

*Borough of
Chambersburg
Pennsylvania*



*Annual Comprehensive
Financial Report*

*For the Year Ended
December 31, 2022*

Borough of Chambersburg
Pennsylvania

Annual Comprehensive
Financial Report

For the Year Ended
December 31, 2022

Prepared by the Department of Finance

CONTENTS

I. INTRODUCTORY SECTION (UNAUDITED)

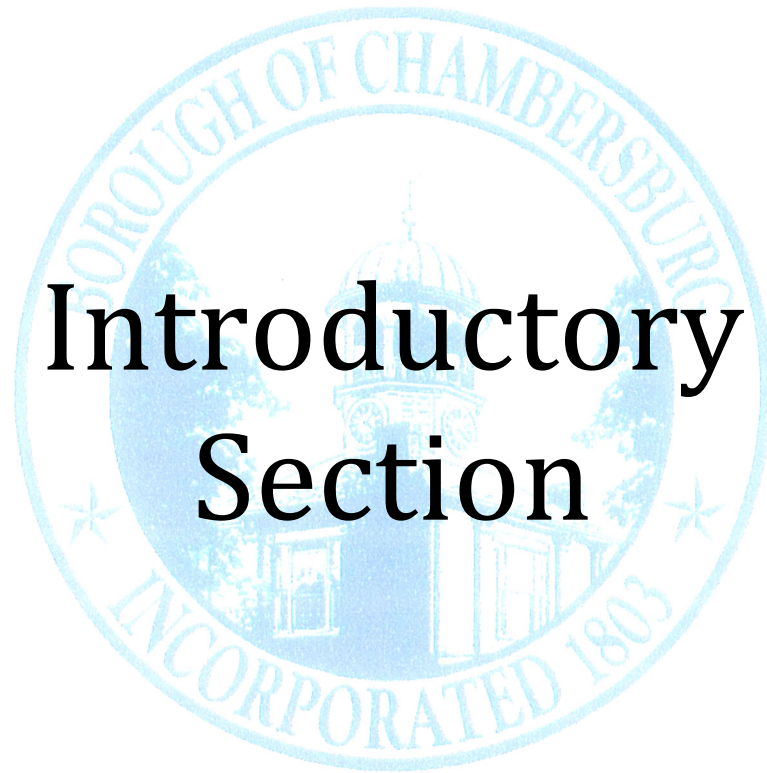
Certificate of Achievement for Excellence in Financial Reporting	I
Letter of Transmittal	II - VIII
Borough of Chambersburg Organization Chart	IX
Mayor and Town Council	X
List of Borough Officers and Officials	XI

II. FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4 - 19
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of net position	20
Statement of activities	21
Fund Financial Statements	
Balance sheet – governmental funds	22
Reconciliation of governmental funds balance sheet to the statement of net position	23
Statement of revenues, expenditures, and changes in fund balance – governmental funds	24
Reconciliation of statement of revenues, expenditures, and changes in fund balance of governmental funds to the statement of activities	25
Statement of net position - proprietary funds	26
Statement of revenues, expenses, and changes in fund net position – proprietary funds	27
Statement of cash flows - proprietary funds	28
Statement of fiduciary net position	29
Statement of changes in fiduciary net position	30
Notes to Financial Statements	31 - 79
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
Schedule of changes in the Borough's net pension liability and related ratios – pension trust funds	80 - 82
Schedule of Borough contributions – pension trust funds	83
Schedule of investment returns – pension trust funds	84
Schedule of changes in the Borough's total OPEB liability and related ratios	85
Budgetary comparison schedule – general fund	86
Budgetary comparison schedule – special revenue fund – grant programs	87
OTHER SUPPLEMENTARY INFORMATION - COMBINING AND INDIVIDUAL NONMAJOR FUND FINANCIAL STATEMENTS AND SCHEDULES	
Other Governmental Funds	88
Combining balance sheet – other governmental funds	89
Combining statement of revenues, expenditures, and changes in fund balances – other governmental funds	90
Budgetary comparison schedule – special revenue fund – liquid fuels	91
Budgetary comparison schedule – special revenue fund – fire tax fund	92
Budgetary comparison schedule – special revenue fund – police station bond tax fund	93
Budgetary comparison schedule – special revenue fund – recreation bond tax fund	94
Budgetary comparison schedule – special revenue fund – citizen's reward fund	95
Budgetary comparison schedule – capital reserve fund	96
Other Enterprise Funds	97
Combining statement of net position – other enterprise funds	98
Combining statement of revenues, expenses, and changes in net position – other enterprise funds	99
Combining statement of cash flows – other enterprise funds	100

CONTENTS (CONTINUED)

Internal Service Funds	101
Combining statement of net position - internal service funds	102
Combining statement of revenues, expenses, and changes in fund net position - internal service funds	103
Combining statement of cash flows – internal service funds	104 - 105
Trust Funds	106
Combining statement of fiduciary net position – pension trust funds	107
Combining statement of changes in fiduciary net position – pension trust funds	108
Schedule of Taxes Receivable	109
III. STATISTICAL SECTION (UNAUDITED)	
Schedule 1 - Net position by component	110
Schedule 2 - Changes in net position	111 - 112
Schedule 3 - Fund balances – governmental funds	113
Schedule 4 - Changes in fund balances - governmental funds	114
Schedule 5 - Program revenues by function	115
Schedule 6 - Tax revenues by source – governmental funds	116
Schedule 7 - Property tax rates – direct and overlapping governments	117
Schedule 8 - Assessed value and actual value of taxable property	118
Schedule 9 - Principal taxpayers	119
Schedule 10 - Property tax levies and collections	120
Schedule 11 - Municipal earned income tax revenue base and collections	121
Schedule 12 - Earned income tax statistics	122
Schedule 13 - Ratios of outstanding debt by type	123
Schedule 14 - Ratios of general bonded debt outstanding	124
Schedule 15 - Legal debt margin information	125
Schedule 16 - Computation of direct and overlapping debt	126
Schedule 17 - Debt capacity information – pledged-revenue coverage	127
Schedule 18 - Demographic and economic statistics	128
Schedule 19 - Principal employers	129
Schedule 20 - Full-time equivalent municipal employees by function/program	130
Schedule 21 - Operating indicators by function/program	131
Schedule 22 - Capital asset statistics by function/program	132
IV. SINGLE AUDIT SECTION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	133
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	134
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	135 - 136
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	137 - 139
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	140 - 141
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	142



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, 2021

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 2022 Annual Comprehensive Financial Report

June 30, 2023

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, 2022, 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 2020, 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-ninth 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 – Chambersburg Gas 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 Water Department. This year’s report highlights our Gas Department.

The Borough of Chambersburg operates one of only two municipally-owned gas systems in the Commonwealth of Pennsylvania, with Philadelphia being the other. Chambersburg Gas Company began operations in 1856 as a private entity, delivering gas manufactured in the Borough, from coal. The gas consisted of a toxic mixture of hydrogen and carbon monoxide and had a much lower BTU “(British Thermal Unit is a measure of heat content of fuels) content than today’s natural gas. Initially, the gas was used for street lighting. At the end of the 19th Century, customers began using the gas for cooking, water heating, and space heating.

In 1946, the Borough had the foresight to purchase the Chambersburg Gas Company and began operations as a municipal utility. In 1953, the Borough gas system connected with the new Texas Eastern pipeline, which began the Borough’s conversion to safe and environmentally friendly, higher BTU natural gas. The introduction of natural gas to Borough residents resulted in dramatic growth of the Borough system. Residents then and today enjoy the comfort, cleanliness, and cost savings from natural gas service.

Chambersburg is proud to provide our customers with the lowest priced natural gas in Pennsylvania. Being municipally-owned, our proceeds don’t go to private shareholders, they flow back into the safety of the system, and into Borough operations to keep rates lower. We also benefit from the fact that Chambersburg owns and operates our other utilities – electric, water, sewer, trash, and storm sewer. By the sharing of fixed costs and support personnel with the other Departments, each utility benefits, keeping all utility rates lower. Additionally, the Gas Department utilizes our own cross-trained personnel to complete almost all of our work in-house, providing further cost savings for our customers.

The Gas Department has seen record customer growth in recent years. As more and more residents have wanted to benefit from the tremendous cost savings and environmental cleanliness of natural gas, we have been able to respond by expanding our system to allow for the addition of many new customers. We have extended new gas mains into areas of the town that had not previously been served. New apartment complexes have also recently realized the benefits to their residents of providing gas service, adding many more customers. Our residents have also flocked to our financing program for new gas conversions. The financing program provides up to \$7,500 for residential and multi-family property gas loans, and up to \$10,000 for small business gas loans. The loans are interest free, with a nominal administrative fee added, and repayments added to monthly utility bills for a term of up to five years. To date, 891 loans have been issued, with a total value of \$4.55 million.

Unfortunately, 2022 saw large price increases in the wholesale gas market. Although this led to gas price increases passing through to our customers, Chambersburg residents were better protected than other gas system customers. Borough gas prices rose, but still remained much lower than the prices for heating oil, propane, or electric. As we move into 2023, we are happy to say that gas prices have started to return back down to previous levels.

The Borough has always placed extreme importance on the safety of our residents. To that end, we have many robust gas safety programs, specifically in the areas of leak detection, corrosion prevention, and public awareness. We have been aggressively replacing old gas pipe for years to help keep our system safe. To further our pipe replacement program, the Borough is excited to have received a \$5.2 million grant from the US Department of Transportation. This grant will enable the Borough to speed up our pipe replacement and avoid the expense of the work from becoming a burden on our ratepayers.

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, 39 of the 88 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 2022 were:

<u>EMPLOYER</u>	<u>PRIMARY BUSINESS</u>	<u>AVERAGE NUMBER OF EMPLOYEES</u>
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	534
Staples	Retailing	526
F & M Trust Company	Financial Services	291
Knouse Foods	Food Packaging	243
Borough of Chambersburg	Municipal Government	232
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
Ultra Beauty	Distribution Center	600
Walmart	Retail	458
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

The Borough of Chambersburg adopted new accounting guidance, Government Accounting Standards Board (“GASB”) Statement No. 87, *Leases*, as of January 1, 2022.

INDEPENDENT AUDIT

The independent accounting firm, Smith Elliott Kearns & Company, LLC, audited the basic financial statements of the Borough of Chambersburg for fiscal year 2022. 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.

These individuals, as follow, are in many respects the people that are responsible for the accuracy and efficiency of our organization’s business functions: Kathy Jo Bard – Finance Department Secretary, Jena Bard – Staff Accountant, Michelle Amsley – Staff Accountant, Jennifer Rutan – Accounts Receivable Clerk, Chris Roberts – Accounts Payable Clerk, and Stephanie Glover - 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.

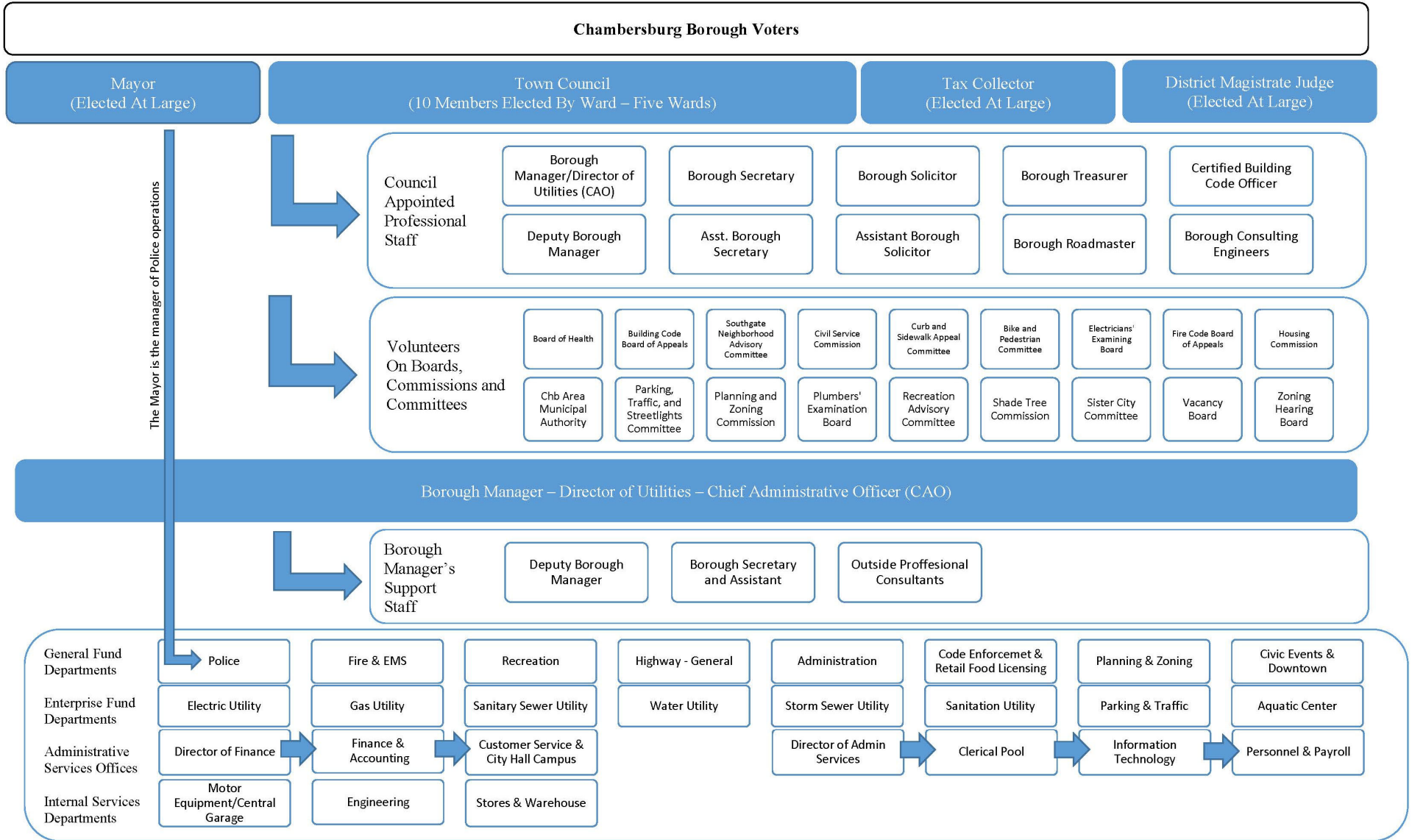
Respectfully submitted,

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 2023

Chambersburg Organizational Chart 2023



**2022 ROSTER
MAYOR AND MEMBERS OF TOWN COUNCIL
OF THE BOROUGH OF CHAMBERSBURG, PENNSYLVANIA**

MAYOR

Kenneth Hock
406 South Coldbrook Avenue
Chambersburg, PA 17201
2022-2025
Mayors Office 251-2492
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
acoffman@chambersburgpa.gov

John Huber
234 South Coldbrook Avenue
Second Ward – 2020-2023
jhuber@chambersburgpa.gov

Thomas Newcomer
241 Phoenix Avenue
Second Ward – 2022-2025
tnewcomer@chambersburgpa.gov

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

Dominique Brown
335 Channing Drive
Third Ward – 2022-2025
djbrown@chambersburgpa.gov

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

Larry Hensley
110 Brookview Avenue
Fourth Ward – 2022-2025
achaudhry@chambersburgpa.gov

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

Weston Waytow
744 East Garfield Street
Fifth Ward - 2022-2025
wwaytow@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, 2022**

Jeffrey Stonehill
Borough Manager
(717) 251-2433

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

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

Cindy Harr
Assistant Borough Secretary
(717) 251-2447

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

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

Melinda Thompson
Administrative Services Director
(717) 251-2414

Dustin Ulrich
Emergency Services Chief
(717) 251-2475

Roland Camacho
Police Chief
(717) 264-4131

Charles Nipe
Public Works Director
(717) 251-2496

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

Julie Redding
Recreation Superintendent
(717) 251-2470

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

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

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

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

Brenda Hill
Borough Tax Collector
(717) 263-6565

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

Ron Pezon
Electric Superintendent
(717) 251-2426

Jeff Heverley
Assistant Electric Superintendent
(717) 251-2418

John Leary
Gas Superintendent
(717) 251-2422

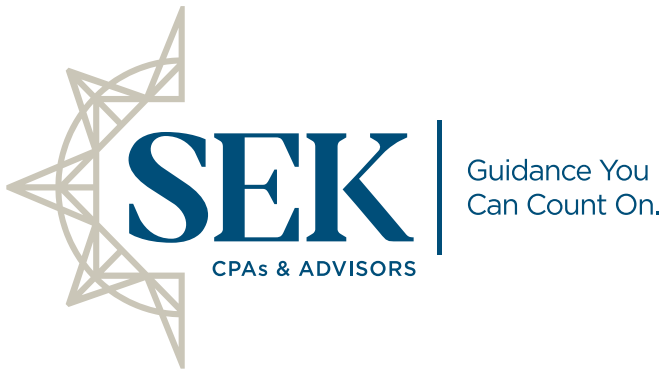
Jon Mason
Assistant Gas Superintendent
(717) 251-2423

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

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



Financial Section



INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDIT OF THE 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, 2022, 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, 2022, 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*.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, as of January 1, 2022, the Borough of Chambersburg adopted new accounting guidance, *GASB No. 87, Leases*. Our opinions are not modified with respect to this matter.

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, 2023, 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, 2023

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, 2022. Readers should also review the basic financial statements and related footnotes on pages 20 – 79 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 2022?" 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 20) reports all assets and liabilities of the Borough as of December 31, 2022. 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 21) 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, 2022. 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 31 - 47 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, Capital Reserve Fund, 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 20 and 21.

The Borough of Chambersburg maintains separate governmental funds. The governmental fund financial statements on pages 22 through 25 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 26 through 28. The Borough has three other proprietary funds, Sanitation, Storm Sewer, and Parking, Traffic & Street Lights, the activities of which are combined into one column for non-major funds.

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

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

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 29 - 30 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 80 through 87 of this report.

The Borough of Chambersburg as a Whole

The following table presents condensed information on net position as of December 31, 2022 and 2021.

Net Position December 31, 2022 and 2021						
	2022 Governmental Activities	2021 Governmental Activities	2022 Business-Type Activities	2021 Business-Type Activities	2022 Total	2021 Total
Assets						
Current and other assets	\$ 22,527,220	\$ 23,261,677	\$ 57,970,771	\$ 62,134,148	\$ 80,497,991	\$ 85,395,825
Capital assets	<u>30,215,768</u>	<u>25,380,681</u>	<u>155,117,869</u>	<u>150,112,380</u>	<u>185,333,637</u>	<u>175,493,061</u>
Total assets	<u>52,742,988</u>	<u>48,642,358</u>	<u>213,088,640</u>	<u>212,246,528</u>	<u>265,831,628</u>	<u>260,888,886</u>
Deferred Outflows of Resources						
Deferred outflows related to pension liability	5,176,792	1,397,801	3,488,171	714,379	8,664,963	2,112,180
Deferred outflows related to OPEB liability	258,251	262,977	100,834	71,044	359,085	334,021
Deferred charge on bond refunding	-	-	-	7,774	-	7,774
Total deferred outflows of resources	<u>5,435,043</u>	<u>1,660,778</u>	<u>3,589,005</u>	<u>793,197</u>	<u>9,024,048</u>	<u>2,453,975</u>
Liabilities						
Current liabilities	3,003,123	2,176,084	7,904,258	10,788,618	10,907,381	12,964,702
Other liabilities	<u>24,986,605</u>	<u>10,901,062</u>	<u>50,314,124</u>	<u>42,137,546</u>	<u>75,300,729</u>	<u>53,038,608</u>
Total liabilities	<u>27,989,728</u>	<u>13,077,146</u>	<u>58,218,382</u>	<u>52,926,164</u>	<u>86,208,110</u>	<u>66,003,310</u>
Deferred Inflows of Resources						
Deferred inflows related to pension liability	259,201	2,170,327	886,797	2,406,984	1,145,998	4,577,311
Deferred inflows related to OPEB liability	995,492	1,037,386	739,331	815,030	1,734,823	1,852,416
Deferred inflows related to lessor transactions	1,807,836	-	1,489,711	-	3,297,547	-
Deferred inflows related to bond refunding	<u>20,165</u>	<u>21,223</u>	<u>58,185</u>	<u>61,254</u>	<u>78,350</u>	<u>82,477</u>
Total deferred inflows of resources	<u>3,082,694</u>	<u>3,228,936</u>	<u>3,174,024</u>	<u>3,283,268</u>	<u>6,256,718</u>	<u>6,512,204</u>
Net Position:						
Net investment in capital assets	21,540,312	21,941,943	115,115,778	116,509,826	136,656,090	138,451,769
Restricted	8,907,482	9,234,534	-	-	8,907,482	9,234,534
Unrestricted	<u>(3,342,185)</u>	<u>2,820,577</u>	<u>40,169,461</u>	<u>40,320,467</u>	<u>36,827,276</u>	<u>43,141,044</u>
Total net position	<u>\$ 27,105,609</u>	<u>\$ 33,997,054</u>	<u>\$ 155,285,239</u>	<u>\$ 156,830,293</u>	<u>\$ 182,390,848</u>	<u>\$ 190,827,347</u>

In total, combined net position equaled \$ 182.39 million as of December 31, 2022.

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, 2022, and 2021, respectively.

Changes in Net Position
For the Year Ended December 31, 2022

	Governmental Activities	Business-Type Activities	Total Activities
Revenues			
Program revenues:			
Charges for services	\$ 4,022,671	\$ 60,220,305	\$ 64,242,976
Operating grants and contributions	4,678,053	311,063	4,989,116
Capital grants and contributions	116,400	1,520,721	1,637,121
General revenues:			
Property taxes, levied for general purposes	4,977,636	-	4,977,636
Property taxes, levied for specific purposes	1,451,065	-	1,451,065
Real estate transfer tax	716,846	-	716,846
Earned income tax	2,784,427	-	2,784,427
Local services tax	781,036	-	781,036
Other taxes	35,297	-	35,297
Unrestricted investment earnings (loss)	(1,148,593)	(2,971,834)	(4,120,427)
Miscellaneous income	136,041	2,978,720	3,114,761
Total revenues	<u>\$ 18,550,879</u>	<u>\$ 62,058,975</u>	<u>\$ 80,609,854</u>
Expenses			
General government	\$ 2,556,900	\$ -	\$ 2,556,900
Public safety	13,474,856	-	13,474,856
Public works	2,403,824	-	2,403,824
Community development	5,094,767	-	5,094,767
Culture and recreation (also interest expense)	2,165,654	-	2,165,654
Electric	-	32,908,706	32,908,706
Gas	-	9,652,323	9,652,323
Water	-	5,306,720	5,306,720
Sewer	-	8,229,433	8,229,433
Swimming Pool	-	1,200,361	1,200,361
Other business-type activities	-	6,052,810	6,052,810
Total expenses	<u>25,696,001</u>	<u>63,350,353</u>	<u>89,046,354</u>
Excess before transfers	(7,145,122)	(1,291,378)	(8,436,500)
Transfers	313,288	(313,288)	-
Change in net position	(6,831,834)	(1,604,666)	(8,436,500)
Net position - beginning	33,937,443	156,889,905	190,827,348
Net position - ending	<u>\$ 27,105,609</u>	<u>\$ 155,285,239</u>	<u>\$ 182,390,848</u>

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

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	1,648,985	(1,648,985)	-
Change in net position	4,820,084	1,622,960	6,443,044
Net position - beginning	29,176,970	155,207,333	184,384,303
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

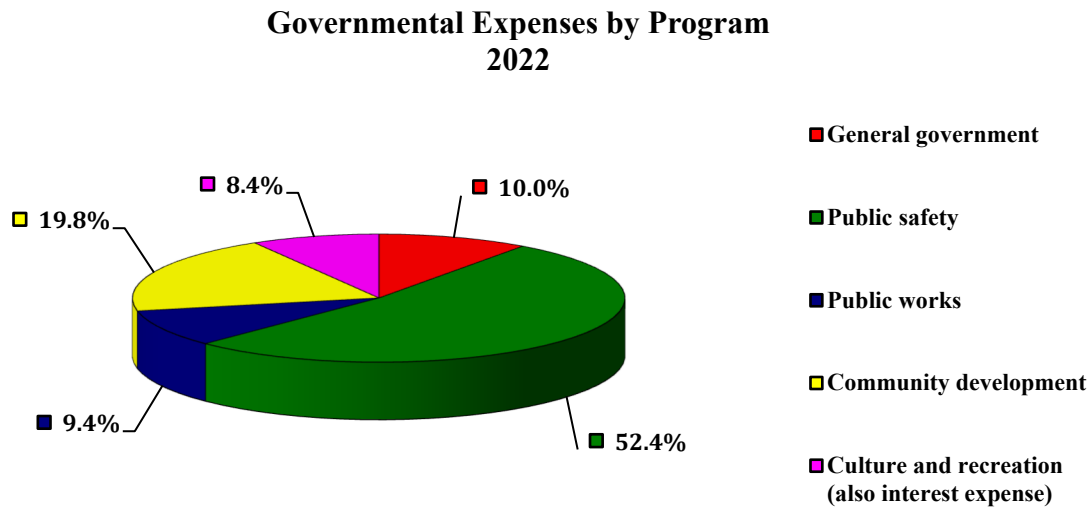
Net position decreased by \$ 8.44 million in 2022 for “total activities” compared to an increase of \$ 6.44 million in 2021. This is a \$ 14.88 million decrease in overall performance for 2022 compared to 2021 and is the result of an increase in total revenues of \$ 1.84 million, and an offsetting increase in expenses of \$ 16.72 million. With respect to business-type activities, although offset by significant increases in Electric, Gas, and Water Department expenses as a result of spending down 2019 bond proceeds on capital improvements, and increased energy supply costs, as well as a decrease in unrestricted investment earnings of \$ 2.50 million, and a decrease in operating grants in the amount of \$ 4.15 million, the increase in total revenues is due primarily to an increase of \$ 6.99 million in charges for service resulting from increased electric purchase power settlement revenue totaling \$ 2.74 million,; year-over-year increases in the gas department revenue resulting from natural gas sales and the energy efficiency financing program income, and the sale of a property on behalf of the Water Department to the Sanitation Department in the amount of \$ 633,796, and an increase in miscellaneous income in the amount of \$ 2.14 million, made up mostly of \$ 1.00 million in liquidated damages from an electric department contractor, and \$ 1.22 million in insurance proceeds in the electric department. The largest contributors to the year-over-year increase in business-type activities expenses were an increase of \$ 6.35 million in the Electric Fund’s expenses, largely as a result of the increased purchase price of electric energy, as well as the spending down of remaining 2019 bond proceeds in completing several capital improvements; and an increase of \$ 2.01 million in the Gas Fund’s expenses, largely as a result of the increased purchase price of natural gas, but also a continued increased customer demand; and an increase of \$ 894,000 in the Water Fund’s expenses, comprised of increased capital investments in metering, maintenance expenses, administrative services expenses, and increased unrealized losses. The 9.39% decrease in governmental activities revenue, and subsequent decrease in fund balance, is directly related to the State & Local Fiscal Recovery Funds received in 2021 being spent down in 2022, in addition to a large increase in unrestricted investment losses, and a decrease in grants received, when compared to 2021.

In the Business-Type Activities transfers line item, there were \$ 313,288 of transfers to governmental activities. This represents net transfers from the business-type activities funds to the governmental activities funds, the majority of which (\$ 2,000,000) 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. Transfers from governmental activities to business-type activities, that mitigated this net result, 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, as well as transfers on behalf of each department towards their Workers Compensation expenses.

The Borough’s largest governmental activities revenue source: real estate taxes, increased by \$ 195,827 or 13.75% in 2022. There was an increase in the property tax millage rate in 2022 of 1 mil. The Earned Income Tax receipts increased by \$ 275,175 or 10.97%, in 2022, while the real estate transfer tax decreased by \$ 211,137 or 22.75% in 2022. The Local Services Tax yield decreased by \$ 1,995, or 0.25%, in 2022. These results are generally indicative of the mixed economic activity within the Borough, in 2022.

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

Expenses of governmental activities break down as follows:



Total governmental expenses for 2022 were \$ 25.70 million, up 48.55% from \$ 17.30 million in 2021. Public safety, which consisted primarily of police, fire, and ambulance services, comprised 52.4% of the total governmental expenses. General government expenses were 13.9%. Public works expenses, which include street overlaying and repairs, were 9.4%. Leisure time activities represented by the Culture and Recreation portion of expenses were 8.4% of the total. Community development comprised 19.8% of total expenses. This breakdown represents a massive year-over-year increase in Community Development spending of \$ 4.81 million or 1,714.58%, due directly to providing the funding necessary for the Chambersburg Area Municipal Authority to purchase the aging Southgate Shopping Center for the purpose of redevelopment. A \$ 2.28 million or 20.45% increase in Public Safety expenses also contributed to the increase in governmental expenses, as a result of utilizing 2022 bond proceeds to construct the new Police Station.

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.

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

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

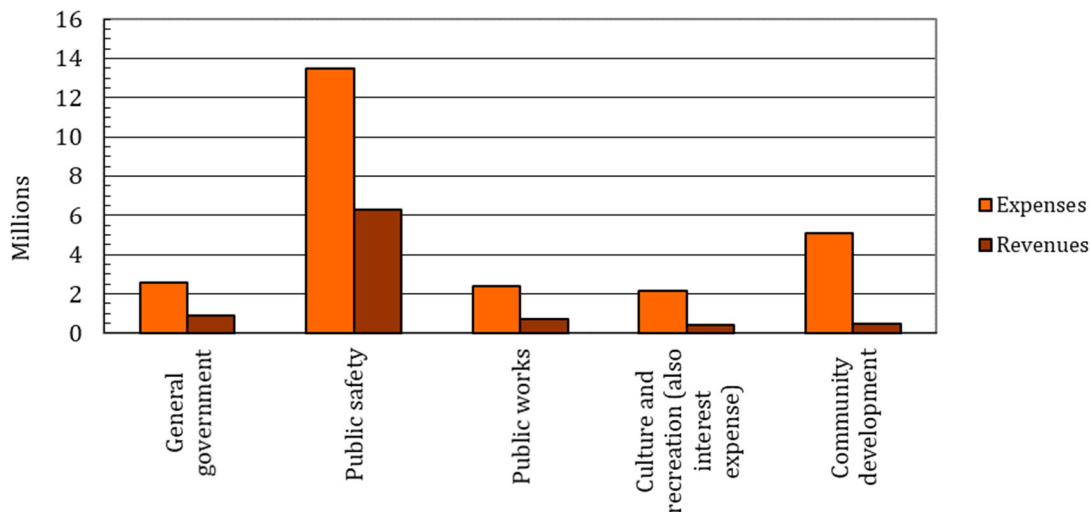
Expenses and Program Revenue - Governmental Activities
Year Ended December 31, 2022

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities					
General government	\$ 2,556,900	\$ 791,620	\$ 95,297	\$ -	\$ (1,669,983)
Public safety	13,474,856	3,021,921	3,146,709	116,400	(7,189,826)
Public works	2,403,824	945	736,229	-	(1,666,650)
Culture and recreation (also interest expe:	2,165,654	208,185	237,868	-	(1,719,601)
Community development	<u>5,094,767</u>	<u>-</u>	<u>461,950</u>	<u>-</u>	<u>(4,632,817)</u>
Total Governmental Activities	<u>\$ 25,696,001</u>	<u>\$ 4,022,671</u>	<u>\$ 4,678,053</u>	<u>\$ 116,400</u>	<u>\$ (16,878,877)</u>

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 expe:	1,392,939	147,382	354,137	-	(891,420)
Community development	<u>281,047</u>	<u>-</u>	<u>358,486</u>	<u>-</u>	<u>77,439</u>
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>

Expenses and Program Revenue - Governmental Activities
2022



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

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

Business-Type Activities

Business-type net position decreased by \$ 1.60 million, or 1.02% in 2022. Electric Department revenues increased 7.94%, Gas Department revenues increased 53.59%, Water Department revenues increased 11.00%, Sewer Department revenues decreased 2.24%, Sanitation Department revenues decreased 14.02% Parking, Traffic & Street Lights Department revenues decreased 84.14%, Storm Sewer Department revenues increased by 60.99%, and the Swimming Pool revenues decreased by 1.17%, . The total increase in Charges for Services revenues was \$ 6.99 million or 13.14%, and the primary contributor to the increase in both Electric and Gas revenues was an increase in sales volume and revenue, due to an increased natural gas customer base, and also increased sale prices, respectively. The increase in Water Department revenues is a result of a small increase in rates. Sewer Department revenues actually declined due to the receipt of State and Local Fiscal Recovery Funds in 2021. The decrease in Sanitation Department revenues was also due to the receipt of State and Local Fiscal Recovery Funds, in 2021. The massive year-over-year decrease in Parking, Traffic & Street Lights Department revenues was a result of receiving state grant funding to complete congestion mitigation and air quality improvement projects in 2021. Finally, the increase in Storm Sewer revenue was a result of changes to the rate structures.

Electric Department expenses increased by 23.93%, and Gas Department expenses increased by 26.38%, both primarily as a result of increased production/generation expenses when compared to 2021, due to energy supply cost increases. Water Department expenses increased by 20.27%, comprised of increased capital investments in metering, maintenance expenses, administrative services expenses, and increased unrealized losses. Sewer Department expenses decreased by 10.45% as a result of decreased treatment plant operation, sludge disposal, and collection system maintenance costs. Sanitation expenses increased by 10.66%, due to the purchase of property from the Water Department, although this was mitigated by decreased expenses in other categories such as debt service, due to a refinancing, as well as personnel expenses due to working with a less than full crew during 2022. Parking, Traffic & Street Lights Department expenses decreased by 22.94%, due to completing grant-funded congestion mitigation and air quality improvement projects; Storm Sewer expenses increased by 22.70% due to increased capital infrastructure improvement projects; and Swimming Pool expenses increased by a minimal 3.76%.

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:

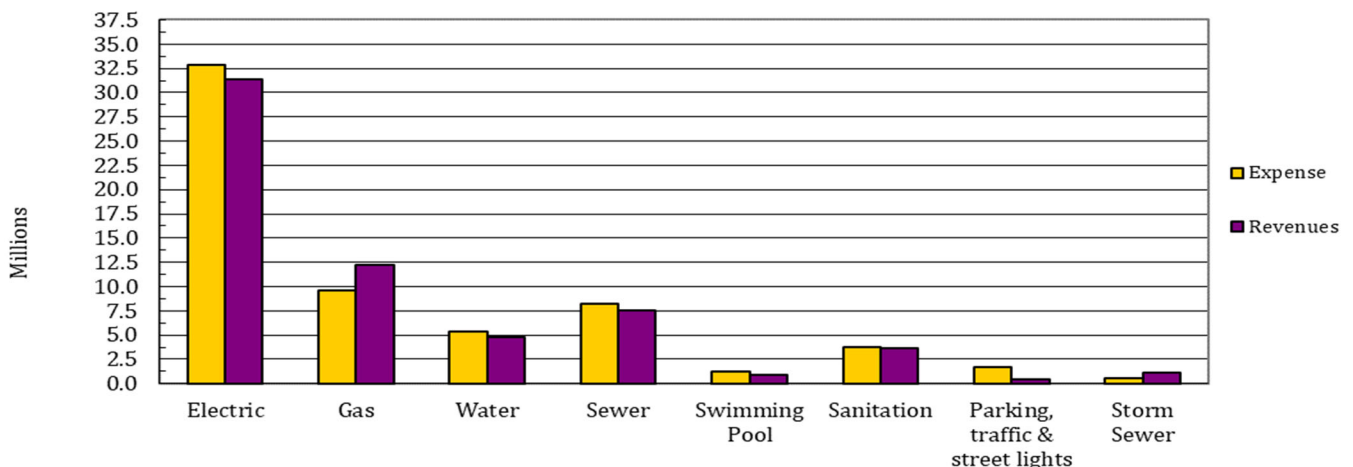
Expenses and Program Revenue - Business-Type Activities
For Year Ended December 31, 2022

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Electric	\$ 32,908,706	\$ 30,815,782	\$ 46,764	\$ 531,440	\$ (1,514,720)
Gas	9,652,323	12,036,525	22,989	124,440	2,531,631
Water	5,306,720	4,355,813	26,118	460,207	(464,582)
Sewer	8,229,433	7,384,159	27,769	71,579	(745,926)
Swimming Pool	1,200,361	790,599	97,838	-	(311,924)
Sanitation	3,782,825	3,574,079	48,361	-	(160,385)
Parking, traffic & st. lights	1,661,804	148,475	4,573	333,055	(1,175,701)
Storm Sewer	608,181	1,114,873	36,651	-	543,343
Total business-type activities	\$ 63,350,353	\$ 60,220,305	\$ 311,063	\$ 1,520,721	\$ (1,298,264)

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
2022



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, 2022 were \$ 13.94 million, as compared to \$ 15.09 million as of December 31, 2021.

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 fund balance decreased from \$ 5,793,601 to \$ 2,377,281, due largely to the one-time spending down \$ 4.19 million in State and Local Fiscal Recovery Funds, received over the course of 2021 and 2022. In 2022, interest earning and unrealized investment losses also impacted all Funds, including the General Fund, which recorded a corresponding expenditure of \$ 1.07 million.

Budget Variations

Operations for the Borough's General Fund resulted in an overall negative net budget variance of \$ 3.41 million for the year ended December 31, 2022. That means that we had \$ 3.41 million more in negative net change in fund balance than we budgeted. The budget was balanced, with revenues equaling expenditures, but finished the year with an actual net deficit of \$ 3.14 million. Total expenditures exceeded total revenues by \$ 4.67 million, and net inter-fund transfers from other Borough funds amounted to (\$ 64,968), while debt issuances and bond premiums amounted to \$ 1.32 million, creating the overall negative results of \$ 3.41 million for net receipts or "net change in fund balance".

While we had a negative budget variance of \$ 4.34 million or 25.25%, of total budgeted operating expenditures (\$ 17,205,765), we had a favorable budget variance of \$ 1.77 million or 11.71% of total budgeted operating revenues (\$ 15,107,325). Additionally, there was an unfavorable negative net budget variance of \$ 2.16 million, or 298.85%, of budgeted transfers out of the General Fund, due partly to Borough Council's decision to again transfer expected surplus funds to the Capital Reserve Fund, in the amount of \$ 700,000, for future capital needs, but largely to the General Fund's use and receipt of State and Local Fiscal Recovery Funds, and subsequent decisions to transfer those proceeds to other Funds.

The favorable variance of \$ 1.77 million in revenues is almost entirely the 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 revenues. On the expenditure side, the unfavorable variance of \$ 4.34 million can be attributed to providing funding to the Chambersburg Area Municipal Authority (\$ 4.76 million), via the assistance of the State and Local Fiscal Recovery Funds, to purchase and redevelop an aging shopping center in one of the community's oldest neighborhoods. In the absence thereof, this variance would have been positive in the amount of \$ 714,524.

BOROUGH OF CHAMBERSBURG, PENNSYLVANIA

Management's Discussion and Analysis - Unaudited

Changes in Revenue and Expenditure Levels

In looking at the performance of the General Fund for 2022, we had an overall decrease of \$ 5.51 million in 2022, as compared to 2021, for the net change in fund balance (*ncfb*). In 2022, we finished the year with a negative *ncfb* of \$ 3.41 million, compared to a positive *ncfb* of \$ 2.10 million for 2021. This 2022 negative *ncfb* is more than encompassed by the \$ 4.76 million in funding to the Chambersburg Area Municipal Authority, to purchase and redevelop an aging shopping center. Additionally, in 2022, Borough Council again chose to transfer un-budgeted surplus, this year in the amount of \$ 700,000, into the General Capital Reserve Fund (in 2015, 2016, 2017, 2018, 2019 and 2021 transfers of \$ 1.1 million, \$ 1.25 million, \$ 1 million, \$ 670,000, \$822,000, and \$ 1.9 million, respectively, were made in the same manner). In the absence of this optional transfer, the positive *ncfb* would have increased to approximately \$ 4.37 million for 2022. 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.

In the absence of transfers to and from other departments, we would have ended the year with a *ncfb* of (\$ 3.35 million) (negative), in the General Fund. Compared to the same for 2021, of \$ 1.37 million for 2021, 2022 would be \$ 4.72 million greater. In 2022 there was budgeted a net \$ 98,440 transfer into the general fund, whereas in 2021, budgeted net was \$ 2,719,840.

Changes in Fund Balance

The fund balance in the General Fund decreased by \$ 3.41 million in 2022. Total expenditures (\$ 21,550,666) exceeded total revenues (\$ 16,877,426) by \$ 4,673,240, while net Other Financing Sources (\$ 1.25 million), mitigated the negative change, resulting in a net decrease in fund balance for the General Fund. This 2022 negative *ncfb* is more than encompassed by the \$ 4.76 million in funding to the Chambersburg Area Municipal Authority to purchase and redevelop an aging shopping center. Additionally, in 2022, Borough Council again chose to transfer un-budgeted surplus, this year in the amount of \$ 700,000, into the General Capital Reserve Fund.

The fund balance in the Special Revenue Fund – Grant Funds, increased by \$ 246,902 in 2022. Revenues increased by \$ 554,663 to \$ 689,697 in 2022, while expenditures increased by \$ 380,750, to \$ 565,477, both of which were due largely to much of the State & Local Fiscal Recovery Funds that were received being initially routed through the Special revenue Fund. However, this net increase in resources of \$ 124,220 was further increased by net transfers in, in the amount of \$ 122,682, resulting in an increase of the fund balance in the amount of \$ 246,902, related directly to maintaining funds that are to be spent down in future years.

The net position in the enterprise funds decreased by \$ 1.17 million, or 0.82%, in 2022, compared to an increase of \$ 191,305, or 0.14%, in 2021. Operating revenues in the enterprise funds increased by \$ 7.09 million, or 13.65%. Operating expenses increased by \$ 8.33 million, or 15.56%. Increases in both are primarily related to the increased purchase (and price) and sale of utilities and their operational components, as well as increased aquatic center attendance and operational expenses.

BOROUGH OF CHAMBERSBURG, PENNSYLVANIA

Management's Discussion and Analysis - Unaudited

The net position of the Sewer Department decreased by \$ 1.42 million, or 2.94%, in 2022, due primarily to recording \$ 2.90 million in depreciation expense, having only recently placed new facilities into operation. The net position of the Water Department decreased by \$ 1.01 million, or 4.79%, due in part to interest earning and unrealized investment losses totaling \$ 574,185, but also approximately \$ 217,000 in budget variance for expenditures related to metering technology purchases and improvements. Net position of the Gas Department increased by \$ 1.62 million, or 9.73%, primarily due to an increase in sales volume and revenue, due to an increased natural gas customer base, and also increased sale prices, and Electric decreased this year by \$ 2.22 million, or 5.28%, , largely as a result of the increased purchase price of electric energy, as well as the spending down of remaining 2019 bond proceeds in completing several capital improvements. Additionally, the net position of the Swimming Pool realized an increase of \$ 143,154, or 44.69%, due to receiving \$280,000 in State and Local Fiscal Recovery Funds, directed towards reimbursing operating expenses, while the Other Enterprise Funds (Sanitation, Parking, Traffic and Street Lights, and Storm Sewer) increased by \$ 1.73 million, or 13.81%, largely due to increased revenue in the Storm Sewer Fund resulting from an updated fee assessment methodology, as well as the Parking, Traffic and Street Light Fund receiving grant funding for congestion mitigation and air quality improvement projects.

Also, the net position in the internal service funds decreased by \$ 647,728, or 3.14%, compared to an increase of \$ 1.17 million, or 6.06% in 2021. Operating revenues increased by \$ 1.13 million, or 10.76%, while operating expenses increased by \$ 1.76 million, or 16.42%, and incoming transfers exceeded outgoing transfers by \$ 779,219. The increase in revenues can be attributable to slight increases in the Motor Equipment Fund (\$ 196,890) due to increased vehicle rental revenues, the Self Insurance Fund (\$ 17,550) due to increased expenses in 2021 requiring greater contributions in 2022, the Engineering Fund (\$ 21,651) providing more internal services, and a large increase in the Administrative Services Fund revenues (\$ 979,404) due to adding personnel to the Administrative Services Fund, and the corresponding charges to contributing Funds. The increase in expenses can be attributable to increases in the operating expenses of the Stores Fund (\$ 69,568) due to pricing increases on many inventory items, the Motor Equipment Fund (\$ 571,916) due to a greater number of vehicles purchased in 2022, the Engineering Fund (\$ 150,660) due to staffing increases, and the Administrative Services Fund (\$ 1.06 million) due to the addition of several administrative positions and increased personnel expenses.

Capital Asset and Debt Administration

Capital Asset Activity

In 2022, 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.

In 2022, the Gas Department was able to complete a number of system expansion projects, as well as replacements of older mains and services. Expansion of the system allows additional Borough residents to enjoy the benefits of lower cost energy, while benefiting the environment and increasing energy reliability. Gas system expansions were completed on Clinton Ave., Cumberland Ave., Paper Mill Rd., Edgar Ave., and Limekiln Dr., as well as to serve the apartments and townhomes in the Quinn Station, Creekside, and Progress Village communities. We also replaced older gas lines on Philadelphia Ave. and Cleveland Ave. to improve system safety.

BOROUGH OF CHAMBERSBURG, PENNSYLVANIA

Management's Discussion and Analysis - Unaudited

In 2022, the Borough continued our street improvement projects with the Engineering Department administering construction contracts for various street projects, including Full Depth Reclamation on Brandon Drive, Geyer Avenue, Geyer Circle, Hamilton Avenue, Harrison Avenue, Brookview Avenue, W. King Street (from Brookview Avenue to Grandview Avenue), milling and overlaying of Heintzelman Avenue (western section to Grandview Avenue), and permanent restoration of utility-related surface openings on Borough Streets and State Routes.

For the Storm Sewer utility, material availability still presented challenges in a rebounding 2022 construction season. In 2021, the utility received \$ 200,000 through the Growing Greener program for the South Main Street Storm Water BMP Implementation project. Design was completed in 2022 for the South Main Street Stormwater BMP Implementation project with construction to follow in 2023. HRG initiated design in 2022 for Center Street Improvements Phase 2 that is being funded with Community Development Block Grant funds. Construction is anticipated during summer of 2023. 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 will be completing phase 2 in June 2023. Finally, the Mill Alley Storm Sewer System Improvements project has been postponed, however, the Borough Engineering Department will be completing the design in 2023.

In December, 2021, Borough Council finalized the updated storm sewer utility fee structure that was originally contemplated by the 2014 Feasibility Report. In 2022, the utility switched from a flat rate, per sanitary sewer connection, to a rate based upon impervious area. This new methodology resulted in a significant change for commercial, industrial, and institutional customers (shopping centers, schools, churches, the hospital, etc.). Town Council voted to issue a 30% reduction in the Storm Sewer utility fee for all non-single family residential customers through 2022.

In 2022, the Electric Department made continuous progress toward and successfully completed routine capital upgrades along with capital improvements proposed within the 2019 Electric Bond. The majority of work was related to substation, distribution, transmission, obsolete 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. Field crews were kept busy on work to interconnect the various new residential developments that were being constructed throughout the Borough along with some commercial buildings.

The interconnection substation to the SunTribe/Safari Energy-owned solar facility was substantially completed in 2020 per agreement. Energization was delayed by the solar project construction schedule and finally took place in March 2022 after which Chambersburg Solar Center output continually was increased to eventually reach full planned project output. It is estimated that about 25% of the entire Borough's annual energy requirements will now come from renewable energy sources with this project now combined with the original Landfill Gas generation.

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, generation control upgrade projects at the Orchard Park and Falling Spring Generation Stations, and updates of equipment at the Mill Road Substation. The remaining aspects of many of the projects were wrapped up throughout 2022. 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. This project has been talked about for over a decade and this step finally served to kick off the future conversion of the Park sub 4 kV load to 12 kV as has been occurring over the past few decades.

BOROUGH OF CHAMBERSBURG, PENNSYLVANIA

Management's Discussion and Analysis - Unaudited

The new Distribution Operations Center was built on the Borough Utilities Service Center property and substantially completed in late fall 2021. The new facility is now 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 continued to outfit the new facility with shelving and racking systems to bring in as much equipment from the harsh exposure to weather as possible. Racking was set to be installed in 2023.

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 intergovernmental agreements, in the townships outside of the Borough. The upgrade included traffic signal RADAR detection, cameras, the local intersection controller systems, significantly improved communication between signals primarily via fiber, and a new PennDOT central control and performance monitoring system. In 2022 the Borough entered into another reimbursement agreement with PennDOT to kickoff Phase 2 of this project to further utilize the existing equipment upgrades to improve traffic flow and introduce systems that can respond to abnormal or emerging traffic conditions real time. Efforts were completed to accomplish the bulk of the design phase on this project in 2023.

Work continues to convert the thousands of street and parking lot lights throughout the Borough to LED. For the most part, other than new installations, this is primarily being completed through maintenance of existing older technology lights over time. New fixtures and poles were purchased to add additional lighting at the Norland Avenue intersections. Installation will occur in 2023. Electronic radar signs were installed and maintained.

In 2022, the Water Department continued to plan for future water needs with the design and bidding of the Reservoir Hill water main extension. The project includes a 2,000 linear feet extension of 16" water main under the Conococheague Creek to Birkinbine Tank on Reservoir Hill. The project will replace an existing 10" water main that is over 110 years old. On April 11, 2022 the project was awarded to DOLI Construction Corporation of Chalfont, PA at a bid price of \$1.76 million. Construction is expected to take place in 2023 due to the lead times of necessary materials. The project is financed through a portion of the \$9.99 million bond sale in January 2020.

Additionally, work began on the construction of a third weir in the watershed in 2022. The project was awarded to Flyway Excavating, Inc. of Mount Joy, PA on June 21, 2021 at a bid price of \$ 114,500. Work along with instrumentation was completed in July 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 was also financed through a portion of the \$ 9.99 million bond sale in January 2020.

In 2022, design work resumed on the wastewater treatment plant's solids processing upgrades and on the East Conococheague Pump Station. These projects were previously postponed in the construction schedule due to the coronavirus pandemic, as well as availability of professional engineering personnel to complete the design. The projects are expected to be design complete in 2023.

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

Moreover, the Water and Sewer Departments continued to undertake main and service line repairs utilizing in-house workforce. In 2022, as part of the \$3.3 million Lead Gooseneck Removal Project, 600 lead goosenecks were removed from water service lines throughout the Borough. The project is financed through a \$3.3 million grant received from PENNVEST. The total project scope of removing 1,410 lead goosenecks is expected to be completed in 2024. Additionally, sewer improvements were made within East Catherine Street, South Coldbrook Avenue, Wolf Avenue, Grandview Avenue, South 4th Street and E. Liberty Street. 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, 2022 is presented in the Notes to the Basic Financial Statements in Note 5.

Debt

A summary of outstanding debt at December 31, 2022 and 2021, respectively, is as follows:

	December 31, 2022	December 31, 2021
General Obligation Bonds/Notes and Lease Payables		
Governmental activities	\$ 10,383,808	\$ 3,222,732
Business-type activities	<u>40,326,746</u>	<u>38,619,747</u>
Total outstanding debt	<u>\$ 50,710,554</u>	<u>\$ 41,842,479</u>

Additional detailed data for all debt of the Borough of Chambersburg is presented in the Notes to the Basic Financial Statements in Note 7.

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, 2022

	Primary Government			Discretely Presented
	Governmental Activities	Business-Type Activities	Total	Chambersburg Area Municipal Authority
ASSETS				
Current assets				
Cash and equity in pooled cash and investments	\$ 17,907,832	\$ 44,614,179	\$ 62,522,011	\$ 63,299
Receivables, net	2,484,286	9,563,224	12,047,510	-
Inventories	398,140	3,699,825	4,097,965	-
Prepaid expenses	1,318	93,543	94,861	-
Total current assets	<u>20,791,576</u>	<u>57,970,771</u>	<u>78,762,347</u>	<u>63,299</u>
Noncurrent assets				
Noncurrent receivables	1,735,644	-	1,735,644	-
Capital assets not being depreciated:				
Land	426,067	2,215,434	2,641,501	3,005,320
Construction in progress	5,316,011	3,392,435	8,708,446	-
Capital assets net of accumulated depreciation/amortization:				
Utility plant in service	-	111,586,804	111,586,804	-
Land improvements	1,462,954	11,638,041	13,100,995	1,253,289
Buildings and improvements	3,389,678	11,344,131	14,733,809	145,104
Machinery, equipment and furniture	2,454,611	10,256,982	12,711,593	-
Infrastructure	16,941,043	-	16,941,043	-
Right-to-use asset - land	-	4,684,042	4,684,042	-
Right-to-use asset - building	213,223	-	213,223	-
Right-to-use asset - equipment	12,181	-	12,181	-
Total noncurrent assets	<u>31,951,412</u>	<u>155,117,869</u>	<u>187,069,281</u>	<u>4,403,713</u>
Total assets	<u>52,742,988</u>	<u>213,088,640</u>	<u>265,831,628</u>	<u>4,467,012</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources	5,435,043	3,589,005	9,024,048	-
Total deferred outflows of resources	<u>5,435,043</u>	<u>3,589,005</u>	<u>9,024,048</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 58,178,031</u>	<u>\$ 216,677,645</u>	<u>\$ 274,855,676</u>	<u>\$ 4,467,012</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	1,249,161	3,164,131	\$ 4,413,292	\$ -
Unearned revenues	583,509	48,480	631,989	-
Customer deposits	-	2,079,566	2,079,566	-
Long-term liabilities: Due within one year				
Bonds, notes and leases payable	573,451	1,769,026	2,342,477	-
Compensated absences	532,077	638,468	1,170,545	-
Liability for self-insured losses	64,925	204,587	269,512	-
Total current liabilities	<u>3,003,123</u>	<u>7,904,258</u>	<u>10,907,381</u>	<u>-</u>
Noncurrent liabilities				
Long-term liabilities: Due in more than one year				
Bonds, notes, and leases payables	10,183,445	40,368,399	50,551,844	-
Compensated absences	427,960	478,313	906,273	-
Net pension liability	12,012,478	8,456,839	20,469,317	-
OPEB liability	2,340,262	939,800	3,280,062	-
Liability for self-insured losses	22,460	70,773	93,233	-
Total noncurrent liabilities	<u>24,986,605</u>	<u>50,314,124</u>	<u>75,300,729</u>	<u>-</u>
Total liabilities	<u>27,989,728</u>	<u>58,218,382</u>	<u>86,208,110</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources	3,082,694	3,174,024	6,256,718	-
Total deferred inflows of resources	<u>3,082,694</u>	<u>3,174,024</u>	<u>6,256,718</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	21,540,312	115,115,778	136,656,090	4,403,713
Restricted	8,907,482	-	8,907,482	-
Unrestricted	(3,342,185)	40,169,461	36,827,276	63,299
Total net position	<u>27,105,609</u>	<u>155,285,239</u>	<u>182,390,848</u>	<u>4,467,012</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 58,178,031</u>	<u>\$ 216,677,645</u>	<u>\$ 274,855,676</u>	<u>\$ 4,467,012</u>

BOROUGH OF CHAMBERSBURG
Statement of Activities
Year Ended December 31, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Presented Component Unit Chambersburg Area Municipal Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
PRIMARY GOVERNMENT								
Governmental activities								
General government	\$ 2,556,900	\$ 791,620	\$ 95,297	\$ -	\$ (1,669,983)	\$ -	\$ (1,669,983)	\$ -
Public safety	13,474,856	3,021,921	3,146,709	116,400	(7,189,826)	-	(7,189,826)	-
Public works	2,403,824	945	736,229	-	(1,666,650)	-	(1,666,650)	-
Culture and recreation	1,717,617	208,185	237,868	-	(1,271,564)	-	(1,271,564)	-
Community development	5,094,767	-	461,950	-	(4,632,817)	-	(4,632,817)	-
Interest expense and debt issuance costs	448,037	-	-	-	(448,037)	-	(448,037)	-
Total governmental activities	<u>25,696,001</u>	<u>4,022,671</u>	<u>4,678,053</u>	<u>116,400</u>	<u>(16,878,877)</u>	<u>-</u>	<u>(16,878,877)</u>	<u>-</u>
Business-type activities								
Electric	32,908,706	30,815,782	46,764	531,440	-	(1,514,720)	(1,514,720)	-
Gas	9,652,323	12,036,525	22,989	124,440	-	2,531,631	2,531,631	-
Water	5,306,720	4,355,813	26,118	460,207	-	(464,582)	(464,582)	-
Sewer	8,229,433	7,384,159	27,769	71,579	-	(745,926)	(745,926)	-
Swimming pool	1,200,361	790,599	97,838	-	-	(311,924)	(311,924)	-
Sanitation	3,782,825	3,574,079	48,361	-	-	(160,385)	(160,385)	-
Parking, traffic and street lights	1,661,804	148,475	4,573	333,055	-	(1,175,701)	(1,175,701)	-
Storm sewer	608,181	1,114,873	36,651	-	-	543,343	543,343	-
Total business-type activities	<u>63,350,353</u>	<u>60,220,305</u>	<u>311,063</u>	<u>1,520,721</u>	<u>-</u>	<u>(1,298,264)</u>	<u>(1,298,264)</u>	<u>-</u>
Total primary government	<u>\$ 89,046,354</u>	<u>\$ 64,242,976</u>	<u>\$ 4,989,116</u>	<u>\$ 1,637,121</u>	<u>\$ (16,878,877)</u>	<u>\$ (1,298,264)</u>	<u>\$ (18,177,141)</u>	<u>\$ -</u>
DISCRETELY PRESENTED COMPONENT UNIT								
Chambersburg Area Municipal Authority	<u>\$ 207,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,608,629</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,401,477</u>
General revenues and transfers:								
Taxes:								
Property taxes, levied for general purposes					\$ 4,977,636	\$ -	\$ 4,977,636	\$ -
Property taxes, levied for specific purposes					1,451,065	-	1,451,065	-
Real estate transfer tax					716,846	-	716,846	-
Earned income tax					2,784,427	-	2,784,427	-
Local services tax					781,036	-	781,036	-
Payments in lieu of taxes					35,297	-	35,297	-
Unrestricted investment earnings (losses)					(1,148,593)	(2,971,834)	(4,120,427)	6
Miscellaneous income					136,041	2,978,720	3,114,761	-
Transfers					313,288	(313,288)	-	-
Total general revenues and transfers					<u>10,047,043</u>	<u>(306,402)</u>	<u>9,740,641</u>	<u>6</u>
Change in net position					(6,831,834)	(1,604,666)	(8,436,500)	4,401,483
Net position - beginning, as restated					<u>33,937,443</u>	<u>156,889,905</u>	<u>190,827,348</u>	<u>65,529</u>
Net position - ending					<u>\$ 27,105,609</u>	<u>\$ 155,285,239</u>	<u>\$ 182,390,848</u>	<u>\$ 4,467,012</u>

BOROUGH OF CHAMBERSBURG
Balance Sheet - Governmental Funds
December 31, 2022

	General Fund	Special Revenue Fund - Grant Programs	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and equity in pooled cash and investments	\$ 2,083,802	\$ 412,047	\$ 10,986,628	\$ 454,090	\$ 13,936,567
Due from other funds	25,067	-	-	-	25,067
Taxes receivable, net	220,784	-	-	61,846	282,630
Receivable from other governments	954,791	391,282	5,640	-	1,351,713
Other receivables, net	<u>2,327,891</u>	<u>10,315</u>	<u>237,992</u>	<u>30</u>	<u>2,576,228</u>
Total assets	<u>\$ 5,612,335</u>	<u>\$ 813,644</u>	<u>\$ 11,230,260</u>	<u>\$ 515,966</u>	<u>\$ 18,172,205</u>
LIABILITIES					
Accounts payable	\$ 577,743	\$ 368,983	\$ 551,256	\$ 85	\$ 1,498,067
Due to other funds	-	25,067	-	-	25,067
Due to other governments	-	-	-	-	-
Unearned revenue	86,120	8,698	-	-	94,818
Accrued wages, benefits and withholdings	<u>120,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,679</u>
Total liabilities	<u>784,542</u>	<u>402,748</u>	<u>551,256</u>	<u>85</u>	<u>1,738,631</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources	<u>2,450,512</u>	<u>-</u>	<u>-</u>	<u>40,983</u>	<u>2,491,495</u>
Total deferred inflows of resources	<u>2,450,512</u>	<u>-</u>	<u>-</u>	<u>40,983</u>	<u>2,491,495</u>
FUND BALANCES					
Restricted	-	410,896	10,679,004	474,898	11,564,798
Unassigned	<u>2,377,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,377,281</u>
Total fund balances	<u>2,377,281</u>	<u>410,896</u>	<u>10,679,004</u>	<u>474,898</u>	<u>13,942,079</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,612,335</u>	<u>\$ 813,644</u>	<u>\$ 11,230,260</u>	<u>\$ 515,966</u>	<u>\$ 18,172,205</u>

BOROUGH OF CHAMBERSBURG
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2022

Total fund balance - governmental funds \$ 13,942,079

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	50,551,755	
Accumulated depreciation/amortization	<u>(23,850,806)</u>	
		26,700,949

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.

683,432

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	(8,502,538)	
Deferred charge on bond refunding	(20,165)	
Accrued interest	(71,001)	
Compensated absences	(825,689)	
Net pension liability	(11,075,125)	
Deferred outflows related to pension liability	4,779,889	
Deferred inflows related to pension liability	(172,989)	
OPEB liability	(2,236,095)	
Deferred outflows related to OPEB liability	245,388	
Deferred inflows related to OPEB liability	(914,565)	
Lease obligations	<u>(227,822)</u>	
		(19,020,712)

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.

4,799,861

Total net position - governmental activities

\$ 27,105,609

BOROUGH OF CHAMBERSBURG
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Funds
Year Ended December 31, 2022

	General Fund	Special Revenue Fund - Grant Programs	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 9,330,924	\$ -	\$ -	\$ 1,463,545	\$ 10,794,469
Licenses and permits	447,728	-	-	-	447,728
Fines and forfeits	134,694	-	-	-	134,694
Interest earnings and unrealized investment gains (losses)	(1,073,957)	28,236	192,567	(31,928)	(885,082)
Intergovernmental	4,540,212	587,334	151,256	596,355	5,875,157
Charges for services	2,962,744	-	-	-	2,962,744
Miscellaneous	535,081	74,127	11,750	-	620,958
Total revenues	<u>16,877,426</u>	<u>689,697</u>	<u>355,573</u>	<u>2,027,972</u>	<u>19,950,668</u>
EXPENDITURES					
General government	1,632,533	78,959	44,976	6,967	1,763,435
Public safety					
Police department	5,853,241	2,925	4,260,872	-	10,117,038
Emergency services	5,531,664	23,325	15,724	-	5,570,713
Planning and zoning	815,418	-	-	-	815,418
Public works					
Highways	1,364,918	236,496	1,562,457	-	3,163,871
Culture and recreation	1,251,327	127,437	247,706	235	1,626,705
Community development	5,059,425	32,072	-	-	5,091,497
Debt service	42,140	-	226,231	166,340	434,711
Miscellaneous	-	59,205	-	-	59,205
Total expenditures	<u>21,550,666</u>	<u>560,419</u>	<u>6,357,966</u>	<u>173,542</u>	<u>28,642,593</u>
Excess (deficiency) of revenues over expenditures	<u>(4,673,240)</u>	<u>129,278</u>	<u>(6,002,393)</u>	<u>1,854,430</u>	<u>(8,691,925)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of long term financing	1,305,000	-	5,775,000	-	7,080,000
Bond premium	16,888	-	325,801	-	342,689
Transfers in	2,818,981	125,000	2,208,800	33,090	5,185,871
Transfers out	(2,883,949)	(2,318)	(33,090)	(2,083,334)	(5,002,691)
Total other financing sources and uses	<u>1,256,920</u>	<u>122,682</u>	<u>8,276,511</u>	<u>(2,050,244)</u>	<u>7,605,869</u>
Net change in fund balances	(3,416,320)	251,960	2,274,118	(195,814)	(1,086,056)
Fund balances - beginning, as restated	5,793,601	158,936	8,404,886	670,712	15,028,135
Fund balances - ending	<u>\$ 2,377,281</u>	<u>\$ 410,896</u>	<u>\$ 10,679,004</u>	<u>\$ 474,898</u>	<u>\$ 13,942,079</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, 2022

Net change in fund balances - total governmental funds: \$ (1,086,056)

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/amortization expense. This is the amount by which depreciation expense differs from capital outlays in the period.

Depreciation/amortization expense	(1,718,837)	
Capital outlays	<u>6,141,643</u>	4,422,806

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. (1,213,951)

The issuance of general obligation bonds provides current financial resources to governmental funds, but has no effect on net position. Governmental funds report prepaid bond insurance, bond discounts, and other similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Issuance of general obligation bonds	(7,080,000)	
Bond premium	<u>(342,689)</u>	(7,422,689)

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.

Activity for lease liabilities	(2,418)	
Repayment of long-term obligations	43,952	
Amortization of bond premium and other costs	<u>15,054</u>	56,588

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	(69,875)	
OPEB liability and related deferred outflows and inflows	(289,243)	
Net pension liability and related deferred outflows and inflows	(909,076)	
Compensated absences	<u>(106,695)</u>	(1,374,889)

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. (213,643)

Change in net position - governmental activities \$ (6,831,834)

BOROUGH OF CHAMBERSBURG
Statement of Net Position - Proprietary Funds
December 31, 2022

	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	\$ 6,026,422	\$ 2,361,027	\$ 8,075,458	\$ 10,173,612	\$ 720,507	\$ 4,743,298	\$ 32,100,324	\$ 16,485,120
Accounts receivable, net	3,130,761	2,477,654	411,401	1,159,814	1,732	269,817	7,451,179	-
Receivables from other governments	26,218	13,718	437,614	20,647	-	-	498,197	-
Other receivables	1,009,820	5,379	20,604	24,273	-	523,702	1,583,778	38,849
Inventories	1,015,169	1,273,135	62,713	94,229	-	-	2,445,246	1,652,719
Prepaid expenses	52,304	483	10,116	26,029	-	458	89,390	5,471
Total current assets	<u>11,260,694</u>	<u>6,131,396</u>	<u>9,017,906</u>	<u>11,498,604</u>	<u>722,239</u>	<u>5,537,275</u>	<u>44,168,114</u>	<u>18,182,159</u>
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	1,121,187	464,000	1,171,427	192,522	-	307,283	3,256,419	179,180
Capital assets being depreciated:								
Buildings and system	88,665,585	20,838,109	25,665,814	90,931,857	-	3,531,910	229,633,275	9,929,352
Improvements other than buildings	81,350	2,860	420,481	14,150	8,557,225	5,019,342	14,095,408	-
Machinery and equipment	971,508	502,648	542,074	734,911	-	8,704,117	11,455,258	12,837,589
Right-to-use asset - land	4,826,509	-	-	-	-	-	4,826,509	-
Less accumulated depreciation and amortization	<u>(47,203,321)</u>	<u>(7,009,324)</u>	<u>(8,884,832)</u>	<u>(50,567,546)</u>	<u>(1,465,282)</u>	<u>(6,299,061)</u>	<u>(121,429,366)</u>	<u>(8,369,739)</u>
Total capital assets	<u>48,927,187</u>	<u>14,836,009</u>	<u>19,299,452</u>	<u>41,349,485</u>	<u>7,091,943</u>	<u>12,538,246</u>	<u>144,042,322</u>	<u>14,590,366</u>
Total noncurrent assets	<u>48,927,187</u>	<u>14,836,009</u>	<u>19,299,452</u>	<u>41,349,485</u>	<u>7,091,943</u>	<u>12,538,246</u>	<u>144,042,322</u>	<u>14,590,366</u>
Total assets	<u>60,187,881</u>	<u>20,967,405</u>	<u>28,317,358</u>	<u>52,848,089</u>	<u>7,814,182</u>	<u>18,075,521</u>	<u>188,210,436</u>	<u>32,772,525</u>
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows of resources	<u>787,942</u>	<u>352,368</u>	<u>329,904</u>	<u>400,627</u>	<u>50,947</u>	<u>376,001</u>	<u>2,297,789</u>	<u>1,700,982</u>
Total deferred outflows of resources	<u>787,942</u>	<u>352,368</u>	<u>329,904</u>	<u>400,627</u>	<u>50,947</u>	<u>376,001</u>	<u>2,297,789</u>	<u>1,700,982</u>
Total assets and deferred outflows of resources	<u>\$ 60,975,823</u>	<u>\$ 21,319,773</u>	<u>\$ 28,647,262</u>	<u>\$ 53,248,716</u>	<u>\$ 7,865,129</u>	<u>\$ 18,451,522</u>	<u>\$ 190,508,225</u>	<u>\$ 34,473,507</u>
LIABILITIES								
Current liabilities								
Accounts payable and accrued expenses	\$ 1,377,274	\$ 1,084,097	\$ 223,929	\$ 163,684	\$ 31,065	\$ 132,634	\$ 3,012,683	\$ 198,746
Unearned revenue	13,269	35,211	-	-	-	-	48,480	-
Customer deposits	1,185,353	665,461	103,978	124,774	-	-	2,079,566	-
Compensated absences - current	152,555	40,731	63,053	72,482	2,235	66,277	397,333	317,659
Liability for self insured losses - current	-	-	-	-	-	-	-	269,512
Bonds, notes and leases payable - current	548,301	-	291,016	280,566	288,402	108,533	1,516,818	332,246
Total current liabilities	<u>3,276,752</u>	<u>1,825,500</u>	<u>681,976</u>	<u>641,506</u>	<u>321,702</u>	<u>307,444</u>	<u>7,054,880</u>	<u>1,118,163</u>
Noncurrent liabilities								
Compensated absences	136,305	24,847	53,021	49,807	2,031	30,092	296,103	240,034
Liability for self insured losses	-	-	-	-	-	-	-	93,233
Net pension liability	1,967,339	879,796	823,705	1,000,288	61,285	770,731	5,503,144	3,891,048
OPEB liability	218,628	97,771	91,538	111,161	6,810	85,650	611,558	432,409
Bonds, notes and leases payable	14,117,172	-	6,758,643	4,116,074	6,941,401	2,301,498	34,234,788	8,080,109
Total noncurrent liabilities	<u>16,439,444</u>	<u>1,002,414</u>	<u>7,726,907</u>	<u>5,277,330</u>	<u>7,011,527</u>	<u>3,187,971</u>	<u>40,645,593</u>	<u>12,736,833</u>
Total liabilities	<u>19,716,196</u>	<u>2,827,914</u>	<u>8,408,883</u>	<u>5,918,836</u>	<u>7,333,229</u>	<u>3,495,415</u>	<u>47,700,473</u>	<u>13,854,996</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows of resources	<u>1,312,615</u>	<u>167,717</u>	<u>189,473</u>	<u>210,789</u>	<u>68,461</u>	<u>698,300</u>	<u>2,647,355</u>	<u>693,808</u>
Total deferred inflows of resources	<u>1,312,615</u>	<u>167,717</u>	<u>189,473</u>	<u>210,789</u>	<u>68,461</u>	<u>698,300</u>	<u>2,647,355</u>	<u>693,808</u>
NET POSITION								
Net investment in capital assets	34,034,168	14,805,277	14,767,769	36,932,131	(196,045)	10,407,197	110,750,497	6,178,011
Unrestricted	<u>5,912,844</u>	<u>3,518,865</u>	<u>5,281,137</u>	<u>10,186,960</u>	<u>659,484</u>	<u>3,850,610</u>	<u>29,409,900</u>	<u>13,746,692</u>
Total net position	<u>39,947,012</u>	<u>18,324,142</u>	<u>20,048,906</u>	<u>47,119,091</u>	<u>463,439</u>	<u>14,257,807</u>	<u>140,160,397</u>	<u>19,924,703</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 60,975,823</u>	<u>\$ 21,319,773</u>	<u>\$ 28,647,262</u>	<u>\$ 53,248,716</u>	<u>\$ 7,865,129</u>	<u>\$ 18,451,522</u>	<u>\$ 190,508,225</u>	<u>\$ 34,473,507</u>

Some amounts reported for business-type activities in the statement of net position are different because certain internal service funds' assets and liabilities are included with business-type activities. 15,124,842

Net position of business-type activities \$ 155,285,239

BOROUGH OF CHAMBERSBURG
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
Year Ended December 31, 2022

Enterprise Funds								
	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Swimming Pool Fund	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES								
Charges for services	\$ 28,551,817	\$ 11,953,504	\$ 3,735,745	\$ 6,905,836	\$ 790,594	\$ 4,719,413	\$ 56,656,909	\$ 11,655,371
Miscellaneous	2,065,160	82,119	106,713	48,457	5,979	100,459	2,408,887	9,981
Total operating revenues	<u>30,616,977</u>	<u>12,035,623</u>	<u>3,842,458</u>	<u>6,954,293</u>	<u>796,573</u>	<u>4,819,872</u>	<u>59,065,796</u>	<u>11,665,352</u>
OPERATING EXPENSES								
Production, gathering, treatment and transmission	8,851,145	905,601	2,558,900	3,045,613	-	-	15,361,259	-
Operation and maintenance	-	-	-	-	712,391	1,097,084	1,809,475	8,974,651
Collection and disposal	-	-	-	855,955	-	3,342,926	4,198,881	-
Purchase of energy for sale	17,572,150	6,516,007	-	-	-	-	24,088,157	-
Customer accounting and administrative	3,464,694	1,700,376	1,697,980	1,282,682	-	853,133	8,998,865	1,581,964
Claim payments and special services	-	-	-	-	-	-	-	875,969
Increase (decrease) in expected unpaid losses	-	-	-	-	-	-	-	(34,473)
Depreciation and amortization	2,378,764	445,018	724,291	2,904,884	323,165	632,477	7,408,599	1,103,117
Total operating expenses	<u>32,266,753</u>	<u>9,567,002</u>	<u>4,981,171</u>	<u>8,089,134</u>	<u>1,035,556</u>	<u>5,925,620</u>	<u>61,865,236</u>	<u>12,501,228</u>
Operating income (loss)	<u>(1,649,776)</u>	<u>2,468,621</u>	<u>(1,138,713)</u>	<u>(1,134,841)</u>	<u>(238,983)</u>	<u>(1,105,748)</u>	<u>(2,799,440)</u>	<u>(835,876)</u>
NONOPERATING REVENUES (EXPENSES)								
Connection fees	-	-	482,611	429,866	-	-	912,477	-
Interest earnings and unrealized investment gains (losses)	(519,453)	(160,365)	(574,185)	(617,617)	(37,689)	(232,173)	(2,141,482)	(1,093,864)
Gain (loss) on sale of assets	-	-	-	-	-	10,159	10,159	(26,853)
Reimbursement of prior year expense	-	-	-	-	-	-	-	333,242
Other nonoperating expenses	(16,453)	(16,452)	-	-	-	-	(32,905)	-
Other nonoperating revenues	2,817,590	2,926	112,643	37,322	5,317	33,835	3,009,633	264,735
Intergovernmental revenues	78,204	54,429	486,325	27,769	97,838	422,640	1,167,205	107,874
Interest expense and debt issuance costs	(458,350)	-	(236,833)	(81,294)	(161,039)	(60,892)	(998,408)	(176,205)
Total nonoperating revenues (expenses)	<u>1,901,538</u>	<u>(119,462)</u>	<u>270,561</u>	<u>(203,954)</u>	<u>(95,573)</u>	<u>173,569</u>	<u>1,926,679</u>	<u>(591,071)</u>
Income (loss) before contributions and transfers	251,762	2,349,159	(868,152)	(1,338,795)	(334,556)	(932,179)	(872,761)	(1,426,947)
Capital contributions and grants	500,000	93,000	-	71,579	-	-	664,579	-
Transfers in	41,421	41,420	16,120	-	478,010	2,816,666	3,393,637	1,864,339
Transfers out	(3,022,776)	(858,345)	(158,730)	(161,490)	(300)	(154,395)	(4,356,036)	(1,085,120)
Change in net position	(2,229,593)	1,625,234	(1,010,762)	(1,428,706)	143,154	1,730,092	(1,170,581)	(647,728)
Total net position - beginning, as restated	<u>42,176,605</u>	<u>16,698,908</u>	<u>21,059,668</u>	<u>48,547,797</u>	<u>320,285</u>	<u>12,527,715</u>	<u>141,330,978</u>	<u>20,572,431</u>
Total net position - ending	<u>\$ 39,947,012</u>	<u>\$ 18,324,142</u>	<u>\$ 20,048,906</u>	<u>\$ 47,119,091</u>	<u>\$ 463,439</u>	<u>\$ 14,257,807</u>	<u>\$ 140,160,397</u>	<u>\$ 19,924,703</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 (434,085)

Change in net position of business-type activities \$ (1,604,666)

BOROUGH OF CHAMBERSBURG
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2022

Enterprise Funds									
	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Swimming Pool Fund	Other Enterprise Funds	Total	Internal Service Funds	
Cash flows from operating activities:									
Receipts from customers	\$ 32,420,542	\$ 11,075,552	\$ 3,898,145	\$ 6,984,404	\$ 801,524	\$ 4,976,988	\$ 60,157,155	\$ -	\$ -
Receipts from interfund services provided	-	-	-	-	-	-	-	-	11,930,088
Payments to suppliers	(27,032,815)	(8,962,319)	(2,704,121)	(3,635,572)	(310,176)	(3,317,556)	(45,962,559)	(5,519,604)	(5,519,604)
Payments to and on behalf of employees	(2,887,484)	(841,228)	(1,487,938)	(1,550,129)	(386,759)	(1,924,445)	(9,077,983)	(5,906,458)	(5,906,458)
Refund received for health insurance	-	-	-	-	-	-	-	-	333,242
Net cash provided (used) by operating activities	2,500,243	1,272,005	(293,914)	1,798,703	104,589	(265,013)	5,116,613	-	837,268
Cash flows from capital and related financing activities:									
Purchase of capital assets	(3,256,386)	(723,234)	(1,048,712)	(215,948)	-	(986,334)	(6,230,614)	(2,144,848)	(2,144,848)
Proceeds from sale of assets	-	-	-	-	-	10,159	10,159	10,159	75,984
Proceeds from tap fees	-	-	482,611	429,866	-	-	912,477	-	-
Transfer from other funds for debt service	-	-	-	-	478,010	-	478,010	-	-
Grants received	531,440	31,440	22,593	-	-	591,255	1,176,728	-	-
Principal paid on capital debt	(1,896,941)	-	(245,077)	(266,523)	(291,048)	(154,459)	(2,791,048)	(325,124)	(325,124)
Interest and fiscal charges paid on capital debt	(397,015)	-	(279,754)	(88,725)	(157,379)	(66,011)	(988,884)	(176,205)	(176,205)
Transfer of debt to other funds	-	-	(716,120)	-	-	716,120	-	-	-
Principal Paid on leases	(106,103)	-	-	-	-	-	(106,103)	-	-
Interest paid on leases	(104,374)	-	-	-	-	-	(104,374)	-	-
Proceeds from lessor transactions	123,348	-	-	-	-	32,757	156,105	-	1,864,339
Net cash provided (used) by capital and related financing activities	(5,106,031)	(691,794)	(1,784,459)	(141,330)	29,583	206,487	(7,487,544)	-	(2,570,193)
Cash flows from non-capital financing activities:									
Transfer from other funds	41,421	41,420	16,120	-	-	2,816,666	2,915,627	-	1,864,339
Transfer to other funds	(3,022,776)	(858,345)	(158,730)	(161,490)	(300)	(154,395)	(4,356,036)	-	(1,085,120)
Grants received	(462,845)	25,880	132,785	252,310	280,413	89,585	318,128	-	107,874
Net cash provided (used) by non-capital financing activities	(3,444,200)	(791,045)	(9,825)	90,820	280,113	2,751,856	(1,122,281)	-	887,093
Cash flows from investing activities:									
Interest and dividends received	1,311,337	25,716	139,855	85,216	3,761	28,915	1,594,800	-	147,664
Net cash provided (used) by investing activities	1,311,337	25,716	139,855	85,216	3,761	28,915	1,594,800	-	147,664
Net increase (decrease) in cash and cash equivalents	(4,738,651)	(185,118)	(1,948,343)	1,833,409	418,046	2,722,245	(1,898,412)	-	(698,168)
Market appreciation (depreciation) (*)	(609,184)	(186,100)	(713,122)	(707,932)	(41,450)	(268,037)	(2,525,825)	-	(1,244,585)
Total increase (decrease) in cash and cash equivalents	(5,347,835)	(371,218)	(2,661,465)	1,125,477	376,596	2,454,208	(4,424,237)	-	(1,942,753)
Cash and equity in pooled cash and investments - beginning 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
Cash and equity in pooled cash and investments - end of the year	\$ 6,026,422	\$ 2,361,027	\$ 8,075,458	\$ 10,173,612	\$ 720,507	\$ 4,743,298	\$ 32,100,324	\$ -	\$ 16,485,120
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:									
Operating income (loss)	\$ (1,649,776)	\$ 2,468,621	\$ (1,138,713)	\$ (1,134,841)	\$ (238,983)	\$ (1,105,748)	\$ (2,799,440)	\$ -	\$ (835,876)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:									
Depreciation and amortization expense	2,378,764	445,018	724,291	2,904,884	323,165	632,477	7,408,599	-	1,103,117
Miscellaneous nonoperating income	2,690,859	2,926	112,643	37,322	5,319	13,197	2,862,266	-	264,736
Miscellaneous nonoperating expense	(16,453)	(16,452)	-	-	-	-	(32,905)	-	-
(Increase) decrease in:									
Accounts receivable	(925,498)	(993,061)	(63,977)	(7,211)	(368)	153,986	(1,836,129)	-	-
Lease receivable	-	-	-	-	-	10,571	10,571	-	-
Inventories	25,848	(447,019)	4,053	(3,939)	-	-	(421,057)	-	(350,437)
Prepaid expenses	52,035	17,537	29,408	28,643	-	29,646	157,269	-	19,186
Due from other funds	-	-	(2,500)	-	-	-	(2,500)	-	-
Increase (decrease) in:									
Accounts payable and accrued expenses	(284,238)	(319,078)	(30,113)	(116,520)	4,358	(51,137)	(796,728)	-	(97,296)
Net pension liability and related deferred outflows and inflows	145,865	63,954	50,194	64,775	9,146	54,478	388,412	-	309,977
Net OPEB liability and related deferred outflows and inflows	44,633	19,495	17,832	22,028	1,952	18,155	124,095	-	90,619
Unearned revenue	4,364	11,067	-	-	-	-	15,431	-	-
Customer deposits	33,840	18,997	2,968	3,562	-	-	59,367	-	-
Deferred inflows- leases	-	-	-	-	-	(20,638)	(20,638)	-	-
Refund received for health insurance	-	-	-	-	-	-	-	-	333,242
Net cash provided (used) by operating activities	\$ 2,500,243	\$ 1,272,005	\$ (293,914)	\$ 1,798,703	\$ 104,589	\$ (265,013)	\$ 5,116,613	\$ -	\$ 837,268
Non-cash investing, capital and non-capital financing activities									
Donated assets from developers	\$ -	\$ 93,000	\$ -	\$ 54,976	\$ -	\$ -	\$ 147,976	\$ -	\$ -
Market appreciation (depreciation) (*)	(609,184)	(186,100)	(713,122)	(707,932)	(41,450)	(268,037)	(2,525,825)	-	(1,244,585)

(*) 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, 2022

	Pension Trust Funds	Private Purpose Trust Funds
ASSETS		
Cash and equity in pooled cash and investments	\$ 1,637,254	\$ 28,578
Mutual funds - Corporate bonds	14,618,591	-
Mutual funds - Stocks	29,281,984	-
Mutual funds - Real estate securities	1,410,748	-
Employee contribution receivable	37,485	-
Total assets	<u>\$ 46,986,062</u>	<u>\$ 28,578</u>
NET POSITION		
Net position restricted for pensions	46,986,062	-
Held in trust for other purposes	-	<u>28,578</u>
Total net position	<u>46,986,062</u>	<u>28,578</u>
Total net position	<u>\$ 46,986,062</u>	<u>\$ 28,578</u>

BOROUGH OF CHAMBERSBURG
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2022

	Pension Trust Funds	Private Purpose Trust Funds
ADDITIONS		
Contributions		
Employer	\$ 2,004,309	\$ -
Plan member	<u>883,719</u>	<u>-</u>
Total contributions	<u>2,888,028</u>	<u>-</u>
Investment income		
Net appreciation (depreciation) in fair value of investments and gain (loss) on sale of investments	(8,734,098)	-
Interest, dividends, and other	<u>999,430</u>	<u>525</u>
Total net investment earnings	<u>(7,734,668)</u>	<u>525</u>
 Total additions	 <u>(4,846,640)</u>	 <u>525</u>
DEDUCTIONS		
Benefits	3,434,222	-
Administrative expenses	<u>111,920</u>	<u>-</u>
Total deductions	<u>3,546,142</u>	<u>-</u>
 Change in net position	 (8,392,782)	 525
Net position - beginning	<u>55,378,844</u>	<u>28,053</u>
Net position - ending	<u>\$ 46,986,062</u>	<u>\$ 28,578</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 provides conduit financing to organizations and during 2022 purchased a local shopping center for purposes of economic revitalization. As a result of the fact the Authority provides services to outside organizations and not only directly to the Borough, as well as the Borough imposing its will on the Authority by having the ability to appoint, hire, reassign, or dismiss those persons responsible for the day-to-day operations of the Authority, 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.

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).

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 Bond 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.

Police Station Bond Tax Fund is used to account for tax revenue levied to pay for debt service associated with the police station project.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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.

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.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 cost, 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.

All reported capital assets are depreciated/amortized. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation/amortization 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
Right-to-use asset - land	8 years	1-35 years
Right-to-use asset - building	1-18 years	N/A
Right-to-use asset - equipment	1-3 years	4-25 years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

During the year ended December 31, 2022, the Borough adopted GASB No. 87 for the reporting of leases.

Lessee: The Borough is a lessee for leases of two buildings, two police vehicles and land. The Borough recognizes lease liabilities, intangible right-to-use lease assets as well as amortization in the financial statements.

At the commencement of the lease, the Borough initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Borough determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Borough uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Borough generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the Borough is reasonably certain to exercise.

The Borough monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor: The Borough is a lessor of various buildings and telephone towers. The Borough recognizes lease receivable, interest income and deferred inflows of resources in the financial statements.

At the commencement of the lease, the Borough initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the Borough determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Borough uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Borough monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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, as detailed below.

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, as detailed below. These amounts will be amortized in future periods.

Disaggregated Deferred Outflows of Resources

Below is a detailed breakout of the deferred outflows of resources that are aggregated for financial statement reporting purposes.

	Governmental Activities	Business-Type Activities			Total			
Deferred outflows of resources								
OPEB liability	\$ 258,251	\$ 100,834			\$ 359,085			
Pension liability	<u>5,176,792</u>	<u>3,488,171</u>			<u>8,664,963</u>			
Total deferred outflows of resources	<u>\$ 5,435,043</u>	<u>\$ 3,589,005</u>			<u>\$ 9,024,048</u>			
Enterprise Funds								
	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Swimming Pool Fund	Other Enterprise Funds	Total	Internal Service Funds
Deferred outflows of resources								
OPEB liability	\$ 17,850	\$ 7,982	\$ 7,474	\$ 9,076	\$ 3,881	\$ 14,037	\$ 60,300	\$ 53,397
Pension liability	<u>770,092</u>	<u>344,386</u>	<u>322,430</u>	<u>391,551</u>	<u>47,066</u>	<u>361,964</u>	<u>2,237,489</u>	<u>1,647,585</u>
Total deferred outflows of resources	<u>\$ 787,942</u>	<u>\$ 352,368</u>	<u>\$ 329,904</u>	<u>\$ 400,627</u>	<u>\$ 50,947</u>	<u>\$ 376,001</u>	<u>\$ 2,297,789</u>	<u>\$ 1,700,982</u>
					Sanitation Fund	Parking, Traffic and Street Lights Fund	Storm Sewer Fund	Total Other Enterprise Funds
Deferred outflows of resources								
OPEB liability					\$ 3,513	\$ 8,096	\$ 2,428	\$ 14,037
Pension liability					<u>151,658</u>	<u>149,559</u>	<u>60,747</u>	<u>361,964</u>
Total deferred outflows of resources					<u>\$ 155,171</u>	<u>\$ 157,655</u>	<u>\$ 63,175</u>	<u>\$ 376,001</u>
				Motor Equipment Fund	Engineering Fund	Administrative Services Fund	Total Internal Service Funds	
Deferred outflows of resources								
OPEB liability				\$ 9,146	\$ 6,170	\$ 12,908	\$ 25,173	\$ 53,397
Pension liability				<u>143,059</u>	<u>127,470</u>	<u>291,039</u>	<u>1,086,017</u>	<u>1,647,585</u>
Total deferred outflows of resources				<u>\$ 152,205</u>	<u>\$ 133,640</u>	<u>\$ 303,947</u>	<u>\$ 1,111,190</u>	<u>\$ 1,700,982</u>

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Disaggregated Deferred Inflows of Resources

Below is a detailed breakout of the deferred outflows of resources that is aggregated for financial statement reporting purposes.

	Governmental Activities	Business-Type Activities	Total
Deferred inflows of resources			
Bond refunding	\$ 20,165	\$ 58,185	\$ 78,350
Lessor transactions	1,807,836	1,489,711	3,297,547
OPEB liability	995,492	739,331	1,734,823
Pension liability	259,201	886,797	1,145,998
Total deferred inflows of resources	<u>\$ 3,082,694</u>	<u>\$ 3,174,024</u>	<u>\$ 6,256,718</u>

	General Fund	Other Governmental Funds	Total Governmental Funds
Deferred inflows of resources			
Unavailable grant revenue	\$ 642,676	\$ -	\$ 642,676
Unavailable tax revenue	1,807,836	40,983	1,848,819
Total deferred inflows of resources	<u>\$ 2,450,512</u>	<u>\$ 40,983</u>	<u>\$ 2,491,495</u>

	Special Revenue Fire Tax Fund	Police Station Bond Tax Fund	Recreation Bond Tax Fund	Total - Other Governmental Funds
Deferred inflows of resources				
Unavailable tax revenue	\$ 19,160	\$ 4,496	\$ 17,327	\$ 40,983
Total deferred inflows of resources	<u>\$ 19,160</u>	<u>\$ 4,496</u>	<u>\$ 17,327</u>	<u>\$ 40,983</u>

Enterprise Funds

	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Swimming Pool Fund	Other Enterprise Funds	Total	Internal Service Funds
Deferred inflows of resources								
Lessor transactions	\$ 975,484	\$ -	\$ -	\$ -	\$ 58,185	\$ 514,227	\$ 1,547,896	\$ -
OPEB liability	167,809	77,833	75,404	89,311	5,178	68,788	484,323	335,935
Pension liability	169,322	89,884	114,069	121,478	5,098	115,285	615,136	357,873
Total deferred inflows of resources	<u>\$ 1,312,615</u>	<u>\$ 167,717</u>	<u>\$ 189,473</u>	<u>\$ 210,789</u>	<u>\$ 68,461</u>	<u>\$ 698,300</u>	<u>\$ 2,647,355</u>	<u>\$ 693,808</u>

	Sanitation Fund	Parking, Traffic and Street Lights Fund	Storm Sewer Fund	Total Other Enterprise Funds
Deferred inflows of resources				
Lessor transactions	\$ -	\$ 514,227	\$ -	\$ 514,227
OPEB liability	36,402	23,434	8,952	68,788
Pension liability	83,403	23,069	8,813	115,285
Total deferred inflows of resources	<u>\$ 119,805</u>	<u>\$ 560,730</u>	<u>\$ 17,765</u>	<u>\$ 698,300</u>

	Stores Fund	Motor Equipment Fund	Engineering Fund	Administrative Services Fund	Total Internal Service Funds
Deferred inflows of resources					
OPEB liability	\$ 20,625	\$ 23,346	\$ 50,379	\$ 241,585	\$ 335,935
Pension liability	20,304	22,982	49,594	264,993	357,873
Total deferred inflows of resources	<u>\$ 40,929</u>	<u>\$ 46,328</u>	<u>\$ 99,973</u>	<u>\$ 506,578</u>	<u>\$ 693,808</u>

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2022:

Government-Wide Activity

	Governmental Activities	Business-Type Activities
Capital assets	\$ 30,215,768	\$ 155,117,869
Bonds, notes and leases payable	(10,756,896)	(42,137,425)
Deferred charge on bond refunding	(20,165)	(58,185)
Accounts and retainage payable related to capital assets	(550,654)	(389,657)
Unspent bond proceeds	2,652,259	2,583,176
Net investment in capital assets	<u>\$ 21,540,312</u>	<u>\$ 115,115,778</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	Total
Capital assets	\$ 48,927,187	\$ 14,836,009	\$ 19,299,452	\$ 41,349,485	\$ 7,091,943	\$ 2,741,350	\$ 5,808,326	\$ 3,988,570	\$ 144,042,322
Bonds, notes and leases payable	(14,665,473)	-	(7,049,659)	(4,396,640)	(7,229,803)	(2,410,031)	-	-	(35,751,606)
Deferred charge on bond refunding	-	-	-	-	(58,185)	-	-	-	(58,185)
Accounts and retainage payable related to capital assets	(227,546)	(30,732)	(65,200)	(20,714)	-	(16,563)	-	(28,902)	(389,657)
Unspent bond proceeds	-	-	2,258,729	-	-	324,447	-	-	2,583,176
Net investment in capital assets	<u>\$ 34,034,168</u>	<u>\$ 14,805,277</u>	<u>\$ 14,443,322</u>	<u>\$ 36,932,131</u>	<u>\$ (196,045)</u>	<u>\$ 639,203</u>	<u>\$ 5,808,326</u>	<u>\$ 3,959,668</u>	<u>\$ 110,426,050</u>

Internal Service Funds

	Stores Fund	Motor Equipment Fund	Engineering Fund	Administrative Services Fund	Total
Capital assets	\$ 353,953	\$ 5,420,758	\$ 50,548	\$ 8,765,107	\$ 14,590,366
Bonds, notes and leases payable	-	-	-	(8,412,355)	(8,412,355)
Net investment in capital assets	<u>\$ 353,953</u>	<u>\$ 5,420,758</u>	<u>\$ 50,548</u>	<u>\$ 352,752</u>	<u>\$ 6,178,011</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.

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.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deficit Net Position

The Administrative Services Fund and Engineering Fund, (internal service funds) have deficit net position balances of \$ (2,222,976) and \$ (442,677) respectively, at December 31, 2022.

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	\$ 8,026,745
Restricted for grant expenditures	405,838
Restricted for fire expenditures	8,480
Restricted for recreation expenditures	298,307
Restricted for debt service expenditures	100,771
Restricted for police expenditures	10,461
Restricted for highway improvements/projects	56,880
	<u>\$ 8,907,482</u>

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance – Governmental Funds (Continued)

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

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.

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.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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, 2022, the Borough has a bank balance of \$ 6,990,883. Of this balance, \$ 500,000 is covered by FDIC insurance and the remaining balance of \$ 6,490,883 is collateralized by securities held by the pledging financial institution, not in the Borough's name. As of December 31, 2022, the Authority has a bank balance of \$ 63,299, all of which is covered by FDIC insurance.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Deposits (Continued)

Custodial Credit Risk – Deposits (Continued)

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, 2022, the Borough’s investments were as follows:

Investment Type	Fair Value	Average Credit Quality Rating
PLGIT/PLGIT Prime	\$ 5,568,123	AAAm
PLGIT/PLGIT Class	144,388	AAAm
U.S. Treasury Notes	991,835	N/A
Government Sponsored Enterprises	48,924,821	AA+
Money Market Fund	157,649	AAA
Negotiable CD's	1,760,504	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.

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	\$ 991,835	\$ 991,835	\$ -	\$ -
Government Sponsored Enterprises	48,924,822	3,037,919	43,253,793	2,633,110
Negotiable CD's	1,760,504	245,940	1,514,564	-

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.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Investments (Continued)

Concentrations of Credit Risk – Investments

At December 31, 2022, the following investments were in excess of 5% of the Borough’s investments: Federal Home Loan Bank (40.70%), Federal Farm Credit Banks (26.50%), and Federal Home Loan Mortgage Corp (14.18%).

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.

Municipal Pension Plans

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

	Value	Investment Maturities (in Years)		
		N/A	1-5	>5
Corporate Bond Mutual Funds	\$ 14,618,591	\$ -	\$ 2,220,115	\$ 12,398,476
Open-End Mutual Funds	<u>30,692,732</u>	<u>30,692,732</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 45,311,323</u>	<u>\$ 30,692,732</u>	<u>\$ 2,220,115</u>	<u>\$ 12,398,476</u>

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Investments (Continued)

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
US Government	53.05%
AAA	3.19%
AA	17.36%
A	0.00%
BBB	22.60%
BB	0.18%
B	0.00%
Below B	0.65%
Not rated	2.97%
	<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 \$ 30,692,732 of Open-End Mutual Funds shown above are International Mutual Funds with a fair value of \$ 8,579,276. 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 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.

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Investments (Continued)

Investments – Fair Value Measurements (Continued)

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.

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.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Investments (Continued)

Investments – Fair Value Measurements (Continued)

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, 2022:

	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	\$ 1,760,504	\$ -	\$ 1,760,504	\$ -
U.S. Treasury Notes	991,835	991,835	-	-
Money market fund	157,649	157,649	-	-
Agency Bonds:				
Federal Farm Credit Banks	15,245,390	-	15,245,390	-
Federal Home Loan Mortgage Corp	8,157,279	-	8,157,279	-
Federal Home Loan Bank	23,416,765	-	23,416,765	-
Federal National Mortgage Association	2,105,387	-	2,105,387	-
Total Agency Bonds	<u>48,924,821</u>	<u>-</u>	<u>48,924,821</u>	<u>-</u>
Mutual funds by type:				
Corporate Bond	14,618,591	14,618,591	-	-
Open-End	<u>30,692,732</u>	<u>30,692,732</u>	-	-
Total mutual funds	<u>45,311,323</u>	<u>45,311,323</u>	-	-
Total investments by fair value category	<u>\$ 97,146,132</u>	<u>\$ 46,460,807</u>	<u>\$ 50,685,325</u>	<u>\$ -</u>

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.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 3 TAXES AND OTHER RECEIVABLES AND TAX ABATEMENTS (CONTINUED)

Receivables as of December 31, 2022 for the Borough's governmental activities, including the applicable allowances for uncollectible accounts, are as follows:

Real estate	\$ 282,630
Earned income tax	886,206
Real estate transfer tax	49,677
Ambulance billings	682,721
Loans receivable	227,501
Lease receivables	1,851,187
Grants receivable	385,750
Other	311,323
Allowance for uncollectible accounts	<u>(457,065)</u>
Receivables - full accrual basis	4,219,930
Allocation of internal service funds receivables not recorded in the governmental fund financial statements	<u>(9,359)</u>
Receivables - modified accrual basis	<u><u>\$ 4,210,571</u></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, 2022, total Borough property taxes of \$12,146 were abated under this program.

On the Governmental Wide Financial statement, the Borough's receivable balance is aggregated into a single receivable, net line item. Below is a detail of the Governmental and Business Type Activities: Receivables, net line item.

	Governmental Activities	Business-Type Activities	Total
Current receivables, net			
Accounts receivable	\$ 423,762	\$ 7,451,179	\$ 7,874,941
Due from other governments	1,346,181	498,197	1,844,378
Lease receivables	313,325	-	313,325
Other receivables	118,388	1,613,848	1,732,236
Taxes receivable, net	<u>282,630</u>	<u>-</u>	<u>282,630</u>
Total current receivables	<u><u>\$ 2,484,286</u></u>	<u><u>\$ 9,563,224</u></u>	<u><u>\$ 12,047,510</u></u>
Noncurrent receivables			
Loan receivables	\$ 197,782	\$ -	\$ 197,782
Lease receivables	<u>1,537,862</u>	<u>-</u>	<u>1,537,862</u>
Total noncurrent receivables	<u><u>\$ 1,735,644</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,735,644</u></u>

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 4 LEASE RECEIVABLE/DEFERRED INFLOW

The Borough has entered into multiple land, building and equipment lease agreements for purposes of parking, retail space and cell tower uses respectively. The leases require monthly or yearly principal and interest payments ranging from \$ 614 to \$ 21,710 based on interest rates ranging from 0.80% to 2.25%. The following table shows the initial lease receivable and deferred inflows of resources as well as the reductions in both based on current year lease payments received. The Borough recognized \$ 433,592 of lease revenue and \$ 28,703 of interest revenue during the year ended December 31, 2022.

Lease Receivable

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Governmental Activities						
Lease receivable	\$ 2,136,712	\$ -	\$ (285,525)	\$ 1,851,187	\$ 313,325	\$ 1,537,862
Total lease receivable	<u>\$ 2,136,712</u>	<u>\$ -</u>	<u>\$ (285,525)</u>	<u>\$ 1,851,187</u>	<u>\$ 313,325</u>	<u>\$ 1,537,862</u>
Business-type Activities						
Lease receivable	\$ 1,594,427	\$ -	\$ (74,682)	\$ 1,519,745	\$ 75,080	\$ 1,444,665
Total lease receivable	<u>\$ 1,594,427</u>	<u>\$ -</u>	<u>\$ (74,682)</u>	<u>\$ 1,519,745</u>	<u>\$ 75,080</u>	<u>\$ 1,444,665</u>

Deferred Inflows - Leases

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities				
Deferred inflows of resource - leases	\$ (2,136,712)	\$ -	\$ 328,876	\$ (1,807,836)
Total deferred inflows of resources	<u>\$ (2,136,712)</u>	<u>\$ -</u>	<u>\$ 328,876</u>	<u>\$ (1,807,836)</u>
Business-type Activities				
Deferred inflows of resource - leases	\$ (1,594,427)	\$ -	\$ 104,716	\$ (1,489,711)
Total deferred inflows of resources	<u>\$ (1,594,427)</u>	<u>\$ -</u>	<u>\$ 104,716</u>	<u>\$ (1,489,711)</u>

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 5 CAPITAL ASSETS

Capital asset activity for the Borough consists of the following for the year ended December 31, 2022:

	Restated Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Cost:				
Capital assets not being depreciated				
Land	\$ 426,067	\$ -	\$ -	\$ 426,067
Construction-in-progress	685,649	4,794,653	(164,291)	5,316,011
Capital assets being depreciated/amortized				
Land improvements	4,147,565	155,412	(1,251)	4,301,726
Buildings	8,041,934	-	(2,388)	8,039,546
Machinery and equipment	5,408,137	858,795	(176,274)	6,090,658
Infrastructure - highways	22,212,176	1,068,760	-	23,280,936
Infrastructure - railroads	2,478,702	-	-	2,478,702
Infrastructure - other	5,701,974	-	-	5,701,974
Right-to-use asset - building	426,447	-	-	426,447
Right-to-use asset - equipment	20,779	-	-	20,779
Total cost	<u>49,549,430</u>	<u>6,877,620</u>	<u>(344,204)</u>	<u>56,082,846</u>
Less accumulated depreciation/amortization:				
Land improvements	(2,527,350)	(312,673)	1,252	(2,838,771)
Buildings	(4,344,206)	(308,043)	2,388	(4,649,869)
Machinery and equipment	(3,451,918)	(335,637)	151,508	(3,636,047)
Infrastructure - highways	(8,201,775)	(783,500)	-	(8,985,275)
Infrastructure - railroads	(2,429,126)	(49,574)	-	(2,478,700)
Infrastructure - other	(2,861,404)	(195,190)	-	(3,056,594)
Right-to-use asset - building	-	(213,224)	-	(213,224)
Right-to-use asset - equipment	-	(8,598)	-	(8,598)
Total accumulated depreciation/amortization	<u>(23,815,779)</u>	<u>(2,206,439)</u>	<u>155,140</u>	<u>(25,867,078)</u>
Capital assets, net	<u>\$ 25,733,651</u>	<u>\$ 4,671,181</u>	<u>\$ (189,064)</u>	<u>\$ 30,215,768</u>
Business-Type Activities:				
Cost:				
Capital assets not being depreciated				
Land	\$ 2,215,434	\$ -	\$ -	\$ 2,215,434
Construction-in-progress	16,669,672	1,359,700	(14,636,938)	3,392,434
Capital assets being depreciated/amortized				
Utility plant in service	210,107,432	14,042,687	(17,152)	224,132,967
Land improvements	13,959,304	136,104	-	14,095,408
Buildings	10,487,532	2,567,815	(19,011)	13,036,336
Machinery and equipment	16,546,532	5,172,061	(516,980)	21,201,613
Right-to-use asset - land	4,826,509	-	-	4,826,509
Total cost	<u>274,812,415</u>	<u>23,278,367</u>	<u>(15,190,081)</u>	<u>282,900,701</u>
Less accumulated depreciation/amortization:				
Utility plant in service	(106,166,428)	(6,396,463)	16,728	(112,546,163)
Land improvements	(2,300,660)	(160,955)	4,248	(2,457,367)
Buildings	(1,367,315)	(342,553)	17,664	(1,692,204)
Machinery and equipment	(10,179,912)	(1,203,660)	438,941	(10,944,631)
Right-to-use asset - land	-	(142,467)	-	(142,467)
Total accumulated depreciation/amortization	<u>(120,014,315)</u>	<u>(8,246,098)</u>	<u>477,581</u>	<u>(127,782,832)</u>
Capital assets, net	<u>\$ 154,798,100</u>	<u>\$ 15,032,269</u>	<u>\$ (14,712,500)</u>	<u>\$ 155,117,869</u>

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 5 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Deletions	Ending Balance
Discretely Presented Component Unit				
Cost:				
Capital assets not being depreciated				
Land	\$ -	\$ 3,005,320	\$ -	\$ 3,005,320
Capital assets being depreciated/amortized				
Land improvements	-	170,364	-	170,364
Buildings	-	1,432,944	-	1,432,944
Total cost	<u>-</u>	<u>4,608,628</u>	<u>-</u>	<u>4,608,628</u>
Less accumulated depreciation/amortization:				
Land improvements	-	(25,260)	-	(25,260)
Buildings	-	(179,655)	-	(179,655)
Total accumulated depreciation/amortization	<u>-</u>	<u>(204,915)</u>	<u>-</u>	<u>(204,915)</u>
Capital assets, net	<u>\$ -</u>	<u>\$ 4,403,713</u>	<u>\$ -</u>	<u>\$ 4,403,713</u>

See Note 13 for project commitments.

Depreciation/amortization expense for the year ended December 31, 2022 was charged to expense functions, including the internal service fund allocations, as follows:

	Governmental Activities	Business-Type Activities
General government	\$ 764,194	\$ -
Public safety	342,852	-
Public works	784,019	-
Culture and recreation	315,374	-
Electric	-	2,687,241
Gas	-	572,117
Water	-	893,541
Sewer	-	3,014,194
Sanitation	-	237,348
Parking, traffic and street lights	-	372,367
Storm Sewer	-	139,174
Swimming Pool	-	330,116
	<u>\$ 2,206,439</u>	<u>\$ 8,246,098</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 2022 compared to December 31, 2021, 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 6 DISAGGREGATED ACCOUNTS PAYABLE

The following details the disaggregated liabilities included in accounts payable and accrued expenses in the financial statements:

	Governmental Activities	Business-Type Activities	Total
Accounts payable and accrued expenses			
Accounts payable	\$ 1,044,254	\$ 2,817,865	\$ 3,862,119
Accrued interest	71,001	211,980	282,981
Accrued wages and withholdings	133,906	134,286	268,192
Due to other governments	-	-	-
Total accounts payable and accrued expenses	\$ 1,249,161	\$ 3,164,131	\$ 4,413,292

	Enterprise Funds							Internal Service Funds
	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Swimming Pool Fund	Other Enterprise Funds	Total	
Accounts payable and accrued expenses								
Accounts payable	\$ 1,255,858	\$ 1,073,520	\$ 137,260	\$ 135,920	\$ 1,448	\$ 105,348	\$ 2,709,354	\$ 142,183
Accrued interest	94,622	-	70,301	7,074	28,915	11,068	211,980	-
Accrued wages and withholdings	26,794	10,577	16,368	20,690	702	16,218	91,349	56,563
Total accounts payable and accrued expenses	\$ 1,377,274	\$ 1,084,097	\$ 223,929	\$ 163,684	\$ 31,065	\$ 132,634	\$ 3,012,683	\$ 198,746

	Sanitation Fund	Parking, Traffic and Street Lights Fund	Storm Sewer Fund	Total Other Enterprise Funds
Accounts payable and accrued expenses				
Accounts payable	\$ 43,856	\$ 25,456	\$ 36,036	\$ 105,348
Accrued interest	11,068	-	-	11,068
Accrued wages and withholdings	11,621	2,710	1,887	16,218
Total accounts payable and accrued expenses	\$ 66,545	\$ 28,166	\$ 37,923	\$ 132,634

	Stores Fund	Motor Equipment Fund	Self Insurance Fund	Engineering Fund	Worker's Compensation Fund	Administrative Services Fund	Total Internal Service Funds
Accounts payable and accrued expenses							
Accounts payable	\$ 12,708	\$ 69,689	\$ -	\$ 511	\$ 1,549	\$ 57,726	\$ 142,183
Accrued interest	-	-	-	-	-	0	-
Accrued wages and withholdings	4,976	4,640	933	2,994	-	43,020	56,563
Total accounts payable and accrued expenses	\$ 17,684	\$ 74,329	\$ 933	\$ 3,505	\$ 1,549	\$ 100,746	\$ 198,746

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 7 LONG-TERM LIABILITIES

The changes in long-term liabilities during the year ended December 31, 2022 were as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Unamortized Bond Premium and Discount	Current Portion	Long-term Portion
Governmental Activities:							
Bonds							
(G) Capital Reserve 2022A GO Bond	\$ -	\$ 5,775,000	\$ -	\$ 5,775,000	\$ 314,609	\$ 13,298	\$ 6,076,311
(F) Recreation Tax 2021A GO Bond	1,093,408	-	(43,952)	1,049,456	42,165	43,552	1,048,069
(H) General Fund 2022B GO Bond	-	1,305,000	-	1,305,000	16,314	215,689	1,105,625
Direct Borrowing							
(B) Administrative Services 2017 GO Note	2,104,859	-	(78,329)	2,026,530	-	80,038	1,946,492
Lease liabilities	447,226	-	(219,404)	227,822	-	220,874	6,948
Subtotal - bonds, notes and lease payables	<u>3,645,493</u>	<u>7,080,000</u>	<u>(341,685)</u>	<u>10,383,808</u>	<u>373,088</u>	<u>573,451</u>	<u>10,183,445</u>
Liability for self-insured losses	105,797	30,018	(48,430)	87,385	-	64,925	22,460
Compensated absences	849,983	688,509	(578,455)	960,037	-	532,077	427,960
Total long-term liabilities	\$ 4,601,273	\$ 7,798,527	\$ (968,570)	\$ 11,431,230	\$ 373,088	\$ 1,170,453	\$ 10,633,865
Business-Type Activities							
Bonds							
(A) Electric 2012 GO Bond	\$ 1,500,000	\$ -	\$ (1,500,000)	\$ -	\$ -	\$ -	\$ -
(C) Electric 2019 GO Bond	8,700,000	-	(335,000)	8,365,000	558,505	383,516	8,539,989
(E) Electric 2021 GO Bond	1,057,012	-	(61,941)	995,071	26,490	65,204	956,357
(F) Swimming Pool 2021A GO Bond	7,241,592	-	(291,048)	6,950,544	279,258	288,402	6,941,400
(D) Water 2020 GO Bond	7,296,686	-	(897,397)	6,399,289	650,371	291,016	6,758,644
(D) Sanitation 2020 GO Bond	1,043,314	652,320	(54,923)	1,640,711	166,389	70,071	1,737,029
(E) Sanitation 2021 GO Bond	623,834	-	(36,536)	587,297	15,634	38,462	564,469
(E) Sewer 2021 GO Bond	4,549,154	-	(266,523)	4,282,631	114,032	280,566	4,116,097
Direct Borrowing							
(B) Administrative Services 2017 GO Note	6,632,620	-	(246,823)	6,385,797	-	252,208	6,133,589
Lease liabilities	4,826,509	-	(106,103)	4,720,406	-	99,581	4,620,825
Subtotal - bonds, notes and lease payables	<u>43,470,721</u>	<u>652,320</u>	<u>(3,796,294)</u>	<u>40,326,746</u>	<u>1,810,679</u>	<u>1,769,026</u>	<u>40,368,399</u>
Liability for self-insured losses	333,375	94,593	(152,608)	275,360	-	204,587	70,773
Compensated absences	1,075,141	527,442	(485,802)	1,116,781	-	638,468	478,313
Total long-term liabilities	\$ 44,879,237	\$ 1,274,355	\$ (4,434,704)	\$ 41,718,887	\$ 1,810,679	\$ 2,612,081	\$ 40,917,485

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 2022 compared to 2021, 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 7 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. These bonds were paid in full during the year ended December 31, 2022.
- (B) **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 March 1, 2022, interest rates were modified to a fixed rate of 2% for a 10 year period ending on March 31, 2032. 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%, and the tax-exempt ceiling rate of 3.5%. The maturity date of the principal is September 1, 2043, based on the loan being fully drawn.
- (C) **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%.
- (D) **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%.
- (E) **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%.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

- (F) **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%.
- (G) **General Obligation Bonds – Series of 2022A**- On March 3, 2022, the Borough issued General Obligations Bond Series 2022A in amount of \$5,775,000 for the purpose of financing capital projects, including but not limited to buildings and facilities comprising the municipal police station and various other capital improvements and pay the related costs. The Bond requires semiannual interest payments due on March 1 and September 1 of each year. The first interest payment is due on September 1, 2022. The annual principal payments due on September 1 of each year, beginning on September 1, 2028, until September 2046. The bonds have a fixed interest rate of 3%.
- (H) **General Obligation Bonds – Series of 2022B** – On March 3, 2022, the Borough issued Federally Taxable General Obligations Bond of Series of 2022 B in the amounts of \$ 1,305,000 for the purpose of financing costs related to the purchase, acquisition, and construction of the municipal police station and to pay the related issuing of the bond. The Bond requires semiannual interest payments due on March 1 and September 1, with the first payment beginning on September 1, 2022. The Bond requires annual principal payments due on September 1, 2022, until September 2028. The Bond has a fixed interest rate of 2%.

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.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

The following is a schedule by years and in the aggregate of future minimum bond and note principal and interest payments required at December 31, 2022:

	BONDS									
	Electric		Recreation Tax		Swimming Pool		Water			
	Series of 2019 Bond		Series of 2021 Bond		Series of 2021A Bond		Series of 2021A Bond		Series of 2020 Bond	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 350,000	\$ 338,100	\$ 63,638	\$ 19,311	\$ 41,328	\$ 26,345	\$ 273,672	\$ 174,455	\$ 250,718	\$ 255,972
2024	365,000	320,600	65,335	18,021	43,296	24,279	286,704	160,771	258,678	245,942
2025	380,000	306,000	66,183	16,706	45,920	22,114	304,080	146,436	270,617	235,596
2026	395,000	290,800	67,032	15,374	47,888	19,818	317,112	131,232	278,576	224,772
2027	415,000	275,000	67,880	14,024	50,512	17,423	334,488	115,377	290,515	213,628
2028 - 2032	2,330,000	1,113,200	280,855	52,601	267,648	71,582	1,772,352	474,018	1,639,619	884,122
2033 - 2037	2,835,000	607,800	302,067	23,794	295,200	43,754	1,954,800	289,746	2,005,747	528,178
2038 - 2042	1,295,000	78,200	82,081	1,209	257,664	13,002	1,707,336	86,098	1,404,819	113,974
	<u>\$ 8,365,000</u>	<u>\$ 3,329,700</u>	<u>\$ 995,071</u>	<u>\$ 161,040</u>	<u>\$ 1,049,456</u>	<u>\$ 238,317</u>	<u>\$ 6,950,544</u>	<u>\$ 1,578,133</u>	<u>\$ 6,399,289</u>	<u>\$ 2,702,184</u>

	BONDS										Total	
	Sanitation		Sewer		Capital Reserve		Capital Reserve				Principal	Interest
	Series of 2020 Bond		Series of 2021 Bond		Series of 2021 Bond		Series of 2022 A Bond		Series of 2022 B Bond			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2023	\$ 64,282	\$ 65,628	\$ 37,537	\$ 11,391	\$ 273,825	\$ 83,091	\$ -	\$ 173,250	\$ 215,000	\$ 26,100	\$ 1,570,000	\$ 1,173,643
2024	66,322	63,058	38,538	10,630	281,127	77,542	-	173,250	220,000	21,800	1,625,000	1,115,893
2025	69,383	60,404	39,039	9,854	284,778	71,883	-	173,250	225,000	17,400	1,685,000	1,059,643
2026	71,424	57,628	39,540	9,068	288,429	66,151	-	173,250	230,000	12,900	1,735,001	1,000,993
2027	74,485	54,772	40,040	8,273	292,080	60,346	-	173,250	235,000	8,300	1,800,000	940,393
2028 - 2032	420,381	226,678	165,667	31,027	1,208,481	226,334	1,080,000	814,200	180,000	3,600	9,345,003	3,897,362
2033 - 2037	514,253	135,422	178,179	14,035	1,299,756	102,383	1,455,000	619,650	-	-	10,840,002	2,364,762
2038 - 2042	360,181	29,224	48,757	713	354,155	5,202	1,700,000	387,000	-	-	7,209,993	714,622
2043-2047	-	-	-	-	-	-	1,540,000	117,000	-	-	1,540,000	117,000
	<u>\$ 1,640,711</u>	<u>\$ 692,814</u>	<u>\$ 587,297</u>	<u>\$ 94,991</u>	<u>\$ 4,282,631</u>	<u>\$ 692,932</u>	<u>\$ 5,775,000</u>	<u>\$ 2,804,100</u>	<u>\$ 1,305,000</u>	<u>\$ 90,100</u>	<u>\$ 37,349,999</u>	<u>\$ 12,384,311</u>

DIRECT BORROWING

	Internal Service		Total	
	Series of 2017 Note		Principal	Interest
	Principal	Interest		
2023	\$ 305,089	\$ 153,518	\$ 305,089	\$ 153,518
2024	338,592	161,707	338,592	161,707
2025	345,976	154,323	345,976	154,323
2026	353,058	147,242	353,058	147,242
2027	360,284	140,016	360,284	140,016
2028 - 2032	1,889,608	644,255	1,889,608	644,255
2033 - 2037	2,033,921	683,354	2,033,921	683,354
2038 - 2042	2,428,338	288,936	2,428,338	288,936
2043 - 2047	357,461	4,761	357,461	4,761
	<u>\$ 8,412,327</u>	<u>\$ 2,378,112</u>	<u>\$ 8,412,327</u>	<u>\$ 2,378,112</u>

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 8 LEASE LIABILITY

The Borough has entered noncancelable leases for the use of land in conjunction with contracts for the purchase of solar energy. In addition, the Borough leases facilities for the use of the temporary police station and various equipment. The leases require monthly or yearly principal and interest payments ranging from \$ 2,900 to \$ 101,609 based on interest rates ranging from 0.70% to 2.30%. The associated right-to-use assets are disclosed in the Capital Asset Footnote. The amounts of maturities for all of the lease liabilities are as follows:

Year ended December 31:	Governmental			Business-type		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 220,874	\$ 926	\$ 221,800	\$ 99,581	\$ 102,443	\$ 202,024
2024	6,948	52	7,000	101,732	100,293	202,025
2025	-	-	-	103,929	98,095	202,024
2026	-	-	-	106,174	95,850	202,024
2027	-	-	-	108,468	93,557	202,025
2028 - 2032	-	-	-	578,525	431,596	1,010,121
2033 - 2037	-	-	-	643,818	366,303	1,010,121
2038 - 2042	-	-	-	716,520	293,600	1,010,120
2043 - 2048	-	-	-	797,477	212,644	1,010,121
2048 - 2052	-	-	-	887,630	122,491	1,010,121
2053 - 2057	-	-	-	576,552	28,286	604,838
	<u>\$ 227,822</u>	<u>\$ 978</u>	<u>\$ 228,800</u>	<u>\$ 4,720,406</u>	<u>\$ 1,945,158</u>	<u>\$ 6,665,564</u>

NOTE 9 INTERFUND ACTIVITY

Interfund receivables and payables consist of the following at December 31, 2022

	Due From	Due To
Major governmental funds		
General Fund	\$ 25,067	\$ -
Special revenue grant programs	-	25,067
	<u>\$ 25,067</u>	<u>\$ 25,067</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 9 INTERFUND ACTIVITY (CONTINUED)

Interfund transfers consisted of the following during 2022:

	Transfers In	Transfers Out
Major governmental funds		
General fund	\$ 2,818,981	\$ 2,883,949
Special revenue grant programs	125,000	2,318
Capital reserve	2,208,800	33,090
Nonmajor governmental funds		
Special revenue liquid fuels	33,090	991,531
Special revenue fire tax	-	613,793
Recreation bond tax	-	478,010
Total nonmajor governmental funds	<u>33,090</u>	<u>2,083,334</u>
Major proprietary funds		
Electric	41,421	3,022,776
Gas	41,420	858,345
Water	16,120	158,730
Sewer	-	161,490
Swimming Pool	478,010	300
Nonmajor proprietary funds		
Sanitation	-	142,925
Parking, traffic and street lights	1,421,781	11,455
Storm sewer	1,394,885	15
Total nonmajor proprietary funds	<u>2,816,666</u>	<u>154,395</u>
Internal service funds		
Stores	670,000	1,110
Motor equipment	521,494	590,180
Self insurance	85,625	-
Engineering	10,000	139,315
Worker's compensation	577,220	-
Administrative services	-	354,515
	<u>1,864,339</u>	<u>1,085,120</u>
	<u>\$ 10,443,847</u>	<u>\$ 10,443,847</u>

During the year, the Borough made transfers between funds for a number of reasons. The list below summarizes the more significant transfers:

- Transfers to the General Fund for contributions towards general operations.
- Transfers to the Self Insurance Fund and Workers Compensation Fund to establish reserves for future claims.
- Transfers from tax funds to other funds for debt service and capital purchases.
- Transfers related to grant funding.
- Transfer to capital reserve fund to establish reserves for future capital improvements.
- Transfer of debt proceeds to capital reserve fund to be used for capital improvements.

NOTE 10 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, 2022, the participation in each plan is as follows:

	Bargaining and Administrative Employees	Police	Firemen
Participants:			
Retirees and beneficiaries	94	33	16
Vested former members	19	1	2
Active employees	<u>158</u>	<u>36</u>	<u>29</u>
Total	<u>271</u>	<u>70</u>	<u>47</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 10 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 7.53 % of annual payroll for the Bargaining and Administrative Employees, 26.51% of annual payroll for the Police Officers, and 18.73% of annual payroll for the Paid Firemen. The employer contributions for 2022 were \$ 832,796 for the Bargaining and Administrative Employees, \$ 680,435 for the Police Officers, and \$ 491,078 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, 2022, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense was (14.3%) for the bargaining and administrative plan, (14.4%) police officers plan, and (14.2%) paid firemen plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

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

At December 31, 2022 the Borough reported a liability of \$ 20,469,317 in the Statement of Net Position. The net pension liability was measured as of December 31, 2022, 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, 2022, the Borough recognized pension expense of \$ 3,611,768. This included pension expense of \$ 1,600,586 for the Bargaining and Administrative Employees, \$ 1,118,426 for the Police Officers, and \$ 892,756 for the Paid Firemen.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 10 PENSION PLANS (CONTINUED)

Net Pension Liability (Continued)

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, 2022:

Bargaining and Administrative Employees

	<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, 2021	\$ 32,919,335	\$ 28,574,627	\$ 4,344,708	86.80%
Changes for the year:				
Service cost	838,021	-	838,021	
Interest	2,627,962	-	2,627,962	
Changes in benefits	-	-	-	
Changes for experience	-	-	-	
Changes of assumptions	-	-	-	
Differences in expected and actual experience	-	-	-	
Contributions - employer	-	832,796	(832,796)	
Contributions - employee	-	637,859	(637,859)	
Net investment income	-	(4,035,173)	4,035,173	
Benefit payments, including refunds of member contributions	(1,797,595)	(1,797,595)	-	
Administrative expenses	-	(12,000)	12,000	
Other	-	-	-	
Net changes	<u>1,668,388</u>	<u>(4,374,113)</u>	<u>6,042,501</u>	
Balances as of December 31, 2022	<u>\$ 34,587,723</u>	<u>\$ 24,200,514</u>	<u>\$ 10,387,209</u>	69.97%

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, 2021	\$ 18,963,134	\$ 16,714,013	\$ 2,249,121	88.14%
Changes for the year:				
Service cost	364,345	-	364,345	
Interest	1,498,256	-	1,498,256	
Changes in benefits	-	-	-	
Changes for experience	-	-	-	
Changes of assumptions	-	-	-	
Differences in expected and actual experience	-	-	-	
Contributions - employer	-	680,435	(680,435)	
Contributions - employee	-	118,301	(118,301)	
Net investment income	-	(2,346,284)	2,346,284	
Benefit payments, including refunds of member contributions	(1,195,900)	(1,195,900)	-	
Administrative expenses	-	(9,100)	9,100	
Other	-	-	-	
Net changes	<u>666,701</u>	<u>(2,752,548)</u>	<u>3,419,249</u>	
Balances as of December 31, 2022	<u>\$ 19,629,835</u>	<u>\$ 13,961,465</u>	<u>\$ 5,668,370</u>	71.12%

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 10 PENSION PLANS (CONTINUED)

Net Pension Liability (Continued)

Firemen

	<u>Increase (Decrease)</u>			Plan Fiduciary Net Position as a % of Total Pension Liability
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)	
Balances as of December 31, 2021	\$ 12,374,131	\$ 10,090,208	\$ 2,283,923	81.54%
Changes for the year:				
Service cost	310,846	-	310,846	
Interest	997,093	-	997,093	
Changes in benefits	-	-	-	
Changes for experience	-	-	-	
Changes of assumptions	-	-	-	
Differences in expected and actual experience	-	-	-	
Contributions - employer	-	491,078	(491,078)	
Contributions - employee	-	127,882	(127,882)	
Net investment income	-	(1,434,736)	1,434,736	
Benefit payments, including refunds of member contributions	(444,249)	(444,249)	-	
Administrative expenses	-	(6,100)	6,100	
Other	-	-	-	
Net changes	<u>863,690</u>	<u>(1,266,125)</u>	<u>2,129,815</u>	
Balances as of December 31, 2022	<u>\$ 13,237,821</u>	<u>\$ 8,824,083</u>	<u>\$ 4,413,738</u>	66.66%

Deferred Outflows/Inflows of Resources

At December 31, 2022 the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Bargaining and Administrative Employees</u>		<u>Police</u>		<u>Firemen</u>		<u>Total</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,786	\$ 863,984	\$ 88,074	\$ 17,055	\$ 729,523	\$ 39,233	\$ 829,383	\$ 920,272
Net difference between projected and actual earnings on pension plan investments	3,607,877		2,097,070	-	1,322,663	-	7,027,610	-
Changes in proportions - governmental activities/business-type activities	207,824	207,824	-	-	-	-	207,824	207,824
Changes in assumptions	<u>446,291</u>	<u>-</u>	<u>118,154</u>	<u>17,902</u>	<u>35,701</u>	<u>-</u>	<u>600,146</u>	<u>17,902</u>
	<u>\$ 4,273,778</u>	<u>\$ 1,071,808</u>	<u>\$ 2,303,298</u>	<u>\$ 34,957</u>	<u>\$ 2,087,887</u>	<u>\$ 39,233</u>	<u>\$ 8,664,963</u>	<u>\$ 1,145,998</u>

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 10 PENSION PLANS (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

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:				
2023	\$ 420,340	\$ 310,631	\$ 346,863	\$ 1,077,834
2024	798,781	574,349	470,102	1,843,232
2025	983,856	620,730	533,914	2,138,500
2026	1,167,497	751,561	610,241	2,529,299
2027	(94,629)	11,073	87,535	3,979
Thereafter	(73,875)	(3)	(1)	(73,879)
	<u>\$ 3,201,970</u>	<u>\$ 2,268,341</u>	<u>\$ 2,048,654</u>	<u>\$ 7,518,965</u>

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

NOTE 10 PENSION PLANS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Rate of Return (Continued)

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, 2022 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%

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	\$ 14,108,944	\$ 10,387,209	\$ 7,166,919
Police Plan	7,910,066	5,668,370	3,780,653
Firemen Plan	5,995,188	4,413,738	3,076,757

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 10 PENSION PLANS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Financial Statements

The following are financial statements as of December 31, 2022 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	\$ 447,169	\$ 505,510	\$ 684,575	\$ 1,637,254
Mutual funds - Corporate bonds	2,723,944	4,318,892	7,575,755	14,618,591
Mutual funds - Stocks	5,387,673	8,712,470	15,181,841	29,281,984
Mutual funds - Real estate securities	259,642	419,664	731,442	1,410,748
Employee contribution receivable	5,655	4,929	26,901	37,485
Total assets	<u>\$ 8,824,083</u>	<u>\$ 13,961,465</u>	<u>\$ 24,200,514</u>	<u>\$ 46,986,062</u>
NET POSITION				
Net position restricted for pensions	<u>\$ 8,824,083</u>	<u>\$ 13,961,465</u>	<u>\$ 24,200,514</u>	<u>\$ 46,986,062</u>
Total liabilities and net position	<u>\$ 8,824,083</u>	<u>\$ 13,961,465</u>	<u>\$ 24,200,514</u>	<u>\$ 46,986,062</u>
ADDITIONS				
Contributions				
Employer	\$ 491,078	\$ 680,435	\$ 832,796	\$ 2,004,309
Plan member	127,882	118,301	637,536	883,719
Total contributions	<u>618,960</u>	<u>798,736</u>	<u>1,470,332</u>	<u>2,888,028</u>
Investment income				
Net appreciation in fair value of investments and gains on sale of investments	(1,599,266)	(2,622,082)	(4,512,750)	(8,734,098)
Interest, dividends and other	183,165	302,050	514,215	999,430
Total net investment earnings	<u>(1,416,101)</u>	<u>(2,320,032)</u>	<u>(3,998,535)</u>	<u>(7,734,668)</u>
Total additions	<u>(797,141)</u>	<u>(1,521,296)</u>	<u>(2,528,203)</u>	<u>(4,846,640)</u>
DEDUCTIONS				
Benefits	444,249	1,196,476	1,793,497	3,434,222
Administrative expenses	24,734	34,776	52,410	111,920
Total deductions	<u>468,983</u>	<u>1,231,252</u>	<u>1,845,907</u>	<u>3,546,142</u>
Change in net position	(1,266,124)	(2,752,548)	(4,374,110)	(8,392,782)
Net position - beginning	<u>10,090,207</u>	<u>16,714,013</u>	<u>28,574,624</u>	<u>55,378,844</u>
Net position - ending	<u>\$ 8,824,083</u>	<u>\$ 13,961,465</u>	<u>\$ 24,200,514</u>	<u>\$ 46,986,062</u>

Payables to the Pension Plan

As of December 31, 2022, the Borough had no payables to the pension plan.

NOTE 10 PENSION PLANS (CONTINUED)

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 \$ 44,200 for 2022.

NOTE 11 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 \$ 24,382, or approximately 102% of the total premiums.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

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	174	31	25	230
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, 2022, the Borough reported a total OPEB liability of \$ 3,280,062.

The table below summarizes the OPEB liability and OPEB expense:

	Total OPEB Liability	OPEB Expense
Bargaining and administrative	\$ 1,154,320	\$ 304,353
Police	1,133,645	163,813
Firemen	992,097	129,258
	<u>\$ 3,280,062</u>	<u>\$ 597,424</u>

Changes in the Total OPEB Liability

	Total OPEB Liability			
	Bargaining and Administrative	Police	Firemen	Total
Beginning Balance	\$ 786,707	\$ 963,515	\$ 883,226	\$ 2,633,448
Changes for the year:				
Service cost	368,760	187,076	125,672	681,508
Interest	21,978	22,180	19,318	63,476
Changes in assumptions	7,714	(36,579)	(21,461)	(50,326)
Benefit payments	(30,839)	(2,547)	(14,658)	(48,044)
Net changes	<u>367,613</u>	<u>170,130</u>	<u>108,871</u>	<u>646,614</u>
Ending Balance	<u>\$ 1,154,320</u>	<u>\$ 1,133,645</u>	<u>\$ 992,097</u>	<u>\$ 3,280,062</u>

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Changes in the Total OPEB Liability

At December 31, 2022, 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	\$ -	\$ 807,269	\$ -	\$ 517,210	\$ -	\$ 220,347	\$ -	\$ 1,544,826
Changes in assumptions	26,937	70,407	119,047	55,230	91,170	35,896	237,154	161,533
Changes in proportions - governmental activities/ business-type activities	28,464	28,464	-	-	-	-	28,464	28,464
Benefit payments/contributions subsequent to the measurement date	67,305	-	7,800	-	18,362	-	93,467	-
	<u>\$ 122,706</u>	<u>\$ 906,140</u>	<u>\$ 126,847</u>	<u>\$ 572,440</u>	<u>\$ 109,532</u>	<u>\$ 256,243</u>	<u>\$ 359,085</u>	<u>\$ 1,734,823</u>

The amount of \$93,467 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:				
2023	\$ (86,385)	\$ (45,443)	\$ (15,732)	\$ (147,560)
2024	(86,385)	(45,443)	(15,732)	(147,560)
2025	(86,385)	(45,443)	(15,732)	(147,560)
2026	(86,385)	(45,443)	(15,732)	(147,560)
2027	(86,385)	(45,443)	(15,732)	(147,560)
Thereafter	<u>(418,814)</u>	<u>(226,178)</u>	<u>(86,413)</u>	<u>(731,405)</u>
Total	<u>\$ (850,739)</u>	<u>\$ (453,393)</u>	<u>\$ (165,073)</u>	<u>\$ (1,469,205)</u>

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Actuarial Methods and Assumptions

The total OPEB liability as of December 31, 2022, 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	2.25% - 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	6.5% in 2022, 6% in 2023 and 5.5% in 2024 and 2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
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.

Discount Rate

A discount rate of 2.25%, which represents the S&P Municipal Bond 20 Year High Grade Rate Index at January 1, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

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 Discount Rate	1% Increase
	1.25%	2.25%	3.25%
Bargaining and administrative	\$ 1,119,396	\$ 1,154,320	\$ 1,172,591
Police	1,214,340	1,133,645	1,052,596
Fire	1,054,070	992,097	930,559
	<u>\$ 3,387,806</u>	<u>\$ 3,280,062</u>	<u>\$ 3,155,746</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 Trend	1% Increase
Bargaining and administrative	\$ 970,587	\$ 1,154,320	\$ 1,369,795
Police	948,689	1,133,645	1,356,669
Firemen	860,795	992,097	1,147,725
	<u>\$ 2,780,071</u>	<u>\$ 3,280,062</u>	<u>\$ 3,874,189</u>

Payables to the OPEB Plan

As of December 31, 2022, the Borough had no amounts payable to the OPEB plan.

NOTE 12 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.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 12 RISK MANAGEMENT (CONTINUED)

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:

	2022			
	Liability	Current Year	Claim	Liability
	Beginning	Claims and	Payments	Ending
		Changes in		
		Estimates		
Self-insurance fund	\$ 76,130	\$ -	\$ (5,304)	\$ 70,826
Workers' compensation fund	321,088	134,212	(163,381)	291,919

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

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 \$5,838,324. During 2022, the Borough received \$250,627 from PMHIC as a refund for prior premiums paid.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 13 COMMITMENTS

Projects

The Borough has the following projects open at December 31, 2022:

Project Description	Total estimated costs										Costs paid as of 12/31/2022	Costs to complete
	Electric	Gas	Water	Sewer	Parking, Traffic, and Street Light	Storm Sewer	Sanitation	Admin Services	Capital Reserve and General			
Installation of Feeder 273 from Orchard Park Sub to Downtown	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,615	\$ 224,385
Installation of 261 Underground Getaway on Orchard Drive	450,000	-	-	-	-	-	-	-	-	-	315,630	134,370
Major Repairs to Unit 6	763,190	-	-	-	-	-	-	-	-	-	-	763,190
Substation Surveillance Camera Project	100,000	-	-	-	-	-	-	-	-	-	85,520	14,480
Transmission Lin Reconfiguration at Grant/Second Street	150,000	-	-	-	-	-	-	-	-	-	14,600	135,400
Upgrade Park Substation	250,000	-	-	-	-	-	-	-	-	-	247,064	2,936
Clean Up at Service Center	500,000	500,000	-	-	-	-	-	-	-	-	506,819	493,181
Gas Main & Service Installation at Progress Village	-	200,000	-	-	-	-	-	-	-	-	176,349	23,651
Guilford Springs Gas Main Relocation	-	700,000	-	-	-	-	-	-	-	-	5,313	694,687
Quinn Station Gas Extension	-	100,000	-	-	-	-	-	-	-	-	40,402	59,598
Upgrade Gas Main and Services on South Fourth Street	-	200,000	-	-	-	-	-	-	-	-	1,590	198,410
Upgrade Gas Main and Services on Philadelphia Avenue	-	450,000	-	-	-	-	-	-	-	-	163,634	286,366
Commercial/Industrial Water Meter Replacement/Install	-	-	400,000	-	-	-	-	-	-	-	34,462	365,538
Grant Point Water Main Loop	-	-	1,200,000	-	-	-	-	-	-	-	1,876	1,198,124
Groundwater Supply Source	-	-	200,000	-	-	-	-	-	-	-	4,844	195,156
Intake Screen	-	-	300,000	-	-	-	-	-	-	-	74,570	225,430
Reservoir Hill Water Main Extension	-	-	1,900,000	-	-	-	-	-	-	-	68,697	1,831,303
Upgrade Lead Goosenecks	-	-	3,799,828	-	-	-	-	-	-	-	844,836	2,954,992
Upgrade Water Line at Limekiln Bridge	-	-	100,000	-	-	-	-	-	-	-	17,073	82,927
Construction of East Conococheague Pump Station	-	-	-	2,000,000	-	-	-	-	-	-	7,060	1,992,940
Upgrades Solids Processing at WWTP	-	-	-	400,000	-	-	-	-	-	-	100,914	299,086
South Fourth Street Storm Sewer Improvement Project	-	-	-	-	-	2,000,000	-	-	-	-	13,482	1,986,518
South Main Street Storm Conveyance Project	-	-	-	-	-	355,000	-	-	-	-	52,899	302,101
Storm Sewer Cleaning and CCTV Project	-	-	-	-	-	2,238,214	-	-	-	-	4,245	2,233,969
Storm Sewer Culvert Box on Vine Street	-	-	-	-	-	120,000	-	-	-	-	-	120,000
Demolition of 1335 South Fourth Street	-	-	-	-	-	-	-	700,000	-	-	17,983	682,017
Design Improvements to 366 Wayne Avenue Project	-	-	-	-	-	-	-	500,000	-	-	-	500,000
Miscellaneous IT Projects	-	-	-	-	-	-	-	-	-	153,000	-	153,000
Playground Installation Project at Memorial Park	-	-	-	-	-	-	-	-	-	135,000	123,828	11,172
Bridge Improvement Projects	-	-	-	-	-	-	-	-	-	304,700	76,667	228,033
Cosell Drive Street Paving Project (Martina Dr to Martina Dr)	-	-	-	-	-	-	-	-	-	161,299	-	161,299
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
Franklin County Visitors Bureau	-	-	-	-	-	-	-	-	-	125,000	125,000	-
Renovations and Addition to the Police Headquarters	-	-	-	-	-	-	-	-	-	9,000,000	4,333,169	4,666,831
Fee in Lieu of Recreation for the Enclave Extension	-	-	-	-	-	-	-	-	-	268,850	53,322	215,528
Southgate - Only 2022 Common Area Changes	-	-	-	-	-	-	-	-	-	200,000	160,899	39,101
Access Control - Utility Building	-	-	-	-	-	-	-	-	180,000	-	173,605	6,395
3rd Floor Renovations in Utility Building Addition	-	-	-	-	-	-	-	-	100,000	-	5,575	94,425
Development of Customer Portal Project	-	-	-	-	-	-	-	-	150,000	-	38,800	111,200
Upgrade Customer Service Center Office and Security	70,000	70,000	70,000	70,000	-	-	-	70,000	-	-	299,459	50,541
Various	90,000	30,000	20,000	75,000	154,094	194,500	-	-	-	452,323	341,252	674,665
Totals	\$ 2,673,190	\$ 2,250,000	\$ 7,989,828	\$ 2,545,000	\$ 154,094	\$ 4,907,714	\$ 1,270,000	\$ 430,000	\$ 12,205,857	\$ 8,607,312	\$ 25,818,371	

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 14 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, 2022, The Borough is contingently liable for the respective indemnity share of MGAG’s debt in the amount of \$ 1,441,579

NOTE 15 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, 2022, future obligations related to the pollution remediation cannot be reasonably estimated.

NOTE 16 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, 2022 outstanding note balances under conduit debt arrangements were as follows:

Wilson College	\$ 34,705,000
The Shook Home	3,817,045
Children's Aid Society	61,225
Coyle Free Library	2,994,862

NOTE 17 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.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 18 RESTATEMENTS

During the year end December 31, 2022, the Borough adopted GASB Standard Statement No. 87 Leases, which required a change in presentation of leases in the financial statements. In addition, a restatement was necessary for ARPA purposes. The following funds had restatements of net position:

	Governmental Activities	Business-Type Activities			
Net position, as originally stated - December 31, 2021	\$ 33,997,054	\$ 156,830,293			
Restatement related to grant funding	(59,612)	59,612			
GASB 87- lease receivable	-	1,059,562			
GASB 87 - right of use asset	447,226	4,826,509			
GASB 87 - deferred inflow of resources	-	(1,059,562)			
GASB 87 - lease liability	(447,226)	(4,826,509)			
Net position, as restated - December 31, 2021	<u>\$ 33,937,442</u>	<u>\$ 156,889,905</u>			
Change in net position, as originally stated - December 31, 2021	\$ 4,820,084	\$ 1,622,960			
Restatement related to grant funding	(59,612)	59,162			
Change in net position, as restated - December 31, 2021	<u>\$ 4,760,472</u>	<u>\$ 1,682,122</u>			
	General Fund	Electric Fund	Gas Fund	Parking, Traffic and Street Lights Fund	
Fund balance/net position, as originally stated - December 31, 2021	\$ 5,853,214	\$ 42,146,798	\$ 16,669,101	\$ 6,619,772	
Restatement related to grant funding	(59,613)	29,807	29,807	-	
GASB 87- lease receivable	-	1,059,562	-	534,865	
GASB 87 - right of use asset	-	4,826,509	-	-	
GASB 87 - deferred inflow of resources	-	(1,059,562)	-	(534,865)	
GASB 87 - lease liability	-	(4,826,509)	-	-	
Fund balance/net position, as restated - December 31, 2021	<u>\$ 5,793,601</u>	<u>\$ 42,176,605</u>	<u>\$ 16,698,908</u>	<u>\$ 6,619,772</u>	
Change in fund balance/net position, as originally stated - December 31, 2021	\$ 2,102,047	\$ 318,733	\$ (678,423)	\$ 1,717,563	
Restatement related to grant funding	(59,612)	29,807	29,807	-	
Change in fund balance/net position, as restated - December 31, 2021	<u>\$ 2,042,435</u>	<u>\$ 348,540</u>	<u>\$ (648,616)</u>	<u>\$ 1,717,563</u>	

NOTE 19 RELATED PARTY TRANSACTIONS - CHAMBERSBURG AREA MUNICIPAL AUTHORITY

During 2022, the Authority finalized the purchase of a local shopping center for purposes of future economic revitalization and community development. As part of this transaction, the Borough provided funding to the Authority in the amount of approximately \$ 4,600,000 to be used to purchase the shopping center. In addition, the Authority and Borough have signed a management agreement whereby the Borough will take over the management of all remaining leases associated with the center. All activity associated with these leases is the responsibility of the Borough and the lease activity is reported as part of the Borough's general fund/governmental activities. In addition, the Authority and Borough have signed a reimbursement agreement where all proceeds from the sale of assets associated with this property will be returned to the Borough. Subsequent to year-end, a portion of the property was sold for \$ 300,000 and the proceeds were returned to the Borough.

The Borough and Authority have issued a prospectus seeking proposals from developers for the future revitalization of the property.

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								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 838,021	\$ 791,184	\$ 708,303	\$ 674,574	\$ 706,701	\$ 673,049	\$ 599,855	\$ 571,290	\$ 551,672
Interest	2,627,962	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	(1,797,595)	(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	1,668,388	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	32,919,335	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	34,587,723	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	832,796	852,497	818,752	790,605	588,100	641,491	727,254	699,463	640,380
Contributions - employee	637,859	628,306	646,823	573,617	544,244	490,416	395,820	358,759	246,550
Net investment income	(4,035,173)	3,179,565	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	(1,797,595)	(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	(12,000)	(22,600)	(40,062)	(14,402)	(24,200)	-	(34,206)	(11,500)	(6,000)
Other	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(4,374,113)	2,869,588	2,633,699	3,215,401	(1,789,612)	2,112,319	1,292,556	(754,083)	424,573
Plan fiduciary net position - beginning	28,574,627	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	\$ 24,200,514	\$ 28,574,627	\$ 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	\$ 10,387,209	\$ 4,344,708	\$ 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	69.97%	86.80%	81.25%	76.50%	67.48%	77.26%	74.21%	72.46%	78.93%
Covered payroll	\$ 11,065,997	\$ 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	93.87%	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								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 364,345	\$ 345,733	\$ 373,770	\$ 355,971	\$ 360,774	\$ 343,594	\$ 363,426	\$ 346,120	\$ 338,256
Interest	1,498,256	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	(1,195,900)	(1,090,728)	(1,051,405)	(999,917)	(970,587)	(924,511)	(762,502)	(695,818)	(567,680)
Net change in total pension liability	666,701	777,589	708,383	745,219	665,538	1,131,830	735,430	413,287	812,776
Total pension liability - beginning	<u>18,963,134</u>	<u>18,185,545</u>	<u>17,477,162</u>	<u>16,731,943</u>	<u>16,066,405</u>	<u>14,934,575</u>	<u>14,199,145</u>	<u>13,785,858</u>	<u>12,973,082</u>
Total pension liability - ending	<u>19,629,835</u>	<u>18,963,134</u>	<u>18,185,545</u>	<u>17,477,162</u>	<u>16,731,943</u>	<u>16,066,405</u>	<u>14,934,575</u>	<u>14,199,145</u>	<u>13,785,858</u>
Plan fiduciary net position									
Contributions - employer	680,435	690,371	615,582	599,096	514,380	505,579	509,013	498,970	399,615
Contributions - employee	118,301	106,657	117,321	106,974	105,082	94,940	103,248	141,981	66,471
Net investment income	(2,346,284)	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	(1,195,900)	(1,090,728)	(1,051,405)	(999,917)	(970,587)	(924,511)	(762,502)	(695,818)	(567,680)
Administrative expenses	(9,100)	(14,800)	(25,664)	(8,300)	(15,400)	-	(8,200)	(8,900)	(6,600)
Other	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(2,752,548)	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	<u>16,714,013</u>	<u>15,169,093</u>	<u>13,854,172</u>	<u>12,059,794</u>	<u>13,253,666</u>	<u>12,058,961</u>	<u>11,206,343</u>	<u>11,482,385</u>	<u>10,980,644</u>
Plan fiduciary net position - ending	<u>\$ 13,961,465</u>	<u>\$ 16,714,013</u>	<u>\$ 15,169,093</u>	<u>\$ 13,854,172</u>	<u>\$ 12,059,794</u>	<u>\$ 13,253,666</u>	<u>\$ 12,058,961</u>	<u>\$ 11,206,343</u>	<u>\$ 11,482,385</u>
Borough's net pension liability	<u>\$ 5,668,370</u>	<u>\$ 2,249,121</u>	<u>\$ 3,016,452</u>	<u>\$ 3,622,990</u>	<u>\$ 4,672,149</u>	<u>\$ 2,812,739</u>	<u>\$ 2,875,614</u>	<u>\$ 2,992,802</u>	<u>\$ 2,303,473</u>
Plan fiduciary net position as a percentage of the total pension liability	71.12%	88.14%	83.41%	79.27%	72.08%	82.49%	80.75%	78.92%	83.29%
Covered payroll	\$ 2,566,906	\$ 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	220.82%	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								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 310,846	\$ 296,813	\$ 286,637	\$ 272,988	\$ 220,967	\$ 210,445	\$ 186,435	\$ 177,557	\$ 183,801
Interest	997,093	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	(444,249)	(387,613)	(231,499)	(242,115)	(266,906)	(248,583)	(252,187)	(286,689)	(290,995)
Net change in total pension liability	863,690	1,452,903	872,692	1,367,871	606,959	621,287	495,619	284,112	397,857
Total pension liability - beginning	12,374,131	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	13,237,821	12,374,131	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	491,078	492,055	382,766	370,371	296,801	289,652	286,496	299,092	269,702
Contributions - employee	127,882	176,522	129,166	114,283	111,255	88,617	81,310	62,716	62,106
Net investment income	(1,434,736)	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	(444,249)	(387,613)	(231,499)	(242,115)	(266,906)	(248,583)	(252,187)	(286,689)	(290,995)
Administrative expenses	(6,100)	(14,100)	(17,634)	(6,700)	(11,800)	(3,241)	(4,600)	(6,500)	(4,800)
Other	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(1,266,125)	1,359,548	1,217,527	1,337,833	(299,072)	844,628	573,603	(33,312)	306,882
Plan fiduciary net position - beginning	10,090,208	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	\$ 8,824,083	\$ 10,090,208	\$ 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	\$ 4,413,738	\$ 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	66.66%	81.54%	79.94%	74.77%	71.14%	80.19%	75.54%	72.68%	76.27%
Covered payroll	\$ 2,621,614	\$ 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	168.36%	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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 832,796	\$ 852,497	\$ 804,359	\$ 790,605	\$ 588,100	\$ 641,491	\$ 727,254	\$ 699,463	\$ 640,380	\$ 789,962
Contributions in relation to the actuarially determined contribution	<u>832,796</u>	<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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,393)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 11,065,997	\$ 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
Contributions as a percentage of covered payroll	7.53%	8.32%	7.49%	7.92%	6.30%	7.18%	8.10%	7.56%	7.53%	N/A

Police

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 680,435	\$ 690,371	\$ 598,082	\$ 599,096	\$ 514,380	\$ 505,579	\$ 509,013	\$ 498,970	\$ 399,615	\$ 420,753
Contributions in relation to the actuarially determined contribution	<u>680,435</u>	<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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,500)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,566,906	\$ 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
Contributions as a percentage of covered payroll	26.51%	26.63%	26.05%	24.44%	22.18%	22.09%	21.34%	22.02%	18.16%	N/A

Firemen

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 491,078	\$ 492,055	\$ 382,766	\$ 370,371	\$ 296,801	\$ 289,652	\$ 286,496	\$ 299,092	\$ 269,702	\$ 244,149
Contributions in relation to the actuarially determined contribution	<u>491,078</u>	<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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,621,614	\$ 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
Contributions as a percentage of covered payroll	18.73%	18.22%	14.07%	16.20%	12.68%	15.44%	17.45%	18.96%	18.42%	N/A

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	1/1/2019
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Amortization period	Bargaining and administrative - 11 years Police - 9 years Firemen - 9 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 - normal retirement age
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

<u>Annual money-weighted rate of return, net of investment expense</u>	2022	2021	2020	2019	2018	2017	2016	2015	2014
Bargaining and Administrative	(14.3%)	12.5%	13.1%	17.8%	(6.3%)	13.1%	9.4%	(1.9%)	5.7%
Police	(14.4%)	12.5%	12.8%	17.9%	(6.3%)	13.1%	9.3%	(1.9%)	5.8%
Firemen	(14.2%)	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**

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 681,508	\$ 605,426	\$ 547,532	\$ 566,033	\$ 506,544
Interest	63,476	111,510	98,982	101,444	96,399
Differences between expected and actual experience	-	(966,528)	-	(1,050,103)	-
Changes in assumptions	(50,326)	101,388	59,519	(25,620)	13,388
Benefit payments	<u>(48,045)</u>	<u>(73,015)</u>	<u>(50,431)</u>	<u>(80,600)</u>	<u>(44,178)</u>
Net changes	<u>646,613</u>	<u>(221,219)</u>	<u>655,602</u>	<u>(488,846)</u>	<u>572,153</u>
Total OPEB liability - beginning	<u>2,633,449</u>	<u>2,854,668</u>	<u>2,199,066</u>	<u>2,687,912</u>	<u>2,115,759</u>
Total OPEB liability - ending	<u>\$ 3,280,062</u>	<u>\$ 2,633,449</u>	<u>\$ 2,854,668</u>	<u>\$ 2,199,066</u>	<u>\$ 2,687,912</u>
Covered-employee payroll	Unavailable	\$ 17,294,646	Unavailable	\$ 15,216,312	\$ 13,819,599
Total OPEB liability as a percentage of covered employee payroll	N/A	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, 2022

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 9,022,960	\$ 9,330,924	\$ 307,964
Licenses and permits	398,500	447,728	49,228
Fines and forfeits	145,000	134,694	(10,306)
Interest earnings and unrealized investment gains (losses)	106,000	(1,073,957)	(1,179,957)
Intergovernmental	1,287,865	4,540,212	3,252,347
Departmental charges for services	2,532,500	2,962,744	430,244
Miscellaneous	1,614,500	535,081	(1,079,419)
Total revenues	<u>15,107,325</u>	<u>16,877,426</u>	<u>1,770,101</u>
EXPENDITURES			
General government	1,853,465	1,632,533	220,932
Police department	6,038,020	5,853,241	184,779
Emergency services	5,695,061	5,531,664	163,397
Planning and zoning	840,740	815,418	25,322
Highways	1,410,044	1,364,918	45,126
Culture and recreation	1,368,435	1,251,327	117,108
Community development	-	5,059,425	(5,059,425)
Interest expense	-	42,140	(42,140)
Total expenditures	<u>17,205,765</u>	<u>21,550,666</u>	<u>(4,344,901)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,098,440)</u>	<u>(4,673,240)</u>	<u>(2,574,800)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of long-term financing	-	1,305,000	1,305,000
Bond premium	-	16,888	16,888
Transfers in	2,821,505	2,818,981	(2,524)
Transfers out	(723,065)	(2,883,949)	(2,160,884)
Total other financing sources and uses	<u>2,098,440</u>	<u>1,256,920</u>	<u>(841,520)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (3,416,320)</u>	<u>\$ (3,416,320)</u>

BOROUGH OF CHAMBERSBURG
Required Supplementary Information
Budgetary Comparison Schedule - Special Revenue Fund - Grant Programs
Year Ended December 31, 2022

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Interest earnings and unrealized investment gains	\$ 12,300	\$ 28,236	\$ 15,936
Intergovernmental	4,551,830	587,334	(3,964,496)
Miscellaneous	300	74,127	73,827
Total revenues	<u>4,564,430</u>	<u>689,697</u>	<u>(3,874,733)</u>
EXPENDITURES (by department)			
General government	11,000	78,959	(67,959)
Public safety			
Police department	10,000	2,925	7,075
Fire department	36,300	23,325	12,975
Highway	500	236,496	(235,996)
Culture and recreation	-	127,437	(127,437)
Community development	1,415,050	32,072	1,382,978
Miscellaneous Expense	-	59,205	(59,205)
Total expenditures	<u>1,472,850</u>	<u>560,419</u>	<u>912,431</u>
Excess (deficiency) of revenues over expenditures	<u>3,091,580</u>	<u>129,278</u>	<u>(2,962,302)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	5,000	125,000	120,000
Transfers out	<u>(3,471,900)</u>	<u>(2,318)</u>	<u>3,469,582</u>
Total other financing sources and uses	<u>(3,466,900)</u>	<u>122,682</u>	<u>3,589,582</u>
Net change in fund balance	<u>\$ (375,320)</u>	<u>\$ 251,960</u>	<u>\$ 627,280</u>

OTHER SUPPLEMENTARY INFORMATION

BOROUGH OF CHAMBERSBURG

Other Governmental Funds and Capital Reserve Fund

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.

Police Station Bond Tax Fund – This fund (special revenue fund) is used to account for tax revenue related to the new police station.

Recreation Bond 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, 2022

	Special Revenue					Total - Other
	Liquid Fuels Fund	Special Revenue Fire Tax Fund	Police Station Bond Tax Fund	Recreation Bond Tax Fund	Citizen's Reward Fund	Governmental Funds
ASSETS						
Cash and equity in pooled cash and investments	\$ 56,880	\$ -	\$ 98,057	\$ 288,722	\$ 10,431	\$ 454,090
Taxes receivable, net	-	27,640	7,210	26,996	-	61,846
Receivable from other governments	-	-	-	-	-	-
Other receivables	-	-	-	-	30	30
Total assets	<u>\$ 56,880</u>	<u>\$ 27,640</u>	<u>\$ 105,267</u>	<u>\$ 315,718</u>	<u>\$ 10,461</u>	<u>\$ 515,966</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 85	\$ -	\$ 85
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>85</u>	<u>-</u>	<u>85</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources	-	19,160	4,496	17,327	-	40,983
Total deferred inflows of resources	<u>-</u>	<u>19,160</u>	<u>4,496</u>	<u>17,327</u>	<u>-</u>	<u>40,983</u>
FUND BALANCES						
Restricted	56,880	8,480	100,771	298,306	10,461	474,898
Total fund balances	<u>56,880</u>	<u>8,480</u>	<u>100,771</u>	<u>298,306</u>	<u>10,461</u>	<u>474,898</u>
Total liabilities and fund balances	<u>\$ 56,880</u>	<u>\$ 27,640</u>	<u>\$ 105,267</u>	<u>\$ 315,718</u>	<u>\$ 10,461</u>	<u>\$ 515,966</u>

BOROUGH OF CHAMBERSBURG
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Other Governmental Funds
Year Ended December 31, 2022

	Special Revenue Liquid Fuels Fund	Special Revenue Fire Tax Fund	Police Station Bond Tax Fund	Recreation Bond Tax Fund	Citizen's Reward Fund	Total - Other Governmental Funds
REVENUES						
Taxes	\$ -	\$ 631,987	\$ 202,746	\$ 628,812	\$ -	\$ 1,463,545
Interest earnings and unrealized investment gains (losses)	16,934	(11,452)	(3,407)	(33,329)	(674)	(31,928)
Intergovernmental	596,355	-	-	-	-	596,355
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>613,289</u>	<u>620,535</u>	<u>199,339</u>	<u>595,483</u>	<u>(674)</u>	<u>2,027,972</u>
EXPENDITURES						
General government	-	6,967	-	-	-	6,967
Culture and recreation	-	-	-	235	-	235
Debt service	-	-	98,568	67,772	-	166,340
Total expenditures	<u>-</u>	<u>6,967</u>	<u>98,568</u>	<u>68,007</u>	<u>-</u>	<u>173,542</u>
Excess (deficiency) of revenues over expenditures	<u>613,289</u>	<u>613,568</u>	<u>100,771</u>	<u>527,476</u>	<u>(674)</u>	<u>1,854,430</u>
OTHER FINANCING SOURCES (USES)						
Issuance of long term financing	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-
Transfers in	33,090	-	-	-	-	33,090
Transfers out	(991,531)	(613,793)	-	(478,010)	-	(2,083,334)
Total other financing sources and uses	<u>(958,441)</u>	<u>(613,793)</u>	<u>-</u>	<u>(478,010)</u>	<u>-</u>	<u>(2,050,244)</u>
Net change in fund balances	(345,152)	(225)	100,771	49,466	(674)	(195,814)
Fund balances - beginning	<u>402,032</u>	<u>8,705</u>	<u>-</u>	<u>248,840</u>	<u>11,135</u>	<u>670,712</u>
Fund balances - ending	<u>\$ 56,880</u>	<u>\$ 8,480</u>	<u>\$ 100,771</u>	<u>\$ 298,306</u>	<u>\$ 10,461</u>	<u>\$ 474,898</u>

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule - Special Revenue Fund - Liquid Fuels
Year Ended December 31, 2022

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Interest earnings and unrealized investment gains	\$ 2,150	\$ 16,934	\$ 14,784
Intergovernmental	<u>563,997</u>	<u>596,355</u>	<u>32,358</u>
Total revenues	<u>566,147</u>	<u>613,289</u>	<u>47,142</u>
EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>566,147</u>	<u>613,289</u>	<u>47,142</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	33,090	33,090
Transfers out	<u>(984,212)</u>	<u>(991,531)</u>	<u>(7,319)</u>
Total other financing sources and uses	<u>(984,212)</u>	<u>(958,441)</u>	<u>25,771</u>
Net change in fund balance	<u>\$ (418,065)</u>	<u>\$ (345,152)</u>	<u>\$ 72,913</u>

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule – Special Revenue Fund –
Fire Tax Fund
Year Ended December 31, 2022

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 627,800	\$ 631,987	\$ 4,187
Interest earnings and unrealized investment gains (losses)	<u>2,450</u>	<u>(11,452)</u>	<u>(13,902)</u>
Total revenues	<u>630,250</u>	<u>620,535</u>	<u>(9,715)</u>
EXPENDITURES			
	<u>-</u>	<u>6,967</u>	<u>(6,967)</u>
Excess (deficiency) of revenues over expenditures	<u>630,250</u>	<u>613,568</u>	<u>(16,682)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>(630,250)</u>	<u>(613,793)</u>	<u>16,457</u>
Total other financing sources and uses	<u>(630,250)</u>	<u>(613,793)</u>	<u>16,457</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (225)</u>	<u>\$ (225)</u>

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule – Special Revenue Fund –
Police Station Bond Tax Fund
Year Ended December 31, 2022

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Interest earnings and unrealized investment gains (losses)	\$ 25	\$ (3,407)	\$ (3,432)
Taxes	<u>197,830</u>	<u>202,746</u>	<u>4,916</u>
Total revenues	<u>197,855</u>	<u>199,339</u>	<u>1,484</u>
EXPENDITURES			
Interest	\$ 197,855	\$ 98,568	\$ (99,287)
Total expenditures	<u>197,855</u>	<u>98,568</u>	<u>(99,287)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>100,771</u>	<u>(97,803)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 100,771</u>	<u>\$ (97,803)</u>

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule – Special Revenue Fund –
Recreation Bond Tax Fund
Year Ended December 31, 2022

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 618,800	\$ 628,812	\$ 10,012
Interest earnings and unrealized investment gains (losses)	<u>3,300</u>	<u>(33,329)</u>	<u>(36,629)</u>
Total revenues	<u>622,100</u>	<u>595,483</u>	<u>(26,617)</u>
EXPENDITURES			
Culture and recreation	69,050	235	68,815
Debt service	<u>75,040</u>	<u>67,772</u>	<u>7,268</u>
Total expenditures	<u>144,090</u>	<u>68,007</u>	<u>76,083</u>
Excess (deficiency) of revenues over expenditures	<u>478,010</u>	<u>527,476</u>	<u>49,466</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(478,010)</u>	<u>(478,010)</u>	<u>-</u>
Total other financing sources and uses	<u>(478,010)</u>	<u>(478,010)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 49,466</u>	<u>\$ 49,466</u>

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule – Special Revenue Fund –
Citizen’s Reward Fund
Year Ended December 31, 2022

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Contributions from citizens	\$ -	\$ -	\$ -
Interest earnings and unrealized investment gains (losses)	-	(674)	(674)
Total revenues	-	(674)	(674)
EXPENDITURES			
Rewards paid for crime information	-	-	-
Total expenditures	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ (674)</u>	<u>\$ (674)</u>

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule - Capital Reserve Fund
Year Ended December 31, 2022

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Interest earnings and unrealized investment gains	\$ 46,700	\$ 192,567	\$ 145,867
Intergovernmental	-	151,256	151,256
Miscellaneous	<u>7,500,000</u>	<u>11,750</u>	<u>(7,488,250)</u>
Total revenues	<u>7,546,700</u>	<u>355,573</u>	<u>(7,191,127)</u>
EXPENDITURES			
General government	40,500	44,976	(4,476)
Highways	1,843,912	1,562,457	281,455
Public Safety	8,224,110	4,260,872	3,963,238
Public works	22,000	15,724	6,276
Culture and recreation	294,634	247,706	46,928
Debt service	<u>-</u>	<u>226,231</u>	<u>(226,231)</u>
Total expenditures	<u>10,425,156</u>	<u>6,357,966</u>	<u>4,067,190</u>
Excess (deficiency) of revenues over expenditures	<u>(2,878,456)</u>	<u>(6,002,393)</u>	<u>(3,123,937)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of long term financing	-	5,775,000	5,775,000
Bond premium	-	325,801	325,801
Transfers in	1,828,322	2,208,800	380,478
Transfers out	<u>-</u>	<u>(33,090)</u>	<u>(33,090)</u>
Total other financing sources and uses	<u>1,828,322</u>	<u>8,276,511</u>	<u>6,448,189</u>
Net change in fund balance	<u>\$ (1,050,134)</u>	<u>\$ 2,274,118</u>	<u>\$ 3,324,252</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, 2022

	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	\$ 1,367,678	\$ 1,230,416	\$ 2,145,204	\$ 4,743,298
Accounts receivable, net	189,849	34,114	45,854	269,817
Other receivables	1,614	527,255	(5,167)	523,702
Prepaid expenses	458	-	-	458
Total current assets	<u>1,559,599</u>	<u>1,791,785</u>	<u>2,185,891</u>	<u>5,537,275</u>
Noncurrent assets				
Capital assets not being depreciated:				
Land	743,436	531,219	-	1,274,655
Construction in progress	94,460	19,815	193,008	307,283
Capital assets being depreciated:				
Buildings and system	1,804,109	-	1,727,801	3,531,910
Improvements other than buildings	573,798	563,894	3,881,650	5,019,342
Machinery and equipment	945,882	7,758,235	-	8,704,117
Less accumulated depreciation	<u>(1,420,335)</u>	<u>(3,064,837)</u>	<u>(1,813,889)</u>	<u>(6,299,061)</u>
Total capital assets	<u>2,741,350</u>	<u>5,808,326</u>	<u>3,988,570</u>	<u>12,538,246</u>
Total noncurrent assets	<u>2,741,350</u>	<u>5,808,326</u>	<u>3,988,570</u>	<u>12,538,246</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources	<u>155,171</u>	<u>157,655</u>	<u>63,175</u>	<u>376,001</u>
Total deferred outflows of resources	<u>155,171</u>	<u>157,655</u>	<u>63,175</u>	<u>376,001</u>
Total assets and deferred outflows of resources	<u>\$ 4,456,120</u>	<u>\$ 7,757,766</u>	<u>\$ 6,237,636</u>	<u>\$ 18,451,522</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	66,545.00	28,166.00	37,923.00	\$ 132,634
Compensated absences - current	40,493	17,971	7,813	66,277
Bonds, notes and leases payable - current	<u>108,533</u>	<u>-</u>	<u>-</u>	<u>108,533</u>
Total current liabilities	<u>215,571</u>	<u>46,137</u>	<u>45,736</u>	<u>307,444</u>
Noncurrent liabilities				
Compensated absences	12,967	15,120	2,005	30,092
Net pension liability	387,443	277,338	105,950	770,731
OPEB liability	43,056	30,820	11,774	85,650
Bonds, notes and leases payable	<u>2,301,498</u>	<u>-</u>	<u>-</u>	<u>2,301,498</u>
Total non-current liabilities	<u>2,744,964</u>	<u>323,278</u>	<u>119,729</u>	<u>3,187,971</u>
Total liabilities	<u>2,960,535</u>	<u>369,415</u>	<u>165,465</u>	<u>3,495,415</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources	<u>119,805</u>	<u>560,730</u>	<u>17,765</u>	<u>698,300</u>
Total deferred inflows of resources	<u>119,805</u>	<u>560,730</u>	<u>17,765</u>	<u>698,300</u>
NET POSITION				
Net investment in capital assets	639,203	5,808,326	3,959,668	10,407,197
Unrestricted	<u>736,577</u>	<u>1,019,295</u>	<u>2,094,738</u>	<u>3,850,610</u>
Total net position	<u>1,375,780</u>	<u>6,827,621</u>	<u>6,054,406</u>	<u>14,257,807</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 4,456,120</u>	<u>\$ 7,757,766</u>	<u>\$ 6,237,636</u>	<u>\$ 18,451,522</u>

BOROUGH OF CHAMBERSBURG
Combining Statement of Revenues, Expenses, and Changes in Net Position -
Other Enterprise Funds
Year Ended December 31, 2022

	Sanitation Fund	Parking, Traffic and Street Lights Fund	Storm Sewer Fund	Total Other Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 3,517,076	\$ 99,753	\$ 1,102,584	\$ 4,719,413
Miscellaneous	46,844	48,722	4,893	100,459
Total operating revenues	<u>3,563,920</u>	<u>148,475</u>	<u>1,107,477</u>	<u>4,819,872</u>
OPERATING EXPENSES				
Operation and maintenance	-	1,097,084	-	1,097,084
Collection and disposal	3,145,747	-	197,179	3,342,926
Customer accounting and administrative	373,738	202,563	276,832	853,133
Depreciation	154,144	350,081	128,252	632,477
Total operating expenses	<u>3,673,629</u>	<u>1,649,728</u>	<u>602,263</u>	<u>5,925,620</u>
Operating income (loss)	<u>(109,709)</u>	<u>(1,501,253)</u>	<u>505,214</u>	<u>(1,105,748)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest earnings and unrealized investment gains (losses)	(81,968)	(62,114)	(88,091)	(232,173)
Other nonoperating revenues	-	23,262	10,573	33,835
Gain (loss) on sale of assets	10,159	-	-	10,159
Intergovernmental revenues	48,361	337,628	36,651	422,640
Interest expense and debt issuance costs	(60,892)	-	-	(60,892)
Total nonoperating revenue (expenses)	<u>(84,340)</u>	<u>298,776</u>	<u>(40,867)</u>	<u>173,569</u>
Income (loss) before transfers	<u>(194,049)</u>	<u>(1,202,477)</u>	<u>464,347</u>	<u>(932,179)</u>
Transfers in	-	1,421,781	1,394,885	2,816,666
Transfers out	<u>(142,925)</u>	<u>(11,455)</u>	<u>(15)</u>	<u>(154,395)</u>
Change in net position	<u>(336,974)</u>	<u>207,849</u>	<u>1,859,217</u>	<u>1,730,092</u>
Total net position - beginning, as restated	<u>1,712,754</u>	<u>6,619,772</u>	<u>4,195,189</u>	<u>12,527,715</u>
Total net position - ending	<u>\$ 1,375,780</u>	<u>\$ 6,827,621</u>	<u>\$ 6,054,406</u>	<u>\$ 14,257,807</u>

BOROUGH OF CHAMBERSBURG
Combining Statement of Cash Flows - Other Enterprise Funds
Year Ended December 31, 2022

	Sanitation Fund	Parking, Traffic and Street Lights Fund	Storm Sewer Fund	Total Other Enterprise Funds
Cash flows from operating activities:				
Receipts from customers	\$ 3,563,001	\$ 156,158	\$ 1,257,829	\$ 4,976,988
Payments to suppliers	(2,010,689)	(1,075,921)	(230,946)	(3,317,556)
Payments to and on behalf of employees	(1,467,805)	(235,949)	(220,691)	(1,924,445)
Net cash provided (used) by operating activities	<u>84,507</u>	<u>(1,155,712)</u>	<u>806,192</u>	<u>(265,013)</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(109,436)	(629,593)	(247,305)	(986,334)
Capital grants received	-	591,255	-	591,255
Proceeds from sale of assets	10,159	-	-	10,159
Proceeds from lessor transactions	-	32,757	-	32,757
Principal paid on capital debt	(91,459)	-	-	(91,459)
Interest and fiscal charges paid on capital debt	(66,011)	-	-	(66,011)
Transfer of debt from other funds	716,120	-	-	716,120
Net cash provided (used) by capital and related financing activities	<u>459,373</u>	<u>(5,581)</u>	<u>(247,305)</u>	<u>206,487</u>
Cash flows from non-capital financing activities:				
Transfers from other funds	-	1,421,781	1,394,885	2,816,666
Transfer to other funds	(142,925)	(11,455)	(15)	(154,395)
Grants received	48,361	4,573	36,651	89,585
Net cash provided (used) by non-capital financing activities	<u>(94,564)</u>	<u>1,414,899</u>	<u>1,431,521</u>	<u>2,751,856</u>
Cash flows from investing activities:				
Interest and dividends received	10,595	9,796	8,524	28,915
Net cash provided (used) by investing activities	<u>10,595</u>	<u>9,796</u>	<u>8,524</u>	<u>28,915</u>
Net increase (decrease) in cash and cash equivalents	459,911	263,402	1,998,932	2,722,245
Market appreciation (depreciation) (*)	(92,183)	(84,891)	(90,963)	(268,037)
Total increase (decrease) in cash and cash equivalents	<u>367,728</u>	<u>178,511</u>	<u>1,907,969</u>	<u>2,454,208</u>
Cash and cash equity in pooled cash and investments - beginning of the year	999,950	1,051,905	237,235	2,289,090
Cash and cash equity in pooled cash and investments - end of the year	<u>\$ 1,367,678</u>	<u>\$ 1,230,416</u>	<u>\$ 2,145,204</u>	<u>\$ 4,743,298</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities				
Operating income (loss)	\$ (109,709)	\$ (1,501,253)	\$ 505,214	(\$ 1,105,748)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization expense	154,144	350,081	128,252	632,477
Miscellaneous nonoperating income	-	2,624	10,573	13,197
(Increase) decrease in:				
Accounts receivable	(919)	15,126	139,779	153,986
Lease receivable	-	10,571	-	10,571
Prepaid expenses	29,646	-	-	29,646
Increase (decrease) in:				
Accounts payable and accrued expenses	(7,564)	(48,864)	5,291	(51,137)
Net pension liability and related deferred outflows and inflows	10,679	29,381	14,418	54,478
Net OPEB liability and related deferred outflows and inflows	8,230	7,260	2,665	18,155
Deferred inflows- leases	-	(20,638)	-	(20,638)
Due to other funds	-	-	-	-
Net cash provided (used) by operating activities	<u>\$ 84,507</u>	<u>\$ (1,155,712)</u>	<u>\$ 806,192</u>	<u>\$ (265,013)</u>
Non-cash investing, capital and non-capital financing activities				
Donated assets from developers	\$ -	\$ -	\$ -	\$ -
Market appreciation (depreciation) (*)	(92,183)	(84,891)	(90,963)	(268,037)

(*) 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, 2022

	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	\$ 157,809	\$ 8,471,152	\$ 7,014,702	\$ 39,940	\$ 403,807	\$ 397,710	\$ 16,485,120
Other receivables	385	20,446	16,937	104	977	-	38,849
Inventories	1,555,659	97,060	-	-	-	-	1,652,719
Prepaid expenses	1,926	3,545	-	-	-	-	5,471
Total current assets	<u>1,715,779</u>	<u>8,592,203</u>	<u>7,031,639</u>	<u>40,044</u>	<u>404,784</u>	<u>397,710</u>	<u>18,182,159</u>
Noncurrent assets							
Capital assets not being depreciated:							
Land	-	13,984	-	-	-	-	13,984
Construction in progress	-	-	-	-	-	179,180	179,180
Capital assets being depreciated:							
Buildings and system	1,769	149,948	-	-	-	9,777,635	9,929,352
Machinery and equipment	392,526	12,224,270	-	105,077	-	115,716	12,837,589
Less accumulated depreciation	<u>(40,342)</u>	<u>(6,967,444)</u>	<u>-</u>	<u>(54,529)</u>	<u>-</u>	<u>(1,307,424)</u>	<u>(8,369,739)</u>
Total capital assets	<u>353,953</u>	<u>5,420,758</u>	<u>-</u>	<u>50,548</u>	<u>-</u>	<u>8,765,107</u>	<u>14,590,366</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows of resources	<u>152,205</u>	<u>133,640</u>	<u>-</u>	<u>303,947</u>	<u>-</u>	<u>1,111,190</u>	<u>1,700,982</u>
	<u>152,205</u>	<u>133,640</u>	<u>-</u>	<u>303,947</u>	<u>-</u>	<u>1,111,190</u>	<u>1,700,982</u>
Total assets and deferred outflows of resources	<u>\$ 2,221,937</u>	<u>\$ 14,146,601</u>	<u>\$ 7,031,639</u>	<u>\$ 394,539</u>	<u>\$ 404,784</u>	<u>\$ 10,274,007</u>	<u>\$ 34,473,507</u>
LIABILITIES							
Current liabilities							
Accounts payable and accrued expenses	\$ 17,684	\$ 74,329	\$ 933	\$ 3,505	\$ 1,549	\$ 100,746	\$ 198,746
Compensated absences - current	24,951	27,986	2,420	42,263	-	220,039	317,659
Liability for self insured losses - current	-	-	52,622	-	216,890	-	269,512
Bonds, notes and loans payable - current	-	-	-	-	-	332,246	332,246
Total current liabilities	<u>42,635</u>	<u>102,315</u>	<u>55,975</u>	<u>45,768</u>	<u>218,439</u>	<u>653,031</u>	<u>1,118,163</u>
Noncurrent liabilities							
Compensated absences	8,715	27,631	174	28,991	-	174,523	240,034
Liability for self insured losses	-	-	18,204	-	75,029	-	93,233
Net pension liability	244,099	276,300	-	596,226	-	2,774,423	3,891,048
OPEB liability	27,127	30,705	-	66,258	-	308,319	432,409
Bonds, notes and loans payable	-	-	-	-	-	8,080,109	8,080,109
Total noncurrent liabilities	<u>279,941</u>	<u>334,636</u>	<u>18,378</u>	<u>691,475</u>	<u>75,029</u>	<u>11,337,374</u>	<u>12,736,833</u>
Total liabilities	<u>322,576</u>	<u>436,951</u>	<u>74,353</u>	<u>737,243</u>	<u>293,468</u>	<u>11,990,405</u>	<u>13,854,996</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows of resources	<u>40,929</u>	<u>46,328</u>	<u>-</u>	<u>99,973</u>	<u>-</u>	<u>506,578</u>	<u>693,808</u>
Total deferred inflows of resources	<u>40,929</u>	<u>46,328</u>	<u>-</u>	<u>99,973</u>	<u>-</u>	<u>506,578</u>	<u>693,808</u>
NET POSITION							
Net investment in capital assets	353,953	5,420,758	-	50,548	-	352,752	6,178,011
Unrestricted	<u>1,504,479</u>	<u>8,242,564</u>	<u>6,957,286</u>	<u>(493,225)</u>	<u>111,316</u>	<u>(2,575,728)</u>	<u>13,746,692</u>
Total net position	<u>1,858,432</u>	<u>13,663,322</u>	<u>6,957,286</u>	<u>(442,677)</u>	<u>111,316</u>	<u>(2,222,976)</u>	<u>19,924,703</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,221,937</u>	<u>\$ 14,146,601</u>	<u>\$ 7,031,639</u>	<u>\$ 394,539</u>	<u>\$ 404,784</u>	<u>\$ 10,274,007</u>	<u>\$ 34,473,507</u>

BOROUGH OF CHAMBERSBURG
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position -
Internal Service Funds
Year Ended December 31, 2022

	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	\$ 109,264	\$ 3,159,376	\$ 345,099	\$ 534,865	\$ -	\$ 7,506,767	\$ 11,655,371
Miscellaneous	-	-	-	6,309	596	3,076	9,981
Total operating revenues	<u>109,264</u>	<u>3,159,376</u>	<u>345,099</u>	<u>541,174</u>	<u>596</u>	<u>7,509,843</u>	<u>11,665,352</u>
OPERATING EXPENSES							
Operation and maintenance	436,957	1,539,930	-	53,368	-	6,944,396	8,974,651
General and administrative	262,347	582,250	4,449	493,822	239,096	-	1,581,964
Claim payments and special services	-	-	712,588	-	163,381	-	875,969
Increase (decrease) in expected unpaid losses	-	-	(5,304)	-	(29,169)	-	(34,473)
Depreciation and amortization	39,297	764,938	-	7,472	-	291,410	1,103,117
Total operating expenses	<u>738,601</u>	<u>2,887,118</u>	<u>711,733</u>	<u>554,662</u>	<u>373,308</u>	<u>7,235,806</u>	<u>12,501,228</u>
Operating income (loss)	<u>(629,337)</u>	<u>272,258</u>	<u>(366,634)</u>	<u>(13,488)</u>	<u>(372,712)</u>	<u>274,037</u>	<u>(835,876)</u>
NONOPERATING REVENUES (EXPENSES)							
Interest earnings and unrealized investment gains (losses)	(63,210)	(532,937)	(460,679)	(865)	(36,173)	-	(1,093,864)
Gain (loss) on sale of assets	-	(26,853)	-	-	-	-	(26,853)
Other nonoperating revenues	5,024	259,658	-	-	-	53	264,735
Reimbursement of prior year expense	-	-	333,242	-	-	-	333,242
Intergovernmental revenue	9,906	8,453	-	9,361	-	80,154	107,874
Interest expense and debt issuance costs	-	-	-	-	-	(176,205)	(176,205)
Total non-operating revenue (expenses)	<u>(48,280)</u>	<u>(291,679)</u>	<u>(127,437)</u>	<u>8,496</u>	<u>(36,173)</u>	<u>(95,998)</u>	<u>(591,071)</u>
Income (loss) before transfers	(677,617)	(19,421)	(494,071)	(4,992)	(408,885)	178,039	(1,426,947)
Transfers in	670,000	521,494	85,625	10,000	577,220	-	1,864,339
Transfers out	(1,110)	(590,180)	-	(139,315)	-	(354,515)	(1,085,120)
Change in net position	(8,727)	(88,107)	(408,446)	(134,307)	168,335	(176,476)	(647,728)
Total net position - beginning	<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 net position - ending	<u>\$ 1,858,432</u>	<u>\$ 13,663,322</u>	<u>\$ 6,957,286</u>	<u>\$ (442,677)</u>	<u>\$ 111,316</u>	<u>\$ (2,222,976)</u>	<u>\$ 19,924,703</u>

BOROUGH OF CHAMBERSBURG
Combining Statement of Cash Flows – Internal Service Funds
Year Ended December 31, 2022

	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	\$ 114,289	\$ 3,419,034	\$ 345,099	\$ 541,174	\$ 596	\$ 7,509,896	\$ 11,930,088
Payments to suppliers	(504,340)	(1,531,670)	(733,094)	(168,834)	(411,896)	(2,169,770)	(5,519,604)
Payments to and on behalf of employees	(527,040)	(543,097)	-	(308,458)	(7,849)	(4,520,014)	(5,906,458)
Refund received for health insurance	-	-	333,242	-	-	-	333,242
Net cash provided (used) by operating activities	<u>(917,091)</u>	<u>1,344,267</u>	<u>(54,753)</u>	<u>63,882</u>	<u>(419,149)</u>	<u>820,112</u>	<u>837,268</u>
Cash flows from capital and related financing activities:							
Purchase of capital assets	(159,981)	(1,843,557)	-	(38,820)	-	(102,490)	(2,144,848)
Proceeds from sale of capital assets	-	75,984	-	-	-	-	75,984
Principal paid on capital debt	-	-	-	-	-	(325,124)	(325,124)
Interest and fiscal charges paid on capital debt	-	-	-	-	-	(176,205)	(176,205)
Net cash provided (used) by capital and related financing activities	<u>(159,981)</u>	<u>(1,767,573)</u>	<u>-</u>	<u>(38,820)</u>	<u>-</u>	<u>(603,819)</u>	<u>(2,570,193)</u>
Cash flows from non-capital financing activities:							
Transfer from other funds	670,000	521,494	85,625	10,000	577,220	-	1,864,339
Transfer to other funds	(1,110)	(590,180)	-	(139,315)	-	(354,515)	(1,085,120)
Grants received	9,906	8,453	-	9,361	-	80,154	107,874
Net cash provided (used) by non-capital financing activities	<u>678,796</u>	<u>(60,233)</u>	<u>85,625</u>	<u>(119,954)</u>	<u>577,220</u>	<u>(274,361)</u>	<u>887,093</u>
Cash flows from investing activities:							
Interest and dividends received	7,113	72,976	63,071	304	4,200	-	147,664
Net cash provided (used) by investing activities	<u>7,113</u>	<u>72,976</u>	<u>63,071</u>	<u>304</u>	<u>4,200</u>	<u>-</u>	<u>147,664</u>
Net increase (decrease) in cash and cash equivalents	(391,163)	(410,563)	93,943	(94,588)	162,271	(58,068)	(698,168)
Market appreciation (depreciation) (*)	(69,476)	(607,459)	(525,866)	(998)	(40,786)	-	(1,244,585)
Total increase (decrease) in cash and cash equivalents	<u>(460,639)</u>	<u>(1,018,022)</u>	<u>(431,923)</u>	<u>(95,586)</u>	<u>121,485</u>	<u>(58,068)</u>	<u>(1,942,753)</u>
Cash and equity in pooled cash and investments - beginning 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 - end of the year	<u>\$ 157,809</u>	<u>\$ 8,471,152</u>	<u>\$ 7,014,702</u>	<u>\$ 39,940</u>	<u>\$ 403,807</u>	<u>\$ 397,710</u>	<u>\$ 16,485,120</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
Combining Statement of Cash Flows – Internal Service Funds (Continued)
Year Ended December 31, 2022

	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)	\$ (629,337)	\$ 272,258	\$ (366,634)	\$ (13,488)	\$ (372,712)	\$ 274,037	\$ (835,876)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation and amortization expense	39,297	764,938	-	7,472	-	291,410	1,103,117
Miscellaneous nonoperating income	5,025	259,658	-	-	-	53	264,736
(Increase) decrease in:							
Accounts receivable	-	-	-	-	-	-	-
Inventories	(350,437)	-	-	-	-	-	(350,437)
Prepaid expenses	9,158	10,028	-	-	-	-	19,186
Increase (decrease) in:							
Accounts payable and accrued expenses	(24,888)	8,014	(21,361)	(2,251)	(46,437)	(10,373)	(97,296)
Net pension liability and related deferred outflows and inflows	27,365	22,455	-	57,291	-	202,866	309,977
Net OPEB liability and related deferred outflows and inflows	6,726	6,916	-	14,858	-	62,119	90,619
Due to other funds	-	-	-	-	-	-	-
Refund received for health insurance	-	-	333,242	-	-	-	333,242
Net cash provided (used) by operating activities	<u>\$ (917,091)</u>	<u>\$ 1,344,267</u>	<u>\$ (54,753)</u>	<u>\$ 63,882</u>	<u>\$ (419,149)</u>	<u>\$ 820,112</u>	<u>\$ 837,268</u>
Non-cash investing, capital and non-capital financing activities							
Market appreciation (depreciation) (*)	\$ (69,476)	\$ (607,459)	\$ (525,866)	\$ (998)	\$ (40,786)	\$ -	\$ (1,244,585)

(*) 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.

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

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.

BOROUGH OF CHAMBERSBURG
Combining Statement of Fiduciary Net Position - Pension Trust Funds
December 31, 2022

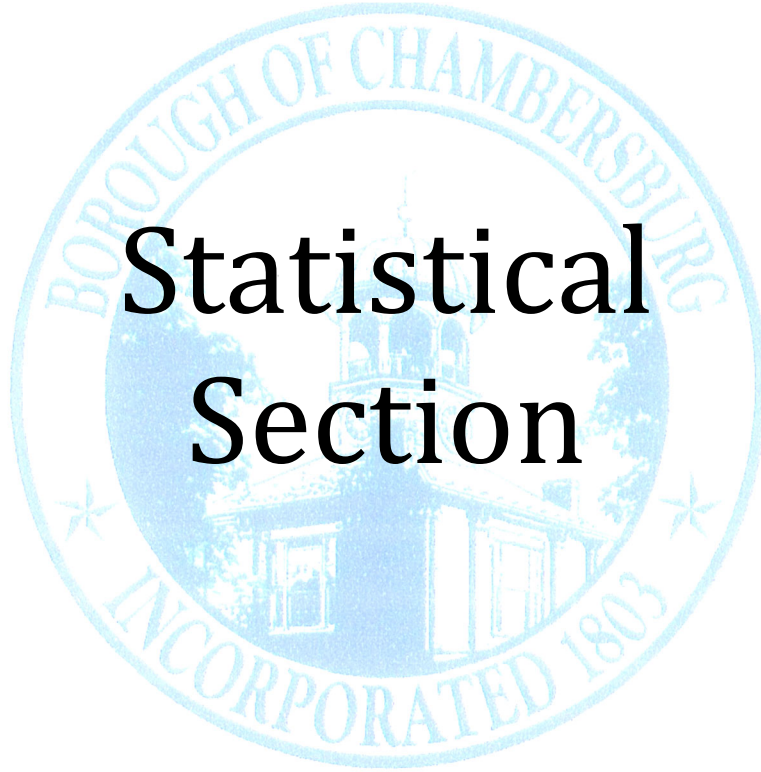
	Firemen Pension Fund	Police Pension Fund	Bargaining and Administrative Employees Pension Fund	Total Pension Trust Funds
ASSETS				
Cash and cash equivalents	\$ 447,169	\$ 505,510	\$ 684,575	\$ 1,637,254
Mutual funds - Corporate bonds	2,723,944	4,318,892	7,575,755	14,618,591
Mutual funds - Stocks	5,387,673	8,712,470	15,181,841	29,281,984
Mutual funds - Real estate securities	259,642	419,664	731,442	1,410,748
Employee contribution receivable	<u>5,655</u>	<u>4,929</u>	<u>26,901</u>	<u>37,485</u>
Total assets	<u>\$ 8,824,083</u>	<u>\$ 13,961,465</u>	<u>\$ 24,200,514</u>	<u>\$ 46,986,062</u>
NET POSITION				
Net position restricted for pensions	<u>\$ 8,824,083</u>	<u>\$ 13,961,465</u>	<u>\$ 24,200,514</u>	<u>\$ 46,986,062</u>
Total liabilities and net position	<u>\$ 8,824,083</u>	<u>\$ 13,961,465</u>	<u>\$ 24,200,514</u>	<u>\$ 46,986,062</u>

BOROUGH OF CHAMBERSBURG
Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds
Year Ended December 31, 2022

	Firemen Pension Fund	Police Pension Fund	Bargaining and Administrative Employees Pension Fund	Total Pension Trust Funds
ADDITIONS				
Contributions				
Employer	\$ 491,078	\$ 680,435	\$ 832,796	\$ 2,004,309
Plan member	<u>127,882</u>	<u>118,301</u>	<u>637,536</u>	<u>883,719</u>
Total contributions	<u>618,960</u>	<u>798,736</u>	<u>1,470,332</u>	<u>2,888,028</u>
Investment income				
Net appreciation in fair value of investments and gains on sale of investments	(1,599,266)	(2,622,082)	(4,512,750)	(8,734,098)
Interest, dividends and other	<u>183,165</u>	<u>302,050</u>	<u>514,215</u>	<u>999,430</u>
Total net investment earnings	<u>(1,416,101)</u>	<u>(2,320,032)</u>	<u>(3,998,535)</u>	<u>(7,734,668)</u>
Total additions	<u>(797,141)</u>	<u>(1,521,296)</u>	<u>(2,528,203)</u>	<u>(4,846,640)</u>
DEDUCTIONS				
Benefits	444,249	1,196,476	1,793,497	3,434,222
Administrative expenses	<u>24,734</u>	<u>34,776</u>	<u>52,410</u>	<u>111,920</u>
Total deductions	<u>468,983</u>	<u>1,231,252</u>	<u>1,845,907</u>	<u>3,546,142</u>
Change in net position	(1,266,124)	(2,752,548)	(4,374,110)	(8,392,782)
Net position - beginning	<u>10,090,207</u>	<u>16,714,013</u>	<u>28,574,624</u>	<u>55,378,844</u>
Net position - ending	<u>\$ 8,824,083</u>	<u>\$ 13,961,465</u>	<u>\$ 24,200,514</u>	<u>\$ 46,986,062</u>

BOROUGH OF CHAMBERSBURG
Schedule of Taxes Receivable
Year Ended December 31, 2022

	General Purpose	Fire	Police	Recreation
Assessed valuation of real property	\$ 209,049,550	\$ 209,049,550	\$ 209,049,550	\$ 209,049,550
Add: Additions	508,243	508,243	508,243	508,243
Less: Reductions and exonerations	<u>17,920</u>	<u>17,920</u>	<u>17,920</u>	<u>17,920</u>
Adjusted assessment	209,539,873	209,539,873	209,539,873	209,539,873
Tax rate (mills)	<u>24.0</u>	<u>3.0</u>	<u>1.0</u>	<u>3.0</u>
Total tax levied	5,028,957	628,620	209,540	628,620
Add: Penalties	28,874	3,610	1,204	3,610
Less: Discounts	(90,972)	(11,372)	(3,791)	(11,372)
Collections	<u>(4,793,720)</u>	<u>(599,215)</u>	<u>(199,743)</u>	<u>(599,215)</u>
2022 taxes receivable - December 31, 2022	173,139	21,643	7,210	21,643
Prior years' taxes	<u>47,645</u>	<u>5,997</u>	<u>-</u>	<u>5,353</u>
Total taxes receivable - December 31, 2022	<u>\$ 220,784</u>	<u>\$ 27,640</u>	<u>\$ 7,210</u>	<u>\$ 26,996</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.	110 - 116
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.	117 - 122
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.	123 - 127
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.	128 - 129
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.	130 - 132

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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
Net investment in capital assets	\$ 21,540,312	\$ 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
Restricted	8,907,482	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
Unrestricted	(3,342,185)	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
Total governmental activities net position	<u>27,105,609</u>	<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>
Business-type activities										
Net investment in capital assets	115,115,778	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
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	40,169,461	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
Total business-type activities net position	<u>155,285,239</u>	<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>
Primary government										
Net investment in capital assets	136,656,090	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
Restricted	8,907,482	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
Unrestricted	36,827,276	43,152,179	40,587,523	36,612,167	36,112,963	34,819,695	35,210,043	38,984,129	47,910,536	40,975,319
Total primary government net position	<u>\$ 182,390,848</u>	<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>

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

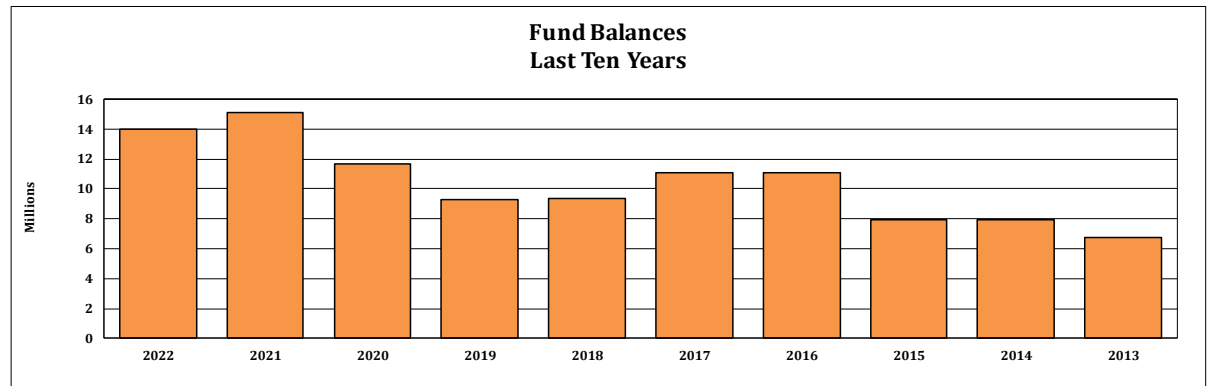
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental activities										
General government	\$ 2,556,900	\$ 2,412,425	\$ 2,526,221	\$ 2,309,817	\$ 2,310,568	\$ 2,294,640	\$ 2,163,331	\$ 1,308,686	\$ 1,871,895	\$ 1,632,713
Public safety	13,474,856	11,187,488	11,212,547	11,233,362	10,833,457	9,477,333	8,993,278	8,722,730	8,044,957	7,882,241
Public works	2,403,824	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
Culture and recreation	1,717,617	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
Community development	5,099,825	281,047	177,017	641,838	836,338	286,185	962,778	309,197	498,846	655,614
Interest expense and debt issuance costs	448,037	57,002	27,312	42,217	60,526	92,027	56,212	-	-	-
Total governmental activities expenses	25,701,059	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
Business-type activities										
Electric	32,908,706	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
Gas	9,652,323	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
Water	5,306,720	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
Sewer	8,229,433	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
Swimming pool	1,200,361	1,156,886	998,616	1,144,533	843,447	-	163,013	-	-	-
Sanitation	3,782,825	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
Parking, traffic and street lights	1,661,804	2,156,532	1,224,552	1,204,108	1,240,160	998,553	987,489	968,851	857,249	761,190
Storm Sewer	608,181	495,671	498,927	580,002	383,574	389,564	370,805	264,641	-	-
Total business-type activities expenses	63,350,353	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
Total primary government expenses	\$ 89,051,412	\$ 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
Program revenues										
Governmental activities										
Charges for services										
General government	\$ 791,620	\$ 474,964	\$ 477,850	\$ 473,285	\$ 505,679	\$ 572,926	\$ 532,334	\$ 471,697	\$ 360,506	\$ 455,531
Public safety	3,021,921	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
Public works	945	4,374	1,663	9,810	5,720	3,770	2,650	2,695	1,784	1,845
Culture and recreation	208,185	147,382	106,227	204,366	188,537	216,967	417,064	365,388	355,229	402,534
Community development	-	-	-	-	-	-	-	-	-	-
Interest expense and debt issuance costs	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	4,678,053	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
Capital grants and contributions	116,400	209,478	79,490	529,058	148,045	42,044	346,069	253,796	964,645	1,325,376
Total governmental activities program revenues	8,817,124	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
Business-type activities										
Charges for services										
Electric	30,815,782	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
Gas	12,036,525	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
Water	4,355,813	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
Sewer	7,384,159	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
Swimming pool	790,599	615,111	373,201	637,857	570,671	2,987	-	-	-	-
Sanitation	3,574,079	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
Parking, traffic and street lights	148,475	167,532	115,045	199,091	345,217	141,881	153,300	197,041	206,656	179,281
Storm Sewer	1,114,873	518,728	576,827	410,513	403,705	397,739	296,377	295,362	-	-
Operating grants and contributions	311,063	4,469,635	976,785	756,431	979,885	328,881	385,322	239,650	284,758	264,847
Capital grants and contributions	1,520,721	229,894	156,694	1,371,007	15,615	2,179,904	7,141,427	11,740,114	11,506,390	2,484,348
Total business-type activities program revenues	62,052,089	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
Total primary government program revenues	\$ 70,869,213	\$ 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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net (expense)/revenue										
Governmental activities	\$ (16,878,877)	\$ (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)
Business-type activities	<u>(1,298,264)</u>	<u>2,905,766</u>	<u>2,352,234</u>	<u>(892,396)</u>	<u>(337,444)</u>	<u>4,687,644</u>	<u>5,703,583</u>	<u>15,562,394</u>	<u>16,775,003</u>	<u>10,456,773</u>
Total primary government net expenses	<u>\$ (18,177,141)</u>	<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>
General revenues and other changes in net position										
Governmental activities										
Taxes										
Property taxes, levied for general purposes	\$ 4,977,636	\$ 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
Real estate transfer tax	1,451,065	1,281,684	1,217,623	1,330,528	527,862	467,067	649,324	779,004	317,334	261,049
Earned income tax	716,846	927,983	631,580	571,571	2,179,319	1,999,358	2,130,470	1,853,327	1,840,955	1,804,341
Local services tax	2,784,427	2,509,252	2,291,675	2,254,401	879,616	824,411	921,024	702,097	797,699	729,747
Property taxes, levied for specific purposes	781,036	783,031	808,573	851,113	1,278,483	504,460	503,954	491,328	486,642	-
Other taxes	35,297	29,193	74,371	87,937	91,285	90,970	82,118	74,975	60,819	62,682
Gain on sale of assets	-	-	-	-	-	-	-	-	-	(13,184)
Unrestricted contributions and grants	-	-	-	-	-	-	-	-	-	-
Unrestricted investment earnings	(1,148,593)	(114,930)	123,411	546,761	214,420	149,219	2,108	35,331	20,707	11,165
Miscellaneous income	136,041	73,458	468,005	80,565	16,603	36,190	25,245	39,477	16,612	29,829
Transfer of capital assets	-	-	-	-	-	-	-	(3,076,765)	-	-
Transfers	313,288	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
Total governmental activities	<u>\$ 10,047,043</u>	<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>
Business-type activities										
Unrestricted investment earnings	\$ (2,971,834)	\$ (468,837)	\$ 617,561	\$ 2,262,408	\$ 753,807	\$ 604,900	\$ (1,158)	\$ 101,695	\$ 90,602	\$ 41,143
Miscellaneous income	2,978,720	835,016	56,887	97,827	67,518	60,323	50,670	30,679	23,638	74,087
Transfer of capital assets	-	-	-	-	-	-	-	3,076,765	-	-
Transfers	(313,288)	(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)
Total business-type activities	<u>\$ (306,402)</u>	<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>
Total primary government	\$ 9,740,641	\$ 10,807,040	\$ 11,198,736	\$ 13,008,653	\$ 10,883,403	\$ 9,384,492	\$ 9,014,756	\$ 8,250,180	\$ 7,734,980	\$ 6,871,981
Change in net position										
Governmental activities	(6,831,834)	4,820,084	1,941,660	112,614	(32,513)	(52,019)	860,106	(1,356,188)	1,086,973	1,687,741
Business-type activities	<u>(1,604,666)</u>	<u>1,622,960</u>	<u>793,271</u>	<u>(430,004)</u>	<u>(1,469,287)</u>	<u>3,445,273</u>	<u>4,120,121</u>	<u>16,448,331</u>	<u>16,006,329</u>	<u>8,925,706</u>
Total primary government change in net position	<u>\$ (8,436,500)</u>	<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>

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General fund										
Unassigned	\$ 2,377,281	\$ 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
Total general fund	<u>2,377,281</u>	<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>
All other governmental funds										
Nonspendable for long term receivabl	-	-	-	-	-	-	2,553,604	203,916	229,855	241,387
Restricted	<u>11,564,798</u>	<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>6,468,551</u>	<u>5,768,717</u>	<u>5,202,061</u>	<u>3,733,658</u>
Total all other governmental funds	<u>11,564,798</u>	<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>
Total governmental funds	<u>\$ 13,942,079</u>	<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>



From: Balance Sheet Governmental Funds

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

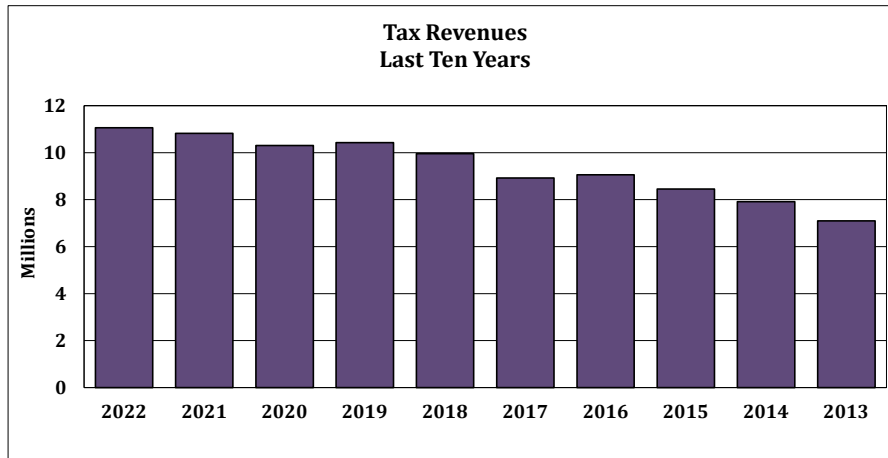
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
REVENUES										
Real estate taxes	\$ 6,522,338	\$ 6,263,764	\$ 6,281,391	\$ 6,410,379	\$ 6,165,850	\$ 5,236,759	\$ 5,203,376	\$ 4,640,063	\$ 4,698,871	\$ 3,991,164
Local enabling taxes	4,272,131	4,210,058	3,670,098	3,687,425	3,461,434	3,309,731	3,523,969	3,500,815	2,970,211	2,780,009
Licenses and permits	447,728	470,601	459,418	465,688	416,535	501,057	450,972	380,070	332,478	381,972
Fines and forfeits	134,694	136,342	138,118	163,345	163,076	152,342	162,220	174,703	182,691	169,126
Investment earnings and unrealized investment gains (losses)	(885,081)	(72,237)	83,333	389,448	154,467	107,624	4,723	27,537	13,914	7,363
Intergovernmental	5,875,157	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
Charges for services	2,962,744	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
Miscellaneous	620,957	442,895	673,429	248,777	310,857	304,994	200,400	212,589	187,075	257,232
Contributions and donations	-	-	-	-	-	-	-	71,190	4,636	349,025
Total revenues	19,950,668	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
EXPENDITURES										
Current:										
General government	1,763,435	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
Public safety										
Police department	10,117,038	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
Emergency services	5,570,713	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
Planning and zoning	815,418	890,057	749,548	619,356	611,478	580,913	556,019	527,330	432,463	474,599
General health and ambulance service	-	-	-	-	-	-	-	-	-	-
Public works										
Highways	3,163,871	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
Parking, traffic control, and transit system	-	-	-	-	-	-	-	-	-	-
Culture and recreation	1,626,705	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
Community development	5,091,497	251,241	79,315	578,277	175,058	90,258	664,353	258,376	237,696	681,306
Bond reallocation	-	-	-	-	(1,177,163)	-	-	-	-	-
Debt service	434,711	101,743	74,998	88,557	141,071	68,724	-	-	-	-
Miscellaneous	59,205	-	-	-	-	-	-	-	-	-
Total expenditures	28,642,593	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
Excess (deficiency) of revenues over expenditures	(8,691,925)	1,498,828	925,291	(1,967,703)	(1,192,956)	(1,562,664)	(1,423,150)	(1,447,361)	(38,433)	17,978
OTHER FINANCING SOURCES (USES)										
Issuance of long term financing	7,080,000	1,093,408	-	-	-	-	2,500,000	-	-	-
Payment to refund long term debt	-	(1,110,462)	-	-	-	-	-	-	-	-
Bond premium	342,689	44,481	-	-	-	-	26,457	-	-	-
Transfers in (out)	183,180	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
Total other financing sources and uses	7,605,869	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
Net change in fund balances	\$ (1,086,056)	\$ 3,439,546	\$ 2,499,553	\$ (205,371)	\$ 609,025	\$ (32,315)	\$ 3,435,853	\$ 433,367	\$ 1,242,846	\$ 1,419,132
Debt service as a percentage of non-capital expenditures	2.01%	0.64%	0.49%	0.58%	1.06%	0.52%	0.00%	0.00%	0.00%	0.00%
Debt service as a percentage of total expenditures	1.52%	0.57%	0.48%	0.50%	0.87%	0.46%	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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Function/Program										
Governmental activities										
General government	\$ 886,917	\$ 553,223	\$ 574,078	\$ 523,299	\$ 552,302	\$ 611,628	\$ 571,757	\$ 509,291	\$ 394,215	\$ 488,079
Public safety	6,285,030	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
Public works	737,174	937,170	733,828	1,218,990	804,633	667,308	951,794	777,088	1,442,069	1,763,380
Culture and recreation	446,053	501,519	184,390	287,285	328,588	307,425	546,375	510,254	444,977	501,333
Community development	461,950	358,486	118,314	584,747	806,842	232,274	461,744	226,889	555,391	691,367
Subtotal governmental activities	<u>8,817,124</u>	<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>
Business-type activities										
Electric	31,393,986	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
Gas	12,183,954	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
Water	4,842,138	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
Sewer	7,483,507	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
Swimming pool	888,437	898,921	376,630	640,606	604,354	3,084	-	-	-	-
Sanitation	3,622,440	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
Parking, traffic and street lights	486,103	3,064,593	261,603	683,936	664,566	165,662	344,294	221,309	223,252	182,815
Storm sewer	1,151,524	715,278	580,590	416,011	796,512	693,219	373,644	295,362	-	-
Subtotal business type activities	<u>62,052,089</u>	<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>
Total primary government	<u>\$ 70,869,213</u>	<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>

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	Police Station Bond Tax	Real Estate Transfer	Earned Income	Local Services Tax	Cable TV Franchise Fees	Payments in Lieu of Taxes	Total
2022	(3)	5,028,420	595,591	599,229	202,456	716,846	2,799,962	755,323	326,474	35,297	11,059,598
2021		4,996,627	617,659	630,122	-	927,983	2,479,988	802,087	339,160	29,194	10,822,820
2020		4,960,660	625,916	619,885	-	631,580	2,245,438	793,080	351,745	74,370	10,302,675
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



- (1) Beginning in 2014, the Borough assessed the Fire Tax.
- (2) Beginning in 2018, the Borough assessed the Rec and Ambulance Tax.
- (3) Beginning in 2022, the Borough assessed the Police Station Bond Tax.

Source: Borough of Chambersburg Finance Department.

REVENUE CAPACITY

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

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

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

Tax Year	<-----Direct Rate----->					<-----Overlapping Debt----->			
	General Real Estate Tax	Fire Tax	Recreation Tax	Police Station Bond Tax	Total Direct	Chambersburg Area Sch Dist	Franklin County	Franklin County Library	
2022	(3)	24.00	3.00	3.00	1.00	31.00	122.50	29.10	1.30
2021		24.00	3.00	3.00	0.00	30.00	118.93	29.10	1.30
2020		24.00	3.00	3.00	0.00	30.00	118.93	29.10	1.30
2019		24.00	3.50	3.00	0.00	30.50	115.02	29.10	1.05
2018	(2)	24.00	3.50	3.00	0.00	30.50	109.65	27.60	1.05
2017		23.00	2.50	0.00	0.00	25.50	105.94	27.60	1.05
2016		23.00	2.50	0.00	0.00	25.50	101.38	27.60	1.05
2015		21.00	2.50	0.00	0.00	23.50	98.43	25.65	1.05
2014	(1)	21.00	2.50	0.00	0.00	23.50	96.12	25.65	1.05
2013		20.00	0.00	0.00	0.00	20.00	93.69	25.65	1.05

- (1) Beginning in 2014, the Borough assessed the Fire Tax.
- (2) Beginning in 2018, the Borough assessed the Recreation and Ambulance Tax.
- (3) Beginning in 2022, the Borough assessed the Police Station Bond Tax.

Sources: Borough of Chambersburg Annual Comprehensive Financial 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
2022	\$ 261,350	\$ 78,146,970	\$ 90,736,040	\$ 9,253,500	\$ 30,651,690	\$ 66,263,340	\$ 275,312,890	\$ 209,049,550	31.00
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

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

Schedule 9
Borough of Chambersburg, PA
Principal Taxpayers
12/31/2022 and 12/31/2013

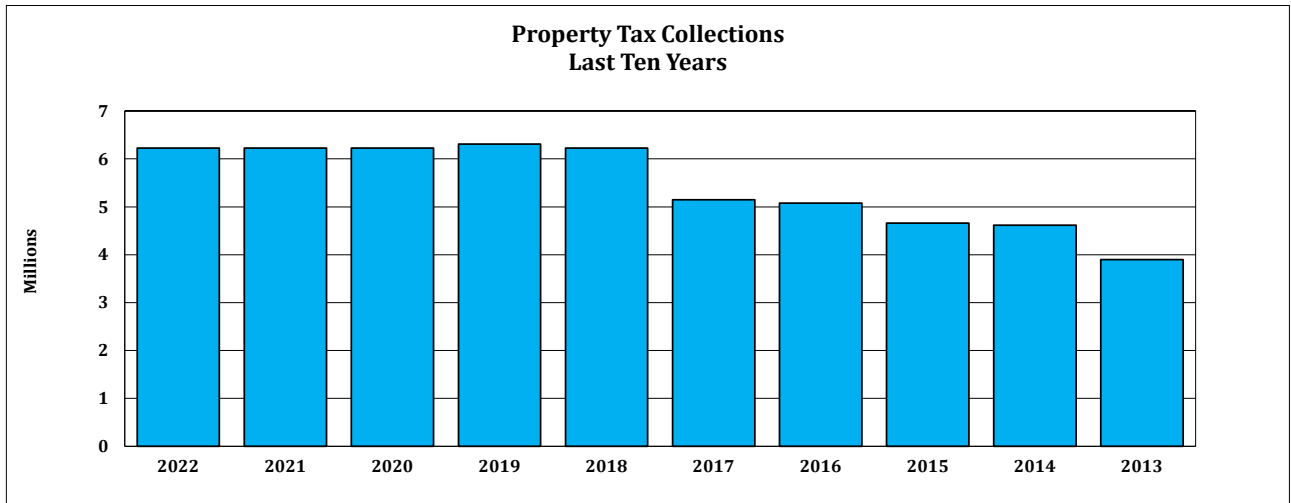
December 31, 2022			
Taxpayer	Estimated Actual Values of Real Property (1)	Rank	Percentage of Assessed Valuation
Chbg Health Srv/Chbg Hospital	\$ 18,714,360	1	8.95%
Wilson College	6,017,970	2	2.88%
Menno Haven	5,865,820	3	2.81%
Chambersburg MLZ LLC	4,048,000	4	1.94%
Pool 3 Industrial PA LLC/Dawson Logistics	3,626,640	5	1.73%
Wilsey/Holsum LLC (Ventura Foods)	2,849,540	6	1.36%
Prologis NA3 PA III LP	2,199,600	7	1.05%
Wayne Avenue Plaza LLC	1,628,060	8	0.78%
Chambersburg Cold Storage LP	1,491,010	9	0.71%
Cabot III-PA2B01 LP	1,393,600	10	0.67%
	<u>\$ 47,834,600</u>		<u>22.88%</u>
Total Taxable Assessed Valuation	<u>\$ 209,049,550</u>		

December 31, 2013			
Taxpayer	Estimated Actual Values of Real Property (1)	Rank	Percentage of Assessed Valuation
Chbg Health Srv/Chbg Hospital	\$ 12,568,160	1	6.47%
Menno Haven	5,485,100	2	2.82%
Chambersburg Crossing LP	4,900,000	3	2.52%
American Real Estate	2,340,650	4	1.21%
Wilsey/Holsum LLC (Ventura)	2,224,930	5	1.15%
ProLogis	1,780,100	6	0.92%
Wayne Avenue Plaza	1,628,060	7	0.84%
Chambersburg Cold Storage LP	1,491,010	8	0.77%
T K Nitterhouse	1,343,990	9	0.69%
Chambersburg Area Develop.	1,200,050	10	0.62%
	<u>\$ 34,962,050</u>		<u>18.00%</u>
Total Taxable Assessed Valuation	<u>\$ 194,240,400</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			Total Collections to Date		
		Amount	Percentage of Levy	Collections In Subsequent Years	Amount	Percentage of Levy	
2022 (6)	\$ 6,503,390	\$ 6,296,604	96.82%	\$ -	\$ 6,296,604	96.82%	
2021	6,279,466	6,045,787	96.28%	181,845	6,227,632	99.17%	
2020 (5)	6,227,429	5,958,333	95.68%	267,724	6,226,057	99.98%	
2019	6,310,516	5,973,537	94.66%	336,836	6,310,373	100.00%	
2018 (4)	6,228,091	5,894,675	94.65%	333,092	6,227,767	99.99%	
2017	5,148,320	4,874,759	94.69%	273,220	5,147,979	99.99%	
2016 (1)	5,078,752	4,819,617	94.90%	256,649	5,076,266	99.95%	
2015	4,663,215	4,377,257	93.87%	284,205	4,661,462	99.96%	
2014 (2)(3)	4,617,616	4,387,275	95.01%	229,765	4,617,040	99.99%	
2013	3,897,692	3,650,686	93.66%	246,829	3,897,515	100.00%	



- (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. Borough's property tax mill rate increased from 23.0 to 24.0, an increase of 4.00%, and fire tax increased from 2.50% to 3.50%.
- (5) In 2020, fire tax decreased from 3.50% to 3.00%.
- (6) Beginning in 2022, the Borough assessed the police station bond 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
2022	1.00%	\$ 2,802,892	\$ 72,360	\$ 2,730,532
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

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	2021 (1)	2020	2019	2018	2017	2016	2015	2014	2013	2012
> \$1,000,000	-	1	4	5	2	1	3	-	1	1
\$500,000 - 999,999	14	13	8	8	12	14	8	14	6	15
\$200,000 - 499,000	79	70	74	68	64	66	55	67	58	45
\$100,000 - 199,000	374	330	313	306	287	270	211	232	187	183
\$50,000 - 99,000	2,092	1,869	1,873	1,806	1,800	1,780	1,466	1,583	1,347	1,365
<\$49,999	<u>5,850</u>	<u>6,074</u>	<u>6,502</u>	<u>7,997</u>	<u>7,933</u>	<u>7,918</u>	<u>6,811</u>	<u>8,238</u>	<u>7,046</u>	<u>7,135</u>
Total	<u>8,409</u>	<u>8,357</u>	<u>8,774</u>	<u>10,190</u>	<u>10,098</u>	<u>10,049</u>	<u>8,554</u>	<u>10,134</u>	<u>8,645</u>	<u>8,744</u>

% of total earned income taxes paid

Income Range	2021 (1)	2020	2019	2018	2017	2016	2015	2014	2013	2012
> \$1,000,000	0.00%	0.53%	1.36%	1.87%	0.73%	0.59%	1.27%	0.00%	0.37%	0.61%
\$500,000 - 999,999	2.55%	2.55%	1.58%	1.41%	2.17%	2.93%	1.83%	3.11%	1.53%	3.21%
\$200,000 - 499,000	6.56%	6.00%	6.54%	5.89%	5.21%	5.88%	6.19%	6.73%	6.75%	5.07%
\$100,000 - 199,000	13.84%	12.96%	12.04%	11.54%	10.63%	10.20%	9.45%	9.31%	8.73%	8.63%
\$50,000 - 99,000	40.41%	38.80%	37.18%	35.76%	35.26%	35.07%	34.48%	32.69%	32.73%	32.89%
<\$49,999	<u>36.64%</u>	<u>39.16%</u>	<u>41.30%</u>	<u>43.53%</u>	<u>46.00%</u>	<u>45.33%</u>	<u>46.78%</u>	<u>48.16%</u>	<u>49.89%</u>	<u>49.59%</u>
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Total Personal Income	<u>\$ 347,760,471</u>	<u>\$ 324,085,038</u>	<u>\$ 337,873,929</u>	<u>\$ 333,510,853</u>	<u>\$ 338,462,263</u>	<u>\$ 336,932,927</u>	<u>\$ 282,437,017</u>	<u>\$ 319,408,262</u>	<u>\$ 306,751,179</u>	<u>\$ 310,489,463</u>
-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

(1) Information for year ended 12/31/2022 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	General Lease Obligations	Electric Department General Obligation Bonds	Electric Department General Obligation Notes	Electric Department General Lease Obligations	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			
2022	\$ 8,502,538	\$ 2,026,530	\$ 227,822	\$ 9,945,066	\$ -	\$ 4,720,406	\$ -	\$ 4,396,663	\$ -	\$ 7,049,660	\$ -	\$ 2,410,031	\$ -	\$ 7,229,802	\$ 6,385,797	\$ 52,894,315	8.258%	2,370
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

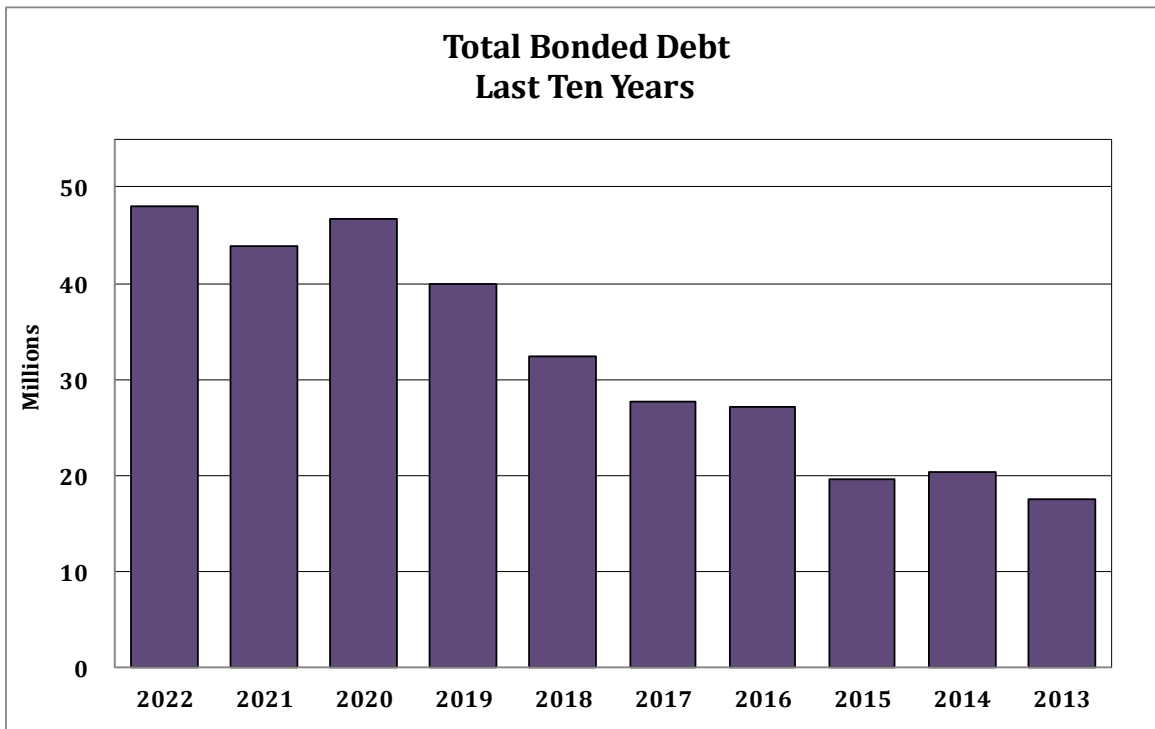
(1) Details regarding the Borough's outstanding debt can be found in the Note 5 in the current financial statements.

(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	Total Primary Government	% of Assessed Valuation	Debt per Capita
2022	\$	47,946,087	\$ 47,946,087	22.94%	2,149
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



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 %
2022	\$ 77,132,281	\$ 192,830,702	\$ 52,894,315	\$ 139,936,387	72.57%
2021	69,694,249	174,235,622	43,806,006	130,429,616	74.86%
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%

(1) Legal Debt Margin: (12/31/2022)

a	Average revenues past 3 yrs	77,132,281	(\$231,396,842 / 3)
b	Legal debt limit (2.5 time average rev)	192,830,702	
c	Debt outstanding @ 12/31/2021	(43,806,006)	
	Legal Debt Margin (b-c)	\$ 149,024,696	

Source: Borough of Chambersburg Finance Department

Schedule 16
Borough of Chambersburg, PA
Computation of Direct and Overlapping Debt
December 31, 2022

Jurisdiction	Total Debt Outstanding	Estimated Percentage Applicable (a)	Amount Applicable to Borough of Chambersburg
Direct			
Borough of Chambersburg (Governmental Activities)	\$ 10,529,068		\$ 10,529,068
Overlapping			
Chambersburg School Dist	-	28.2309%	-
County of Franklin	71,204,059	13.0641%	9,302,197
Total overlapping debt	71,204,059		9,302,197
Total	\$ 81,733,127		\$ 19,831,265

(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
2011		3,054,195	2,800,078	254,117	204,834	91,121	0.86
2010		3,169,299	2,580,434	588,865	213,664	84,117	1.98

(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)
2022	22,316	\$ 28,704	63,480	\$ 51,861	39.8	24.60%	4,936	5.90%	\$ 159,900	\$209,049,550	(4)
2021	21,903	25,542	63,480	48,662	39.8	23.20%	4,893	5.90%	156,900	208,150,620	347,760,471
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

- (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 12/31/2022 not yet available
- (5) Information for year ended 12/31/2022 not available, used prior year figures

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

Employer	2022			2013		
	Employees	Rank	Percentage of Total Borough Employment	Employees	Rank	Percentage of Total Borough Employment
Wellspan (Formerly Summit Health Services)	3,650	1	13.67%	2,959	1	11.67%
Chambersburg School District	1,170	2	4.38%	1,575	2	6.21%
County of Franklin	697	3	2.61%	1,120	3	4.42%
Ventura Foods	676	4	2.53%	444	5	1.75%
Menno Haven, Inc	534	5	2.00%	621	4	2.45%
Staples Direct	526	6	1.97%	307	7	1.21%
Farmers & Merchants Trust Co.	291	7	1.09%	285	8	1.12%
Knouse Foods	243	8	0.91%	167	11	0.66%
Borough of Chambersburg	232	9	0.87%	197	10	0.78%
T.B. Woods, Inc	220	10	0.82%	310	6	1.22%
K-Mart Regional Specialty Center	----		----	220	9	0.87%
Total	<u>8,239</u>		<u>30.87%</u>	<u>8,205</u>		<u>32.35%</u>
Total employees	<u>26,693</u>	(1)		<u>25,365</u>		

(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	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General government:										
Administration	3	3	3	3	2	2	2	2	2	2
Clerical	15	15	15	15	13	13	14	14	12	11
Code enforcement	4	4	4	4	1	1	1	1	1	2
Community development	1	1	1	1	2	1	1	1	1	1
Engineering	5	5	5	5	5	5	5	4	4	4
Finance	24	27	26	26	23	23	22	22	19	19
Information technology	6	7	6	6	5	5	5	5	5	5
Personnel	5	5	4	4	4	4	3	3	2	2
Planning/zoning	0	0	0	0	1	1	1	1	1	1
Public information	0	0	0	0	0	0	0	0	0	0
Public works:										
Administration	4	4	4	4	3	3	3	4	3	3
Central garage	4	4	4	4	4	4	4	3	3	3
Labor/maintenance	5	6	6	6	6	6	6	6	6	5
Sanitation	15	14	13	13	11	10	10	12	12	11
Recreation:										
Administration	1	2	2	2	2	2	2	2	2	2
Labor/maintenance	3	6	6	6	6	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	26	25	25	25	25	24	21	21	21	21
Police administration	1	1	1	1	1	1	1	1	1	1
Police personnel	34	34	34	34	35	35	35	34	32	33
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	10	12	11	11	9	9	9	9	9	9
Electric generation	12	12	12	12	12	12	12	11	11	11
Electric system maintenance	0	1	1	1	1	1	1	1	1	1
Gas distribution	6	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	2	3
Water treatment plant	9	9	9	9	7	7	7	7	7	6
Sewer collection/conveyance	6	7	7	7	6	7	6	5	5	5
Sewer treatment plant	12	14	12	12	13	13	11	11	11	10
Traffic signal/street lights	3	3	2	2	2	2	2	1	1	1
Storm sewer	2	1	2	2	1	1	1	1	0	0
Totals	232	246	239	239	224	219	212	209	199	197

Source: Borough of Chambersburg Human Resources Department

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

Function/Program	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General government:										
Lien letter & tax certification requests	52	52	77	94	81	227	244	185	65	70
Community development:										
Building permits issued	511	563	534	606	578	533	556	516	444	444
Estimated value of construction	\$ 39,819,337	\$ 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
Occupancy permits issued	348	299	200	180	269	130	156	98	53	59
Number of planning commission Agenda items	11	15	15	19	24	22	29	24	15	8
Public works:										
Roads resurfaced (linear feet)	151	359	0	989	13,995	7,630	3,795	3,611	2,671	5,053
Roads reconstructed (linear feet)	6,710	4,904	0	8,744	3,592	7,115	16,495	9,490	1,932	149
Tons of snow melting salt used		291	174	664	648	347	223	919	1,322	775
Recreation:										
Pool attendance	66,335	59,785	38,167	75,000	68,448	0	26,000	24,900	17,300	21,500
Number of utilization events (1)	16,822	14,368	8,675	19,570	15,000	1,681	1,720	1,750	1,702	1,791
Number of consumers served	152,084	125,023	81,203	137,816	111,480	105,337	90,800	95,200	87,600	104,100
Number of seasonal programs	152	143	98	205	201	229	278	309	232	231
Police:										
Calls for service	16,613	14,082	18,639	22,304	23,548	20,784	19,784	21,392	14,650	14,639
Total arrests	1,599	1,162	1,012	1,119	1,177	1,139	1,214	1,264	1,478	1,520
Part I offenses reported (major offenses)	482	590	669	763	898	906	1,002	1,047	1,089	1,171
Part I offenses cleared (percentage)	42.0%	45.0%	52.0%	47.0%	41.0%	41.0%	42.0%	41.0%	44.0%	39.0%
Part II offenses reported (major offenses)	746	557	1,455	1,615	1,704	1,753	1,906	2,045	1,866	1,904
Part II offenses cleared (percentage)	65.0%	60.0%	43.0%	37.0%	39.0%	39.0%	36.0%	33.0%	37.0%	40.0%
DUI arrests	92	92	115	131	116	128	157	155	141	145
Fire:										
Total number of responses	1,362	1,153	878	995	1,228	926	1,044	978	869	626
Responses involving loss	11	4	4	7	1	5	5	7	6	6
Structure fires	40	33	26	44	36	30	37	49	39	46
Volunteer hours	205	1,301	54,788	62,367	71,420	73,093	72,989	79,484	83,503	83,731
False alarms/false calls	240	231	110	131	165	118	115	130	101	99
Total calls for assistance	4,624	4,576	4,302	4,351	4,211	4,260	4,167	4,113	3,992	3,772
Utilities:										
Electric department										
Units billed (kwh)	316,011,089	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
Billed revenue	\$ 28,360,627	\$ 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
Gas department										
Units billed (100 cu. ft.)	11,751,733	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
Billed revenue	\$ 11,174,392	\$ 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
Water department										
Units billed (10 cu. ft.)	13,686,404	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
Billed revenue	\$ 3,617,602	\$ 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
Sewer treatment plant department										
Units billed (10 cu. ft.)	23,203,358	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
Billed revenue	\$ 6,711,299	\$ 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
Storm sewer department										
Fees billed	7,995	8,550	8,490	8,422	8,339	8,254	8,226	8,170	-	-
Billed revenue	\$ 1,102,584	\$ 510,780	\$ 405,825	\$ 402,039	\$ 399,544	\$ 395,872	\$ 295,134	\$ 293,302	\$ -	\$ -
Sanitation department										
Units billed (cu. yds.)	159,703	154,268	150,368	150,917	147,474	144,863	142,116	140,519	141,880	142,169
Billed revenue	\$ 3,515,169	\$ 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) 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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Function/Program										
General government:										
Square footage occupied	76,646	76,646	76,646	76,646	76,646	45,912	45,912	45,912	45,912	45,912
Inspection vehicles	6	6	6	6	6	4	2	1	1	1
Other departmental vehicles	8	8	8	8	8	8	8	8	7	6
Public works:										
Number of traffic signals	48	48	48	48	48	48	48	47	47	45
Street lights	2,118	2,083	2,077	2,070	2,067	2,021	1,971	1,917	1,862	2,166
Vehicles	12	11	11	11	11	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	29,827	19,975	19,975	19,975	19,975	19,975	19,975	19,975
Tennis courts	5	11	7	7	7	5	5	5	5	5
Ball fields	2	3	2	2	2	3	3	3	3	4
Skate parks	1	1	2	2	2	2	2	2	2	2
Vehicles	4	4	4	4	4	4	3	3	3	3
Basketball Courts	6	-	-	-	-	-	-	-	-	-
Pickleball Courts	2	-	-	-	-	-	-	-	-	-
Public safety:										
Square footage of emergency services dept	24,817	24,817	24,817	24,817	24,817	24,817	24,817	18,947	18,947	18,947
Square footage of police department	38,732	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	12	13	13	13	13	12
Police vehicles	16	16	15	14	14	14	14	14	14	14
Utilities:										
Electric department										
Value of plant in service	\$ 90,182,808	\$ 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
Vehicles	14	14	14	14	13	13	12	11	12	11
Gas department										
Value of plant in service	\$ 21,381,333	\$ 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
Vehicles	10	10	10	10	10	10	9	9	9	9
Water department										
Value of plant in service	\$ 27,012,857	\$ 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
Vehicles	10	10	10	9	9	8	8	7	8	7
Sewer treatment plant department										
Value of plant in service	\$ 91,724,510	\$ 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
Vehicles	8	8	8	8	8	7	7	6	6	6
Storm sewer department										
Value of plant in service	\$ 5,609,450	\$ 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	1	-	-
Sanitation department										
Value of plant in service	\$ 4,067,227	\$ 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
Vehicles	12	12	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, 2022

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Source Code	ALN	Pass Through Grantor's Number	Grant Year	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	B-18-MC-42-0024	2018	\$ 42,590	\$ 79	\$ -
Community Development Block Grant	D	14.228	B-19-MC-42-0024	2019	59,000	36,171	-
Community Development Block Grant	D	14.228	B-20-MC-42-0024	2020	22,681	263,374	-
	D	14.228	B-21-MC-42-0024	2021	6,300	126,449	-
	D	14.228	B-22-MC-42-0024	2022	-	16,347	-
Total Community Development Block Grant Cluster					<u>130,571</u>	<u>442,420</u>	
Total U.S. Department of Housing and Urban Development Program					<u>130,571</u>	<u>442,420</u>	
U.S. Department of Transportation Federal Highway Administration							
Passed through the Pennsylvania Department of Transportation							
Highway Planning and Construction	I	20.205	08A504	2017	583,740	333,055	-
Total U.S. Department of Transportation Federal Highway Administration					<u>583,740</u>	<u>333,055</u>	
U.S. Environmental Protection Agency							
Passed through the Pennsylvania Infrastructure Investment Authority							
Capitalization Grants for Drinking Water	I	66.468	P33005749-100	2020	129,260	460,207	-
Total U.S. Environmental Protection Agency					<u>129,260</u>	<u>460,207</u>	
U.S. Department of the Treasury							
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	D	21.027	N/A	2021	3,881,518	2,285,623	-
Total U.S. Department of Treasury					<u>3,881,518</u>	<u>2,285,623</u>	
U.S. Department of Health and Human Services							
EMS COVID-19 Recovery Grant	D	93.498	N/A	2022	37,237	-	-
Total U.S. Department of Health and Human Services					<u>37,237</u>	<u>-</u>	
United States Department of Justice							
Passed through the Pennsylvania Commission on Crime and Delinquency							
Byrne Memorial Justice Assistance Grant Program	I	16.738	2021-JG-UX 36392	2021	60,000	60,000	-
Total U.S. Department of Justice					<u>60,000</u>	<u>60,000</u>	
Total Receipts and Expenditures of Federal Awards					<u>\$ 4,822,326</u>	<u>\$ 3,581,305</u>	

BOROUGH OF CHAMBERSBURG
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

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.



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, 2022, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

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, 2023



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, 2022. 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, 2022.

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 & Woot Reams Company, LLC". The signature is written in a cursive, flowing style.

Chambersburg, Pennsylvania
June 30, 2023

BOROUGH OF CHAMBERSBURG
Schedule of Findings and Questioned Costs
December 31, 2022

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):

Assistance Listing Number(s)	Name of Federal Program
21.027	Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee? Yes No

BOROUGH OF CHAMBERSBURG
Schedule of Findings and Questioned Costs (Continued)
December 31, 2022

Section II - Financial Statement Findings

A. Significant Deficiencies or Material Weaknesses in Internal Control

None noted

B. Compliance Findings

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

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, 2022

Findings related to financial statements:

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

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.

Status: Corrective action was taken.

Findings related to federal awards:

None noted.