capital grants and contributions	229,894	156,694	1,371,007	15,615	2,179,904	7,141,427	11,740,114	11,506,390	2,484,348	3,643,331
Total business-type activities program revenues	57,926,100	51,312,421	54,141,787	53,608,491	51,671,599	55,021,421	60,171,029	63,801,972	54,178,985	53,917,747
Total primary government program revenues	\$ 67,957,537	\$ 57,513,336	\$ 59,738,914	\$ 58,758,311	\$ 56,230,119	\$ 60,808,270	\$ 64,836,064	\$ 69,912,885	\$ 60,828,009	\$ 58,645,206

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net (expense)/revenue										
Governmental activities	\$ (7,269,762)	\$ (10,816,039)	\$ (12,433,647)	\$ (12,047,759)	\$ (10,678,882)	\$ (9,738,112)	\$ (8,720,431)	\$ (7,416,681)	\$ (6,715,307)	\$ (8,216,087)
Business-type activities	2,905,766	2,352,234	(892,396)	(337,444)	4,687,644	5,703,583	15,562,394	16,775,003	10,456,773	3,283,784
Total primary government net expenses	<u>\$ (4,363,996)</u>	<u>\$ (8,463,805)</u>	<u>\$ (13,326,043)</u>	<u>\$ (12,385,203)</u>	<u>\$ (5,991,238)</u>	<u>\$ (4,034,529)</u>	<u>\$ 6,841,963</u>	<u>\$ 9,358,322</u>	<u>\$ 3,741,466</u>	<u>\$ (4,932,303)</u>
General revenues and other changes in net position										
Governmental activities										
Taxes										
Property taxes, levied for general purposes	\$ 4,951,190	\$ 4,909,050	\$ 4,925,542	\$ 4,874,490	\$ 4,647,594	\$ 4,651,001	\$ 4,142,267	\$ 4,079,972	\$ 3,871,122	\$ 3,860,019
Real estate transfer tax	1,281,684	1,217,623	1,330,528	527,862	467,067	649,324	779,004	317,334	261,049	296,618
Earned income tax	927,983	631,580	571,571	2,179,319	1,999,358	2,130,470	1,853,327	1,840,955	1,804,341	1,753,574
Local services tax	2,509,252	2,291,675	2,254,401	879,616	824,411	921,024	702,097	797,699	729,747	747,799
Property taxes, levied for specific purposes	783,031	808,573	851,113	1,278,483	504,460	503,954	491,328	486,642	-	-
Other taxes	29,193	74,371	87,937	91,285	90,970	82,118	74,975	60,819	62,682	14,803
Gain on sale of assets	-	-	-	-	-	-	-	-	(13,184)	-
Unrestricted contributions and grants	-	-	-	-	-	-	-	-	-	-
Unrestricted investment earnings (losses)	(114,930)	123,411	546,761	214,420	149,219	2,108	35,331	20,707	11,165	19,745
Miscellaneous income	73,458	468,005	80,565	16,603	36,190	25,245	39,477	16,612	29,829	10,557
Transfer of capital assets	-	-	-	-	-	-	(3,076,765)	-	-	-
Transfers	1,648,985	2,233,411	1,897,843	1,953,168	1,907,594	1,632,974	2,323,202	882,914	1,646,297	(2,143,515)
Total governmental activities	<u>\$ 12,089,846</u>	<u>\$ 12,757,699</u>	<u>\$ 12,546,261</u>	<u>\$ 12,015,246</u>	<u>\$ 10,626,863</u>	<u>\$ 10,598,218</u>	<u>\$ 7,364,243</u>	<u>\$ 8,503,654</u>	<u>\$ 8,403,048</u>	<u>\$ 4,559,600</u>
Business-type activities										
Unrestricted investment earnings (losses)	\$ (468,837)	\$ 617,561	\$ 2,262,408	\$ 753,807	\$ 604,900	\$ (1,158)	\$ 101,695	\$ 90,602	\$ 41,143	\$ 60,705
Miscellaneous income	835,016	56,887	97,827	67,518	60,323	50,670	30,679	23,638	74,087	42,013
Transfer of capital assets	-	-	-	-	-	-	3,076,765	-	-	-
Transfers	(1,648,985)	(2,233,411)	(1,897,843)	(1,953,168)	(1,907,594)	(1,632,974)	(2,323,202)	(882,914)	(1,646,297)	2,143,515
Total business-type activities	<u>\$ (1,282,806)</u>	<u>\$ (1,558,963)</u>	<u>\$ 462,392</u>	<u>\$ (1,131,843)</u>	<u>\$ (1,242,371)</u>	<u>\$ (1,583,462)</u>	<u>\$ 885,937</u>	<u>\$ (768,674)</u>	<u>\$ (1,531,067)</u>	<u>\$ 2,246,233</u>
Total primary government	<u>\$ 10,807,040</u>	<u>\$ 11,198,736</u>	<u>\$ 13,008,653</u>	<u>\$ 10,883,403</u>	<u>\$ 9,384,492</u>	<u>\$ 9,014,756</u>	<u>\$ 8,250,180</u>	<u>\$ 7,734,980</u>	<u>\$ 6,871,981</u>	<u>\$ 6,805,833</u>
Change in net position										
Governmental activities	4,820,084	1,941,660	112,614	(32,513)	(52,019)	860,106	(1,356,188)	1,086,973	1,687,741	(3,656,487)
Business-type activities	1,622,960	793,271	(430,004)	(1,469,287)	3,445,273	4,120,121	16,448,331	16,006,329	8,925,706	5,530,017
Total primary government change in net position	<u>\$ 6,443,044</u>	<u>\$ 2,734,931</u>	<u>\$ (317,390)</u>	<u>\$ (1,501,800)</u>	<u>\$ 3,393,254</u>	<u>\$ 4,980,227</u>	<u>\$ 15,092,143</u>	<u>\$ 17,093,302</u>	<u>\$ 10,613,447</u>	<u>\$ 1,873,530</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General fund										
Unassigned	\$ 5,853,214	\$ 3,751,167	\$ 1,975,135	\$ 1,827,338	\$ 1,678,221	\$ 2,083,562	\$1,993,240	\$2,532,654	\$2,746,679	\$1,450,260
Total general fund	<u>5,853,214</u>	<u>3,751,167</u>	<u>1,975,135</u>	<u>1,827,338</u>	<u>1,678,221</u>	<u>2,083,562</u>	<u>1,993,240</u>	<u>2,532,654</u>	<u>2,746,679</u>	<u>1,450,260</u>
All other governmental funds										
Nonspendable for long term receivables	-	-	-	-	-	2,553,604	203,916	229,855	241,387	237,186
Restricted	9,234,534	7,897,035	7,272,595	7,500,763	9,395,181	6,468,551	5,768,717	5,202,061	3,733,658	3,615,146
Total all other governmental funds	<u>9,234,534</u>	<u>7,897,035</u>	<u>7,272,595</u>	<u>7,500,763</u>	<u>9,395,181</u>	<u>9,022,155</u>	<u>5,972,633</u>	<u>5,431,916</u>	<u>3,975,045</u>	<u>3,852,332</u>
Total governmental funds	<u>\$ 15,087,748</u>	<u>\$ 11,648,202</u>	<u>\$ 9,247,730</u>	<u>\$ 9,328,101</u>	<u>\$11,073,402</u>	<u>\$11,105,717</u>	<u>\$7,965,873</u>	<u>\$7,964,570</u>	<u>\$6,721,724</u>	<u>\$5,302,592</u>



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

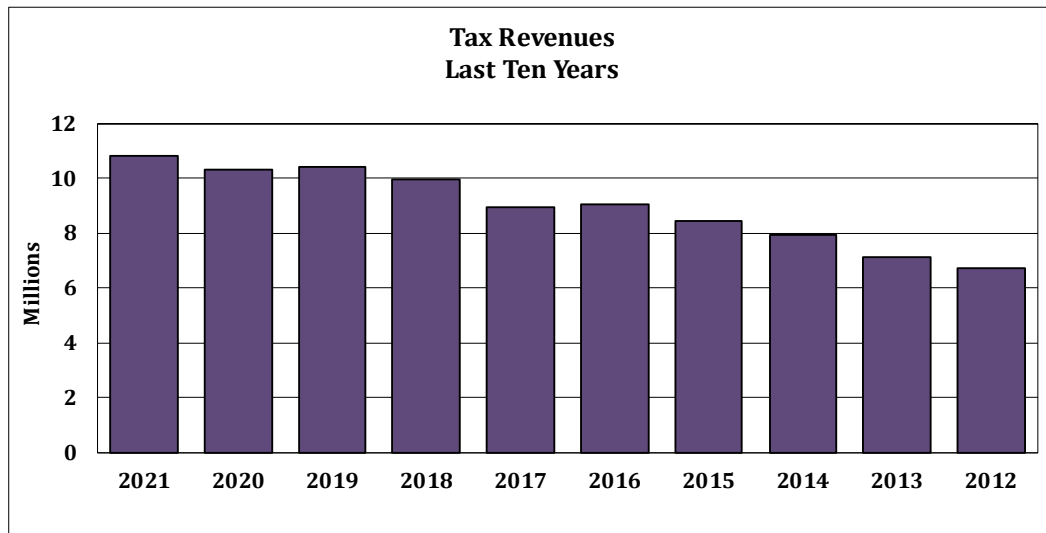
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
REVENUES										
Real estate taxes	\$ 6,263,764	\$ 6,281,391	\$ 6,410,379	\$ 6,165,850	\$ 5,236,759	\$ 5,203,376	\$ 4,640,063	\$ 4,698,871	\$ 3,991,164	\$ 3,783,960
Local enabling taxes	4,210,058	3,670,098	3,687,425	3,461,434	3,309,731	3,523,969	3,500,815	2,970,211	2,780,009	2,588,481
Licenses and permits	470,601	459,418	465,688	416,535	501,057	450,972	380,070	332,478	381,972	349,126
Fines and forfeits	136,342	138,118	163,345	163,076	152,342	162,220	174,703	182,691	169,126	147,438
Investment earnings and unrealized investment gains (losses)	(72,237)	83,333	389,448	154,467	107,624	4,723	27,537	13,914	7,363	12,817
Intergovernmental	5,064,429	2,649,087	2,420,486	2,436,541	1,753,564	2,949,843	1,939,468	3,357,515	3,674,830	2,055,872
Charges for services	2,809,422	2,669,553	1,930,873	1,839,269	1,881,459	2,078,112	2,016,983	2,062,651	1,844,936	1,840,196
Miscellaneous	442,895	673,429	248,777	310,857	304,994	200,400	212,589	187,075	257,232	220,524
Contributions and donations	-	-	-	-	-	-	71,190	4,636	349,025	124,660
Total revenues	19,325,274	16,624,427	15,716,421	14,948,029	13,247,530	14,573,615	12,963,418	13,810,042	13,455,657	11,123,074
EXPENDITURES										
Current:										
General government	1,783,436	1,861,164	1,502,941	1,757,702	1,585,185	1,872,101	1,512,044	1,321,670	1,287,815	1,098,876
Public safety										
Police department	6,304,665	5,259,465	4,926,420	4,722,850	4,915,151	4,502,431	4,480,390	4,175,714	3,980,135	4,065,329
Emergency services	5,341,510	5,559,600	5,034,134	4,656,601	3,852,942	3,948,697	3,741,239	3,581,379	3,396,910	3,210,618
Planning and zoning	890,057	749,548	619,356	611,478	580,913	556,019	527,330	432,463	474,599	329,461
General health and ambulance service	-	-	-	-	-	-	-	-	-	-
Public works										
Highways	2,075,230	1,000,607	2,841,386	3,393,966	2,348,063	2,943,465	2,405,159	2,591,445	2,396,425	1,442,803
Culture and recreation	1,078,564	1,114,439	2,093,053	1,859,422	1,368,958	1,509,699	1,486,241	1,508,108	1,220,489	1,164,260
Community development	251,241	79,315	578,277	175,058	90,258	664,353	258,376	237,696	681,306	521,509
Bond reallocation	-	-	-	(1,177,163)	-	-	-	-	-	-
Debt service	101,743	74,998	88,557	141,071	68,724	-	-	-	-	-
Total expenditures	17,826,446	15,699,136	17,684,124	16,140,985	14,810,194	15,996,765	14,410,779	13,848,475	13,437,679	11,832,856
Excess (deficiency) of revenues over expenditures	1,498,828	925,291	(1,967,703)	(1,192,956)	(1,562,664)	(1,423,150)	(1,447,361)	(38,433)	17,978	(709,782)
OTHER FINANCING SOURCES (USES)										
Proceeds from long term financing	1,093,408	-	-	-	-	2,500,000	-	-	-	-
Payment to refund long term debt	(1,110,462)	-	-	-	-	-	-	-	-	-
Bond premium	44,481	-	-	-	-	26,457	-	-	-	-
Transfers in (out)	1,913,291	1,574,262	1,762,332	1,801,981	1,530,349	2,332,546	1,880,728	1,281,279	1,401,154	982,926
Total other financing sources and uses	1,940,718	1,574,262	1,762,332	1,801,981	1,530,349	4,859,003	1,880,728	1,281,279	1,401,154	982,926
Net change in fund balances	\$ 3,439,546	\$ 2,499,553	\$ (205,371)	\$ 609,025	\$ (32,315)	\$ 3,435,853	\$ 433,367	\$ 1,242,846	\$ 1,419,132	\$ 273,144
Debt service as a percentage of non-capital expenditures	0.64%	0.49%	0.58%	1.06%	0.52%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt service as a percentage of total expenditures	0.57%	0.48%	0.50%	0.87%	0.46%	0.00%	0.00%	0.00%	0.00%	0.00%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Function/Program										
Governmental activities										
General government	\$ 553,223	\$ 574,078	\$ 523,299	\$ 552,302	\$ 611,628	\$ 571,757	\$ 509,291	\$ 394,215	\$ 488,079	\$ 366,191
Public safety	7,681,039	4,590,305	2,982,806	2,657,455	2,739,885	3,255,179	2,641,513	3,274,261	3,204,865	2,639,445
Public works	937,170	733,828	1,218,990	804,633	667,308	951,794	777,088	1,442,069	1,763,380	564,311
Culture and recreation	501,519	184,390	287,285	328,588	307,425	546,375	510,254	444,977	501,333	550,572
Community development	358,486	118,314	584,747	806,842	232,274	461,744	226,889	555,391	691,367	606,940
Subtotal governmental activities	<u>10,031,437</u>	<u>6,200,915</u>	<u>5,597,127</u>	<u>5,149,820</u>	<u>4,558,520</u>	<u>5,786,849</u>	<u>4,665,035</u>	<u>6,110,913</u>	<u>6,649,024</u>	<u>4,727,459</u>
Business-type activities										
Electric	29,083,755	27,751,332	29,169,265	29,852,876	28,520,022	29,439,209	30,362,435	31,747,722	31,982,784	32,759,537
Gas	7,932,560	7,758,438	7,968,093	7,802,151	6,903,776	5,522,223	6,301,368	9,182,534	8,388,751	7,530,410
Water	4,362,380	3,777,874	3,714,052	4,065,500	3,688,443	3,633,235	3,285,875	3,176,857	3,222,033	3,481,859
Sewer	7,655,357	7,293,639	8,326,263	6,700,742	8,568,501	12,701,697	17,022,054	16,925,664	7,925,879	7,933,656
Swimming pool	898,921	376,630	640,606	604,354	3,084	-	-	-	-	-
Sanitation	4,213,256	3,512,315	3,223,561	3,121,790	3,128,892	3,007,119	2,682,626	2,545,943	2,476,723	2,034,451
Parking, traffic and street lights	3,064,593	261,603	683,936	664,566	165,662	344,294	221,309	223,252	182,815	177,834
Storm sewer	715,278	580,590	416,011	796,512	693,219	373,644	295,362	-	-	-
Subtotal business type activities	<u>57,926,100</u>	<u>51,312,421</u>	<u>54,141,787</u>	<u>53,608,491</u>	<u>51,671,599</u>	<u>55,021,421</u>	<u>60,171,029</u>	<u>63,801,972</u>	<u>54,178,985</u>	<u>53,917,747</u>
Total primary government	<u>\$ 67,957,537</u>	<u>\$ 57,513,336</u>	<u>\$ 59,738,914</u>	<u>\$ 58,758,311</u>	<u>\$ 56,230,119</u>	<u>\$ 60,808,270</u>	<u>\$ 64,836,064</u>	<u>\$ 69,912,885</u>	<u>\$ 60,828,009</u>	<u>\$ 58,645,206</u>

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

Fiscal Year	Real Estate	Fire Tax	Rec Tax	Real Estate Transfer	Earned Income	Local Services Tax	Cable TV Franchise Fees	Payments in Lieu of Taxes	Total
2021	\$ 4,996,627	\$ 614,510	\$ 623,434	\$ 927,983	\$ 2,479,988	\$ 802,087	\$ 339,160	\$ 29,193	\$ 10,812,982
2020	4,960,660	626,475	619,885	631,580	2,245,438	793,080	351,745	74,371	10,303,234
2019	4,983,967	723,909	614,566	571,571	2,260,255	855,599	329,370	87,937	10,427,174
2018 (2)	4,810,476	693,708	570,381	527,862	2,085,361	848,211	327,440	91,285	9,954,724
2017	4,642,262	503,527	-	467,067	2,007,026	835,638	370,183	90,970	8,916,673
2016	4,618,625	502,633	-	649,324	2,047,354	827,291	328,660	82,118	9,056,005
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



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

(2) Beginning in 2018, the Borough assessed the Rec and Ambulance 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

	<-----Direct Rate----->				<-----Overlapping Debt----->		
Tax Year	General Real Estate Tax	Fire Tax	Recreation Tax	Total Direct	Chambersburg Area Sch Dist	Franklin County	Franklin County Library
2021	24.00	3.00	3.00	30.00	118.93	29.10	1.30
2020	24.00	3.00	3.00	30.00	118.93	29.10	1.30
2019	24.00	3.50	3.00	30.50	115.02	29.10	1.05
2018	(2) 24.00	3.50	3.00	30.50	109.65	27.60	1.05
2017	23.00	2.50	0.00	25.50	105.94	27.60	1.05
2016	23.00	2.50	0.00	25.50	101.38	27.60	1.05
2015	21.00	2.50	0.00	23.50	98.43	25.65	1.05
2014	(1) 21.00	2.50	0.00	23.50	96.12	25.65	1.05
2013	20.00	0.00	0.00	20.00	93.69	25.65	1.05
2012	20.00	0.00	0.00	20.00	92.76	25.15	0.8

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

(2) Beginning in 2018, the Borough assessed the Recreation and Ambulance Tax.

Sources: Borough of Chambersburg Annual Comprehensive 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

Fiscal Year Ended December 31,	Agricultural Property	Residential Property	Commercial Property	Industrial Property	Vacant Property	Tax Exempt Property	Total Estimated Assessed Value	Total Taxable Assessed Value	Chambersburg Municipal Millage Rate
2021	\$ 261,350	\$ 105,404,970	\$ 90,870,320	\$ 9,082,920	\$ 2,531,060	\$ 64,754,250	\$ 272,904,870	\$ 208,150,620	30.00
2020	261,350	104,446,330	90,699,630	8,971,330	2,622,730	63,422,220	270,423,590	207,001,370	30.00
2019	260,750	103,229,980	90,313,750	8,964,040	2,561,670	64,230,330	269,560,520	205,330,190	30.50
2018	260,750	102,577,140	88,126,100	9,154,210	2,731,070	63,312,530	266,161,800	202,849,270	30.50
2017	260,750	101,871,080	87,433,470	9,154,210	2,694,580	63,321,240	264,735,330	201,414,090	25.50
2016	260,750	101,261,800	85,226,210	9,157,860	2,516,020	62,793,580	261,216,220	198,422,640	25.50
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

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

Schedule 9
Borough of Chambersburg, PA
Principal Taxpayers
December 31, 2021 and December 31, 2012

December 31, 2021

Taxpayer	Estimated Actual Values of Real Property (1)	Rank	Percentage of Assessed Valuation
Chbg Health Srv/Chbg Hospital	\$ 18,722,610	1	8.99%
Menno Haven	5,865,820	2	2.82%
Chambersburg MZL LLC	4,861,610	3	2.34%
Dawson Logistics/Exeter (formerly Icon Chambersburg)	3,626,640	4	1.74%
Wilsey/Holsum LLC (Ventura)	2,849,540	5	1.37%
ProLogis	2,199,600	6	1.06%
Wayne Avenue Plaza	1,628,060	7	0.78%
Chambersburg Cold Storage LP	1,491,010	8	0.72%
Cabot III	1,393,600	9	0.67%
Tanya K. Nitterhouse	1,173,340	10	0.56%
	<u>\$ 43,811,830</u>		<u>21.05%</u>
Total Taxable Assessed Valuation	<u>\$ 208,150,620</u>		

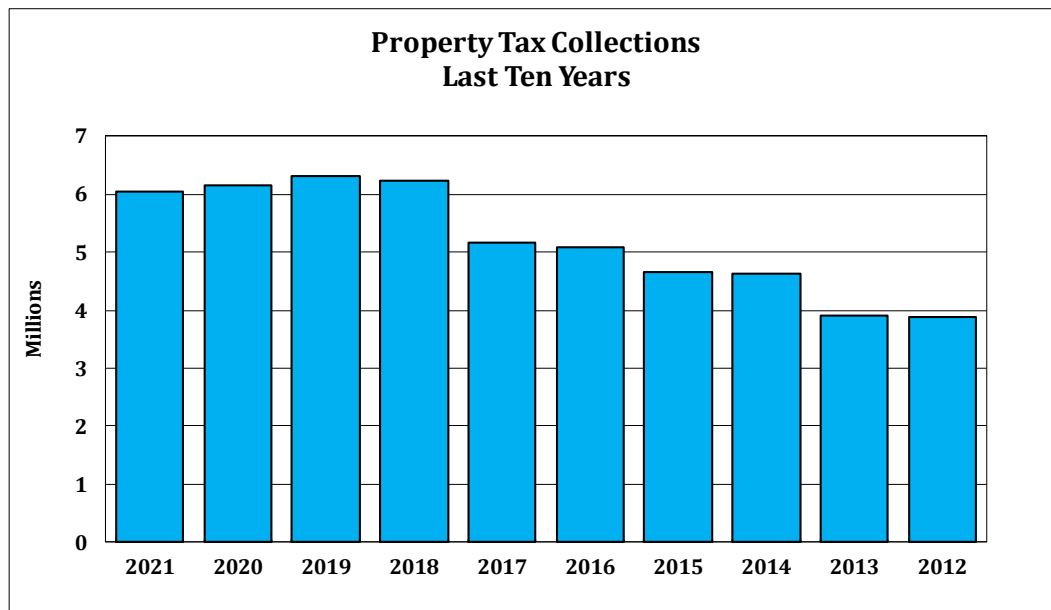
December 31, 2012

Taxpayer	Estimated Actual Values of Real Property (1)	Rank	Percentage of Assessed Valuation
Chambersburg Health Services/Chambersburg Hospital	\$ 12,578,910	1	6.52%
Menno Haven	5,485,100	2	2.84%
Chambersburg Crossing LP	5,043,000	3	2.61%
American Real Estate	2,340,650	4	1.21%
Wilsey/Holsum LLC (Ventura)	2,219,730	5	1.15%
ProLogis	1,780,100	6	0.92%
Wayne Avenue Plaza	1,628,060	7	0.84%
Chambersburg Cold Storage	1,491,010	8	0.77%
Tanya K. Nitterhouse	1,338,020	9	0.69%
Chambersburg Area Development Corporation	1,225,230	10	0.64%
	<u>\$ 35,129,810</u>		<u>18.21%</u>
Total Taxable Assessed Valuation	<u>\$ 192,885,430</u>		

Sources: Borough of Chambersburg Annual Comprehensive 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
2021	\$ 6,279,466	\$ 6,045,787	96.28%	\$ -	\$ 6,045,787	96.28%
2020	6,227,429	5,958,333	95.68%	177,673	6,136,006	98.53%
2019	6,310,516	5,973,537	94.66%	336,056	6,309,593	99.99%
2018 (4)	6,228,091	5,894,675	94.65%	332,513	6,227,188	99.99%
2017	5,148,320	4,874,759	94.69%	272,735	5,147,494	99.98%
2016 (1)	5,078,752	4,819,617	94.90%	256,164	5,075,781	99.94%
2015	4,663,215	4,377,257	93.87%	283,758	4,661,015	99.95%
2014 (2)(3)	4,617,616	4,387,275	95.01%	229,318	4,616,593	99.98%
2013	3,897,692	3,650,686	93.66%	246,449	3,897,135	99.99%
2012	3,872,274	3,593,392	92.80%	278,374	3,871,766	99.99%



- (1) The Borough's property tax mill rate increased from 21.0 to 23.0, an increase of 9.52%.
 - (2) The Borough's property tax mill rate increased from 20.0 to 21.0, an increase of 5.00%.
 - (3) Beginning in 2014, the Borough assessed the Fire Tax.
 - (4) Beginning in 2018, the Borough assessed the Recreation and Ambulance Tax.
- 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
2021	1.00%	\$ 2,434,788	\$ 69,401	\$ 2,365,387
2020	1.00%	2,269,128	69,752	2,199,376
2019	1.00%	2,266,461	85,649	2,180,812
2018	1.00%	2,110,276	72,465	2,037,811
2017	1.00%	2,027,449	75,103	1,952,346
2016	1.00%	2,076,926	84,475	1,992,451
2015	1.00%	1,900,774	57,461	1,843,313
2014	1.00%	1,900,071	60,254	1,839,817
2013	1.00%	1,763,576	50,104	1,713,472
2012	1.00%	1,726,825	41,883	1,684,942

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	2020 (1)	2019	2018	2017	2016	2015	2014	2013	2012	2011
> \$1,000,000	1	4	5	2	1	3	0	1	1	0
\$500,000 - 999,999	13	8	8	12	14	8	14	6	15	12
\$200,000 - 499,000	70	74	68	64	66	55	67	58	45	64
\$100,000 - 199,000	330	313	306	287	270	211	232	187	183	192
\$50,000 - 99,000	1,869	1,873	1,806	1,800	1,780	1,466	1,583	1,347	1,365	1,453
<\$49,999	6,074	6,502	7,997	7,933	7,918	6,811	8,238	7,046	7,135	6,923
Total	8,357	8,774	10,190	10,098	10,049	8,554	10,134	8,645	8,744	8,644

% of total earned income taxes paid										
Income Range	2020 (1)	2019	2018	2017	2016	2015	2014	2013	2012	2011
> \$1,000,000	0.53%	1.36%	1.87%	0.73%	0.59%	1.27%	0.00%	0.37%	0.61%	0.00%
\$500,000 - 999,999	2.55%	1.58%	1.41%	2.17%	2.93%	1.83%	3.11%	1.53%	3.21%	2.76%
\$200,000 - 499,000	6.00%	6.54%	5.89%	5.21%	5.88%	6.19%	6.73%	6.75%	5.07%	6.85%
\$100,000 - 199,000	12.96%	12.04%	11.54%	10.63%	10.20%	9.45%	9.31%	8.73%	8.63%	8.64%
\$50,000 - 99,000	38.80%	37.18%	35.76%	35.26%	35.07%	34.48%	32.69%	32.73%	32.89%	32.50%
<\$49,999	39.16%	41.30%	43.53%	46.00%	45.33%	46.78%	48.16%	49.89%	49.59%	49.25%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Total Personal Income	\$324,085,038	\$337,873,929	\$333,510,853	\$338,462,263	\$336,932,927	\$282,437,017	\$319,408,262	\$306,751,179	\$310,489,463	\$296,903,258
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(1) Information for year ended 12/31/2021 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

Fiscal Year	Governmental Activities (1)				Business Type Activities (1)										Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Administrative Services General Obligation Notes	Electric Department General Obligation Bonds	Electric Department General Obligation Notes	Gas Department General Obligation Notes	Sewer Treatment Plant General Obligation Bonds	Sewer Treatment Plant General Obligation Notes	Water Plant General Obligation Bonds	Water Plant Revenue Notes Payable (2)	Sanitation Department General Obligation Bonds	Sanitation Department General Obligation Notes	Swimming Pool General Obligation Bonds	Administrative Services General Obligation Notes				
2021	\$ 1,137,797	\$ 2,129,324	\$11,882,008	\$ -	\$ -	\$ 4,669,903	\$ -	\$ 8,051,155	\$ -	\$ 1,792,084	\$ -	\$7,535,580	\$ 6,608,155	\$43,806,006	7.830%	2,000	
2020	1,177,460	2,458,894	12,635,624	1,101,101	-	-	4,738,899	8,345,029	-	1,193,905	693,010	7,704,219	6,591,139	\$46,639,280	8.004%	2,164	
2019	1,222,613	2,333,531	14,429,310	1,161,435	-	-	4,998,565	-	-	-	773,511	7,988,188	7,015,552	\$39,922,705	7.066%	1,888	
2018	1,266,583	2,432,984	5,885,427	1,221,769	-	-	5,258,231	-	-	-	849,160	8,264,034	7,198,783	\$32,376,971	6.337%	1,540	
2017	2,524,117	736,651	7,290,599	1,282,103	-	-	5,517,897	-	-	-	922,420	7,319,938	2,137,971	\$27,731,696	5.962%	1,328	
2016	2,526,457	-	8,996,973	1,342,437	-	185,081	5,777,562	-	-	-	993,365	7,326,725	-	\$27,148,600	6.296%	1,312	
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	4.732%	987	
2013	-	-	12,220,000	1,508,357	38,417	1,315,000	58,667	-	2,463,360	-	-	-	-	\$17,603,801	4.220%	858	
2012	-	-	13,217,900	27,467	38,417	1,847,100	58,667	-	2,649,126	-	-	-	-	\$17,838,677	4.209%	873	

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

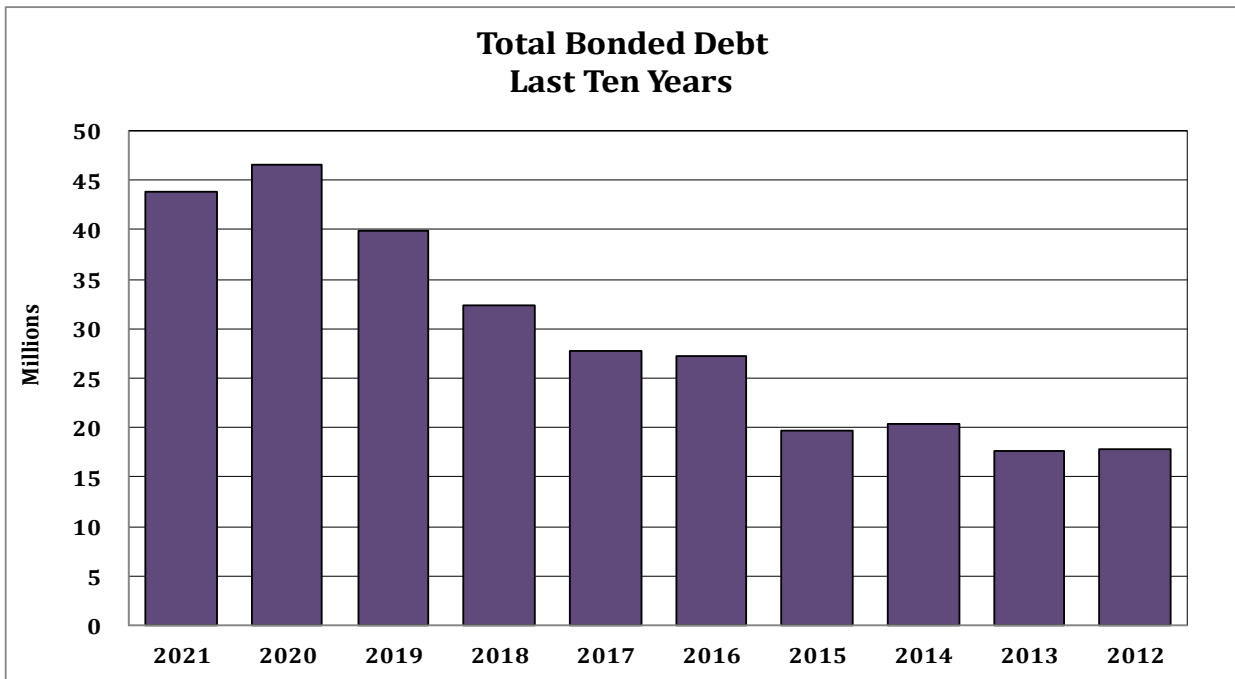
(2) Various water projects financed via the Commonwealth of Pennsylvania's Pennvest loan program.

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

	Net Non-electoral debt	Lease rental debt	Total Primary Government	% of Assessed Valuation	Debt per Capita
2021	\$ 43,806,006	\$ -	\$ 43,806,006	21.05%	2,000
2020	46,639,280	-	46,639,280	22.53%	2,164
2019	39,922,705	-	39,922,705	19.44%	1,888
2018	32,376,971	-	32,376,971	15.96%	1,540
2017	27,731,696	-	27,731,696	13.77%	1,328
2016	27,148,600	-	27,148,600	13.68%	1,312
2015	19,647,212	-	19,647,212	9.93%	950
2014	20,329,202	-	20,329,202	10.38%	987
2013	17,603,801	-	17,603,801	9.06%	858
2012	17,838,677	-	17,838,677	9.25%	873



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 %
2021	\$ 69,046,385	\$ 172,615,963	\$ 43,806,006	\$ 128,809,957	74.62%
2020	67,407,971	168,519,928	46,639,280	121,880,648	72.32%
2019	65,870,111	164,675,278	39,922,705	124,752,573	75.76%
2018	64,522,316	161,305,789	32,376,971	128,928,818	79.93%
2017	62,572,053	156,430,133	27,731,696	128,698,437	82.27%
2016	62,459,273	156,148,183	27,148,600	128,999,583	82.61%
2015	60,905,538	152,263,844	19,647,212	132,616,632	87.10%
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%

(1) Legal Debt Margin: (12/31/2021)

a	Average revenues past 3 yrs	\$ 69,046,385	(\$207,139,156 / 3)
b	Legal debt limit (2.5 time average rev)	172,615,963	
c	Debt outstanding @ 12/31/2021	43,806,006	
	Legal Debt Margin (b-c)	\$ 128,809,957	

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, 2021

Jurisdiction	Total Debt Outstanding	Estimated Percentage Applicable (a)	Amount Applicable To Borough of Chbg
Direct			
Borough of Chambersburg (Governmental Activities)	\$ 3,267,121		\$ 3,267,121
Overlapping			
Chambersburg School Dist	133,648,000	28.3971%	37,952,134
County of Franklin	<u>75,260,026</u>	13.2910%	<u>10,002,794</u>
Total overlapping debt	<u>208,908,026</u>		<u>47,954,928</u>
Total	<u>\$ 212,175,147</u>		<u>\$ 51,222,049</u>

(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 Annual Comprehensive 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	
2014	(2)	\$ 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

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

(2) During 2014, the outstanding balance of the PENNVEST loan was paid in full.

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

Fiscal Year	Population (1)	Per Capita Personal Income (1)	Per Capita Household Income (5)	Median Household Income (1)	Median Age (1)	Educational Attainment Bachelor's Degree or Higher (1)	School Enrollment (1)	Unemployment Rate (5)	Median Value of Residential Property (1)	Total Assessed Property Value (2)	Total Personal Income (3)
2021	21,903	\$ 25,542	\$ 63,480	\$ 48,662	39.8	23.20%	4,893	5.90%	\$ 156,900	\$ 208,150,620	(4)
2020	21,553	27,037	63,480	49,023	37.6	27.10%	4,893	4.70%	154,700	207,001,370	324,085,038
2019	21,143	26,721	57,246	47,963	37.1	23.80%	4,595	6.90%	158,700	205,330,190	337,873,929
2018	21,029	24,297	57,246	45,846	35.4	23.40%	4,595	6.90%	158,100	202,849,270	333,510,853
2017	20,878	22,278	52,895	42,432	35.9	21.10%	4,644	8.30%	156,700	201,414,090	338,462,263
2016	20,691	20,839	51,243	41,751	35.6	22.30%	4,722	8.00%	157,300	198,422,640	336,932,927
2015	20,691	20,967	50,937	40,936	36.3	21.50%	4,548	7.70%	158,200	197,793,910	282,437,017
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

- (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 12/31/2021 not yet available
- (5) Information for year ended 12/31/2021 not available, used prior year figures

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

Employer	2021			2012		
	Employees	Rank	Percentage of Total Borough Employment	Employees	Rank	Percentage of Total Borough Employment
Wellspan (Formerly Summit Health Services)	3,650	1	13.69%	2,964	1	11.69%
Chambersburg School District	1,170	2	4.39%	1,053	2	4.15%
County of Franklin	697	3	2.62%	1,044	3	4.12%
Ventura Foods	676	4	2.54%	415	5	1.64%
Menno Haven, Inc	545	5	2.04%	593	4	2.34%
Staples Direct	526	6	1.97%	310	6	1.22%
Knouse Foods	358	7	1.34%	----		----
Farmers & Merchants Trust Co.	285	8	1.07%	285	8	1.12%
Borough of Chambersburg	246	9	0.92%	193	9	0.76%
T.B. Woods, Inc	220	10	0.83%	305	7	1.20%
K-Mart Regional Specialty Center	----		----	192	10	0.76%
Total	8,373		31.41%	7,354		28.99%
Total employees	26,653	(1)		25,365		

(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

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General government:										
Administration	3	3	3	2	2	2	2	2	2	2
Clerical	15	15	15	13	13	14	14	12	11	10
Code enforcement	4	4	4	1	1	1	1	1	2	2
Community development	1	1	1	2	1	1	1	1	1	1
Engineering	5	5	5	5	5	5	4	4	4	4
Finance	27	26	26	23	23	22	22	19	19	20
Information technology	7	6	6	5	5	5	5	5	5	5
Personnel	5	4	4	4	4	3	3	2	2	2
Planning/zoning	0	0	0	1	1	1	1	1	1	1
Public information	0	0	0	0	0	0	0	0	0	0
Public works:										
Administration	4	4	4	3	3	3	4	3	3	2
Central garage	4	4	4	4	4	4	3	3	3	3
Labor/maintenance	6	6	6	6	6	6	6	6	5	6
Sanitation	14	13	13	11	10	10	12	12	11	11
Recreation:										
Administration	2	2	2	2	2	2	2	2	2	2
Labor/maintenance	6	6	6	6	3	3	3	3	3	3
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
Public safety:										
Fire administration	2	2	2	2	2	2	2	2	2	2
Fire personnel	25	25	25	25	24	21	21	21	21	21
Police administration	1	1	1	1	1	1	1	1	1	1
Police personnel	34	34	34	35	35	35	34	32	33	31
911	0	0	0	0	0	0	0	0	0	0
Utilities:										
Administration	6	6	6	6	6	6	6	6	6	6
Electric distribution	12	11	11	9	9	9	9	9	9	9
Electric generation	12	12	12	12	12	12	11	11	11	11
Electric system maintenance	1	1	1	1	1	1	1	1	1	1
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	2	2	2	2	2	2	3	3
Water treatment plant	9	9	9	7	7	7	7	7	6	6
Sewer collection/conveyance	7	7	7	6	7	6	5	5	5	4
Sewer treatment plant	14	12	12	13	13	11	11	11	10	10
Traffic signal/street lights	3	2	2	2	2	2	1	1	1	0
Storm sewer	1	2	2	1	1	1	1	0	0	0
Totals	246	239	239	224	219	212	209	199	197	193

Source: Borough of Chambersburg Human Resources Department

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

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General government:										
Lien letter & tax certification requests	52	77	94	81	227	244	185	65	70	90
Community development:										
Building permits issued	563	534	606	578	533	556	516	444	444	384
Estimated value of construction	\$ 68,182,066	\$ 6,982,335	\$ 8,289,541	\$ 15,134,264	\$ 10,996,813	\$ 52,165,922	\$ 17,519,123	\$ 8,397,058	\$ 6,108,000	\$ 40,002,841
Occupancy permits issued	299	200	180	269	130	156	98	53	59	73
Number of planning commission Agenda items	15	15	19	24	22	29	24	15	8	11
Public works:										
Roads resurfaced (linear feet)	359	0	989	13,995	7,630	3,795	3,611	2,671	5,053	1,402
Roads reconstructed (linear feet)	4,904	0	8,744	3,592	7,115	16,495	9,490	1,932	149	5,237
Tons of snow melting salt used	291	174	664	648	347	223	919	1,322	775	482
Recreation:										
Pool attendance	59,785	38,167	75,000	68,448	0	26,000	24,900	17,300	21,500	32,035
Number of utilization events (1)	14,368	8,675	19,570	15,000	1,681	1,720	1,750	1,702	1,791	1,773
Number of consumers served	125,023	81,203	137,816	111,480	105,337	90,800	95,200	87,600	104,100	97,131
Number of seasonal programs	143	98	205	201	229	278	309	232	231	240
Police:										
Calls for service	14,082	18,639	22,304	23,548	20,784	19,784	21,392	14,650	14,639	13,743
Total arrests	1,162	1,012	1,119	1,177	1,139	1,214	1,264	1,478	1,520	1,520
Part I offenses reported (major offenses)	590	669	763	898	906	1,002	1,047	1,089	1,171	1,176
Part I offenses cleared (percentage)	45.0%	52.0%	47.0%	41.0%	41.0%	42.0%	41.0%	44.0%	39.0%	38.0%
Part II offenses reported (major offenses)	557	1,455	1,615	1,704	1,753	1,906	2,045	1,866	1,904	1,829
Part II offenses cleared (percentage)	60.0%	43.0%	37.0%	39.0%	39.0%	36.0%	33.0%	37.0%	40.0%	40.0%
DUI arrests	92	115	131	116	128	157	155	141	145	153
Fire:										
Total number of responses	1,153	878	995	1,228	926	1,044	978	869	626	861
Responses involving loss	4	4	7	1	5	5	7	6	6	0
Structure fires	33	26	44	36	30	37	49	39	46	20
Volunteer hours	1,301	54,788	62,367	71,420	73,093	72,989	79,484	83,503	83,731	81,597
False alarms/false calls	231	110	131	165	118	115	130	101	99	132
Total calls for assistance	4,576	4,302	4,351	4,211	4,260	4,167	4,113	3,992	3,772	3,503
Utilities:										
Electric department										
Units billed (kwh)	317,417,606	298,902,132	310,284,238	317,159,888	300,587,452	312,197,885	319,635,858	319,544,389	310,888,474	295,123,824
Billed revenue	\$ 28,395,165	\$ 26,909,692	\$ 28,392,847	\$ 29,021,633	\$ 27,648,682	\$ 28,589,395	\$ 29,135,014	\$ 29,951,885	\$ 30,869,982	\$ 31,174,432
Gas department										
Units billed (100 cu. ft.)	11,642,164	10,611,581	11,267,743	12,071,013	10,152,671	9,905,831	11,130,033	11,519,811	10,144,132	8,995,037
Billed revenue	\$ 7,703,799	\$ 7,134,298	\$ 7,641,459	\$ 7,883,850	\$ 6,525,268	\$ 5,263,898	\$ 6,600,376	\$ 9,315,187	\$ 7,996,195	\$ 7,260,743
Water department										
Units billed (10 cu. ft.)	13,936,575	13,938,621	13,627,727	13,720,268	13,428,778	13,869,496	14,230,754	13,660,004	13,680,994	13,796,641
Billed revenue	\$ 3,398,765	\$ 3,361,002	\$ 3,173,005	\$ 3,005,145	\$ 2,877,281	\$ 2,891,533	\$ 2,870,909	\$ 2,827,392	\$ 2,850,251	\$ 2,862,527
Sewer treatment plant department										
Units billed (10 cu. ft.)	24,979,346	23,667,641	20,368,267	27,974,980	24,569,839	23,805,582	23,047,321	24,803,706	25,504,521	25,712,303
Billed revenue	\$ 6,956,556	\$ 6,657,706	\$ 6,270,847	\$ 6,432,192	\$ 6,212,330	\$ 5,604,837	\$ 5,457,716	\$ 5,276,763	\$ 5,392,759	\$ 4,968,169
Storm sewer department										
Fees billed	8,550	8,490	8,422	8,339	8,254	8,226	8,170	-	-	-
Billed revenue	\$ 510,780	\$ 405,825	\$ 402,039	\$ 399,544	\$ 395,872	\$ 295,134	\$ 293,302	\$ -	\$ -	\$ -
Sanitation department										
Units billed (cu. yds.)	154,268	150,368	150,917	147,474	144,863	142,116	140,519	141,880	142,169	141,130
Billed revenue	\$ 3,462,572	\$ 1,475,791	\$ 1,338,749	\$ 1,311,329	\$ 1,296,451	\$ 1,268,049	\$ 1,139,021	\$ 2,377,421	\$ 2,378,282	\$ 1,946,578

(1) Recreation center usage only

Source: Borough of Chambersburg designated departments

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Function/Program										
General government:										
Square footage occupied	76,646	76,646	76,646	76,646	45,912	45,912	45,912	45,912	45,912	45,912
Inspection vehicles	6	6	6	6	4	2	1	1	1	1
Other departmental vehicles	8	8	8	8	8	8	8	7	6	6
Public works:										
Number of traffic signals	48	48	48	48	48	48	47	47	45	45
Street lights	2,083	2,077	2,070	2,067	2,021	1,971	1,917	1,862	2,166	2,166
Vehicles	11	11	11	11	12	12	12	12	12	12
Recreation:										
Number of parks	16	16	16	16	16	16	16	16	16	16
Acreage of park lands	88	88	88	88	88	88	88	88	88	88
Recreation centers	1	1	1	1	1	1	1	1	1	1
Recreation center square footage	29,827	29,827	19,975	19,975	19,975	19,975	19,975	19,975	19,975	19,975
Tennis courts	11	7	7	7	5	5	5	5	5	5
Ball fields	3	2	2	2	3	3	3	3	4	4
Skate parks	1	2	2	2	2	2	2	2	2	2
Vehicles	4	4	4	4	4	3	3	3	3	3
Public safety:										
Square footage of emergency services dept	24,817	24,817	24,817	24,817	24,817	24,817	18,947	18,947	18,947	18,947
Square footage of police department	15,048	15,048	15,048	15,048	15,048	15,048	15,048	15,048	15,048	15,048
Fire vehicles/ambulances	12	12	12	12	13	13	13	13	12	11
Police vehicles	16	15	14	14	14	14	14	14	14	14
Utilities:										
Electric department										
Value of plant in service	\$ 80,511,687	\$ 78,613,447	\$ 78,291,798	\$ 77,690,452	\$ 76,740,625	\$ 76,184,145	\$ 76,197,067	\$ 74,814,439	\$ 73,507,952	\$ 69,699,796
Vehicles	14	14	14	13	13	12	11	12	11	11
Gas department										
Value of plant in service	\$ 20,164,730	\$ 17,438,954	\$ 16,952,634	\$ 16,318,923	\$ 15,257,796	\$ 14,778,760	\$ 15,273,846	\$ 14,762,161	\$ 13,627,925	\$ 12,489,239
Vehicles	10	10	10	10	10	9	9	9	9	9
Water department										
Value of plant in service	\$ 21,892,713	\$ 21,201,166	\$ 21,089,385	\$ 20,848,324	\$ 20,725,371	\$ 20,641,646	\$ 32,739,259	\$ 32,414,692	\$ 32,266,422	\$ 28,401,148
Vehicles	10	10	9	9	8	8	7	8	7	7
Sewer treatment plant department										
Value of plant in service	\$ 91,590,824	\$ 90,696,693	\$ 87,993,282	\$ 87,414,623	\$ 87,225,919	\$ 44,262,120	\$ 44,269,756	\$ 44,061,410	\$ 43,816,263	\$ 42,412,493
Vehicles	8	8	8	8	7	7	6	6	6	6
Storm sewer department										
Value of plant in service	\$ 5,477,141	\$ 5,175,399	\$ 5,667,313	\$ 5,175,399	\$ 4,683,484	\$ 4,238,363	\$ 4,158,828	\$ -	\$ -	\$ -
Vehicles	1	1	1	1	1	1	1	-	-	-
Sanitation department										
Value of plant in service	\$ 3,418,455	\$ 3,183,972	\$ 1,957,810	\$ 1,905,403	\$ 1,905,403	\$ 1,912,132	\$ 1,913,367	\$ 634,126	\$ 572,435	\$ 528,551
Vehicles	12	11	11	11	11	11	11	11	11	11

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



Single Audit Section

BOROUGH OF CHAMBERSBURG
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Source Code	ALN	Pass Through Grantor's Number	Grant Year	Applicant Identifier Contract	Cash Receipts	Accrual Expenditures	Total Passed- Through to Subrecipients
U.S. Department of Housing and Urban Development Program								
Community Development Block Grant	D	14.228	N/A	2018	B-18-MC-42-0024	\$ 13,977	\$ 50,767	\$ -
Community Development Block Grant	D	14.228	N/A	2019	B-19-MC-42-0024	17,228	40,058	-
Community Development Block Grant	D	14.228	N/A	2020	B-20-MC-42-0024	5,404	6,964	-
Total Community Development Block Grant Cluster						<u>36,609</u>	<u>97,789</u>	
Total U.S. Department of Housing and Urban Development Program						<u>36,609</u>	<u>97,789</u>	
U.S. Department of Transportation Federal Highway Administration								
Passed through the Pennsylvania Department of Transportation								
Highway Planning and Construction	I	20.205	139034	2017	08A504	<u>2,588,712</u>	<u>2,846,912</u>	-
Total U.S. Department of Transportation Federal Highway Administration						<u>2,588,712</u>	<u>2,846,912</u>	
U.S. Environmental Protection Agency								
Passed through the Pennsylvania Infrastructure Investment Authority								
Capitalization Grants for Drinking Water	I	66.468	600238	2020	P33005749-100	-	106,667	-
Total U.S. Environmental Protection Agency						<u>-</u>	<u>106,667</u>	
U.S. Department of the Treasury								
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	D	21.027	N/A	2021	N/A	<u>3,881,519</u>	<u>5,477,414</u>	-
Total U.S. Department of Treasury						<u>3,881,519</u>	<u>5,477,414</u>	
U.S. Department of Health and Human Services								
COVID-19 - Provider Relief Fund	D	93.498	N/A	2020	N/A	<u>39,968</u>	<u>39,968</u>	-
Total U.S. Department of Health and Human Services						<u>39,968</u>	<u>39,968</u>	
Total Receipts and Expenditures of Federal Awards						<u>\$ 6,546,808</u>	<u>\$ 8,568,750</u>	

BOROUGH OF CHAMBERSBURG
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

NOTE 1 GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of the Federal awards program of the Borough of Chambersburg, Pennsylvania. The reporting entity is defined in Note 1 of the Borough's financial statements.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Borough's financial statements.

Indirect Cost Rate

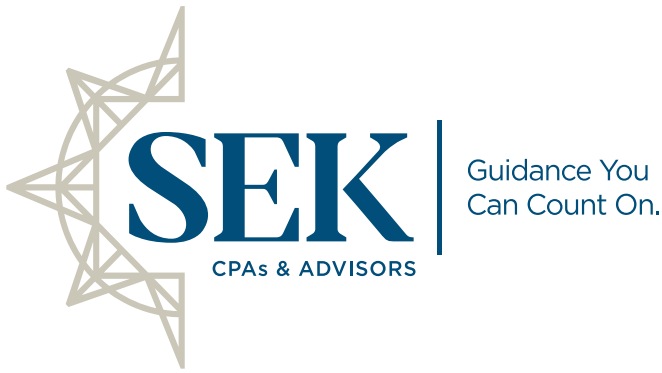
The Borough has elected not to use the 10% de minimis indirect cost rate for its federal programs.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Expenditures of Federal Awards are reported in the Borough's General Fund, Special Revenue Fund, Sewer Fund, Sanitation Fund, Swimming Pool Fund, Storm Sewer Fund, Water Fund, and the Parking, Traffic and Street Lights Department Fund of the financial statements.

NOTE 4 FEDERAL AWARDS BY ASSISTANCE LISTING NUMBER

	ALN	Expenditures	Percent
Community Development Block Grant	14.228	\$ 97,789	1.1%
Highway Planning and Construction	20.205	2,846,912	33.2%
Capitalization Grants for Drinking Water	66.468	106,667	1.3%
Coronavirus State and Local Fiscal Recovery Funds	21.027	5,477,414	63.9%
Provider Relief Fund	93.498	39,968	0.5%
		<u>\$ 8,568,750</u>	<u>100.0%</u>



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Chambersburg, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated June 30, 2022. The financial statements of the discretely presented component unit, Chambersburg Area Municipal Authority, were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Chambersburg Area Municipal Authority.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Borough of Chambersburg's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Chambersburg's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Chambersburg's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Item 2021-001 that we consider to be a significant deficiency.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Borough of Chambersburg's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

BOROUGH OF CHAMBERSBURG'S RESPONSE TO FINDINGS

Borough of Chambersburg's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Borough of Chambersburg's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Chambersburg, Pennsylvania
June 30, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the Borough of Chambersburg's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Borough of Chambersburg's major federal programs for the year ended December 31, 2021. The Borough of Chambersburg's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Borough of Chambersburg complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Borough of Chambersburg and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Borough of Chambersburg's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and the provisions of contracts or grant agreements applicable to the Borough of Chambersburg's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Borough of Chambersburg's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Borough of Chambersburg's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Borough of Chambersburg's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Borough of Chambersburg's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in circumstances and to test and report on the internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Chambersburg's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT INTERNAL CONTROL OVER COMPLIANCE

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

To the Mayor and Borough Council
Borough of Chambersburg

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Smith & Elliott Deams & Company, LLC". The signature is written in a cursive, flowing style.

Chambersburg, Pennsylvania
June 30, 2022

BOROUGH OF CHAMBERSBURG
Schedule of Findings and Questioned Costs
December 31, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified: Yes No
- Significant deficiencies identified that are not considered to be material weakness(es)? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major program:

- Material weakness identified? Yes No
- Significant deficiencies identified that are not considered to be a material weakness(es)? Yes None Reported

Type of auditor's report issued on compliance for the major program: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR section 200.516? Yes No

Identification of the major program(s):

CFDA Number(s)	Name of Federal Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs \$ 750,000

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

A. Significant Deficiency in Internal Control

Finding Reference: 2021-001 – Lack of Review of Billing Rates

Criteria: Internal control processes should include procedures to ensure billing rates input into the billing system and used to calculate customer bills are the approved rates for that period.

Condition: The billing unit for one cost of service related to water usage that was utilized within the billing software to calculate water bills was not the approved rate.

Cause: Adequate review was not performed to verify billing rate input into the billing software was the approved rate for that class of service.

Effect: While this appears to be an isolated incident based on further testing, some residential customers exceeding a 20,000 gallons of water usage during a billing period were billed at an amount less than the approved rate. Given the small population of residential accounts that would consume more than 20,000 gallons in a billing period, the impact is estimated to be de minimus by management.

Recommendation: All rates input into the billing system should be reviewed by an individual separate than those adjusting within the system. These rates should agree to the approved billing rates for that period.

*Views of Responsible
Officials and Planned
Corrective Actions:*

In any future instances of utility rate changes, the updated rates will be reviewed, and verified accurate, within the IT department, by an individual other than those that have initially adjusted the rates, to ensure that the rates are in agreement with the approved billing rates for that period.

B. Compliance Findings

There were no compliance findings related to the financial statement audit required to be reported.

BOROUGH OF CHAMBERSBURG
Schedule of Findings and Questioned Costs (Continued)
December 31, 2021

Section III - Federal Award Findings and Questioned Costs

A. Significant Deficiencies or Material Weaknesses in Internal Control Over Compliance

None noted

B. Compliance Findings

There were no findings related to the major federal awards as required to be reported in accordance with the Uniform Guidance by 2 CFR Section 200.516.



Borough of Chambersburg

*A full service municipality in Franklin County
celebrating over 65 years of consumer owned natural gas service
over 120 years of community electric and a
regional wastewater, water, and municipal solid waste utility*

Summary Schedule of Prior Audit Findings December 31, 2021

Findings related to financial statements:

Finding 2020-001:

Lack of Review or Reconciliation of Accounts

Condition:

There were a number of transactions not properly recorded in the general ledger system. In addition, account reconciliations were not completed accurately for all accounts and therefore did not agree to the general ledger.

Status:

Corrective action was taken.

Findings related to federal awards:

None noted.