

*Borough of
Chambersburg
Pennsylvania*



*Annual Comprehensive
Financial Report*

*For the Year Ended
December 31, 2023*

Borough of Chambersburg
Pennsylvania

Annual Comprehensive
Financial Report

For the Year Ended
December 31, 2023

Prepared by the Department of Finance

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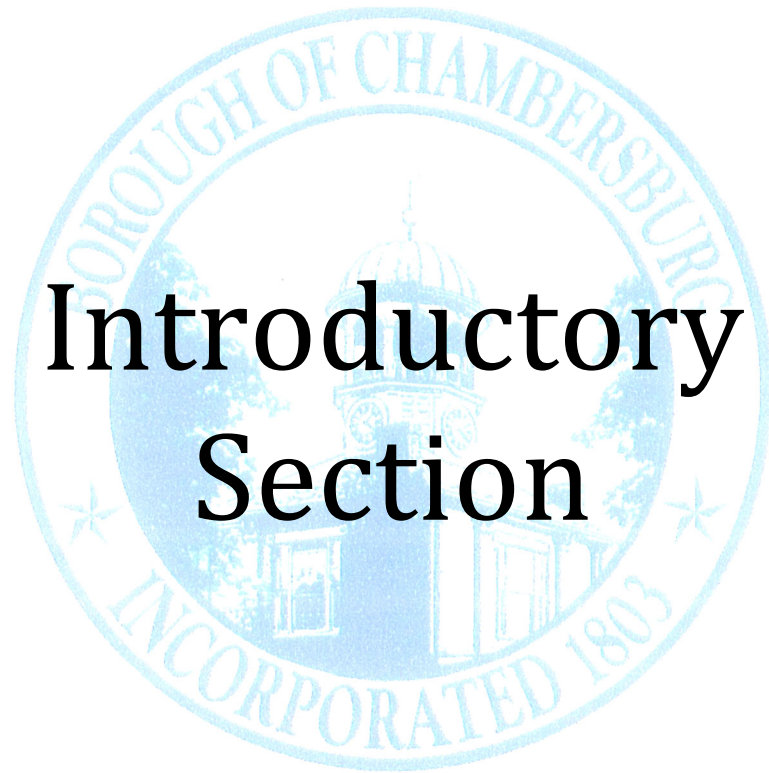
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Introductory Section



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Borough of Chambersburg
Pennsylvania**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

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 120 years of community electric and a
regional wastewater, water, and municipal solid waste utility*

Letter of Transmittal for 2023 Annual Comprehensive Financial Report

July 23, 2024

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, 2023, 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, 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 has been in service to the citizens of Chambersburg since 1893 and the Borough's Gas Department has been providing municipal natural gas since 1946. 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 Police 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 Gas Department. This year's report highlights our Police Department.

As possibly the most visible representative of the Borough Government, the Police Department performs many services for better public and community relations. Most important is the protection of persons' lives and property by maintaining civil order through the enforcement of State Laws and Borough Ordinances. The Police Department occupies a station supplied with state-of-the-art equipment. Goals of the Department are to do more traffic enforcement, reduce the crime rate through visibility, and to respond more effectively to the needs of our citizens by creating a partnership with them.

The Police Department has a rich history, being established in January 1818, by formal action of Town Council. "Be it ordained, etc., that four men shall be employed to watch and patrol the streets of the Borough of Chambersburg during the night, from nine o'clock until daybreak, for the term of three months from this date, to guard the property of the inhabitants, as far as in their power, from incendiaries, thieves, and plunderers, and to arrest and detain all vagrants and night walkers until morning, unless he, she, or they, can give a satisfactory account of their purpose and the occasion of their being found on the street - and also call the hour". On January 18, 1818, Council then entered into an article of agreement with Robert Allison, as Captain, William McElhany, Jacob Heckerman, and Dan McAllister, as Privates.

From this very modest beginning the department developed into a highly efficient and well-equipped organization. In 1939, the department consisted of a Chief, two Sergeants and eight Patrolmen. Some of their "state of the art" equipment consisted of a Harding Police Register System, a dictograph, a finger printing outfit, Colt 38 caliber revolvers, tear gas guns, hand grenades, a police car, and two motorcycles.

In 1994, one of Chambersburg's finest - Dana Kauffman, conducted extensive research into the benefits to the community of having a trained police service dog on board. After much investigation and communication, Chief Michael DeFrank and Chambersburg Borough officials accepted the concept of a trained K9 team for service to the community. The department purchased "Allen" a specially trained German Shepherd with a generous donation from the Chambersburg Exchange Club. Patrol Officer Kauffman and Allen immediately proved to be a valuable asset to our community, while enhancing the safety of our officers. While the names and faces have changed over time, the K9 Unit, consisting of two active-duty K9 teams, remains indispensable today.

In 2016, the Chambersburg Crime Scene Tech Unit was started to aid Detectives in quickly and efficiently processing crime scenes, preserving the value of evidence collected. A formalized training program was also developed to standardize officer training, ensure confident and well-prepared officers and provide regular evaluations. As Community Policing came into focus, Chambersburg prioritized community engagement with trainings such as Active Shooter Mitigation and a Citizens Policy Academy.

The Chambersburg Police Department has experienced tremendous growth since 2016. In 2021, the department added one more officer to the ranks, the Inspector position. This much-needed position oversees all clerical and administrative functions of the agency. During the same year the department moved into a temporary police station on Orchard Drive while the antiquated police station was renovated. The project also included an addition to gain much-needed room for the future growth of the department. In 2023, the police department returned to the new and innovative police station. The new building contains the latest technology necessary to effectively and efficiently operate a 21st-century police department.

In July 2023, the Chambersburg Police Department obtained accreditation through the Pennsylvania Law Enforcement Accreditation Commission (PLEAC). Accreditation validates the department's policies and operations through a rigorous assessment of best practices and standards that PLEAC publishes. Ultimately, PLEAC Accreditation will lessen agency liability and continue enhancing the agency and its law enforcement practices.

Additionally, great progress has been made on officer wellness. We recognize that officers must be both physically and mentally fit for duty. The department added a mental health co-responder civilian position that provides access to many resources for those with mental health needs. She further manages the agency's community policing and public outreach, which has exploded with success during the past five years. The

department is proud of our partnership with the Chambersburg community and humbled by the continuous support. This support was evident in 2023 with the newly formed Chambersburg Police Foundation. This charitable foundation has provided the ability to raise funds for the department and relieve a tax burden on the citizens. Their efforts are greatly appreciated.

The department has begun an officer wellness program incorporating professional coaching and Guardian Tracking. We have observed great benefits in providing personal and professional coaching to our officers, who have thrived with the help received. The program has been so successful that Chief Camacho was published in Blue Magazine with his article on Mentoring and Coaching as Recruitment and Retention Tools. He was also published in the International Association of Chiefs of Police magazine for the work of the Department's Chief Advisory Committee. The addition of the Guardian Tracking program has allowed the administration to implement an early intervention program for its officers. This system allows the police administration to prevent major issues from developing with our officers, which could stem from various incidents the officers handle. The goal is to keep our officers mentally fit. The Chambersburg Police Department has a bright future and outstanding staff. We look forward to continuing our great service to the community and a growing partnership with the citizens.

Economic Environment - Historical

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

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

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

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

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

Economic Environment - Today

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

The 10 largest employers operating in the Borough in 2023 were:

EMPLOYER	PRIMARY BUSINESS	AVERAGE NUMBER OF EMPLOYEES
Wellspan (formerly Summit Health)	Health Care	3,650
Chambersburg Area School District	Public Education	1,225
County of Franklin	Government	676
Menno Haven, Inc.	Retirement Community	662
Ventura Foods	Food Packaging	661
Keystone Health	Health Care	610
Farmers & Merchants Trust Co.	Financial Services	305
Borough of Chambersburg	Municipal Government	254
Regal/Rexnard (formerly T.B. Woods, Inc.)	Power Transmission Equipment	220
Knouse Foods	Food Packaging	197

The Borough of Chambersburg is considered the employment center for the region. Between 2,000 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/Miscellaneous	2,260
Target Distribution Center	Distribution Warehousing	964
Ultra Beauty	Distribution Center	850
Martins Famous Pastry Shoppe, Inc.	Potato Bread and Rolls	733
Walmart	Retail	689

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. 96, *Subscription-Based Information Technology Arrangements*, as of January 1, 2023.

Independent Audit

The independent accounting firm, Smith Elliott Kearns & Company, LLC, audited the basic financial statements of the Borough of Chambersburg for fiscal year 2023. 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.

Acknowledgements

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, including Maria Wagner – Finance Department Secretary, Michelle Amsley – Accounting Supervisor, Jena Bard – Staff Accountant, Jennifer Rutan – Accounts Receivable Clerk, Chris Roberts – Accounts Payable Clerk, and Stephanie Glover - Property Asset Accounting Technician. 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. Specifically, I would like to express appreciation to Borough Manager, Jeffrey Stonehill, who has shown consistent confidence and support of the Finance Department.

Finally, I would like 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.

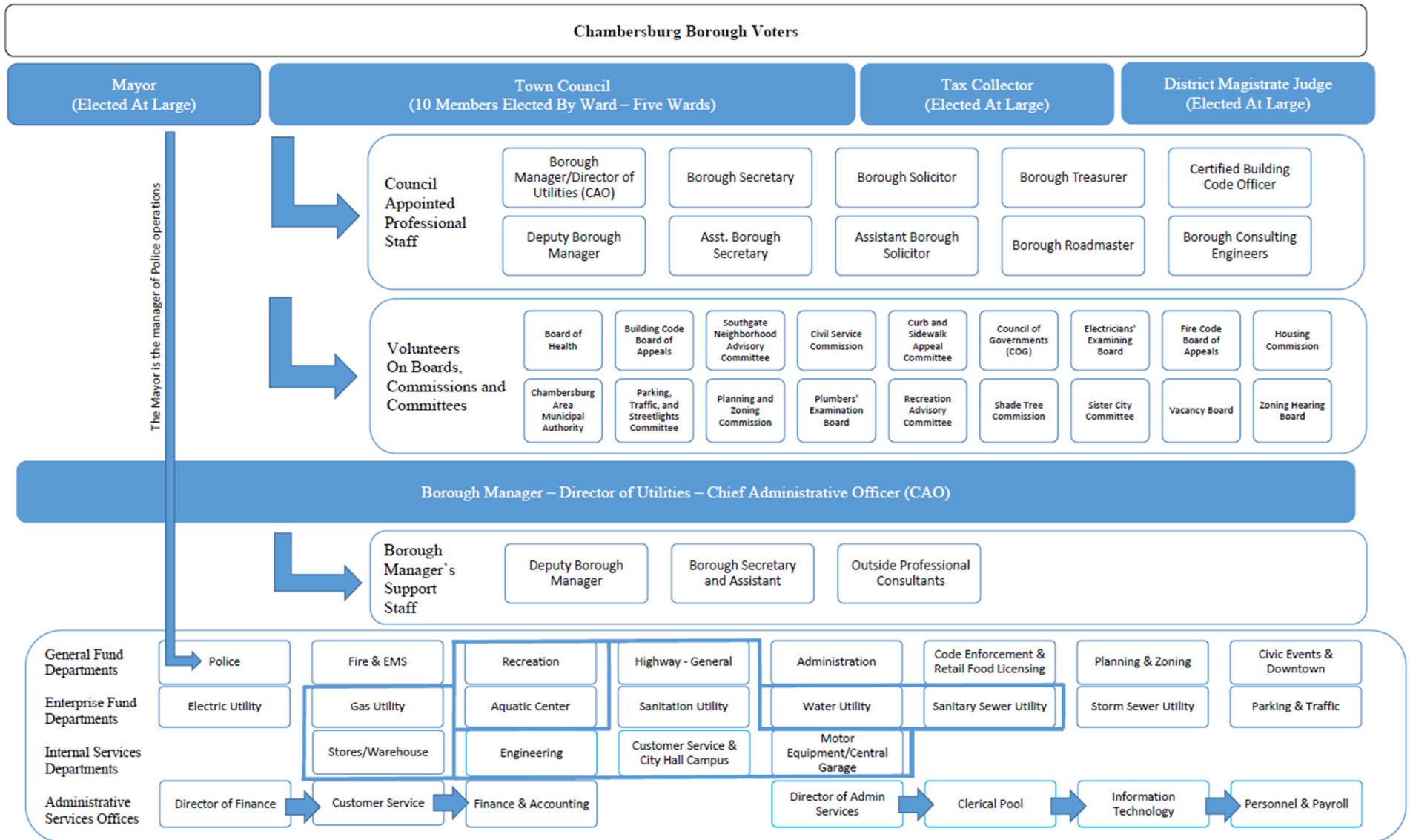
Respectfully submitted,



Benjamin J. Hayhurst, CPA
Acting Director of Finance/Treasurer

Chambersburg Organizational Chart 2024

Chambersburg Organizational Chart 2024



2023 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
Mayor's Office: (717) 261-3243 | (c): (717) 331 9071
mayor@chambersburgpa.gov

COUNCIL MEMBERS

Sharon Coffman
112 Pennsylvania Avenue
First Ward – 2024-2027
(r): (717) 267-2739 | (c): (717) 552-3391
scoffman@chambersburgpa.gov

Allen B. Coffman – President/
Personnel Liaison
112 Pennsylvania Avenue
First Ward – 2024-2026
(r): (717) 267-2739 | (c): (717) 552-3391
acoffman@chambersburgpa.gov

John Huber – Finance Chair
234 South Coldbrook Avenue
Second Ward – 2024-2027
(c): (717) 377-7158
jhuber@chambersburgpa.gov

Thomas Newcomer – Asst. Finance Chair
241 Phoenix Drive
Second Ward – 2024-2026
(c): (717) 977 9649
tnewcomer@chambersburgpa.gov

Chadwick Hare
1168 Hollywell Avenue
Third Ward – 2024-2027
(r): (717) 462-7039
chare@chambersburgpa.gov

Dominique Brown
335 Channing Drive
Third Ward – 2024-2026
(c): (717) 331-7402
djbrown@chambersburgpa.gov

Jamie Boden
370 Center Street
Fourth Ward – 2024-2027
(r): (717) 360-2515
jboden@chambersburgpa.gov

Stacy Short
68 Garber Street
Fourth Ward – 2024-2025
(c): (717) 816-7489
sshort@chambersburgpa.gov

Bill Everly – Vice President
910 Leidig Drive
Fifth Ward – 2024-2027
(r): (717) 263-4699 | (c): (717) 729-1748
beverly@chambersburgpa.gov

Weston Waytow
744 E. Garfield Street
Fifth Ward – 2024-2026
(c): (717) 377-0935
wwaytow@chambersburgpa.gov

Council Meetings – 7:00 P.M.
Regular Public: 2nd and 4th Mondays – Council Chambers, 1st Floor

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

BOROUGH OFFICERS AND OFFICIALS AS OF DECEMBER 31, 2023

Jeffrey Stonehill
Borough Manager/Director of Utilities
(717) 251-2433

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

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

Tanya Sisk
Assistant Borough Secretary
(717) 251-2447

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

Jason Cohen
Director of Finance/Treasurer
(717) 251-2412

Melinda Thompson
Director of Administrative Services
(717) 251-2414

Dustin Ulrich
Fire Chief and EMS Director
(717) 251-2475

Roland Camacho
Police Chief
(717) 264-4131

Charles Nipe
Director of Public Works
(717) 251-2496

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

Julie Redding
Recreation Director
(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

Oliver Arispe
Bilingual Property Maintenance Code
Enforcement Officer/Com Dev Technician
(717) 251-2497

Irene Sosa
Quality of Life Code Enforcement Officer
(717) 251-2448

Brenda Hill
Borough Tax Collector
(717) 263-6565

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

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

Jeff Heverly
Director of Electric Operations
(717) 251-2418

vacant
Assistant Director of Electric Operations
(717) 251-2418

John Leary
Director of Natural Gas Utility
(717) 251-2422

Jon Mason
Assistant Director of Natural Gas Utility
(717) 251-2423

Lance Anderson
Director of Water and Sewer
(717) 251-2405

Travis Amsley
Assistant Director Water and Sewer
(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, 2023, 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, 2023, 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, 2023, the Borough of Chambersburg adopted new accounting guidance, *GASB No. 96, Subscription-based information technology arrangements*. 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 5 through 17, the schedules related to the pension and OPEB liabilities on pages 79 through 84, and budgetary comparison information on page 85 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 July 23, 2024 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.

Smith & Elliott Deams & Company, LLC

Chambersburg, Pennsylvania
July 23, 2024

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, 2023. Readers should also review the basic financial statements and related footnotes on pages 18 – 78 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. Governmental funds statements tell how services were financed in the short-term as well as what dollars remain for future spending. 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 2023?" They are prepared on the accrual basis of accounting, in much the same way as a private enterprise, which 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 18) reports all assets and liabilities of the Borough as of December 31, 2023. The difference between total assets plus deferred outflow of resources and total liabilities plus deferred inflows of resources is reported as "net position". Increases in net position generally indicate an improvement in financial standing while decreases may indicate a deterioration of financial position.
- **The Statement of Activities.** This statement (page 19) serves the purpose of the traditional income statement. It provides consolidated reporting of the results of all activities of the Borough for the year ended December 31, 2023. Changes in net position are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed. The Statement of Activities displays the expense of the Borough's various programs net of related revenues, as well as a separate presentation of revenues available for general purposes.

A more detailed explanation of these statements is found in Note 1 on pages 29 - 46 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, 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 18 and 19.

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

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

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

The Borough of Chambersburg's Electric, Gas, Water, Sewer, and Swimming Pool Funds are all considered to be major funds and are displayed separately in the proprietary fund statements on pages 24 through 26. The Borough has three other proprietary funds, Sanitation, Parking, Traffic & Street Lights, and Storm Sewer, 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.

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.

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

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

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

Other Information

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 79 through 85 of this report.

The Borough of Chambersburg as a Whole

The following table presents condensed information on net position as of December 31, 2023 and 2022.

	Net Position					
	December 31, 2023 and 2022					
	2023	2022	2023	2022	2023	2022
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
Assets						
Current and other assets	\$ 18,188,479	\$ 22,527,220	\$ 57,596,144	\$ 58,233,186	\$ 75,784,623	\$ 80,760,406
Capital assets	34,883,625	30,215,768	156,034,668	155,117,869	190,918,293	185,333,637
Total assets	<u>53,072,104</u>	<u>52,742,988</u>	<u>213,630,812</u>	<u>213,351,055</u>	<u>266,702,916</u>	<u>266,094,043</u>
Deferred Outflows of Resources						
Deferred outflows related to pension liability	3,142,983	5,176,792	2,050,168	3,488,171	5,193,151	8,664,963
Deferred outflows related to OPEB liability	204,302	258,251	51,202	100,834	255,504	359,085
Deferred charge on bond refunding	-	-	-	-	-	-
Total deferred outflows of resources	<u>3,347,285</u>	<u>5,435,043</u>	<u>2,101,370</u>	<u>3,589,005</u>	<u>5,448,655</u>	<u>9,024,048</u>
Liabilities						
Current liabilities	2,334,404	3,003,123	8,373,272	7,904,258	10,707,676	10,907,381
Other liabilities	21,931,898	24,986,605	46,156,133	50,314,124	68,088,031	75,300,729
Total liabilities	<u>24,266,302</u>	<u>27,989,728</u>	<u>54,529,405</u>	<u>58,218,382</u>	<u>78,795,707</u>	<u>86,208,110</u>
Deferred Inflows of Resources						
Deferred inflows related to pension liability	825,596	259,201	2,247,213	886,797	3,072,809	1,145,998
Deferred inflows related to OPEB liability	1,766,879	995,492	1,306,874	739,331	3,073,753	1,734,823
Deferred inflows related to lessor transactions	1,583,708	1,807,836	1,384,994	1,489,711	2,968,702	3,297,547
Deferred inflows related to bond refunding	19,107	20,165	55,116	58,185	74,223	78,350
Total deferred inflows of resources	<u>4,195,290</u>	<u>3,082,694</u>	<u>4,994,197</u>	<u>3,174,024</u>	<u>9,189,487</u>	<u>6,256,718</u>
Net Position:						
Net investment in capital assets	24,719,080	21,540,312	113,828,089	115,115,778	138,547,169	136,656,090
Restricted	6,999,140	8,907,482	-	-	6,999,140	8,907,482
Unrestricted	(3,760,423)	(3,342,185)	42,380,491	40,431,876	38,620,068	37,089,691
Total net position	<u>\$ 27,957,797</u>	<u>\$ 27,105,609</u>	<u>\$ 156,208,580</u>	<u>\$ 155,547,654</u>	<u>\$ 184,166,377</u>	<u>\$ 182,653,263</u>

In total, combined net position equaled \$ 184.17 million as of December 31, 2023.

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, 2023, and 2022, respectively.

Changes in Net Position
Year Ended December 31, 2023

	Governmental Activities	Business-Type Activities	Total Activities
Revenues			
Program revenues:			
Charges for services	\$ 4,676,430	\$ 60,941,920	\$ 65,618,350
Operating grants and contributions	3,779,367	722,216	4,501,583
Capital grants and contributions	-	851,753	851,753
General revenues:			
Property taxes, levied for general purposes	5,246,648	-	5,246,648
Property taxes, levied for specific purposes	1,573,770	-	1,573,770
Real estate transfer tax	539,404	-	539,404
Earned income tax	2,870,031	-	2,870,031
Local services tax	774,115	-	774,115
Other taxes	30,522	-	30,522
Unrestricted investment earnings (loss)	804,910	2,352,424	3,157,334
Miscellaneous income	444,170	563,585	1,007,755
Total revenues	<u>\$ 20,739,367</u>	<u>\$ 65,431,898</u>	<u>\$ 86,171,265</u>
Expenses			
General government	\$ 2,601,241	\$ -	\$ 2,601,241
Public safety	14,405,244	-	14,405,244
Public works	2,344,161	-	2,344,161
Community development	833,291	-	833,291
Culture and recreation (also interest expense)	1,935,239	-	1,935,239
Electric	-	32,404,327	32,404,327
Gas	-	7,985,784	7,985,784
Water	-	5,804,523	5,804,523
Sewer	-	8,490,985	8,490,985
Swimming Pool	-	1,233,255	1,233,255
Other business-type activities	-	6,620,100	6,620,100
Total expenses	<u>22,119,176</u>	<u>62,538,974</u>	<u>84,658,150</u>
Excess before transfers	(1,379,809)	2,892,924	1,513,115
Transfers	<u>2,231,998</u>	<u>(2,231,998)</u>	<u>-</u>
Change in net position	852,189	660,926	1,513,115
Net position - beginning, as restated	<u>27,105,608</u>	<u>155,547,654</u>	<u>182,653,262</u>
Net position - ending	<u>\$ 27,957,797</u>	<u>\$ 156,208,580</u>	<u>\$ 184,166,377</u>

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

Changes in Net Position
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	1,783,136	1,899,536
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>\$ 62,321,390</u>	<u>\$ 80,872,269</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)	(1,028,963)	(8,174,085)
Transfers	313,288	(313,288)	-
Change in net position	(6,831,834)	(1,342,251)	(8,174,085)
Net position - beginning	33,937,443	156,889,905	190,827,348
Net position - ending	<u>\$ 27,105,609</u>	<u>\$ 155,547,654</u>	<u>\$ 182,653,263</u>

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

Net position increased \$ 1.51 million in 2023 for Total Activities compared to a decrease of \$ 8.17 million in 2022. This is a \$ 9.67 million increase in overall performance for 2023 as compared to 2022 and is the result of an increase in total revenues of \$5.28 million, and a decrease in expenses of \$ 4.39 million. Of the \$ 5.28 million increase in Total Activities revenues, \$ 7.28 million was the result of recovered unrestricted investment earnings offset by a \$ 2.13 million decrease in miscellaneous income as 2022 saw two one-time payments in the electric department in the form of \$ 0.72 million in liquidated damages by a contractor and \$ 1.25 million in insurance proceeds. The \$ 4.39 million decrease in Total Activities expenses is primarily driven by the \$ 4.76 million in funding to the Chambersburg Area Municipal Authority to purchase and redevelop an aging shopping center that occurred in 2022.

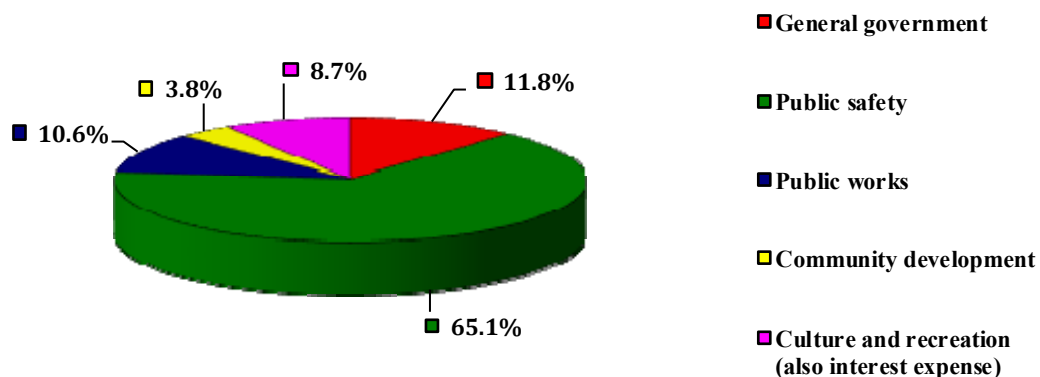
Transfers from Business-Type Activities to Governmental Activities contain \$ 2.22 million in operating transfers considered Payments in Lieu of Gross Receipts Tax from the Electric and Gas Departments to the General Fund. This is designed to mimic the payments that would be required of those utilities if they were subjected to a gross receipts tax.

Governmental Activities

The Borough's largest governmental activities revenue source: property taxes, increased by \$ 391,717 or 13.9%. The general-purpose property tax rate increased 1.00 mil and the specific-purpose property taxes increased by 0.50 mil, with a 0.50 mil decrease to the recreation tax and a 1.00 mil increase to the police station bond tax. Following macro real estate market trends, real estate transfer taxes decreased \$ 177,442 or 24.8% with only 448 sales in 2023 as compared to 653 sales in 2022. The Earned Income Tax increased \$ 85,604 or 3.1% and the Local Services Tax decreased \$ 6,921 or 0.9%. These results are generally indicative of the mixed economic activity within the Borough in 2023.

Expenses of governmental activities break down as follows:

**Governmental Expenses by Program
2023**



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

Total governmental expenses for 2023 were \$ 22.12 million, down \$ 3.58 million or 13.9% from the \$ 25.70 million seen in 2022. General government made up 11.8% of the total governmental expenses. Public safety, which consisted primarily of police, fire, and ambulance services, comprised 65.1%. Public works expenses, which include street overlaying and repairs, were 10.6%. Community development comprised 3.8% of total expenses. Leisure time activities represented by culture and recreation expenses were 8.7% of the total. This breakdown represents a massive year-over-year decrease in community development spending directly due to providing the funding necessary for the Chambersburg Area Municipal Authority to purchase the aging Southgate Shopping Center for the purpose of redevelopment in 2022.

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

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

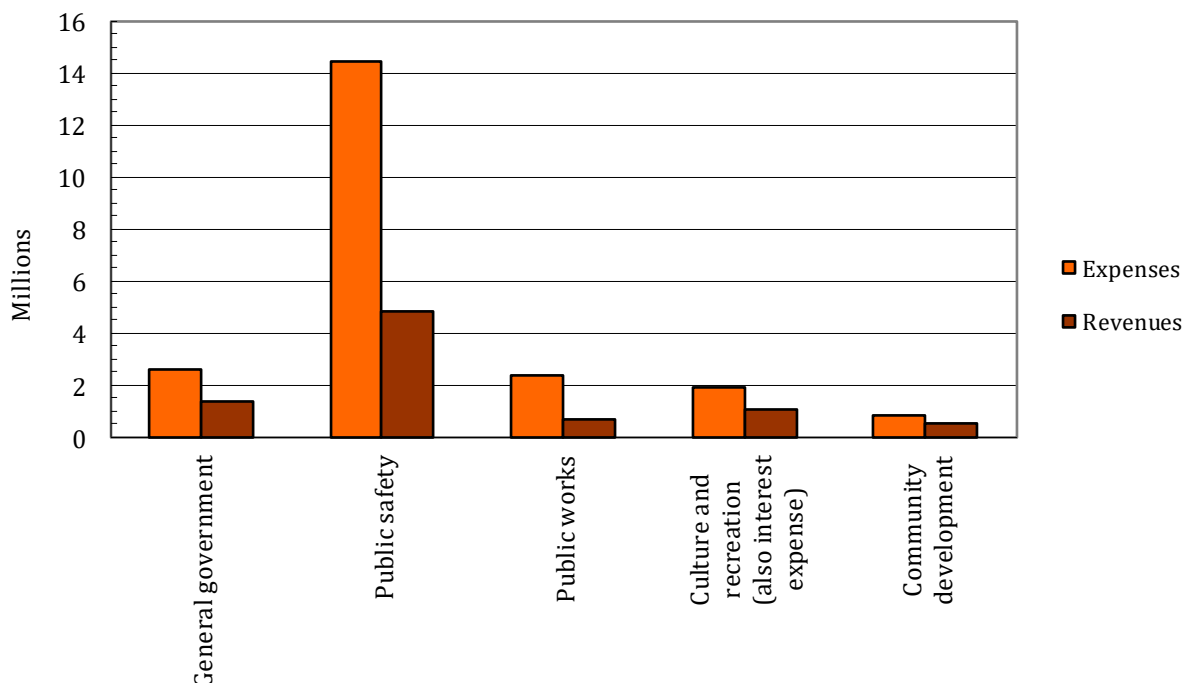
Expenses and Program Revenue - Governmental Activities
Year Ended December 31, 2023

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities					
General government	\$ 2,601,241	\$ 1,074,872	\$ 301,322	\$ -	\$ (1,225,047)
Public safety	14,405,244	3,358,482	1,468,749	-	(9,578,013)
Public works	2,344,161	2,743	658,832	-	(1,682,586)
Culture and recreation (also interest expense)	1,935,239	240,333	847,545	-	(847,361)
Community development	<u>833,291</u>	<u>-</u>	<u>502,919</u>	<u>-</u>	<u>(330,372)</u>
Total Governmental Activities	\$ <u>22,119,176</u>	\$ <u>4,676,430</u>	\$ <u>3,779,367</u>	\$ <u>-</u>	\$ <u>(13,663,379)</u>

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 expense)	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
2023



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

Business-Type Activities

Business-type net position was favorable at \$ 660,926 in 2023. The total increase in Charges for Services was \$ 721,615 or 1.2%. Electric Department revenues increased 2.4% due to a 2.0% rate increase. Gas Department revenues decreased 22.2% correlated largely to a decrease in purchased energy due to the pass-through nature of the gas charges. Water Department revenues increased 22.7% with a 3 cent per unit increase, equating to a roughly 19.6% increase for the average home. Sewer Department revenues increased 5.9%, primarily driven by an increase in volume as seen by Water revenues increasing beyond the rate increase. Swimming Pool revenues decreased 6.3% due primarily to grant funding in 2022. Sanitation Department revenues increased 20.9% due to a \$ 3 per month increase, equating to a roughly 20.1% for the average home. Parking, Traffic & Street Lights Department revenues decreased 40.2% due primarily to grant funding in 2022. Storm Sewer Department revenues increased 33.0% due entirely to grant funding in 2023 totaling \$ 380,000.

Electric Department expenses slightly decreased 1.5%. Gas Department expenses decreased 17.3% due entirely to market decreases to purchase energy for sale. Water Department expenses increased by 9.4% due largely to a roughly \$ 575,000 increase in depreciation after placing projects in service completed with bond funding. Sewer Department expenses increased 3.2%. Swimming Pool expenses increased 2.7%. Sanitation expenses increased 7.2% due to increased costs in disposal and collection. Parking, Traffic & Street Lights Department expenses increased 11.7% due largely to a roughly \$ 265,000 increase in depreciation after placing in service upgrades to traffic and streetlights completed with grant funding. Storm Sewer expenses increased 16.8% as the department continues to ramp up its operational production.

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:

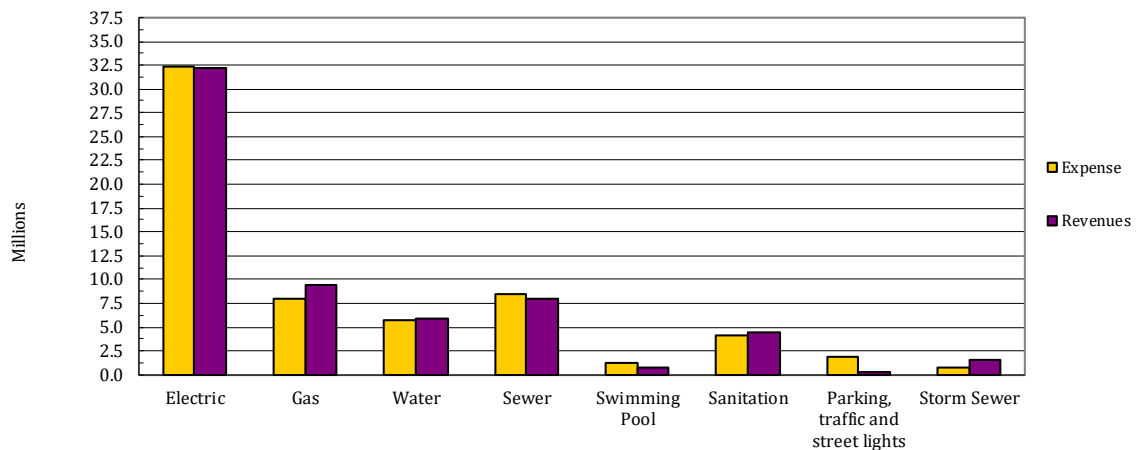
Expenses and Program Revenue - Business-Type Activities
Year Ended December 31, 2023

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Electric	\$ 32,404,327	\$ 32,024,627	\$ 113,269	-	\$ (266,431)
Gas	7,985,784	9,256,496	77,876	145,040	1,493,628
Water	5,804,523	5,209,197	34,453	697,262	136,389
Sewer	8,490,985	7,881,107	41,671	-	(568,207)
Swimming Pool	1,233,255	831,567	601	-	(401,087)
Sanitation	4,054,139	4,346,410	34,285	-	326,556
Parking, traffic & st. lights	1,855,729	274,277	7,049	9,451	(1,564,952)
Storm Sewer	710,232	1,118,239	413,012	-	821,019
Total business-type activities	\$ 62,538,974	\$ 60,941,920	\$ 722,216	\$ 851,753	\$ (23,085)

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	722,622	(202,167)
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 and street 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	\$ 1,783,136	\$ (1,035,849)

Expenses and Program Revenue - Business-Type Activities
2023



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, 2023 were \$ 9.44 million, as compared to \$ 13.94 million as of December 31, 2022. 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 remained largely stable from 2022 to 2023 with a slight decrease from \$ 2.38 million to \$ 2.29 million, respectively.

Budget Variations

The General Fund 2023 budget was balanced with revenues equaling expenditures. Operations for the Borough's General Fund resulted in an overall slightly negative net change in fund balance of \$ 84,595 for the year ended December 31, 2023. Actual expenditures exceeded total revenues by \$ 1.98 million with an offset from net inter-fund transfers of \$ 1.90 million.

The 2023 revenue budget variance was slightly favorable at \$ 260,574 or 1.6%. The 2023 expenditures budget variance was favorable at \$ 636,956 or 3.3% driven largely by a lesser than budgeted allocation of Administrative Services costs. Conversely, there was an unfavorable net inter-fund transfers budget variance of \$ 1.00 million. This variance was due primarily to Borough Council's decision to again transfer expected surplus funds to the General Capital Reserve Fund, which was \$ 1.00 million for 2023.

Changes in Revenue and Expenditure Levels

General Fund net change in fund balance (*ncfb*) was positive \$ 3.33 million in 2023 as compared to 2022. In 2023, the Borough finished the year with a slightly negative *ncfb* of \$ 84,595 compared to a negative *ncfb* of \$ 3.41 million for 2022. The 2022 negative *ncfb* was more than encompassed by the \$ 4.76 million in funding to the Chambersburg Area Municipal Authority via the assistance of the State & Local Fiscal Recovery Funds. Additionally, Borough Council again chose to transfer un-budgeted surplus out into the General Capital Reserve Fund. For 2023 this was done in the amount of \$ 1.00 million with similar transfers made over the past five years of \$ 0.67 million, \$ 0.82 million, \$ 1.90 million and \$ 0.70 million made in 2018, 2019, 2021 and 2022, respectively. In the absence of this optional transfer, the *ncfb* would have increased to approximately \$0.90 million for 2023.

In the absence of transfers to and from other departments, the General Fund would have ended the year with a negative *ncfb* of \$ 1.98 million, favorable to budget \$ 0.90 million which compares to a negative *ncfb* of \$ 4.67 million in 2022.

Changes in Fund Balance

The fund balance in the General Fund decreased by \$ 84,595 in 2023. Total expenditures of \$ 18.43 million exceeded total revenues of \$ 16.44 million by \$ 1.98 million, while net Other Financing Sources of \$ 1.90 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, via the assistance of the State & Local Fiscal Recovery Funds to purchase and redevelop an aging shopping center.

BOROUGH OF CHAMBERSBURG, PENNSYLVANIA

Management's Discussion and Analysis - Unaudited

The fund balance in the Special Revenue Fund – Grant Funds decreased \$ 178,667 in 2023. Revenues increased \$ 430,029 to \$ 1.12 million in 2023, while expenditures increased \$ 714,017, to \$ 1.27 million. Both of the increases were driven by \$ 426,141, received by the Special Revenue Fund from the Pennsylvania Department of Community & Economic Development and passed through to Downtown Chambersburg, Inc., the subgrantee of the award, to purchase and erect an open-air amphitheater in downtown Chambersburg.

The 2023 change in net position for the Enterprise Funds was a decrease of \$ 1.31 million as compared to a decrease of \$ 1.17 million in 2022. Enterprise Funds operating revenues increased minimally \$ 638,284 or 1.1%. Operating expenses also increased minimally \$ 361,765 or 0.6%. After significant increases in 2022, 2023 saw fairly stable movement as performance approximated 2022.

The change in net position of the Electric Department was a decrease of \$ 3.18 million or 8.0%. Similar to 2022, the costs of producing and purchasing energy jumped from 73.9% of charges for services in 2021 to 83.8% in 2023. To account for the sustained increase in expense, Council approved rate increases totaling 11.3% in 2024. The change in net position for the Gas Department was an increase of \$ 988,089 or 5.4%. With purchased energy expenses decreasing from 2022, revenue followed suit due to the largely pass-through nature of the gas charges. The change in net position of the Water Department was an increase of \$ 220,959 or 1.1% and the Sewer Department saw a decrease of \$ 269,617 or 0.6%. The change in net position of the Swimming Pool was an increase of \$ 89,307 or 19.3% as the relatively new fund continues to minimally grow in net position. The Other Enterprise Funds, consisting of Sanitation, Parking, Traffic & Street Lights and Storm Sewer, saw change in net position increase \$ 843,859 or 5.91% as Sanitation saw charges for services increase in tandem with a 20% rate increase in 2023.

The change in net position of the Internal Service Funds was an increase of \$ 2.80 million or 14.0%, compared to a decrease of \$ 647,728 or 3.15% in 2022. Year-over-year, operating revenues increased \$ 2.40 million or 20.5%, while operating expenses increased \$ 1.20 million or 9.8%. Current year incoming transfers exceeded outgoing transfers by \$ 0.90 million. The increase in revenues was split between Motor Equipment and Administrative Services. The Motor Equipment increase was related to increased vehicle rental revenues. The Administrative Services increase correlated to increases in expenses for operation and maintenance. Furthermore, Self-Insurance Fund also saw an increase in expenses due to an increase in claim payments.

Capital Asset and Debt Administration

Capital Asset Activity

In 2023, Chambersburg Borough continued its ambitious multi-year plan to provide its residents, businesses, patrons, and visitors with top-notch infrastructure accommodations, via significant upgrades, by utilizing accumulated reserves in utility funds and special accounts, and financing partnerships with state and federal agencies.

The Police Department returned to the renovated and expanded police station in the fall of 2023 after construction was completed utilizing funding from the 2022 General Obligation Bonds. The new building allows for the future growth of the department and contains the latest technology to effectively and efficiently operate a 21st-century police department.

BOROUGH OF CHAMBERSBURG, PENNSYLVANIA

Management's Discussion and Analysis - Unaudited

The Borough continued its street improvement projects with the Engineering Department administering construction contracts for various street projects, including Full Depth Reclamation and/or Mill and Overlay of Cosell Drive, Wellslee Drive, Elrock Drive, Overlea Court, Martina Drive, Debrina Court, West Vine Street, a portion of Wolf Avenue, a portion of 5th Avenue, and permanent restoration of utility-related surface openings on Borough Streets and State Routes.

The Electric Department geared back from its prior few years of heavy system capital upgrades from the 2019 bond spending. While focusing more on system maintenance and operations, the department made continuous progress toward and successful completion of routine capital upgrades as needed. Field crews were kept busy working to build line extensions and interconnect the various new residential developments that were being constructed throughout the Borough along with some commercial buildings. Progress was made on 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.

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 Kelhigh Drive, Sunbrook Drive, Matthew Drive, and Bassett Drive. The Borough also replaced older gas lines on South 4th Street to improve system safety.

The Water Department continued to plan for future water needs with the completed construction of the Reservoir Hill water main extension. The project included a 2,000 linear feet extension of 16" water main under the Conococheague Creek to Birkinbine Tank on Reservoir Hill. The project replaced 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 was initially delayed in 2022 due to the lead times of necessary materials. Construction was completed on August 15, 2023. The project was financed through a portion of the \$ 9.99 million bond sale in January 2020.

In 2023, design work resumed on the East Conococheague Pump Station and was expanded in late 2023 to include the replacement of the Laurich Meadows Pump Station. Both stations, very similar in design, will replace aging infrastructure and provide reliability and capacity for future growth in the areas. Both stations will also move infrastructure away from stream bank locations that can lead to maintenance issues. The designs are expected to be completed in 2024 with construction scheduled to begin in 2025.

Moreover, the Water and Sewer Departments continued to undertake main and service line repairs utilizing in-house workforce. In 2023, as part of the \$ 3.3 million Lead Gooseneck Removal Project, 490 lead goosenecks were removed from water service lines throughout the Borough. Lead goosenecks are typically an 18" long section of lead pipe installed between the main and the copper service line. They were typically used prior to 1970. The project is financed through a \$ 3.3 million grant received from PENNVEST. The total project scope of removing up to 1,968 lead goosenecks is expected to be completed in 2024. Additionally, sewer improvements were made within Grandview Avenue. 206 feet of 10" sewer main was replaced, removing 22 defects. 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.

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

The Storm Sewer Utility received \$ 220,000 through the Chesapeake Bay Trust Green Streets, Green Jobs, Green Towns program for the Chambersburg Rail Trail Stormwater Management project. Design was completed in 2023 for the and construction commenced in late 2023. The Borough was awarded \$ 29,910 from the Franklin County Conservation District through the Dirt, Gravel, and Low Volume Road Maintenance Program for the Pleasant Street Storm Sewer Improvement project. Design and construction will be completed by fall 2024. The Borough was awarded \$ 58,500 from the Pennsylvania Fish and Boat Commission through the Boating Facilities Grant program. Design/permitting will be completed in 2024 with hopes of completing construction in late 2024 or early 2025. The Mill Alley Storm Sewer System Improvements project was completed in late 2023 and was paid for with the Storm Sewer Capital Reserve.

In December 2022 Town 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 2023 the automatic 30% credit for all non-single family residential customers went away and any customers with best management practices (BMPs) on their property were required to submit a credit application to receive either a 15% or a 30% that is contingent on when the best management practice was installed. A 15% credit is offered for structural BMPs that were installed on a customer's property before June 20, 2004 when Town Council first adopted the Stormwater Management Code. A 30% credit is offered for structural BMPs that were installed on a customer's property after June 20, 2004 when Town Council first adopted the Stormwater Management Code.

Additional detail on the capital asset activity for the year ended December 31, 2023 is presented in the Notes to the Basic Financial Statements in Note 5.

Debt

A summary of outstanding debt at December 31, 2023 and 2022, respectively, is as follows:

	December 31, 2023	December 31, 2022
General Obligation Bonds/Notes and Lease Payables		
Governmental activities	\$ 9,909,722	\$ 10,383,808
Business-type activities	<u>38,640,875</u>	<u>40,326,746</u>
 Total outstanding debt	 <u>\$ 48,550,597</u>	 <u>\$ 50,710,554</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, 2023

	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	\$ 14,058,693	\$ 47,560,908	\$ 61,619,601	\$ 57,373
Receivables, net	2,236,654	6,837,600	9,074,254	3,071
Inventories	405,108	3,102,782	3,507,890	-
Prepaid expenses	1,413	94,854	96,267	-
Total current assets	<u>16,701,868</u>	<u>57,596,144</u>	<u>74,298,012</u>	<u>60,444</u>
Noncurrent assets				
Noncurrent receivables	1,486,611	1,366,338	2,852,949	-
Capital assets not being depreciated:				
Land	727,628	2,216,842	2,944,470	2,756,708
Construction in progress	748,385	5,151,942	5,900,327	-
Capital assets net of accumulated depreciation/amortization:				
Utility plant in service	-	113,977,390	113,977,390	-
Land improvements	1,207,895	10,563,492	11,771,387	108,856
Buildings and improvements	11,613,698	11,849,405	23,463,103	674,216
Machinery, equipment and furniture	2,977,231	6,300,490	9,277,721	-
Infrastructure	17,566,409	-	17,566,409	-
Right-to-use asset - land	-	4,503,689	4,503,689	-
Right-to-use asset - equipment	3,583	-	3,583	-
Right-to-use asset - IT subscriptions	38,796	105,080	143,876	-
Total noncurrent assets	<u>36,370,236</u>	<u>156,034,668</u>	<u>192,404,904</u>	<u>3,539,780</u>
Total assets	<u>53,072,104</u>	<u>213,630,812</u>	<u>266,702,916</u>	<u>3,600,224</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources	3,347,285	2,101,370	5,448,655	-
Total deferred outflows of resources	<u>3,347,285</u>	<u>2,101,370</u>	<u>5,448,655</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 56,419,389</u>	<u>\$ 215,732,182</u>	<u>\$ 272,151,571</u>	<u>\$ 3,600,224</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	367,754	3,617,334	3,985,088	\$ -
Unearned revenues	1,013,752	25,349	1,039,101	-
Customer deposits	-	2,070,697	2,070,697	-
Long-term liabilities: Due within one year				
Bonds, notes, leases and IT subscription payable	376,444	1,839,948	2,216,392	-
Compensated absences	500,416	589,005	1,089,421	-
Liability for self-insured losses	76,038	230,939	306,977	-
Total current liabilities	<u>2,334,404</u>	<u>8,373,272</u>	<u>10,707,676</u>	<u>-</u>
Noncurrent liabilities				
Long-term liabilities: Due in more than one year				
Bonds, notes, leases and IT subscription payable	9,890,141	38,533,120	48,423,261	-
Compensated absences	450,413	513,533	963,946	-
Net pension liability	10,213,151	6,856,296	17,069,447	-
OPEB liability	1,363,586	208,820	1,572,406	-
Liability for self-insured losses	14,607	44,364	58,971	-
Total noncurrent liabilities	<u>21,931,898</u>	<u>46,156,133</u>	<u>68,088,031</u>	<u>-</u>
Total liabilities	<u>24,266,302</u>	<u>54,529,405</u>	<u>78,795,707</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources	4,195,290	4,994,197	9,189,487	-
Total deferred inflows of resources	<u>4,195,290</u>	<u>4,994,197</u>	<u>9,189,487</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	24,719,080	113,828,089	138,547,169	3,539,780
Restricted for future capital projects	6,299,159	-	6,299,159	-
Restricted for specific future expenditures	699,981	-	699,981	-
Unrestricted	<u>(3,760,423)</u>	<u>42,380,491</u>	<u>38,620,068</u>	<u>60,444</u>
Total net position	<u>27,957,797</u>	<u>156,208,580</u>	<u>184,166,377</u>	<u>3,600,224</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 56,419,389</u>	<u>\$ 215,732,182</u>	<u>\$ 272,151,571</u>	<u>\$ 3,600,224</u>

BOROUGH OF CHAMBERSBURG
Statement of Activities
Year Ended December 31, 2023

Functions/Programs					Net (Expense) Revenue and Changes in Net Position			Discretely Presented Component Unit Chambersburg Area Municipal Authority
	Expenses	Program Revenues		Capital Grants and Contributions	Primary Government		Total	
		Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities		
PRIMARY GOVERNMENT								
Governmental activities								
General government	\$ 2,601,241	\$ 1,074,872	\$ 301,322	\$ -	\$ (1,225,047)	\$ -	\$ (1,225,047)	\$ -
Public safety	14,405,244	3,358,482	1,468,749	-	(9,578,013)	-	(9,578,013)	-
Public works	2,344,161	2,743	658,832	-	(1,682,586)	-	(1,682,586)	-
Culture and recreation	1,726,179	240,333	847,545	-	(638,301)	-	(638,301)	-
Community development	833,291	-	502,919	-	(330,372)	-	(330,372)	-
Interest expense and debt issuance costs	209,060	-	-	-	(209,060)	-	(209,060)	-
Total governmental activities	<u>22,119,176</u>	<u>4,676,430</u>	<u>3,779,367</u>	<u>-</u>	<u>(13,663,379)</u>	<u>-</u>	<u>(13,663,379)</u>	<u>-</u>
Business-type activities								
Electric	32,404,327	32,024,627	113,269	-	-	(266,431)	(266,431)	-
Gas	7,985,784	9,256,496	77,876	145,040	-	1,493,628	1,493,628	-
Water	5,804,523	5,209,197	34,453	697,262	-	136,389	136,389	-
Sewer	8,490,985	7,881,107	41,671	-	-	(568,207)	(568,207)	-
Swimming pool	1,233,255	831,567	601	-	-	(401,087)	(401,087)	-
Sanitation	4,054,139	4,346,410	34,285	-	-	326,556	326,556	-
Parking, traffic and street lights	1,855,729	274,277	7,049	9,451	-	(1,564,952)	(1,564,952)	-
Storm sewer	710,232	1,118,239	413,012	-	-	821,019	821,019	-
Total business-type activities	<u>62,538,974</u>	<u>60,941,920</u>	<u>722,216</u>	<u>851,753</u>	<u>-</u>	<u>(23,085)</u>	<u>(23,085)</u>	<u>-</u>
Total primary government	<u>\$ 84,658,150</u>	<u>\$ 65,618,350</u>	<u>\$ 4,501,583</u>	<u>\$ 851,753</u>	<u>\$ (13,663,379)</u>	<u>\$ (23,085)</u>	<u>\$ (13,686,464)</u>	<u>\$ -</u>
DISCRETELY PRESENTED COMPONENT UNIT								
Chambersburg Area Municipal Authority	\$ 869,865	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (869,865)
General revenues and transfers:								
Taxes:								
Property taxes, levied for general purposes					\$ 5,246,648	\$ -	\$ 5,246,648	\$ -
Property taxes, levied for specific purposes					1,573,770	-	1,573,770	-
Real estate transfer tax					539,404	-	539,404	-
Earned income tax					2,870,031	-	2,870,031	-
Local services tax					774,115	-	774,115	-
Payments in lieu of taxes					30,522	-	30,522	-
Unrestricted investment earnings (losses)					804,910	2,352,424	3,157,334	6
Gain on on sale of capital assets					425,450	-	425,450	-
Miscellaneous income					18,720	563,585	582,305	3,071
Transfers					2,231,998	(2,231,998)	-	-
Total general revenues and transfers					<u>14,515,568</u>	<u>684,011</u>	<u>15,199,579</u>	<u>3,077</u>
Change in net position					852,189	660,926	1,513,115	(866,788)
Net position - beginning, as restated					27,105,608	155,547,654	182,653,262	4,467,012
Net position - ending					<u>\$ 27,957,797</u>	<u>\$ 156,208,580</u>	<u>\$ 184,166,377</u>	<u>\$ 3,600,224</u>

BOROUGH OF CHAMBERSBURG
Balance Sheet - Governmental Funds
December 31, 2023

	General Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and equity in pooled cash and investments	\$ 2,516,835	\$ 5,571,538	\$ 1,366,226	\$ 9,454,599
Due from other funds	1,481	-	-	1,481
Taxes receivable, net	263,244	-	77,541	340,785
Receivable from other governments	1,034,954	-	4,585	1,039,539
Other receivables, net	<u>2,025,131</u>	<u>211,092</u>	<u>8,684</u>	<u>2,244,907</u>
Total assets	<u>\$ 5,841,645</u>	<u>\$ 5,782,630</u>	<u>\$ 1,457,036</u>	<u>\$ 13,081,311</u>
LIABILITIES				
Accounts payable	\$ 1,011,754	\$ 32,229	\$ -	\$ 1,043,983
Due to other funds	-	-	1,481	1,481
Unearned revenue	80,680	-	8,698	89,378
Accrued wages, benefits and withholdings	<u>130,795</u>	<u>-</u>	<u>-</u>	<u>130,795</u>
Total liabilities	<u>1,223,229</u>	<u>32,229</u>	<u>10,179</u>	<u>1,265,637</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources	<u>2,325,730</u>	<u>-</u>	<u>45,344</u>	<u>2,371,074</u>
Total deferred inflows of resources	<u>2,325,730</u>	<u>-</u>	<u>45,344</u>	<u>2,371,074</u>
FUND BALANCES				
Committed	294,097	-	-	294,097
Restricted	-	5,750,401	1,401,513	7,151,914
Unassigned	<u>1,998,589</u>	<u>-</u>	<u>-</u>	<u>1,998,589</u>
Total fund balances	<u>2,292,686</u>	<u>5,750,401</u>	<u>1,401,513</u>	<u>9,444,600</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,841,645</u>	<u>\$ 5,782,630</u>	<u>\$ 1,457,036</u>	<u>\$ 13,081,311</u>

BOROUGH OF CHAMBERSBURG
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2023

Total fund balance - governmental funds \$ 9,444,600

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	56,108,200	
Accumulated depreciation/amortization	<u>(25,002,363)</u>	
		31,105,837

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. 787,366

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	(8,229,999)	
Deferred charge on bond refunding	(19,107)	
Accrued interest	(68,928)	
Compensated absences	(809,850)	
Net pension liability	(9,429,297)	
Deferred outflows related to pension liability	2,899,674	
Deferred inflows related to pension liability	(577,103)	
OPEB liability	(1,339,712)	
Deferred outflows related to OPEB liability	196,999	
Deferred inflows related to OPEB liability	(1,618,346)	
Lease obligations	(6,948)	
IT subscriptions	<u>(5,748)</u>	
		(19,008,365)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, motor equipment, engineering, administrative, and others, to individual funds. A portion of these assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in the governmental activities and are allocated based on the usage of those funds by the governmental funds. 5,628,359

Total net position - governmental activities \$ 27,957,797

BOROUGH OF CHAMBERSBURG
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Funds
Year Ended December 31, 2023

	General Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 9,355,745	\$ -	\$ 1,574,811	\$ 10,930,556
Licenses and permits	406,424	-	-	406,424
Fines and forfeits	123,134	-	-	123,134
Interest earnings and unrealized investment gains	360,964	162,595	70,807	594,366
Intergovernmental	1,738,605	-	1,727,348	3,465,953
Charges for services	3,989,877	-	-	3,989,877
Miscellaneous	465,530	9,642	3,598	478,770
Total revenues	<u>16,440,279</u>	<u>172,237</u>	<u>3,376,564</u>	<u>19,989,080</u>
EXPENDITURES				
General government	2,028,376	127,531	51,334	2,207,241
Public safety				
Police department	6,369,261	4,041,146	63,906	10,474,313
Emergency services	5,612,753	21,609	62,237	5,696,599
Planning and zoning	943,132	-	-	943,132
Public works				
Highways	1,432,717	1,819,291	-	3,252,008
Culture and recreation	1,343,109	166,263	454,991	1,964,363
Community development	695,821	-	580,316	1,276,137
Debt service	-	-	481,980	481,980
Miscellaneous	-	-	63,525	63,525
Total expenditures	<u>18,425,169</u>	<u>6,175,840</u>	<u>1,758,289</u>	<u>26,359,298</u>
Excess (deficiency) of revenues over expenditures	<u>(1,984,890)</u>	<u>(6,003,603)</u>	<u>1,618,275</u>	<u>(6,370,218)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,356,770	1,075,000	5,000	4,436,770
Transfers out	<u>(1,456,475)</u>	<u>-</u>	<u>(1,107,556)</u>	<u>(2,564,031)</u>
Total other financing sources and uses	<u>1,900,295</u>	<u>1,075,000</u>	<u>(1,102,556)</u>	<u>1,872,739</u>
Net change in fund balances	(84,595)	(4,928,603)	515,719	(4,497,479)
Fund balances - beginning	<u>2,377,281</u>	<u>10,679,004</u>	<u>885,794</u>	<u>13,942,079</u>
Fund balances - ending	<u>\$ 2,292,686</u>	<u>\$ 5,750,401</u>	<u>\$ 1,401,513</u>	<u>\$ 9,444,600</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, 2023

Net change in fund balances - total governmental funds: \$ (4,497,479)

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/amortization expense differs from capital outlays in the period.

Depreciation/amortization expense	(1,930,702)	
Capital outlays	6,206,598	
Contributions of land	<u>301,466</u>	
		4,577,362

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

43,417

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.

103,934

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 IT subscription liabilities	94	
Activity for lease liabilities	(947)	
Repayment of long-term obligations	256,328	
Amortization of bond premium and other costs	<u>19,430</u>	
		274,905

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:

OPEB liability and related deferred outflows and inflows	144,213	
Net pension liability and related deferred outflows and inflows	(638,501)	
Compensated absences	<u>15,840</u>	
		(478,448)

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.

828,498

Change in net position - governmental activities **\$ 852,189**

BOROUGH OF CHAMBERSBURG
Statement of Net Position - Proprietary Funds
December 31, 2023

	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	\$ 5,289,702	\$ 4,543,715	\$ 6,712,405	\$ 11,673,861	\$ 789,250	\$ 4,568,689	\$ 33,577,622	\$ 18,587,380
Accounts receivable, net	3,071,332	1,129,000	413,628	1,227,754	1,994	340,873	6,184,581	1,148
Receivables from other governments	16,741	22,729	147,647	-	-	7,054	194,171	-
Other receivables	936,838	7,399	27,860	29,990	-	525,607	1,527,694	394,629
Inventories	1,248,491	426,517	94,948	102,456	-	-	1,872,412	1,635,478
Prepaid expenses	39,960	1,224	12,606	36,110	-	661	90,561	5,706
Total current assets	<u>10,603,064</u>	<u>6,130,584</u>	<u>7,409,094</u>	<u>13,070,171</u>	<u>791,244</u>	<u>5,442,884</u>	<u>43,447,041</u>	<u>20,624,341</u>
Noncurrent assets								
Capital assets not being depreciated:								
Land	464,369	37,716	384,488	43,591	-	1,276,158	2,206,322	13,984
Construction in progress	802,929	425,030	2,083,297	326,634	-	1,120,480	4,758,370	523,158
Capital assets being depreciated:								
Buildings and system	3,291,800	326,838	325,347	554,483	-	1,887,897	6,386,365	9,944,583
Improvements other than buildings	81,350	2,860	420,481	14,150	8,557,225	5,888,692	14,964,758	-
Machinery and equipment	1,106,134	601,214	658,156	817,914	-	1,458,398	4,641,816	13,661,716
Utility plant in service	85,999,223	21,451,418	27,354,897	90,459,712	-	9,100,412	234,365,662	-
Right-to-use asset - land	4,788,521	-	-	-	-	-	4,788,521	-
Right-to-use asset - IT subscriptions	2,146	2,146	2,146	2,146	-	-	8,584	132,686
Less accumulated depreciation and amortization	(49,688,695)	(7,446,735)	(10,023,081)	(52,895,092)	(1,725,860)	(7,146,284)	(128,925,747)	(9,024,660)
Total capital assets	<u>46,847,777</u>	<u>15,400,487</u>	<u>21,205,731</u>	<u>39,323,538</u>	<u>6,831,365</u>	<u>13,585,753</u>	<u>143,194,651</u>	<u>15,251,467</u>
Total noncurrent assets	<u>46,847,777</u>	<u>15,400,487</u>	<u>21,205,731</u>	<u>39,323,538</u>	<u>6,831,365</u>	<u>13,585,753</u>	<u>143,194,651</u>	<u>15,251,467</u>
Total assets	<u>57,450,841</u>	<u>21,531,071</u>	<u>28,614,825</u>	<u>52,393,709</u>	<u>7,622,609</u>	<u>19,028,637</u>	<u>186,641,692</u>	<u>35,875,808</u>
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows of resources	453,415	202,768	189,841	230,538	35,356	228,306	1,340,224	1,011,758
Total deferred outflows of resources	<u>453,415</u>	<u>202,768</u>	<u>189,841</u>	<u>230,538</u>	<u>35,356</u>	<u>228,306</u>	<u>1,340,224</u>	<u>1,011,758</u>
Total assets and deferred outflows of resources	<u>\$ 57,904,256</u>	<u>\$ 21,733,839</u>	<u>\$ 28,804,666</u>	<u>\$ 52,624,247</u>	<u>\$ 7,657,965</u>	<u>\$ 19,256,943</u>	<u>\$ 187,981,916</u>	<u>\$ 36,887,566</u>
LIABILITIES								
Current liabilities								
Accounts payable and accrued expenses	\$ 2,261,242	\$ 572,567	\$ 200,890	\$ 133,876	\$ 28,655	\$ 273,289	\$ 3,470,519	\$ 195,488
Unearned revenue	5,402	19,947	-	-	-	-	25,349	-
Customer deposits	1,180,297	662,623	103,535	124,242	-	-	2,070,697	-
Compensated absences - current	133,150	29,827	55,853	66,962	1,579	63,040	350,411	317,153
Liability for self insured losses - current	-	-	-	-	-	-	-	306,977
Bonds, IT subscription, notes, leases payable - current	567,331	1,076	298,340	288,944	301,434	115,159	1,572,284	355,795
Total current liabilities	<u>4,147,422</u>	<u>1,286,040</u>	<u>658,618</u>	<u>614,024</u>	<u>331,668</u>	<u>451,488</u>	<u>7,489,260</u>	<u>1,175,413</u>
Noncurrent liabilities								
Compensated absences	139,066	25,882	62,397	58,856	2,461	35,292	323,954	251,999
Liability for self insured losses	-	-	-	-	-	-	-	58,971
Net pension liability	1,600,005	715,525	669,907	813,519	49,842	626,823	4,475,621	3,164,529
OPEB liability	48,731	21,793	20,403	24,777	1,518	19,091	136,313	96,381
Bonds, IT subscription, notes, leases payable	13,512,927	-	6,490,090	3,828,206	6,639,967	2,182,756	32,653,946	7,814,933
Total noncurrent liabilities	<u>15,300,729</u>	<u>763,200</u>	<u>7,242,797</u>	<u>4,725,358</u>	<u>6,693,788</u>	<u>2,863,962</u>	<u>37,589,834</u>	<u>11,386,813</u>
Total liabilities	<u>19,448,151</u>	<u>2,049,240</u>	<u>7,901,415</u>	<u>5,339,382</u>	<u>7,025,456</u>	<u>3,315,450</u>	<u>45,079,094</u>	<u>12,562,226</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows of resources	1,690,054	372,368	370,971	435,391	79,763	839,827	3,788,374	1,602,849
Total deferred inflows of resources	<u>1,690,054</u>	<u>372,368</u>	<u>370,971</u>	<u>435,391</u>	<u>79,763</u>	<u>839,827</u>	<u>3,788,374</u>	<u>1,602,849</u>
NET POSITION								
Net investment in capital assets	32,750,992	15,392,015	14,341,441	35,197,358	(165,152)	11,287,010	108,803,664	7,125,671
Unrestricted	4,015,059	3,920,216	6,190,839	11,652,116	717,898	3,814,656	30,310,784	15,596,820
Total net position	<u>36,766,051</u>	<u>19,312,231</u>	<u>20,532,280</u>	<u>46,849,474</u>	<u>552,746</u>	<u>15,101,666</u>	<u>139,114,448</u>	<u>22,722,491</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 57,904,256</u>	<u>\$ 21,733,839</u>	<u>\$ 28,804,666</u>	<u>\$ 52,624,247</u>	<u>\$ 7,657,965</u>	<u>\$ 19,256,943</u>	<u>\$ 187,981,916</u>	<u>\$ 36,887,566</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. 17,094,132

Net position of business-type activities \$ 156,208,580

BOROUGH OF CHAMBERSBURG
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
Year Ended December 31, 2023

	Enterprise Funds							Total	Internal Service Funds
	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Swimming Pool Fund	Other Enterprise Funds			
OPERATING REVENUES									
Charges for services	\$ 31,112,672	\$ 9,187,379	\$ 4,537,842	\$ 7,330,177	\$ 831,563	\$ 5,493,047	\$ 58,492,680	\$ 14,023,409	
Miscellaneous	<u>728,890</u>	<u>68,022</u>	<u>131,302</u>	<u>38,786</u>	<u>11,737</u>	<u>232,663</u>	<u>1,211,400</u>	<u>37,585</u>	
Total operating revenues	<u>31,841,562</u>	<u>9,255,401</u>	<u>4,669,144</u>	<u>7,368,963</u>	<u>843,300</u>	<u>5,725,710</u>	<u>59,704,080</u>	<u>14,060,994</u>	
OPERATING EXPENSES									
Production, gathering, treatment and transmission	5,511,978	995,545	2,809,873	3,664,302	-	-	12,981,698	-	
Operation and maintenance	-	-	-	-	825,218	1,007,043	1,832,261	9,474,789	
Collection and disposal	-	-	-	926,234	-	3,671,561	4,597,795	-	
Purchase of energy for sale	20,562,227	4,737,154	-	-	-	-	25,299,381	-	
Customer accounting and administrative	3,672,435	1,855,734	1,672,794	1,585,633	-	1,137,435	9,924,031	1,685,109	
Claim payments and special services	-	-	-	-	-	-	-	1,348,197	
Increase (decrease) in expected unpaid losses	-	-	-	-	-	-	-	3,203	
Depreciation and amortization	<u>2,514,393</u>	<u>474,559</u>	<u>1,151,151</u>	<u>2,342,728</u>	<u>260,580</u>	<u>848,424</u>	<u>7,591,835</u>	<u>1,214,394</u>	
Total operating expenses	<u>32,261,033</u>	<u>8,062,992</u>	<u>5,633,818</u>	<u>8,518,897</u>	<u>1,085,798</u>	<u>6,664,463</u>	<u>62,227,001</u>	<u>13,725,692</u>	
Operating income (loss)	<u>(419,471)</u>	<u>1,192,409</u>	<u>(964,674)</u>	<u>(1,149,934)</u>	<u>(242,498)</u>	<u>(938,753)</u>	<u>(2,522,921)</u>	<u>335,302</u>	
NONOPERATING REVENUES (EXPENSES)									
Connection fees	-	-	502,182	512,144	-	-	1,014,326	-	
Interest earnings and unrealized investment gains (losses)	245,928	188,795	444,642	560,788	36,945	235,875	1,712,973	849,995	
Gain (loss) on sale of assets	(1,735)	(2,168)	(492)	(471)	-	11,254	6,388	77,823	
Reimbursement of prior year expense	-	-	-	-	-	-	-	619,918	
Other nonoperating expenses	(29,273)	(29,274)	(68,415)	-	-	-	(126,962)	-	
Other nonoperating revenues	181,059	415,840	97,837	44,562	1,375	26,014	766,687	12,071	
Intergovernmental revenues	113,269	77,876	731,716	41,671	601	463,797	1,428,930	167,141	
Interest expense and debt issuance costs	<u>(419,403)</u>	<u>(54)</u>	<u>(236,207)</u>	<u>(75,882)</u>	<u>(154,066)</u>	<u>(71,078)</u>	<u>(956,690)</u>	<u>(167,858)</u>	
Total nonoperating revenues (expenses)	<u>89,845</u>	<u>651,015</u>	<u>1,471,263</u>	<u>1,082,812</u>	<u>(115,145)</u>	<u>665,862</u>	<u>3,845,652</u>	<u>1,559,090</u>	
Income (loss) before contributions and transfers	(329,626)	1,843,424	506,589	(67,122)	(357,643)	(272,891)	1,322,731	1,894,392	
Capital contributions and grants	-	145,040	-	-	-	-	145,040	-	
Transfers in	10,000	10,000	-	-	448,130	1,516,805	1,984,935	2,205,211	
Transfers out	<u>(2,861,335)</u>	<u>(1,010,375)</u>	<u>(285,630)</u>	<u>(202,495)</u>	<u>(1,180)</u>	<u>(400,055)</u>	<u>(4,761,070)</u>	<u>(1,301,815)</u>	
Change in net position	(3,180,961)	988,089	220,959	(269,617)	89,307	843,859	(1,308,364)	2,797,788	
Total net position - beginning, as restated	<u>39,947,012</u>	<u>18,324,142</u>	<u>20,311,321</u>	<u>47,119,091</u>	<u>463,439</u>	<u>14,257,807</u>	<u>140,422,812</u>	<u>19,924,703</u>	
Total net position - ending	<u>\$ 36,766,051</u>	<u>\$ 19,312,231</u>	<u>\$ 20,532,280</u>	<u>\$ 46,849,474</u>	<u>\$ 552,746</u>	<u>\$ 15,101,666</u>	<u>\$ 139,114,448</u>	<u>\$ 22,722,491</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

1,969,290

Change in net position of business-type activities

\$ 660,926

BOROUGH OF CHAMBERSBURG
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2023

	Enterprise Funds							Total	Internal Service Funds
	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Swimming Pool Fund	Other Enterprise Funds			
Cash flows from operating activities:									
Receipts from customers	\$ 31,318,166	\$ 11,001,793	\$ 4,994,491	\$ 7,345,586	\$ 844,411	\$ 5,654,153	\$ 61,158,600	\$ -	\$ 14,071,918
Receipts from interfund services provided	-	-	-	-	-	-	-	-	-
Payments to suppliers	(25,771,394)	(6,183,909)	(2,889,619)	(4,344,188)	(340,133)	(3,486,533)	(43,015,776)	(5,571,937)	(6,393,753)
Payments to and on behalf of employees	(2,883,151)	(971,996)	(1,437,191)	(1,743,404)	(472,080)	(2,048,574)	(9,556,396)	-	(6,393,753)
Refund received for health insurance	-	-	-	-	-	-	-	-	270,310
Net cash provided (used) by operating activities	2,663,621	3,845,888	667,681	1,257,994	32,198	119,046	8,586,428	-	2,376,538
Cash flows from capital and related financing activities:									
Purchase of capital assets	(645,627)	(917,355)	(3,197,636)	(326,791)	-	(1,940,644)	(7,028,053)	(1,719,043)	-
Proceeds from sale of assets	-	-	-	-	-	11,330	11,330	78,458	-
Proceeds from tap fees	-	-	502,182	512,144	-	-	1,014,326	-	-
Transfer from other funds for debt service	-	-	-	-	448,130	-	448,130	-	-
Grants received	47,500	47,500	549,616	-	-	202,433	847,049	-	-
Principal paid on capital debt	(413,638)	-	(250,718)	(273,825)	(273,672)	(101,820)	(1,313,673)	(332,880)	-
Interest and fiscal charges paid on debt and IT subscriptions	(459,640)	(40)	(256,931)	(83,097)	(174,279)	(75,861)	(1,049,848)	(167,626)	-
Principal paid on lessor and IT subscriptions	(138,639)	(1,070)	(1,070)	(1,070)	-	-	(141,849)	(47,547)	-
Proceeds from leases and transactions	132,373	-	-	-	-	32,538	164,911	2,205,211	-
Net cash provided (used) by capital and related financing activities	(1,477,671)	(870,965)	(2,654,557)	(172,639)	179	(1,872,024)	(7,047,677)	(2,188,638)	-
Cash flows from non-capital financing activities:									
Transfer from other funds	10,000	10,000	-	-	-	1,516,805	1,536,805	2,205,211	-
Transfer to other funds	(2,861,335)	(1,010,375)	(285,630)	(202,495)	(1,180)	(400,055)	(4,761,070)	(1,301,815)	-
Grants received	75,246	21,365	472,067	62,318	601	249,774	881,371	167,141	-
Net cash provided (used) by non-capital financing activities	(2,776,089)	(979,010)	186,437	(140,177)	(579)	1,366,524	(2,342,894)	1,070,537	-
Cash flows from investing activities:									
Interest and dividends received	696,033	71,632	199,049	172,961	11,267	65,565	1,216,507	264,915	-
Net cash provided (used) by investing activities	696,033	71,632	199,049	172,961	11,267	65,565	1,216,507	264,915	-
Net increase (decrease) in cash and cash equivalents	(894,106)	2,067,545	(1,601,390)	1,118,139	43,065	(320,889)	412,364	1,523,352	-
Increase (decrease) in fair value of investments (*)	157,386	115,143	238,337	382,110	25,678	146,280	1,064,934	578,908	-
Total increase (decrease) in cash and cash equivalents	(736,720)	2,182,688	(1,363,053)	1,500,249	68,743	(174,609)	1,477,298	2,102,260	-
Cash and equity in pooled cash and investments - beginning 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	-
Cash and equity in pooled cash and investments - end of the year	\$ 5,289,702	\$ 4,543,715	\$ 6,712,405	\$ 11,673,861	\$ 789,250	\$ 4,568,689	\$ 33,577,622	\$ 18,587,380	-
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:									
Operating income (loss)	\$ (419,471)	\$ 1,192,409	\$ (964,674)	\$ (1,149,934)	\$ (242,498)	\$ (938,753)	\$ (2,522,921)	\$ 335,302	-
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:									
Depreciation and amortization expense	2,514,393	474,559	1,151,151	2,342,728	260,580	848,424	7,591,835	1,214,394	-
Miscellaneous nonoperating income	45,098	415,840	97,837	44,563	1,373	12,394	617,105	12,072	-
Miscellaneous nonoperating expense	(29,273)	(29,274)	(68,415)	-	-	-	(126,962)	-	-
(Increase) decrease in:									
Accounts receivable	(555,571)	1,348,654	260,188	(67,940)	(262)	(73,538)	911,531	(350,756)	-
Lease receivable	-	-	-	-	-	10,225	10,225	-	-
Inventories	(233,322)	846,618	(32,235)	(8,227)	-	-	572,834	17,241	-
Prepaid expenses	12,344	(741)	(2,490)	(10,081)	-	(203)	(1,171)	(235)	-
Increase (decrease) in:									
Accounts payable and accrued expenses	1,083,532	(498,077)	130,134	(14,121)	(222)	181,742	882,988	(7,116)	-
Net pension liability and related deferred outflows and inflows	284,471	125,941	108,228	135,248	13,463	108,779	776,130	584,122	-
Net OPEB liability and related deferred outflows and inflows	(25,657)	(11,939)	(11,600)	(13,710)	(236)	(9,386)	(72,528)	(48,404)	-
Unearned revenue	(7,867)	(15,264)	-	-	-	-	(23,131)	-	-
Customer deposits	(5,056)	(2,838)	(443)	(532)	-	-	(8,869)	-	-
Deferred inflows- leases	-	-	-	-	-	(20,638)	(20,638)	-	-
Refund received for health insurance	-	-	-	-	-	-	-	619,918	-
Net cash provided (used) by operating activities	\$ 2,663,621	\$ 3,845,888	\$ 667,681	\$ 1,257,994	\$ 32,198	\$ 119,046	\$ 8,586,428	\$ 2,376,538	-
Non-cash investing, capital and non-capital financing activities:									
Donated assets from developers	\$ -	\$ 145,040	\$ -	\$ 20,647	\$ -	\$ -	\$ 165,687	\$ -	-
Change in accounts payable and retainage related to capital assets	(211,056)	(23,336)	10,660	(11,684)	-	134,450	(100,966)	18,288	-
IT subscription arrangements	-	-	-	-	-	-	-	132,686	-
Increase (decrease) in fair value of investments (*)	157,386	115,143	238,337	382,110	25,678	146,280	1,064,934	578,908	-

(*) Cash and equity in pooled cash and investments includes various investments held by the Borough. The increase (decrease) in fair value of investments represents the unrealized gain (loss) on these investments.

BOROUGH OF CHAMBERSBURG
Statement of Fiduciary Net Position
December 31, 2023

	Pension Trust Funds	Private Purpose Trust Funds
ASSETS		
Cash and equity in pooled cash and investments	\$ 2,694,767	\$ 30,029
Mutual funds - Corporate bonds	16,225,493	-
Mutual funds - Stocks	32,274,149	-
Mutual funds - Real estate securities	1,602,255	-
Total assets	<u>\$ 52,796,664</u>	<u>\$ 30,029</u>
NET POSITION		
Net position restricted for pensions	52,796,664	-
Held in trust for other purposes	-	30,029
Total net position	<u>52,796,664</u>	<u>30,029</u>
Total net position	<u>\$ 52,796,664</u>	<u>\$ 30,029</u>

BOROUGH OF CHAMBERSBURG
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2023

	Pension Trust Funds	Private Purpose Trust Funds
ADDITIONS		
Contributions		
Employer	\$ 2,203,255	\$ -
Plan member	<u>942,986</u>	<u>-</u>
Total contributions	<u>3,146,241</u>	<u>-</u>
Investment income		
Net appreciation (depreciation) in fair value of investments and gain (loss) on sale of investments	5,183,109	-
Interest, dividends, and other	<u>1,213,678</u>	<u>1,451</u>
Total net investment earnings	<u>6,396,787</u>	<u>1,451</u>
 Total additions	 <u>9,543,028</u>	 <u>1,451</u>
DEDUCTIONS		
Benefits	3,632,565	-
Administrative expenses	<u>99,861</u>	<u>-</u>
Total deductions	<u>3,732,426</u>	<u>-</u>
 Change in net position	 5,810,602	 1,451
Net position - beginning	<u>46,986,062</u>	<u>28,578</u>
Net position - ending	<u>\$ 52,796,664</u>	<u>\$ 30,029</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.

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 the following Special Revenue Funds:

Grant Programs Fund is 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.

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 real estate 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 two classifications: pension trust funds (Firemen's, Police, and Bargaining and Administrative Employees), 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 - equipment	1-3 years	4-25 years
Right-to-use asset - IT subscriptions	1-3 years	1-3 years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Lessee: The Borough is a lessee for leases of 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.

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.

Subscription-based Information Technology Arrangements

During the year ended December 31, 2023, the Borough adopted GASB No. 96 for reporting of subscription-based information technology arrangements.

The Borough is a lessee for noncancellable arrangements for subscription-based information technology. The Borough recognizes a subscription liability and its intangible right-to-use IT subscription asset (subscription asset) in the government-wide financial and proprietary fund financial statements.

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

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

- The Borough uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Borough generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription arrangement. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and any renewal provisions that the Borough is reasonably certain to exercise.

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

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.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources (Continued)

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	\$ 204,302	\$ 51,202	\$ 255,504
Pension liability	3,142,983	2,050,168	5,193,151
Total deferred outflows of resources	<u>\$ 3,347,285</u>	<u>\$ 2,101,370</u>	<u>\$ 5,448,655</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	\$ 7,285	\$ 3,258	\$ 3,050	\$ 3,704	\$ 2,998	\$ 8,725	\$ 29,020	\$ 29,485
Pension liability	446,130	199,510	186,791	226,834	32,358	219,581	1,311,204	982,273
Total deferred outflows of resources	<u>\$ 453,415</u>	<u>\$ 202,768</u>	<u>\$ 189,841</u>	<u>\$ 230,538</u>	<u>\$ 35,356</u>	<u>\$ 228,306</u>	<u>\$ 1,340,224</u>	<u>\$ 1,011,758</u>

	Sanitation Fund	Parking, Traffic and Street Lights Fund	Storm Sewer Fund	Total Other Enterprise Funds
Deferred outflows of resources				
OPEB liability	\$ 1,433	\$ 5,677	\$ 1,615	\$ 8,725
Pension liability	87,860	95,008	36,713	219,581
Total deferred outflows of resources	<u>\$ 89,293</u>	<u>\$ 100,685</u>	<u>\$ 38,328</u>	<u>\$ 228,306</u>

	Stores Fund	Motor Equipment Fund	Engineering Fund	Administrative Services Fund	Total Internal Service Funds
Deferred outflows of resources					
OPEB liability	\$ 6,680	\$ 4,076	\$ 8,456	\$ 10,273	\$ 29,485
Pension liability	93,541	79,942	179,638	629,152	982,273
Total deferred outflows of resources	<u>\$ 100,221</u>	<u>\$ 84,018</u>	<u>\$ 188,094</u>	<u>\$ 639,425</u>	<u>\$ 1,011,758</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	\$ 19,107	\$ 55,116	\$ 74,223
Lessor transactions	1,583,708	1,384,994	2,968,702
OPEB liability	1,766,879	1,306,874	3,073,753
Pension liability	825,596	2,247,213	3,072,809
Total deferred inflows of resources	<u>\$ 4,195,290</u>	<u>\$ 4,994,197</u>	<u>\$ 9,189,487</u>

	General Fund	Other Governmental Funds	Total Governmental Funds
Deferred inflows of resources			
Unavailable tax revenue	\$ 742,022	\$ 45,344	\$ 787,366
Lessor transactions	1,583,708	-	1,583,708
Total deferred inflows of resources	<u>\$ 2,325,730</u>	<u>\$ 45,344</u>	<u>\$ 2,371,074</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	\$ 19,435	\$ 10,420	\$ 15,489	\$ 45,344
Total deferred inflows of resources	<u>\$ 19,435</u>	<u>\$ 10,420</u>	<u>\$ 15,489</u>	<u>\$ 45,344</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	\$ 891,405	\$ -	\$ -	\$ -	\$ 55,116	\$ 493,589	\$ 1,440,110	\$ -
OPEB liability	301,484	137,148	130,515	156,613	9,351	120,649	855,760	599,647
Pension liability	497,165	235,220	240,456	278,778	15,296	225,589	1,492,504	1,003,202
Total deferred inflows of resources	<u>\$ 1,690,054</u>	<u>\$ 372,368</u>	<u>\$ 370,971</u>	<u>\$ 435,391</u>	<u>\$ 79,763</u>	<u>\$ 839,827</u>	<u>\$ 3,788,374</u>	<u>\$ 1,602,849</u>

	Sanitation Fund	Parking, Traffic and Street Lights Fund	Storm Sewer Fund	Total Other Enterprise Funds
Deferred inflows of resources				
Lessor transactions	\$ -	\$ 493,589	\$ -	\$ 493,589
OPEB liability	62,169	42,315	16,165	120,649
Pension liability	129,921	69,223	26,445	225,589
Total deferred inflows of resources	<u>\$ 192,090</u>	<u>\$ 605,127</u>	<u>\$ 42,610</u>	<u>\$ 839,827</u>

	Stores Fund	Motor Equipment Fund	Engineering Fund	Administrative Services Fund	Total Internal Service Funds
Deferred inflows of resources					
OPEB liability	\$ 37,244	\$ 42,157	\$ 90,970	\$ 429,276	\$ 599,647
Pension liability	60,926	68,963	148,816	724,497	1,003,202
Total deferred inflows of resources	<u>\$ 98,170</u>	<u>\$ 111,120</u>	<u>\$ 239,786</u>	<u>\$ 1,153,773</u>	<u>\$ 1,602,849</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, 2023:

Government-Wide Activity

	Governmental Activities	Business-Type Activities
Capital assets	\$ 34,883,625	\$ 154,563,250
Bonds, notes, leases, IT subscription liabilities	(10,266,585)	(40,373,068)
Deferred charge on bond refunding	(19,107)	(55,116)
Accounts and retainage payable related to capital assets	(31,627)	(306,977)
Unspent bond proceeds	152,774	-
Net investment in capital assets	\$ 24,719,080	\$ 113,828,089

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	\$ 46,847,777	\$ 15,400,487	\$ 21,205,731	\$ 39,323,538	\$ 6,831,365	\$ 3,544,385	\$ 5,326,615	\$ 4,714,753	\$ 143,194,651
Bonds, notes, leases, IT subscription liabilities	(14,080,258)	(1,076)	(6,788,430)	(4,117,150)	(6,941,401)	(2,297,915)	-	-	(34,226,230)
Deferred charge on bond refunding	-	-	-	-	(55,116)	-	-	-	(55,116)
Accounts and retainage payable related to capital assets	(16,527)	(7,396)	(75,860)	(9,030)	-	-	(828)	-	(109,641)
Unspent bond proceeds	-	-	-	-	-	-	-	-	-
Net investment in capital assets	\$ 32,750,992	\$ 15,392,015	\$ 14,341,441	\$ 35,197,358	\$ (165,152)	\$ 1,246,470	\$ 5,325,787	\$ 4,714,753	\$ 108,803,664

Internal Service Funds

	Stores Fund	Motor Equipment Fund	Engineering Fund	Administrative Services Fund	Total
Capital assets	\$ 274,768	\$ 5,951,397	\$ 41,441	\$ 8,983,861	\$ 15,251,467
Bonds, notes, leases, IT subscription liabilities	-	-	-	(8,125,796)	(8,125,796)
Net investment in capital assets	\$ 274,768	\$ 5,951,397	\$ 41,441	\$ 858,065	\$ 7,125,671

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.

Restricted for future capital projects	
Restricted for capital improvements	\$ 5,597,627
Restricted for highway improvements/projects	701,532
Total	<u>6,299,159</u>
Restricted for specific future expenditures	
Restricted for grant expenditures	232,229
Restricted for fire expenditures	18,784
Restricted for recreation expenditures	333,884
Restricted for police expenditures	104,058
Future police expenses	11,026
Total	<u>699,981</u>
Total restricted net position	<u>\$ 6,999,140</u>

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

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

Net Position Flow Assumption

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

Deficit Net Position

The Administrative Services Fund and Engineering Fund, (internal service funds) have deficit net position balances of \$ (2,201,597) and \$ (453,090) respectively, at December 31, 2023.

Fund Balance – Governmental Funds

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

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

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

Restricted for capital improvements	\$ 5,750,401
Restricted for citizens reward	11,026
Restricted for grant expenses	232,229
Restricted for fire expenses	18,784
Restricted for police expenses	104,058
Restricted for recreation expenses	333,884
Restricted for highway improvements/projects	701,532
	<u>\$ 7,151,914</u>

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance – Governmental Funds (Continued)

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

Committed fund balance in the general fund represents amounts set aside for future projects related to the Southgate Shopping Center.

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

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

Minimum Fund Balance

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

Order of Spending Policy

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

Pension Trust Funds

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Compensation Plan

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

Compensated Absences

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

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

- **Bargaining, Non-Bargaining and Police** - As a wellness incentive, the Borough shall pay to an employee with at least five (5) years of continuous employment with the Borough, a post-separation lump sum payment of 1% of such employee's unused accumulated sick leave for each year that the employee has been employed with the Borough. (Example: An employee who has been employed for 15 years with the Borough would be entitled to 15% of the employee's unused accumulated sick leave, subject to the maximum payment amount set forth below). Such payment shall be based upon the employee's hourly rate at the time of separation. However, any employee who is terminated due to gross neglect, fraud, dishonesty, or willful failure to perform such employee's duties, shall forfeit all rights to such lump sum payment for unused sick leave (the wellness incentive). Additionally, employees shall only be eligible for the wellness incentive if, upon separation, the employee has accumulated at least five hundred (500) hours of sick leave. The maximum amount to be paid to any employee for such wellness incentive is \$ 10,000 for police and \$ 10,700 for bargaining and non-bargaining employees which is adjusted annually with a COLA factor.
- **Fire** - 15% to 27.5% of accumulated sick leave based on years of service.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Benefits Other Than Pension

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

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

Statement of Cash Flows - Proprietary Funds

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

NOTE 2 DEPOSITS AND INVESTMENTS

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.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Deposits (Continued)

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, 2023, the Borough has a bank balance of \$ 8,404,829. Of this balance, \$ 500,000 is covered by FDIC insurance and the remaining balance of \$ 7,904,829 is collateralized by securities held by the pledging financial institution, not in the Borough’s name. As of December 31, 2023, the Authority has a bank balance of \$ 57,373, all of which is covered by FDIC insurance.

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

Investments

As of December 31, 2023, the Borough’s investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Credit Quality Rating</u>
PLGIT/PLGIT Prime	\$ 728,464	AAAm
PLGIT/PLGIT Class	200,777	AAAm
Government Sponsored Enterprises	48,368,634	AA+
Money Market Mutual Fund	2,219,004	AAA
Negotiable CD's	1,787,791	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.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Investments (Continued)

Interest Rate Risk – Investments

The following investments are subject to interest rate risk:

	Total Fair Value	Investment Maturities (in Years)		
		Less Than 1	1-5	>5
Government Sponsored Enterprises	\$ 48,368,634	\$ 3,197,865	\$ 42,435,820	\$ 2,734,949
Negotiable CD's	1,787,791	867,146	920,645	-

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

Concentrations of Credit Risk – Investments

At December 31, 2023, the following investments were in excess of 5% of the Borough's investments: Federal Home Loan Bank (42%), Federal Farm Credit Banks (29%), and Federal Home Loan Mortgage Corp (16%).

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.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Investments (Continued)

Municipal Pension Plans

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

	Total Fair Value	Investment Maturities (in Years)		
		N/A	1-5	>5
Corporate Bond Mutual Funds	\$ 16,225,494	\$ -	\$ 2,417,301	\$ 13,808,193
Open-End Mutual Funds	33,876,404	33,876,404	-	-
Total	<u>\$ 50,101,898</u>	<u>\$ 33,876,404</u>	<u>\$ 2,417,301</u>	<u>\$ 13,808,193</u>

Credit Risk - Pension Plans

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

Rating	Percentage of Total
AAA	31.57%
AA	24.48%
A	7.15%
BBB	17.99%
BB	16.17%
B	0.35%
Below B	0.13%
Not rated	2.16%
	<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 \$ 33,876,404 of Open-End Mutual Funds shown above are International Mutual Funds with a fair value of \$ 10,168,334. 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

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Investments (Continued)

Investments – Fair Value Measurements (Continued)

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.

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 Mutual 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.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Investments (Continued)

Agency Bonds

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

Mutual Funds

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

The following table sets forth, by level within the fair value hierarchy, the financial assets that were accounted for at fair value on a recurring basis as of December 31, 2023:

	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	\$ 1,787,791	\$ -	\$ 1,787,791	\$ -
Money market mutual fund	2,219,004	2,219,004	-	-
Agency Bonds:				
Federal Farm Credit Banks	15,291,130	-	15,291,130	-
Federal Home Loan Mortgage Corp	8,490,139	-	8,490,139	-
Federal Home Loan Bank	22,523,669	-	22,523,669	-
Federal National Mortgage Association	2,063,696	-	2,063,696	-
Total Agency Bonds	<u>48,368,634</u>	<u>-</u>	<u>48,368,634</u>	<u>-</u>
Mutual funds by type:				
Corporate Bond	16,225,494	16,225,494	-	-
Open-End	33,876,404	33,876,404	-	-
Total mutual funds	<u>50,101,898</u>	<u>50,101,898</u>	<u>-</u>	<u>-</u>
Total investments by fair value category	<u>\$ 102,477,327</u>	<u>\$ 52,320,902</u>	<u>\$ 50,156,425</u>	<u>\$ -</u>

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 3 TAXES AND OTHER RECEIVABLES

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

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

Receivables as of December 31, 2023 for the Borough's governmental activities, including the applicable allowances for uncollectible accounts, are as follows:

Real estate	\$ 340,785
Earned income tax	919,188
Real estate transfer tax	94,836
Ambulance billings	682,610
Loans receivable	210,068
Lease receivables	1,665,841
Other	450,552
Allowance for uncollectible accounts	<u>(640,615)</u>
Receivables - full accrual basis	3,723,265
Allocation of internal service funds receivables not recorded in the governmental fund financial statements	<u>(98,034)</u>
Receivables - modified accrual basis	<u><u>\$ 3,625,231</u></u>

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	\$ 336,786	\$ 6,185,445	\$ 6,522,231
Due from other governments	1,034,954	194,171	1,229,125
Lease receivables	365,383	78,327	443,710
Other receivables	158,746	379,657	538,403
Taxes receivable, net	340,785	-	340,785
Total current receivables	<u>\$ 2,236,654</u>	<u>\$ 6,837,600</u>	<u>\$ 9,074,254</u>
Noncurrent receivables			
Loan receivables	\$ 186,153	\$ -	\$ 186,153
Lease receivables	1,300,458	1,366,338	2,666,796
Total noncurrent receivables	<u>\$ 1,486,611</u>	<u>\$ 1,366,338</u>	<u>\$ 2,852,949</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 \$ 514,474 of lease revenue and \$ 55,409 of interest revenue during the year ended December 31, 2023.

Lease Receivable

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-Term Portion
Governmental Activities						
Lease receivable	\$ 1,851,187	\$ -	\$ (185,346)	\$ 1,665,841	\$ 365,383	\$ 1,300,458
Total lease receivable	<u>\$ 1,851,187</u>	<u>\$ -</u>	<u>\$ (185,346)</u>	<u>\$ 1,665,841</u>	<u>\$ 365,383</u>	<u>\$ 1,300,458</u>
Business-type Activities						
Lease receivable	\$ 1,519,745	\$ -	\$ (75,080)	\$ 1,444,665	\$ 78,327	\$ 1,366,338
Total lease receivable	<u>\$ 1,519,745</u>	<u>\$ -</u>	<u>\$ (75,080)</u>	<u>\$ 1,444,665</u>	<u>\$ 78,327</u>	<u>\$ 1,366,338</u>

Deferred Inflows - Leases

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities				
Deferred inflows of resource - leases	\$ 1,807,836	\$ -	\$ (224,128)	\$ 1,583,708
Total deferred inflows of resources	<u>\$ 1,807,836</u>	<u>\$ -</u>	<u>\$ (224,128)</u>	<u>\$ 1,583,708</u>
Business-type Activities				
Deferred inflows of resource - leases	\$ 1,489,711	\$ -	\$ (104,716)	\$ 1,384,994
Total deferred inflows of resources	<u>\$ 1,489,711</u>	<u>\$ -</u>	<u>\$ (104,716)</u>	<u>\$ 1,384,994</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, 2023:

	Restated Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Cost:				
Capital assets not being depreciated				
Land	\$ 426,162	\$ 301,466	\$ -	\$ 727,628
Construction-in-progress	5,317,231	412,406	(4,981,252)	748,385
Capital assets being depreciated/amortized				
Land improvements	4,301,726	170,062	(186,077)	4,285,711
Buildings	8,107,053	8,587,133	(1,151)	16,693,035
Machinery and equipment	6,177,964	933,998	(614,602)	6,497,360
Infrastructure - highways	23,280,936	1,517,014	-	24,797,950
Infrastructure - railroads	2,478,702	-	-	2,478,702
Infrastructure - other	5,701,974	135,022	-	5,836,996
Right-to-use asset - building	426,447	-	(426,447)	-
Right-to-use asset - equipment	20,779	-	-	20,779
Right-to-use asset - IT subscription	7,666	34,381	-	42,047
Total cost	<u>56,246,640</u>	<u>12,091,482</u>	<u>(6,209,529)</u>	<u>62,128,593</u>
Less accumulated depreciation/amortization:				
Land improvements	(2,838,771)	(307,417)	68,372	(3,077,816)
Buildings	(4,659,661)	(420,986)	1,310	(5,079,337)
Machinery and equipment	(3,683,127)	(432,867)	595,865	(3,520,129)
Infrastructure - highways	(8,985,275)	(912,613)	-	(9,897,888)
Infrastructure - railroads	(2,478,700)	-	-	(2,478,700)
Infrastructure - other	(3,056,594)	(114,057)	-	(3,170,651)
Right-to-use asset - building	(213,224)	(213,223)	426,447	-
Right-to-use asset - equipment	(8,598)	(8,598)	-	(17,196)
Right-to-use asset - IT subscriptions	-	(3,251)	-	(3,251)
Total accumulated depreciation/amortization	<u>(25,923,950)</u>	<u>(2,413,012)</u>	<u>1,091,994</u>	<u>(27,244,968)</u>
Capital assets, net	<u>\$ 30,322,690</u>	<u>\$ 9,678,470</u>	<u>\$ (5,117,535)</u>	<u>\$ 34,883,625</u>
Business-Type Activities:				
Cost:				
Capital assets not being depreciated				
Land	\$ 2,215,339	\$ 1,503	\$ -	\$ 2,216,842
Construction-in-progress	3,391,216	7,734,919	(5,974,193)	5,151,942
Capital assets being depreciated/amortized				
Utility plant in service	230,996,803	3,397,012	(28,154)	234,365,661
Land improvements	14,095,408	869,352	-	14,964,760
Buildings	13,441,652	460,201	(34,181)	13,867,672
Machinery and equipment	13,777,651	1,598,217	(456,341)	14,919,527
Right-to-use asset - land	4,826,509	-	(37,988)	4,788,521
Right-to-use asset - IT subscriptions	6,438	106,565	-	113,003
Total cost	<u>282,751,016</u>	<u>14,167,769</u>	<u>(6,530,857)</u>	<u>290,387,928</u>
Less accumulated depreciation/amortization:				
Utility plant in service	(113,875,108)	(6,540,251)	27,088	(120,388,271)
Land improvements	(3,922,650)	(481,966)	3,348	(4,401,268)
Buildings	(1,682,996)	(379,491)	44,220	(2,018,267)
Machinery and equipment	(8,102,579)	(953,434)	436,976	(8,619,037)
Right-to-use asset - land	(142,467)	(142,365)	-	(284,832)
Right-to-use asset - IT subscriptions	-	(7,923)	-	(7,923)
Total accumulated depreciation/amortization	<u>(127,725,800)</u>	<u>(8,505,430)</u>	<u>511,632</u>	<u>(135,719,598)</u>
Capital assets, net	<u>\$ 155,025,216</u>	<u>\$ 5,662,339</u>	<u>\$ (6,019,225)</u>	<u>\$ 154,668,330</u>

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 5 CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Unit

Cost:				
Capital assets not being depreciated				
Land	\$ 3,005,320	\$ -	\$ (248,612)	\$ 2,756,708
Capital assets being depreciated/amortized				
Land improvements	170,364	-	-	170,364
Buildings	<u>1,432,944</u>	<u>-</u>	<u>(464,284)</u>	<u>968,660</u>
Total cost	<u>4,608,628</u>	<u>-</u>	<u>(712,896)</u>	<u>3,895,732</u>
Less accumulated depreciation/amortization:				
Land improvements	(25,260)	(36,248)	-	(61,508)
Buildings	<u>(179,655)</u>	<u>(193,414)</u>	<u>78,625</u>	<u>(294,444)</u>
Total accumulated depreciation/amortization	<u>(204,915)</u>	<u>(229,662)</u>	<u>78,625</u>	<u>(355,952)</u>
Capital assets, net	<u>\$ 4,403,713</u>	<u>\$ (229,662)</u>	<u>\$ (634,271)</u>	<u>\$ 3,539,780</u>

See Note 14 for project commitments.

Depreciation/amortization expense for the year ended December 31, 2023 was charged to expense functions, including the internal service fund allocations, as follows:

	Governmental Activities	Business-Type Activities
General government	\$ 566,737	\$ -
Public safety	524,496	-
Public works	991,186	-
Culture and recreation	330,593	-
Electric	-	2,878,045
Gas	-	601,615
Water	-	1,308,434
Sewer	-	2,464,551
Sanitation	-	317,577
Parking, traffic and street lights	-	536,357
Storm Sewer	-	130,379
Swimming Pool	-	268,472
	<u>\$ 2,413,012</u>	<u>\$ 8,505,430</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 (25%) and the business-type activities (75%). These allocations changed in 2023 compared to December 31, 2022, 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	\$ 152,550	\$ 3,298,159	\$ 3,450,709
Accrued interest	68,928	173,828	242,756
Accrued wages and withholdings	146,276	145,347	291,623
Total accounts payable and accrued expenses	<u>\$ 367,754</u>	<u>\$ 3,617,334</u>	<u>\$ 3,985,088</u>

Enterprise Funds

	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Swimming Pool Fund	Other Enterprise Funds	Total	Internal Service Funds
Accounts payable and accrued expenses								
Accounts payable	\$ 2,143,745	\$ 558,676	\$ 124,084	\$ 109,288	\$ 1,198	\$ 236,766	\$ 3,173,757	\$ 130,469
Accrued interest	89,469	14	61,164	6,600	26,501	16,581	200,329	232
Accrued wages and withholdings	28,028	13,877	15,642	17,988	956	19,942	96,433	64,787
Total accounts payable and accrued expenses	<u>\$ 2,261,242</u>	<u>\$ 572,567</u>	<u>\$ 200,890</u>	<u>\$ 133,876</u>	<u>\$ 28,655</u>	<u>\$ 273,289</u>	<u>\$ 3,470,519</u>	<u>\$ 195,488</u>

	Sanitation Fund	Parking, Traffic and Street Lights Fund	Storm Sewer Fund	Total Other Enterprise Funds
Accounts payable and accrued expenses				
Accounts payable	\$ 34,666	\$ 17,398	\$ 184,702	\$ 236,766
Accrued interest	16,581	-	-	16,581
Accrued wages and withholdings	14,021	3,523	2,398	19,942
Total accounts payable and accrued expenses	<u>\$ 65,268</u>	<u>\$ 20,921</u>	<u>\$ 187,100</u>	<u>\$ 273,289</u>

	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	\$ 20,658	\$ 54,768	\$ 178	\$ 463	\$ 10,087	\$ 44,315	\$ 130,469
Accrued interest	-	-	-	-	-	232	232
Accrued wages and withholdings	6,272	4,899	975	3,800	-	48,841	64,787
Total accounts payable and accrued expenses	<u>\$ 26,930</u>	<u>\$ 59,667</u>	<u>\$ 1,153</u>	<u>\$ 4,263</u>	<u>\$ 10,087</u>	<u>\$ 93,388</u>	<u>\$ 195,488</u>

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 7 LONG-TERM LIABILITIES

The changes in long-term liabilities during the year ended December 31, 2023 were as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Unamortized Bond Premium and Discount	Current Portion	Long-term Portion
Governmental Activities:							
Bonds							
(F) Capital Reserve 2022A GO Bond	\$ 5,775,000	\$ -	\$ -	\$ 5,775,000	\$ 301,311	\$ 13,298	\$ 6,063,013
(E) Recreation Tax 2021A GO Bond	1,049,456	-	(41,328)	1,008,128	39,941	45,520	1,002,549
(G) General Fund 2022B GO Bond	1,305,000	-	(215,000)	1,090,000	15,619	220,689	884,930
Direct Borrowing							
(A) Administrative Services 2017 GO Note	2,083,733	-	(82,439)	2,001,294	-	77,001	1,924,285
Lease liabilities	227,822	-	(220,874)	6,948	-	6,948	-
IT subscription liabilities	7,666	29,488	(8,802)	28,352	-	12,988	15,364
Subtotal - bonds, notes, lease, subscription payables	10,448,677	29,488	(568,443)	9,909,722	356,871	376,444	9,890,141
Liability for self-insured losses	108,783	66,689	(84,827)	90,645	-	76,038	14,607
Compensated absences	963,830	618,792	(631,793)	950,829	-	500,416	450,413
Total long-term liabilities	\$ 11,521,290	\$ 714,969	\$ (1,285,063)	\$ 10,951,196	\$ 356,871	\$ 952,898	\$ 10,355,161
Business-Type Activities							
Bonds							
(B) Electric 2019 GO Bond	8,365,000	-	(350,000)	8,015,000	524,989	398,516	8,141,473
(D) Electric 2021 GO Bond	995,071	-	(63,638)	931,433	24,924	66,901	889,456
(E) Swimming Pool 2021A GO Bond	6,950,544	-	(273,672)	6,676,872	264,528	301,434	6,639,966
(C) Water 2020 GO Bond	6,399,289	-	(250,718)	6,148,571	638,785	297,264	6,490,092
(C) Sanitation 2020 GO Bond	1,640,711	-	(64,282)	1,576,429	157,016	75,696	1,657,749
(D) Sanitation 2021 GO Bond	587,298	-	(37,538)	549,759	14,710	39,463	525,006
(D) Sewer 2021 GO Bond	4,282,631	-	(273,825)	4,008,806	107,267	287,868	3,828,205
Direct Borrowing							
(A) Administrative Services 2017 GO Note	6,328,594	-	(250,379)	6,078,215	-	233,862	5,844,327
Lease liabilities	4,720,407	-	(137,570)	4,582,837	-	100,838	4,481,999
IT subscription liabilities	10,729	89,558	(27,334)	72,953	-	38,106	34,847
Subtotal - bonds, notes, lease, subscription payables	40,280,274	89,558	(1,728,956)	38,640,875	1,732,219	1,839,948	38,533,120
Liability for self-insured losses	330,389	202,545	(257,631)	275,303	-	230,939	44,364
Compensated absences	1,112,989	515,646	(526,097)	1,102,538	-	589,005	513,533
Total long-term liabilities	\$ 41,723,652	\$ 807,749	\$ (2,512,684)	\$ 40,018,716	\$ 1,732,219	\$ 2,659,892	\$ 39,091,017

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 11 and Note 12 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 (25%) and the business-type activities (75%). These allocations changed in 2023 compared to 2022, 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 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.
- (B) **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%.
- (C) **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%.
- (D) **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)

- (E) **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%.
- (F) **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%.
- (G) **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 costs of issuing 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.

Subsequent Event

On May 14, 2024, the Borough issued General Obligations Bonds, Series of 2024 in the amounts of \$ 9,335,000 for the purpose of financing costs related to the purchase, acquisition, and construction of the public works facility, improvements to storm sewer facilities and electric facilities, various capital improvement projects and pay the related costs of issuing the bond.

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, 2023:

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		
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	430,000	258,400	60,244	12,743	51,168	16,413	338,832	108,687	302,454	202,008	
2029 - 2033	2,425,000	1,020,000	278,309	47,010	272,896	66,229	1,807,104	438,571	1,707,273	818,536	
2034 - 2038	2,945,000	494,400	308,855	17,668	301,760	37,850	1,998,240	250,650	2,085,340	447,948	
2039 - 2043	660,000	26,400	17,595	183	194,688	7,846	1,290,312	51,954	955,118	57,782	
	<u>\$ 8,015,000</u>	<u>\$ 2,991,600</u>	<u>\$ 931,433</u>	<u>\$ 141,729</u>	<u>\$ 1,008,128</u>	<u>\$ 211,972</u>	<u>\$ 6,676,872</u>	<u>\$ 1,403,678</u>	<u>\$ 6,148,571</u>	<u>\$ 2,446,212</u>	

BONDS													
Sanitation				Sewer				Capital Reserve		Capital Reserve		Total	
Series of 2020 Bond		Series of 2021 Bond		Series of 2021 Bond		Series of 2022 A Bond		Series of 2022 B Bond		Series of 2022 B Bond			
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
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	77,546	51,792	35,536	7,517	259,221	54,833	60,000	173,250	180,000	3,600	1,795,001	889,243	
2029 - 2033	437,727	209,864	164,165	27,728	1,197,528	202,273	1,295,000	781,800	-	-	9,585,002	3,612,011	
2034 - 2038	534,660	114,852	182,183	10,422	1,328,964	76,027	1,500,000	576,000	-	-	11,185,002	2,025,817	
2039 - 2043	244,882	14,816	10,718	108	76,679	786	1,380,000	289,800	-	-	4,829,992	449,675	
2043-2047	-	-	-	-	-	-	1,540,000	117,000	-	-	1,540,000	117,000	
	<u>\$ 1,576,429</u>	<u>\$ 627,186</u>	<u>\$ 549,759</u>	<u>\$ 83,600</u>	<u>\$ 4,008,806</u>	<u>\$ 609,841</u>	<u>\$ 5,775,000</u>	<u>\$ 2,630,850</u>	<u>\$ 1,090,000</u>	<u>\$ 64,000</u>	<u>\$ 35,779,998</u>	<u>\$ 11,210,668</u>	

DIRECT BORROWING				
Internal Service			Total	
Series of 2017 Note				
Principal	Interest	Principal	Interest	
2024	\$ 338,592	\$ 161,707	\$ 338,592	\$ 161,707
2025	318,247	154,323	318,247	154,323
2026	353,058	147,242	353,058	147,242
2027	360,284	140,016	360,284	140,016
2028	367,283	133,017	367,283	133,017
2029 - 2033	1,900,873	676,145	1,900,873	676,145
2034 - 2038	2,107,282	609,993	2,107,282	609,993
2039 - 2043	2,333,890	202,151	2,333,890	202,151
2043 - 2047	-	-	-	-
	<u>\$ 8,079,509</u>	<u>\$ 2,224,594</u>	<u>\$ 8,079,509</u>	<u>\$ 2,224,594</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
2024	\$ 6,948	\$ 52	\$ 7,000	\$ 100,838	\$ 99,526	\$ 200,364
2025	-	-	-	103,017	97,347	200,364
2026	-	-	-	105,244	95,120	200,364
2027	-	-	-	107,519	92,845	200,364
2028	-	-	-	109,843	90,521	200,364
2029 - 2033	-	-	-	585,887	415,931	1,001,818
2034 - 2038	-	-	-	652,059	349,760	1,001,819
2039 - 2043	-	-	-	725,744	276,075	1,001,819
2044 - 2048	-	-	-	807,801	194,017	1,001,818
2049 - 2053	-	-	-	899,187	102,631	1,001,818
2054 - 2058	-	-	-	385,698	15,455	401,153
	<u>\$ 6,948</u>	<u>\$ 52</u>	<u>\$ 7,000</u>	<u>\$ 4,582,837</u>	<u>\$ 1,829,228</u>	<u>\$ 6,412,065</u>

NOTE 9 IT SUBSCRIPTION LIABILITY

The Borough has entered noncancelable subscription-based information technology arrangements for the use of multiple IT applications. The subscription arrangements require monthly or yearly principal and interest payments ranging from \$ 2,036 to \$ 28,000 based on interest rates ranging from 3.05% to 3.15%. The associated right-to-use assets are disclosed in the Capital Asset Footnote. The amounts of maturities for all of the subscription liabilities are as follows:

Year ended December 31:	Governmental			Business-type		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 12,988	\$ 877	\$ 2,036	\$ 38,106	\$ 2,295	\$ 40,401
2025	13,389	475	2,035	34,847	1,078	35,925
2026	1,975	61	2,036	-	-	-
	<u>\$ 28,352</u>	<u>\$ 1,413</u>	<u>\$ 6,107</u>	<u>\$ 72,953</u>	<u>\$ 3,373</u>	<u>\$ 76,326</u>

NOTE 10 INTERFUND ACTIVITY

Interfund receivables and payables consist of the following at December 31, 2023

	Due From	Due To
Major governmental funds		
General Fund	\$ 1,481	\$ -
Special revenue grant programs	-	1,481
	<u>\$ 1,481</u>	<u>\$ 1,481</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 10 INTERFUND ACTIVITY (CONTINUED)

Interfund transfers consisted of the following during 2023:

	Transfers In	Transfers Out
Major governmental funds		
General fund	\$ 3,356,770	\$ 1,456,475
Capital reserve	1,075,000	-
Nonmajor governmental funds		
Special revenue grant programs	5,000	28,957
Special revenue fire tax	-	630,469
Recreation bond tax	-	448,130
Total nonmajor governmental funds	<u>5,000</u>	<u>1,107,556</u>
Major proprietary funds		
Electric	10,000	2,861,335
Gas	10,000	1,010,375
Water	-	285,630
Sewer	-	202,495
Swimming Pool	448,130	1,180
Nonmajor proprietary funds		
Sanitation	-	99,005
Parking, traffic and street lights	1,100,000	1,035
Storm sewer	416,805	300,015
Total nonmajor proprietary funds	<u>1,516,805</u>	<u>400,055</u>
Internal service funds		
Stores	874,500	19,915
Motor equipment	525,391	618,465
Self insurance	99,175	-
Engineering	-	90,515
Worker's compensation	706,145	-
Administrative services	-	572,920
	<u>2,205,211</u>	<u>1,301,815</u>
	<u>\$ 8,626,916</u>	<u>\$ 8,626,916</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.
- 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 11 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, 2023, the participation in each plan is as follows:

	Bargaining and Administrative Employees	Police	Firemen
Participants:			
Retirees and beneficiaries	96	36	17
Vested former members	18	1	1
Active employees	<u>164</u>	<u>35</u>	<u>28</u>
Total	<u>278</u>	<u>72</u>	<u>46</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-three. 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 11 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 7.22% of annual payroll for the Bargaining and Administrative Employees, 26.47% of annual payroll for the Police Officers, and 22.85% of annual payroll for the Paid Firemen. The employer contributions for 2023 were \$ 872,504 for the Bargaining and Administrative Employees, \$ 744,542 for the Police Officers, and \$ 586,209 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, 2023, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense was 13.7% for the bargaining and administrative plan, 13.5% police officers plan, and 13.2% 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, 2023 the Borough reported a liability of \$ 17,069,447 in the Statement of Net Position. The net pension liability was measured as of December 31, 2023, and the total pension liability was determined by rolling forward liabilities from an actuarial valuation as of January 1, 2023. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. For the year ended December 31, 2023, the Borough recognized pension expense of \$ 4,202,012. This included pension expense of \$ 2,372,137 for the Bargaining and Administrative Employees, \$ 880,595 for the Police Officers, and \$ 949,280 for the Paid Firemen.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 11 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, 2023:

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, 2022	\$ 34,578,688	\$ 24,191,482	\$ 10,387,206	69.96%
Changes for the year:				
Service cost	792,435	-	792,435	
Interest	2,710,235	-	2,710,235	
Changes in benefits	1,523,897	-	1,523,897	
Changes for experience	(2,121,789)	-	(2,121,789)	
Contributions - employer	-	872,504	(872,504)	
Contributions - employee	-	702,496	(702,496)	
Net investment income	-	3,287,876	(3,287,876)	
Benefit payments, including refunds of member contributions	(1,809,279)	(1,809,279)	-	
Administrative expenses	-	(18,650)	18,650	
Net changes	<u>1,095,499</u>	<u>3,034,947</u>	<u>(1,939,448)</u>	
Balances as of December 31, 2023	<u>\$ 35,674,187</u>	<u>\$ 27,226,429</u>	<u>\$ 8,447,758</u>	76.32%

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, 2022	\$ 19,628,510	\$ 13,960,140	\$ 5,668,370	71.12%
Changes for the year:				
Service cost	394,846	-	394,846	
Interest	1,544,725	-	1,544,725	
Changes for experience	(76,001)	-	(76,001)	
Contributions - employer	-	744,542	(744,542)	
Contributions - employee	-	120,666	(120,666)	
Net investment income	-	1,856,854	(1,856,854)	
Benefit payments, including refunds of member contributions	(1,319,078)	(1,319,078)	-	
Administrative expenses	-	(12,500)	12,500	
Net changes	<u>544,492</u>	<u>1,390,484</u>	<u>(845,992)</u>	
Balances as of December 31, 2023	<u>\$ 20,173,002</u>	<u>\$ 15,350,624</u>	<u>\$ 4,822,378</u>	76.09%

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 11 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	Plan Fiduciary Net Position	Net Pension Liability	
	(a)	(b)	(a)-(b)	
Balances as of December 31, 2022	\$ 13,238,629	\$ 8,824,891	\$ 4,413,738	66.66%
Changes for the year:				
Service cost	316,639	-	316,639	
Interest	1,057,401	-	1,057,401	
Changes in benefits	188,583	-	188,583	
Changes for experience	(283,383)	-	(283,383)	
Contributions - employer	-	586,209	(586,209)	
Contributions - employee	-	124,112	(124,112)	
Net investment income	-	1,187,946	(1,187,946)	
Benefit payments, including refunds of member contributions	(498,947)	(498,947)	-	
Administrative expenses	-	(4,600)	4,600	
Net changes	<u>780,293</u>	<u>1,394,720</u>	<u>(614,427)</u>	
Balances as of December 31, 2023	<u>\$ 14,018,922</u>	<u>\$ 10,219,611</u>	<u>\$ 3,799,311</u>	72.90%

Deferred Outflows/Inflows of Resources

At December 31, 2023 the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Bargaining and Administrative Employees		Police		Firemen		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,893	\$ 2,592,600	\$ 67,837	\$ 65,144	\$ 569,026	\$ 251,896	\$ 642,756	\$ 2,909,640
Net difference between projected and actual earnings on pension plan investments	2,052,071		1,224,521	-	754,029	-	4,030,621	-
Changes in proportions - governmental activities/ business-type activities	163,169	163,169	-	-	-	-	163,169	163,169
Changes in assumptions	297,528	-	59,077	-	-	-	356,605	-
	<u>\$ 2,518,661</u>	<u>\$ 2,755,769</u>	<u>\$ 1,351,435</u>	<u>\$ 65,144</u>	<u>\$ 1,323,055</u>	<u>\$ 251,896</u>	<u>\$ 5,193,151</u>	<u>\$ 3,072,809</u>

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 11 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:				
2024	\$ 333,431	\$ 411,922	\$ 343,931	\$ 1,089,284
2025	518,506	458,303	407,742	1,384,551
2026	702,147	589,134	484,069	1,775,350
2027	(559,979)	(151,354)	(38,636)	(749,969)
2028	(217,515)	(10,857)	(31,487)	(259,859)
Thereafter	(1,013,698)	(10,857)	(94,460)	(1,119,015)
	<u>\$ (237,108)</u>	<u>\$ 1,286,291</u>	<u>\$ 1,071,159</u>	<u>\$ 2,120,342</u>

Actuarial Methods and Assumptions

The total pension liability in the January 1, 2023 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, 2023 valuation were based on an actual experience study for the period January 1, 2021 through December 31, 2022.

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 11 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, 2023 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	\$ 12,144,678	\$ 8,447,758	\$ 5,258,899
Police Plan	7,102,157	4,822,378	2,900,605
Firemen Plan	5,252,239	3,799,311	2,203,826
	<u>\$ 24,499,074</u>	<u>\$ 17,069,447</u>	<u>\$ 10,363,330</u>

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 11 PENSION PLANS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Financial Statements

The following are financial statements as of December 31, 2023 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	\$ 655,043	\$ 856,655	\$ 1,183,069	\$ 2,694,767
Mutual funds - Corporate bonds	3,132,761	4,662,923	8,429,809	16,225,493
Mutual funds - Stocks	6,126,273	9,371,187	16,776,689	32,274,149
Mutual funds - Real estate securities	305,534	459,859	836,862	1,602,255
Total assets	<u>\$ 10,219,611</u>	<u>\$ 15,350,624</u>	<u>\$ 27,226,429</u>	<u>\$ 52,796,664</u>
NET POSITION				
Net position restricted for pensions	<u>\$ 10,219,611</u>	<u>\$ 15,350,624</u>	<u>\$ 27,226,429</u>	<u>\$ 52,796,664</u>
Total liabilities and net position	<u>\$ 10,219,611</u>	<u>\$ 15,350,624</u>	<u>\$ 27,226,429</u>	<u>\$ 52,796,664</u>
	Firemen Pension Fund	Police Pension Fund	Bargaining and Administrative Employees Pension Fund	Total Pension Trust Funds
ADDITIONS				
Contributions				
Employer	\$ 586,209	\$ 744,542	\$ 872,504	\$ 2,203,255
Plan member	<u>124,922</u>	<u>135,447</u>	<u>682,617</u>	<u>942,986</u>
Total contributions	<u>711,131</u>	<u>879,989</u>	<u>1,555,121</u>	<u>3,146,241</u>
Investment income				
Net appreciation in fair value of investments and gains on sale of investments	971,067	1,520,430	2,691,612	5,183,109
Interest, dividends and other	<u>231,778</u>	<u>354,277</u>	<u>627,623</u>	<u>1,213,678</u>
Total net investment earnings	<u>1,202,845</u>	<u>1,874,707</u>	<u>3,319,235</u>	<u>6,396,787</u>
Total additions	<u>1,913,976</u>	<u>2,754,696</u>	<u>4,874,356</u>	<u>9,543,028</u>
DEDUCTIONS				
Benefits	498,947	1,335,185	1,798,433	3,632,565
Administrative expenses	<u>19,501</u>	<u>30,352</u>	<u>50,008</u>	<u>99,861</u>
Total deductions	<u>518,448</u>	<u>1,365,537</u>	<u>1,848,441</u>	<u>3,732,426</u>
Change in net position	1,395,528	1,389,159	3,025,915	5,810,602
Net position - beginning	<u>8,824,083</u>	<u>13,961,465</u>	<u>24,200,514</u>	<u>46,986,062</u>
Net position - ending	<u>\$ 10,219,611</u>	<u>\$ 15,350,624</u>	<u>\$ 27,226,429</u>	<u>\$ 52,796,664</u>

Payables to the Pension Plan

As of December 31, 2023, the Borough had no payables to the pension plan.

NOTE 11 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. If hired on or before January 1, 2023, to participate in the defined contribution plan, employees (or new hires who have completed their probationary period), 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. If hired after January 1, 2023, an employee who elects to participate under the defined contribution provisions of the plan will become enrolled with a start date of the date of the conversion. 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 \$ 73,625 for 2023.

NOTE 12 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.

Eligibility

An employee of the Borough shall be eligible for coverage upon retirement after completion of 20 years of service. The spouse of the retiree may be included in the 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 12 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Plan Membership

Membership in the Borough's plan consisted of the following at January 1, 2023, the date of the latest actuarial valuation:

	Bargaining and Administrative	Police	Firemen	Total
Active participants	183	36	28	247
Retired partiants	2	-	-	2
Total	185	36	28	249

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, 2023 using an actuarial valuation based on census information as of January 1, 2023. The plan has no assets that are accumulated in a trust that meets the criteria established in GASB Statement No. 75. At December 31, 2023, the Borough reported a total OPEB liability of \$ 1,572,406.

The table below summarizes the OPEB liability and OPEB expense:

	Total OPEB Liability	OPEB Expense
Bargaining and administrative	\$ 257,291	\$ (119,765)
Police	746,954	(77,399)
Firemen	568,161	(50,027)
	\$ 1,572,406	\$ (247,191)

Changes in the Total OPEB Liability

	Total OPEB Liability			
	Bargaining and Administrative	Police	Firemen	Total
Beginning Balance	\$ 1,154,320	\$ 1,133,645	\$ 992,097	\$ 3,280,062
Changes for the year:				
Service cost	377,163	185,569	124,534	687,266
Interest	33,638	29,587	24,900	88,125
Difference between Expected and Actual Experience	(845,405)	(217,394)	(292,822)	(1,355,621)
Changes in assumptions	(7,820)	(154,322)	(104,976)	(267,118)
Changes of Benefit Terms	(387,298)	(222,331)	(157,210)	(766,839)
Benefit payments	(67,307)	(7,800)	(18,362)	(93,469)
Net changes	(897,029)	(386,691)	(423,936)	(1,707,656)
Ending Balance	\$ 257,291	\$ 746,954	\$ 568,161	\$ 1,572,406

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Changes in the Total OPEB Liability

At December 31, 2023, 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	\$ -	\$ 1,514,260	\$ -	\$ 668,206	\$ -	\$ 472,480	\$ -	\$ 2,654,946
Changes in assumptions	24,142	70,581	107,389	194,065	82,296	130,442	213,827	395,088
Changes in proportions - governmental activities/ business-type activities	23,719	23,719	-	-	-	-	23,719	23,719
Benefit payments/contributions subsequent to the measurement date	14,320	-	-	-	3,638	-	17,958	-
	<u>\$ 62,181</u>	<u>\$ 1,608,560</u>	<u>\$ 107,389</u>	<u>\$ 862,271</u>	<u>\$ 85,934</u>	<u>\$ 602,922</u>	<u>\$ 255,504</u>	<u>\$ 3,073,753</u>

The amount of \$ 17,958 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 December 31:				
2024	\$ (143,268)	\$ (70,224)	\$ (42,251)	\$ (255,743)
2025	(143,268)	(70,224)	(42,251)	(255,743)
2026	(143,268)	(70,224)	(42,251)	(255,743)
2027	(143,268)	(70,224)	(42,251)	(255,743)
2028	(143,268)	(70,224)	(42,251)	(255,743)
Thereafter	<u>(844,359)</u>	<u>(403,762)</u>	<u>(309,371)</u>	<u>(1,557,492)</u>
Total	<u>\$ (1,560,699)</u>	<u>\$ (754,882)</u>	<u>\$ (520,626)</u>	<u>\$ (2,836,207)</u>

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Actuarial Methods and Assumptions

The total OPEB liability as of December 31, 2023, was determined by an actuarial valuation as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Cost Method	Entry age normal
Investment Rate of Return	4.31% - 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. It is assumed that if coverage is deferred, 0% will elect coverage at a future date.
Health Care Cost Trend Rate	7% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% 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 \$ 4,975 to \$ 27,103 for males and from \$ 11,200 to \$ 25,262 for females; and for the Bargaining and Administrative employees range from \$ 2,972 to \$ 16,189 for males and from \$ 6,690 to \$ 15,090 for females.

Discount Rate

A discount rate of 4.31%, which represents the S&P Municipal Bond 20 Year High Grade Rate Index at January 1, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 12 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
	3.31%	4.31%	5.31%
Bargaining and administrative	\$ 271,369	\$ 257,291	\$ 243,715
Police	836,637	746,954	666,842
Fire	628,832	568,161	513,762
	<u>\$ 1,736,838</u>	<u>\$ 1,572,406</u>	<u>\$ 1,424,319</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 Rate	1% Increase
Bargaining and administrative	\$ 236,515	\$ 257,291	\$ 281,326
Police	642,081	746,954	871,775
Firemen	499,400	568,161	649,570
	<u>\$ 1,377,996</u>	<u>\$ 1,572,406</u>	<u>\$ 1,802,671</u>

Payables to the OPEB Plan

As of December 31, 2023, the Borough had no amounts payable to the OPEB plan.

NOTE 13 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 13 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:

	2023			
	Liability Beginning	Current Year Claims and Changes in Estimates	Claim Payments	Liability Ending
Self-insurance fund	\$ 70,826	\$ -	\$ (8,349)	\$ 62,477
Workers' compensation fund	291,919	322,743	(311,191)	303,471

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

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 \$5,594,530. During 2023, the Borough received \$706,960 from PMHIC as a refund for prior premiums paid.

BOROUGH OF CHAMBERSBURG
Notes to Financial Statements

NOTE 14 COMMITMENTS

Projects

The Borough has the following projects open at December 31, 2023:

Project Description	Total estimated costs										Total Project costs	Costs paid as of 12/31/2023	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000	\$ 80,688	\$ 219,312
Installation of 261 Underground Getaway on Orchard Drive	450,000	-	-	-	-	-	-	-	-	-	450,000	425,899	24,101
Park Sub Distribution Conversion	300,000	-	-	-	-	-	-	-	-	-	300,000	71,459	228,541
Substation Surveillance Camera Project	100,000	-	-	-	-	-	-	-	-	-	100,000	85,520	14,480
Transmission Lin Reconfiguration at Grant/Second Street	150,000	-	-	-	-	-	-	-	-	-	150,000	14,600	135,400
Clean Up at Service Center	500,000	500,000	-	-	-	-	-	-	-	-	1,000,000	632,549	367,451
2022 Natural Gas Distribution Infrastructure Safety/Modernization, Phase 1	-	5,227,953	-	-	-	-	-	-	-	-	5,227,953	-	5,227,953
Gas Main & Service Installation at Progress Village	-	115,000	-	-	-	-	-	-	-	-	115,000	225,509	-
Guilford Springs Gas Main Relocation	-	700,000	-	-	-	-	-	-	-	-	700,000	11,100	688,900
Quinn Station Gas Extension	-	100,000	-	-	-	-	-	-	-	-	100,000	81,239	18,761
Commercial/Industrial Water Meter Replacement/Install	-	-	400,000	-	-	-	-	-	-	-	400,000	333,598	66,402
Grant Point Water Main Loop	-	-	1,200,000	-	-	-	-	-	-	-	1,200,000	7,380	1,192,620
Intake Screen	-	-	300,000	-	-	-	-	-	-	-	300,000	116,035	183,965
Upgrade Lead Goosenecks	-	-	3,799,828	-	-	-	-	-	-	-	3,799,828	1,524,015	2,275,813
Upgrade Water Line at Limekiln Bridge	-	-	100,000	-	-	-	-	-	-	-	100,000	17,073	82,927
Construction of East Conococheague Pump Station	-	-	-	2,000,000	-	-	-	-	-	-	2,000,000	46,316	1,953,684
Purchase of 1519 Hollywell Avenue	-	-	-	200,000	-	-	-	-	-	-	200,000	153,040	46,960
Purchase of Hantrant Property on Hollywell Avenue	-	-	-	170,000	-	-	-	-	-	-	170,000	8,900	161,100
Upgrades Solids Processing at WWTP	-	-	-	400,000	-	-	-	-	-	-	400,000	100,914	299,086
Upgrade Traffic Signals in Borough	-	-	-	-	622,030	-	-	-	-	-	622,030	6,200	615,830
195 West Loudon Street Flood Mitigation Project	-	-	-	-	-	700,000	-	-	-	-	700,000	1,530	698,470
ADA Adaptive Canoe and Kayak Launch at Chambersburg Rail Trail	-	-	-	-	-	117,000	-	-	-	-	117,000	-	117,000
Chambersburg Rail Trail Storm Sewer Improvement Project	-	-	-	-	-	325,000	-	-	-	-	325,000	-	325,000
Design of Chambersburg Rail Trail	-	-	-	-	-	100,000	-	-	-	-	100,000	73,461	26,539
Mill Alley Storm Sewer Improvements Project	-	-	-	-	-	250,000	-	-	-	-	250,000	135,943	114,057
South Fourth Street Storm Sewer Improvement Project	-	-	-	-	-	2,000,000	-	-	-	-	2,000,000	27,459	1,972,541
South Main Street Storm Conveyance Project	-	-	-	-	-	350,000	-	-	-	-	350,000	331,267	18,733
Storm Sewer Cleaning and CCTV Project	-	-	-	-	-	2,238,214	-	-	-	-	2,238,214	9,111	2,229,103
Design Improvements to 366 Wayne Avenue Project	-	-	-	-	-	-	500,000	-	-	-	500,000	235,077	264,923
Miscellaneous IT Projects	-	-	-	-	-	-	-	-	153,000	-	153,000	-	153,000
Playground Installation Project at Memorial Park	-	-	-	-	-	-	-	-	135,000	-	135,000	120,610	14,390
Bridge Improvement Projects	-	-	-	-	-	-	-	-	500,000	-	500,000	93,126	406,874
Replace Temporary Gravel Parking Lot to Rear of City Hall	-	-	-	-	-	-	-	-	150,000	-	150,000	127,772	22,228
Stouffer Avenue Street Paving Project (Wayne Ave to McKinley St)	-	-	-	-	-	-	-	-	473,894	-	473,894	-	473,894
Renovations and Addition to the Police Headquarters	-	-	-	-	-	-	-	-	9,000,000	-	9,000,000	8,889,496	110,504
Fee in Lieu of Recreation for the Enclave Extension	-	-	-	-	-	-	-	-	268,850	-	268,850	72,944	195,906
Glen Street Fountain Maintenance Project	-	-	-	-	-	-	-	-	175,000	-	175,000	142,353	32,647
Southgate - Only 2022 Common Area Changes	-	-	-	-	-	-	-	-	500,000	-	500,000	388,253	111,747
LSA Grant Reimbursement for Chambersburg Amphitheater Project	-	-	-	-	-	-	-	-	879,865	-	879,865	426,141	453,724
Access Control - Utility Building	-	-	-	-	-	-	-	-	180,000	-	180,000	173,605	6,395
Development of Customer Portal Project	-	-	-	-	-	-	-	-	500,000	-	500,000	403,060	96,940
Totals	\$ 1,800,000	\$ 6,642,953	\$ 5,799,828	\$ 2,770,000	\$ 622,030	\$ 6,080,214	\$ 500,000	\$ 680,000	\$ 12,235,609	\$ 37,130,634	\$ 15,593,242	\$ 21,647,901	

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, 2023, The Borough is contingently liable for the respective indemnity share of MGAG’s debt in the amount of \$ 2,795,634.

NOTE 15 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, 2023 outstanding note balances under conduit debt arrangements were as follows:

Wilson College	\$ 34,605,000
Coyle Free Library	2,839,862

NOTE 16 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 17 RESTATEMENTS

During the year end December 31, 2023, the Borough adopted GASB Standard Statement No. 96 Subscription-based information technology arrangements, which required a change in presentation of leases in the financial statements. In addition, a restatement was necessary for grant revenues. The following funds had restatements of net position and fund balance.

	Governmental Activities	Business-Type Activities				
Net position, as originally stated - December 31, 2022	\$ 27,105,608	\$ 155,285,239				
Restatement related to grant funding		262,415				
GASB 96 - right of use asset	7,666	10,729				
GASB 96 - subscription liability	(7,666)	(10,729)				
Net position, as restated - December 31, 2022	<u>\$ 27,105,608</u>	<u>\$ 155,547,654</u>				
Change in net position, as originally stated - December 31, 2022	\$ (6,831,834)	\$ (1,604,666)				
Restatement related to grant funding	-	262,415				
Change in net position, as restated - December 31, 2022	<u>\$ (6,831,834)</u>	<u>\$ (1,342,251)</u>				
	General Fund	Electric Fund	Gas Fund	Water	Sewer	
Fund balance/net position, as originally stated - December 31, 2022	\$ 2,377,281	\$ 39,947,012	\$ 18,324,142	\$ 20,048,906	\$ 47,119,091	
Restatement related to grant funding	-	-	-	262,415	-	
GASB 96 - right of use asset	-	2,146	2,146	2,146	2,146	
GASB 96 - subscription liability	-	(2,146)	(2,146)	(2,146)	(2,146)	
Fund balance/net position, as restated - December 31, 2022	<u>\$ 2,377,281</u>	<u>\$ 39,947,012</u>	<u>\$ 18,324,142</u>	<u>\$ 20,311,321</u>	<u>\$ 47,119,091</u>	
Change in fund balance/net position, as originally stated - December 31, 2022	\$ (3,416,320)	\$ (2,229,593)	\$ 1,625,234	\$ (1,010,762)	\$ (1,428,706)	
Restatement related to grant funding	-	-	-	262,415	-	
Change in fund balance/net position, as restated - December 31, 2022	<u>\$ (3,416,320)</u>	<u>\$ (2,229,593)</u>	<u>\$ 1,625,234</u>	<u>\$ (748,347)</u>	<u>\$ (1,428,706)</u>	

NOTE 18 RELATED PARTY TRANSACTIONS - CHAMBERSBURG AREA MUNICIPAL AUTHORITY

In 2023, CAMA contributed a parcel of land that included a building to the Borough. The total value of the contribution was \$ 301,466.

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 801,782	\$ 828,986	\$ 791,184	\$ 708,303	\$ 674,574	\$ 706,701	\$ 673,049	\$ 599,855	\$ 571,290	\$ 551,672
Interest	2,710,235	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	1,523,897	-	-	-	-	-	-	-	-	-
Differences in expected and actual experience	(2,121,789)	-	(246,248)	-	(630,039)	-	(950,893)	-	58,932	-
Changes in assumptions	-	-	-	-	-	-	1,338,876	-	-	-
Benefit payments, including refunds of member contributions	(1,809,279)	(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	1,104,846	1,659,353	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	34,578,688	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	35,683,534	34,578,688	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	872,504	832,796	852,497	818,752	790,605	588,100	641,491	727,254	699,463	640,380
Contributions - employee	711,843	632,105	628,306	646,823	573,617	544,244	490,416	395,820	358,759	246,550
Net investment income	3,287,876	(4,038,451)	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	(1,809,279)	(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	(18,650)	(12,000)	(22,600)	(40,062)	(14,402)	(24,200)	-	(34,206)	(11,500)	(6,000)
Net change in plan fiduciary net position	3,044,294	(4,383,145)	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	24,191,482	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	\$ 27,235,776	\$ 24,191,482	\$ 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	\$ 8,447,758	\$ 10,387,206	\$ 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	76.33%	69.96%	86.80%	81.25%	76.50%	67.48%	77.26%	74.21%	72.46%	78.93%
Covered payroll	\$ 12,091,516	\$ 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	69.87%	93.87%	42.41%	54.30%	70.99%	102.55%	71.31%	75.64%	74.95%	59.63%

Notes

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 416,087	\$ 363,020	\$ 345,733	\$ 373,770	\$ 355,971	\$ 360,774	\$ 343,594	\$ 363,426	\$ 346,120	\$ 338,256
Interest	1,544,725	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	(76,001)	-	77,510	-	57,526	-	15,785	-	(153,499)	-
Changes in assumptions	-	-	-	-	-	-	472,617	-	(161,076)	-
Benefit payments, including refunds of member contributions	(1,319,078)	(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	565,733	665,376	777,589	708,383	745,219	665,538	1,131,830	735,430	413,287	812,776
Total pension liability - beginning	19,628,510	18,963,134	18,185,545	17,477,162	16,731,943	16,066,405	14,934,575	14,199,145	13,785,858	12,973,082
Total pension liability - ending	20,194,243	19,628,510	18,963,134	18,185,545	17,477,162	16,731,943	16,066,405	14,934,575	14,199,145	13,785,858
Plan fiduciary net position										
Contributions - employer	744,542	680,435	690,371	615,582	599,096	514,380	505,579	509,013	498,970	399,615
Contributions - employee	141,907	116,384	106,657	117,321	106,974	105,082	94,940	103,248	141,981	66,471
Net investment income	1,856,854	(2,345,692)	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	(1,319,078)	(1,195,900)	(1,090,728)	(1,051,405)	(999,917)	(970,587)	(924,511)	(762,502)	(695,818)	(567,680)
Administrative expenses	(12,500)	(9,100)	(14,800)	(25,664)	(8,300)	(15,400)	-	(8,200)	(8,900)	(6,600)
Net change in plan fiduciary net position	1,411,725	(2,753,873)	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	13,960,140	16,714,013	15,169,093	13,854,172	12,059,794	13,253,666	12,058,961	11,206,343	11,482,385	10,980,644
Plan fiduciary net position - ending	\$ 15,371,865	\$ 13,960,140	\$ 16,714,013	\$ 15,169,093	\$ 13,854,172	\$ 12,059,794	\$ 13,253,666	\$ 12,058,961	\$ 11,206,343	\$ 11,482,385
Borough's net pension liability	\$ 4,822,378	\$ 5,668,370	\$ 2,249,121	\$ 3,016,452	\$ 3,622,990	\$ 4,672,149	\$ 2,812,739	\$ 2,875,614	\$ 2,992,802	\$ 2,303,473
Plan fiduciary net position as a percentage of the total pension liability	76.12%	71.12%	88.14%	83.41%	79.27%	72.08%	82.49%	80.75%	78.92%	83.29%
Covered payroll	\$ 2,812,947	\$ 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	171.44%	220.82%	86.76%	127.65%	147.78%	201.48%	122.90%	120.58%	132.07%	104.70%

Notes

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 323,159	\$ 311,654	\$ 296,813	\$ 286,637	\$ 272,988	\$ 220,967	\$ 210,445	\$ 186,435	\$ 177,557	\$ 183,801
Interest	1,057,401	997,093	930,958	817,554	753,303	652,898	607,259	561,371	525,937	505,051
Benefit changes	188,583	-	-	-	-	-	76,888	-	-	-
Differences in expected and actual experience	(283,383)	-	612,745	-	583,695	-	(274,630)	-	(56,915)	-
Changes in assumptions	-	-	-	-	-	-	249,908	-	(75,778)	-
Benefit payments, including refunds of member contributions	(498,947)	(444,249)	(387,613)	(231,499)	(242,115)	(266,906)	(248,583)	(252,187)	(286,689)	(290,995)
Net change in total pension liability	786,813	864,498	1,452,903	872,692	1,367,871	606,959	621,287	495,619	284,112	397,857
Total pension liability - beginning	13,238,629	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	14,025,442	13,238,629	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	586,209	491,078	492,055	382,766	370,371	296,801	289,652	286,496	299,092	269,702
Contributions - employee	130,632	128,680	176,522	129,166	114,283	111,255	88,617	81,310	62,716	62,106
Net investment income	1,187,944	(1,434,726)	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	(498,947)	(444,249)	(387,613)	(231,499)	(242,115)	(266,906)	(248,583)	(252,187)	(286,689)	(290,995)
Administrative expenses	(4,600)	(6,100)	(14,100)	(17,634)	(6,700)	(11,800)	(3,241)	(4,600)	(6,500)	(4,800)
Net change in plan fiduciary net position	1,401,238	(1,265,317)	1,359,548	1,217,527	1,337,833	(299,072)	844,628	573,603	(33,312)	306,882
Plan fiduciary net position - beginning	8,824,891	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	\$ 10,226,129	\$ 8,824,891	\$ 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	\$ 3,799,313	\$ 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	72.91%	66.66%	81.54%	79.94%	74.77%	71.14%	80.19%	75.54%	72.68%	76.27%
Covered payroll	\$ 2,565,714	\$ 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	148.08%	168.36%	84.55%	80.53%	110.92%	107.02%	85.28%	110.99%	120.50%	108.10%

Notes

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 872,504	\$ 832,796	\$ 852,497	\$ 804,359	\$ 790,605	\$ 588,100	\$ 641,491	\$ 727,254	\$ 699,463	\$ 640,380
Contributions in relation to the actuarially determined contribution	872,504	832,796	852,497	818,752	790,605	588,100	641,491	727,254	699,463	640,380
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (14,393)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 12,091,516	\$ 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
Contributions as a percentage of covered payroll	7.22%	7.53%	8.32%	7.49%	7.92%	6.30%	7.18%	8.10%	7.56%	7.53%

Police

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 744,542	\$ 680,435	\$ 690,371	\$ 598,082	\$ 599,096	\$ 514,380	\$ 505,579	\$ 509,013	\$ 498,970	\$ 399,615
Contributions in relation to the actuarially determined contribution	744,542	680,435	690,371	615,582	599,096	514,380	505,579	509,013	498,970	399,615
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (17,500)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,812,947	\$ 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
Contributions as a percentage of covered payroll	26.47%	26.51%	26.63%	26.05%	24.44%	22.18%	22.09%	21.34%	22.02%	18.16%

Firemen

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 586,209	\$ 491,078	\$ 492,055	\$ 382,766	\$ 370,371	\$ 296,801	\$ 289,652	\$ 286,496	\$ 299,092	\$ 269,702
Contributions in relation to the actuarially determined contribution	586,209	491,078	492,055	382,766	370,371	296,801	289,652	286,496	299,092	269,702
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,565,714	\$ 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
Contributions as a percentage of covered payroll	22.85%	18.73%	18.22%	14.07%	16.20%	12.68%	15.44%	17.45%	18.96%	18.42%

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	1/1/2021
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Amortization period	Bargaining and administrative - 9 years Police - 10 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

Annual money-weighted rate of return, net of investment expense	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Bargaining and Administrative	13.7%	(14.3%)	12.5%	13.1%	17.8%	(6.3%)	13.1%	9.4%	(1.9%)	5.7%
Police	13.5%	(14.4%)	12.5%	12.8%	17.9%	(6.3%)	13.1%	9.3%	(1.9%)	5.8%
Firemen	13.2%	(14.2%)	12.5%	12.1%	17.9%	(6.3%)	13.1%	9.6%	(1.0%)	5.9%

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

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 687,266	\$ 681,508	\$ 605,426	\$ 547,532	\$ 566,033	\$ 506,544
Interest	88,125	63,476	111,510	98,982	101,444	96,399
Differences between expected and actual experience	(1,355,621)	-	(966,528)	-	(1,050,103)	-
Changes in assumptions	(267,118)	(50,326)	101,388	59,519	(25,620)	13,388
Changes of Benefit Terms	(766,839)	-	-	-	-	-
Benefit payments	(93,469)	(48,045)	(73,015)	(50,431)	(80,600)	(44,178)
Net changes	(1,707,656)	646,613	(221,219)	655,602	(488,846)	572,153
Total OPEB liability - beginning	3,280,062	2,633,449	2,854,668	2,199,066	2,687,912	2,115,759
Total OPEB liability - ending	\$ 1,572,406	\$ 3,280,062	\$ 2,633,449	\$ 2,854,668	\$ 2,199,066	\$ 2,687,912
Covered-employee payroll	\$ 17,939,632	Unavailable	\$ 17,294,646	Unavailable	\$ 15,216,312	\$ 13,819,599
Total OPEB liability as a percentage of covered employee payroll	8.76%	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
Budgetary Comparison Schedule - General Fund
Year Ended December 31, 2023

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 9,634,700	\$ 9,355,745	\$ (278,955)
Licenses and permits	478,700	406,424	(72,276)
Fines and forfeits	140,000	123,134	(16,866)
Interest earnings and unrealized investment gains (losses)	126,800	360,964	234,164
Intergovernmental	1,562,300	1,738,605	176,305
Departmental charges for services	3,575,900	3,989,877	413,977
Miscellaneous	<u>661,305</u>	<u>465,530</u>	<u>(195,775)</u>
Total revenues	<u>16,179,705</u>	<u>16,440,279</u>	<u>260,574</u>
EXPENDITURES			
General government	2,476,575	2,028,376	448,199
Police department	6,645,710	6,369,261	276,449
Emergency services	5,670,265	5,612,753	57,512
Planning and zoning	930,260	943,132	(12,872)
Highways	1,498,180	1,432,717	65,463
Culture and recreation	1,341,555	1,343,109	(1,554)
Community development	<u>499,580</u>	<u>695,821</u>	<u>(196,241)</u>
Total expenditures	<u>19,062,125</u>	<u>18,425,169</u>	<u>636,956</u>
Excess (deficiency) of revenues over expenditures	<u>(2,882,420)</u>	<u>(1,984,890)</u>	<u>897,530</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	3,337,995	3,356,770	18,775
Transfers out	<u>(455,575)</u>	<u>(1,456,475)</u>	<u>(1,000,900)</u>
Total other financing sources and uses	<u>2,882,420</u>	<u>1,900,295</u>	<u>(982,125)</u>
Net change in fund balance	<u>\$ -</u>	(84,595)	<u>\$ (84,595)</u>
Fund balance - beginning		<u>2,377,281</u>	
Fund balance - ending		<u>\$ 2,292,686</u>	

OTHER SUPPLEMENTARY INFORMATION

BOROUGH OF CHAMBERSBURG

Other Governmental Funds and Capital Reserve Fund

Grant Programs Fund – This fund (special revenue fund) is 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.

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, 2023

	Special Revenue Fund - Grant Programs	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
ASSETS							
Cash and equity in pooled cash and investments	\$ 229,169	\$ 701,532	\$ 6,261	\$ 96,240	\$ 322,028	\$ 10,996	\$ 1,366,226
Taxes receivable, net	-	-	31,958	18,238	27,345	-	77,541
Receivable from other governments	4,585	-	-	-	-	-	4,585
Other receivables	8,654	-	-	-	-	30	8,684
Total assets	<u>\$ 242,408</u>	<u>\$ 701,532</u>	<u>\$ 38,219</u>	<u>\$ 114,478</u>	<u>\$ 349,373</u>	<u>\$ 11,026</u>	<u>\$ 1,457,036</u>
LIABILITIES							
Due to other funds	1,481	-	-	-	-	-	1,481
Unearned revenues	8,698	-	-	-	-	-	8,698
Total liabilities	<u>10,179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,179</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows of resources	-	-	19,435	10,420	15,489	-	45,344
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>19,435</u>	<u>10,420</u>	<u>15,489</u>	<u>-</u>	<u>45,344</u>
FUND BALANCES							
Restricted	232,229	701,532	18,784	104,058	333,884	11,026	1,401,513
Total fund balances	<u>232,229</u>	<u>701,532</u>	<u>18,784</u>	<u>104,058</u>	<u>333,884</u>	<u>11,026</u>	<u>1,401,513</u>
Total liabilities and fund balances	<u>\$ 242,408</u>	<u>\$ 701,532</u>	<u>\$ 38,219</u>	<u>\$ 114,478</u>	<u>\$ 349,373</u>	<u>\$ 11,026</u>	<u>\$ 1,457,036</u>

BOROUGH OF CHAMBERSBURG
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Other Governmental Funds
Year Ended December 31, 2023

	Special Revenue Fund - Grant Programs	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	\$ -	\$ -	\$ 632,419	\$ 414,235	\$ 528,157	\$ -	\$ 1,574,811
Interest earnings and unrealized investment gains (losses)	4,064	29,368	8,411	4,916	23,483	565	70,807
Intergovernmental	1,112,064	615,284	-	-	-	-	1,727,348
Miscellaneous	3,598	-	-	-	-	-	3,598
Total revenues	<u>1,119,726</u>	<u>644,652</u>	<u>640,830</u>	<u>419,151</u>	<u>551,640</u>	<u>565</u>	<u>3,376,564</u>
EXPENDITURES							
General government	51,277	-	57	-	-	-	51,334
Police department	63,906	-	-	-	-	-	63,906
Emergency services	62,237	-	-	-	-	-	62,237
Culture and recreation	454,705	-	-	-	286	-	454,991
Community	580,316	-	-	-	-	-	580,316
Debt service	-	-	-	414,334	67,646	-	481,980
Miscellaneous	61,995	-	-	1,530	-	-	63,525
Total expenditures	<u>1,274,436</u>	<u>-</u>	<u>57</u>	<u>415,864</u>	<u>67,932</u>	<u>-</u>	<u>1,758,289</u>
Excess (deficiency) of revenues over expenditures	<u>(154,710)</u>	<u>644,652</u>	<u>640,773</u>	<u>3,287</u>	<u>483,708</u>	<u>565</u>	<u>1,618,275</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	5,000	-	-	-	-	-	5,000
Transfers out	(28,957)	-	(630,469)	-	(448,130)	-	(1,107,556)
Total other financing sources and uses	<u>(23,957)</u>	<u>-</u>	<u>(630,469)</u>	<u>-</u>	<u>(448,130)</u>	<u>-</u>	<u>(1,102,556)</u>
Net change in fund balances	(178,667)	644,652	10,304	3,287	35,578	565	515,719
Fund balances - beginning	410,896	56,880	8,480	100,771	298,306	10,461	885,794
Fund balances - ending	<u>\$ 232,229</u>	<u>\$ 701,532</u>	<u>\$ 18,784</u>	<u>\$ 104,058</u>	<u>\$ 333,884</u>	<u>\$ 11,026</u>	<u>\$ 1,401,513</u>

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule - Special Revenue Fund – Grant Programs
Year Ended December 31, 2023

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Interest earnings and unrealized investment gains (losses)	\$ 19,350	\$ 4,064	\$ (15,286)
Intergovernmental	1,298,089	1,112,064	(186,025)
Miscellaneous	3,365	3,598	233
Total revenues	<u>1,320,804</u>	<u>1,119,726</u>	<u>(201,078)</u>
EXPENDITURES (by department)			
General government	-	51,277	(51,277)
Public safety			
Police department	33,000	111,143	(78,143)
Fire department	-	15,000	(15,000)
Culture and recreation	7,755	454,705	(446,950)
Community development	1,307,326	580,316	727,010
Miscellaneous Expense	-	61,995	(61,995)
Total expenditures	<u>1,348,081</u>	<u>1,274,436</u>	<u>73,645</u>
Excess (deficiency) of revenues over expenditures	<u>(27,277)</u>	<u>(154,710)</u>	<u>(127,433)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	9,500	5,000	(4,500)
Transfers out	-	(28,957)	(28,957)
Total other financing sources and uses	<u>9,500</u>	<u>(23,957)</u>	<u>(33,457)</u>
Net change in fund balance	<u>\$ (17,777)</u>	<u>(178,667)</u>	<u>\$ (160,890)</u>
Fund balance - beginning		<u>410,896</u>	
Fund balance - ending		<u>\$ 232,229</u>	

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule - Special Revenue Fund - Liquid Fuels
Year Ended December 31, 2023

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Interest earnings and unrealized investment gains	\$ 6,950	\$ 29,368	\$ 22,418
Intergovernmental	<u>602,820</u>	<u>615,284</u>	<u>12,464</u>
Total revenues	<u>609,770</u>	<u>644,652</u>	<u>34,882</u>
EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>609,770</u>	<u>644,652</u>	<u>34,882</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(609,770)</u>	<u>-</u>	<u>609,770</u>
Total other financing sources and uses	<u>(609,770)</u>	<u>-</u>	<u>609,770</u>
Net change in fund balance	<u>\$ -</u>	644,652	<u>\$ 644,652</u>
Fund balance - beginning		<u>56,880</u>	
Fund balance - ending		<u>\$ 701,532</u>	

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule - Special Revenue Fund -
Fire Tax Fund
Year Ended December 31, 2023

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 677,495	\$ 632,419	\$ (45,076)
Interest earnings and unrealized investment gains (losses)	<u>2,500</u>	<u>8,411</u>	<u>5,911</u>
Total revenues	<u>679,995</u>	<u>640,830</u>	<u>(39,165)</u>
EXPENDITURES			
Miscellaneous	<u>2,000</u>	<u>57</u>	<u>1,943</u>
Total expenses	<u>2,000</u>	<u>57</u>	<u>1,943</u>
Excess (deficiency) of revenues over expenditures	<u>677,995</u>	<u>640,773</u>	<u>(37,222)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(677,995)</u>	<u>(630,469)</u>	<u>47,526</u>
Total other financing sources and uses	<u>(677,995)</u>	<u>(630,469)</u>	<u>47,526</u>
Net change in fund balance	<u>\$ -</u>	10,304	<u>\$ 10,304</u>
Fund balance - beginning		<u>8,480</u>	
Fund balance - ending		<u>\$ 18,784</u>	

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule - Special Revenue Fund -
Police Station Bond Tax Fund
Year Ended December 31, 2023

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Interest earnings and unrealized investment gains (losses)	\$ 790	\$ 4,916	\$ 4,126
Taxes	<u>417,445</u>	<u>414,235</u>	<u>(3,210)</u>
Total revenues	<u>418,235</u>	<u>419,151</u>	<u>916</u>
EXPENDITURES			
Debt service	\$ 414,350	\$ 414,334	\$ 16
Miscellaneous	<u>3,885</u>	<u>1,530</u>	<u>2,355</u>
Total expenditures	<u>418,235</u>	<u>415,864</u>	<u>2,371</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>3,287</u>	<u>3,287</u>
Net change in fund balance	<u>\$ -</u>	3,287	<u>\$ 3,287</u>
Fund balance - beginning		<u>100,771</u>	
Fund balance - ending		<u>\$ 104,058</u>	

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule - Special Revenue Fund -
Recreation Bond Tax Fund
Year Ended December 31, 2023

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 523,160	\$ 528,157	\$ 4,997
Interest earnings and unrealized investment gains (losses)	<u>4,250</u>	<u>23,483</u>	<u>19,233</u>
Total revenues	<u>527,410</u>	<u>551,640</u>	<u>24,230</u>
EXPENDITURES			
Culture and recreation	11,605	286	11,319
Debt service	<u>67,675</u>	<u>67,646</u>	<u>29</u>
Total expenditures	<u>79,280</u>	<u>67,932</u>	<u>11,348</u>
Excess (deficiency) of revenues over expenditures	<u>448,130</u>	<u>483,708</u>	<u>35,578</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(448,130)</u>	<u>(448,130)</u>	<u>-</u>
Total other financing sources and uses	<u>(448,130)</u>	<u>(448,130)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	35,578	<u>\$ 35,578</u>
Fund balance - beginning		<u>298,306</u>	
Fund balance - ending		<u>\$ 333,884</u>	

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule - Special Revenue Fund -
Citizen's Reward Fund
Year Ended December 31, 2023

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Contributions from citizens	\$ 250	\$ -	\$ (250)
Interest earnings and unrealized investment gains (losses)	<u>100</u>	<u>565</u>	<u>465</u>
Total revenues	<u>350</u>	<u>565</u>	<u>215</u>
EXPENDITURES			
Rewards paid for crime information	<u>250</u>	<u>-</u>	<u>250</u>
Total expenditures	<u>250</u>	<u>-</u>	<u>250</u>
Net change in fund balance	<u>\$ 100</u>	565	<u>\$ 465</u>
Fund balance - beginning		<u>10,461</u>	
Fund balance - ending		<u>\$ 11,026</u>	

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule - Capital Reserve Fund
Year Ended December 31, 2023

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Interest earnings and unrealized investment gains	\$ 104,750	\$ 162,595	\$ 57,845
Intergovernmental	3,200,000	-	(3,200,000)
Miscellaneous	-	9,642	9,642
Total revenues	<u>3,304,750</u>	<u>172,237</u>	<u>(3,132,513)</u>
EXPENDITURES			
General government	-	127,531	(127,531)
Highways	2,093,220	1,819,291	273,929
Public Safety	5,425,000	4,041,146	1,383,854
Public works	57,000	21,609	35,391
Culture and recreation	169,800	166,263	3,537
Miscellaneous	625,000	-	625,000
Total expenditures	<u>8,370,020</u>	<u>6,175,840</u>	<u>2,194,180</u>
Excess (deficiency) of revenues over expenditures	<u>(5,065,270)</u>	<u>(6,003,603)</u>	<u>(938,333)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	684,770	1,075,000	390,230
Transfers out	(4,500)	-	4,500
Total other financing sources and uses	<u>680,270</u>	<u>1,075,000</u>	<u>394,730</u>
Net change in fund balance	<u>\$ (4,385,000)</u>	(4,928,603)	<u>\$ (543,603)</u>
Fund balance - beginning		<u>10,679,004</u>	
Fund balance - ending		<u>\$ 5,750,401</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, 2023

	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	\$ 618,445	\$ 1,322,389	\$ 2,627,855	\$ 4,568,689
Accounts receivable, net	233,887	56,324	50,662	340,873
Receivables from other governments	-	4,572	2,482	7,054
Other receivables	1,553	517,418	6,636	525,607
Prepaid expenses	661	-	-	661
Total current assets	<u>854,546</u>	<u>1,900,703</u>	<u>2,687,635</u>	<u>5,442,884</u>
Noncurrent assets				
Capital assets not being depreciated:				
Land	744,939	531,219	-	1,276,158
Construction in progress	239,569	7,028	873,883	1,120,480
Capital assets being depreciated:				
Buildings and system	1,887,897	-	-	1,887,897
Improvements other than buildings	1,277,662	563,893	4,047,137	5,888,692
Machinery and equipment	1,037,419	420,979	-	1,458,398
Utility plant in service	2,153	7,370,459	1,727,800	9,100,412
Less accumulated depreciation	<u>(1,645,254)</u>	<u>(3,566,963)</u>	<u>(1,934,067)</u>	<u>(7,146,284)</u>
Total capital assets	<u>3,544,385</u>	<u>5,326,615</u>	<u>4,714,753</u>	<u>13,585,753</u>
Total noncurrent assets	<u>3,544,385</u>	<u>5,326,615</u>	<u>4,714,753</u>	<u>13,585,753</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources	<u>89,293</u>	<u>100,685</u>	<u>38,328</u>	<u>228,306</u>
Total deferred outflows of resources	<u>89,293</u>	<u>100,685</u>	<u>38,328</u>	<u>228,306</u>
Total assets and deferred outflows of resources	<u>\$ 4,488,224</u>	<u>\$ 7,328,003</u>	<u>\$ 7,440,716</u>	<u>\$ 19,256,943</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	65,268	20,921	187,100	\$ 273,289
Compensated absences - current	36,666	17,460	8,914	63,040
Bonds, notes and leases payable - current	<u>115,159</u>	<u>-</u>	<u>-</u>	<u>115,159</u>
Total current liabilities	<u>217,093</u>	<u>38,381</u>	<u>196,014</u>	<u>451,488</u>
Noncurrent liabilities				
Compensated absences	15,096	17,293	2,903	35,292
Net pension liability	315,101	225,555	86,167	626,823
OPEB liability	9,597	6,870	2,624	19,091
Bonds, IT subscription, notes, leases payable	<u>2,182,756</u>	<u>-</u>	<u>-</u>	<u>2,182,756</u>
Total non-current liabilities	<u>2,522,550</u>	<u>249,718</u>	<u>91,694</u>	<u>2,863,962</u>
Total liabilities	<u>2,739,643</u>	<u>288,099</u>	<u>287,708</u>	<u>3,315,450</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources	<u>192,090</u>	<u>605,127</u>	<u>42,610</u>	<u>839,827</u>
Total deferred inflows of resources	<u>192,090</u>	<u>605,127</u>	<u>42,610</u>	<u>839,827</u>
NET POSITION				
Net investment in capital assets	1,246,470	5,325,787	4,714,753	11,287,010
Unrestricted	<u>310,021</u>	<u>1,108,990</u>	<u>2,395,645</u>	<u>3,814,656</u>
Total net position	<u>1,556,491</u>	<u>6,434,777</u>	<u>7,110,398</u>	<u>15,101,666</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 4,488,224</u>	<u>\$ 7,328,003</u>	<u>\$ 7,440,716</u>	<u>\$ 19,256,943</u>

BOROUGH OF CHAMBERSBURG
Combining Statement of Revenues, Expenses, and Changes in Net Position -
Other Enterprise Funds
Year Ended December 31, 2023

	Sanitation Fund	Parking, Traffic and Street Lights Fund	Storm Sewer Fund	Total Other Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 4,279,051	\$ 104,312	\$ 1,109,684	\$ 5,493,047
Miscellaneous	<u>56,162</u>	<u>169,965</u>	<u>6,536</u>	<u>232,663</u>
Total operating revenues	<u>4,335,213</u>	<u>274,277</u>	<u>1,116,220</u>	<u>5,725,710</u>
OPERATING EXPENSES				
Operation and maintenance	-	1,007,043	-	1,007,043
Collection and disposal	3,432,419	-	239,142	3,671,561
Customer accounting and administrative	404,488	373,363	359,584	1,137,435
Depreciation	<u>224,920</u>	<u>503,326</u>	<u>120,178</u>	<u>848,424</u>
Total operating expenses	<u>4,061,827</u>	<u>1,883,732</u>	<u>718,904</u>	<u>6,664,463</u>
Operating income (loss)	<u>273,386</u>	<u>(1,609,455)</u>	<u>397,316</u>	<u>(938,753)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest earnings and unrealized investment gains (losses)	31,793	78,591	125,491	235,875
Other nonoperating revenues	-	22,631	3,383	26,014
Gain (loss) on sale of assets	11,330	(76)	-	11,254
Intergovernmental revenues	34,285	16,500	413,012	463,797
Interest expense and debt issuance costs	<u>(71,078)</u>	<u>-</u>	<u>-</u>	<u>(71,078)</u>
Total nonoperating revenue (expenses)	<u>6,330</u>	<u>117,646</u>	<u>541,886</u>	<u>665,862</u>
Income (loss) before transfers	<u>279,716</u>	<u>(1,491,809)</u>	<u>939,202</u>	<u>(272,891)</u>
Transfers in	-	1,100,000	416,805	1,516,805
Transfers out	<u>(99,005)</u>	<u>(1,035)</u>	<u>(300,015)</u>	<u>(400,055)</u>
Change in net position	<u>180,711</u>	<u>(392,844)</u>	<u>1,055,992</u>	<u>843,859</u>
Total net position - beginning	<u>1,375,780</u>	<u>6,827,621</u>	<u>6,054,406</u>	<u>14,257,807</u>
Total net position - ending	<u>\$ 1,556,491</u>	<u>\$ 6,434,777</u>	<u>\$ 7,110,398</u>	<u>\$ 15,101,666</u>

BOROUGH OF CHAMBERSBURG
Combining Statement of Cash Flows - Other Enterprise Funds
Year Ended December 31, 2023

	Sanitation Fund	Parking, Traffic and Street Lights Fund	Storm Sewer Fund	Total Other Enterprise Funds
Cash flows from operating activities:				
Receipts from customers	\$ 4,291,175	\$ 250,665	\$ 1,112,313	\$ 5,654,153
Payments to suppliers	(2,278,697)	(1,063,210)	(144,626)	(3,486,533)
Payments to and on behalf of employees	(1,517,976)	(277,335)	(253,263)	(2,048,574)
Net cash provided (used) by operating activities	<u>494,502</u>	<u>(1,089,880)</u>	<u>714,424</u>	<u>119,046</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(1,044,518)	(20,863)	(875,263)	(1,940,644)
Capital grants received	-	2,433	200,000	202,433
Proceeds from sale of assets	11,330	-	-	11,330
Proceeds from lessor transactions	-	32,538	-	32,538
Principal paid on capital debt	(101,820)	-	-	(101,820)
Interest and fiscal charges paid on capital debt	(75,861)	-	-	(75,861)
Net cash provided (used) by capital and related financing activities	<u>(1,210,869)</u>	<u>14,108</u>	<u>(675,263)</u>	<u>(1,872,024)</u>
Cash flows from non-capital financing activities:				
Transfers from other funds	-	1,100,000	416,805	1,516,805
Transfer to other funds	(99,005)	(1,035)	(300,015)	(400,055)
Grants received	34,285	2,477	213,012	249,774
Net cash provided (used) by non-capital financing activities	<u>(64,720)</u>	<u>1,101,442</u>	<u>329,802</u>	<u>1,366,524</u>
Cash flows from investing activities:				
Interest and dividends received	10,898	21,204	33,463	65,565
Net cash provided (used) by investing activities	<u>10,898</u>	<u>21,204</u>	<u>33,463</u>	<u>65,565</u>
Net increase (decrease) in cash and cash equivalents	(770,189)	46,874	402,426	(320,889)
Increase (decrease) in fair value of investments (*)	20,956	45,099	80,225	146,280
Total increase (decrease) in cash and cash equivalents	<u>(749,233)</u>	<u>91,973</u>	<u>482,651</u>	<u>(174,609)</u>
Cash and cash equity in pooled cash and investments - beginning of the year	<u>1,367,678</u>	<u>1,230,416</u>	<u>2,145,204</u>	<u>4,743,298</u>
Cash and cash equity in pooled cash and investments - end of the year	<u>\$ 618,445</u>	<u>\$ 1,322,389</u>	<u>\$ 2,627,855</u>	<u>\$ 4,568,689</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities				
Operating income (loss)	\$ 273,386	\$ (1,609,455)	\$ 397,316	\$ (938,753)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization expense	224,920	503,326	120,178	848,424
Miscellaneous nonoperating income	-	9,011	3,383	12,394
(Increase) decrease in:				
Accounts receivable	(44,038)	(22,210)	(7,290)	(73,538)
Lease receivable	-	10,225	-	10,225
Prepaid expenses	(203)	-	-	(203)
Increase (decrease) in:				
Accounts payable and accrued expenses	8,075	(6,411)	180,078	181,742
Net pension liability and related deferred outflows and inflows	37,974	48,922	21,883	108,779
Net OPEB liability and related deferred outflows and inflows	(5,612)	(2,650)	(1,124)	(9,386)
Deferred inflows- leases	-	(20,638)	-	(20,638)
Net cash provided (used) by operating activities	<u>\$ 494,502</u>	<u>\$ (1,089,880)</u>	<u>\$ 714,424</u>	<u>\$ 119,046</u>
Non-cash investing, capital and non-capital financing activities				
Increase (decrease) in fair value of investments (*)	\$ 20,956	\$ 45,099	\$ 80,225	\$ 146,280
Change in accounts payable and retainage related to capital assets	(16,563)	828	150,185	134,450

(*) Cash and equity in pooled cash and investments includes various investments held by the Borough. The increase (decrease) in fair value of investments represents the 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, 2023

	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	\$ 733,355	\$ 9,639,982	\$ 7,144,166	\$ 132,303	\$ 595,772	\$ 341,802	\$ 18,587,380
Accounts receivable, net	637	-	-	-	-	511	1,148
Other receivables	1,857	24,385	366,545	335	1,507	-	394,629
Inventories	1,492,847	142,631	-	-	-	-	1,635,478
Prepaid expenses	2,103	3,603	-	-	-	-	5,706
Total current assets	<u>2,230,799</u>	<u>9,810,601</u>	<u>7,510,711</u>	<u>132,638</u>	<u>597,279</u>	<u>342,313</u>	<u>20,624,341</u>
Noncurrent assets							
Capital assets not being depreciated/amortized:							
Land	-	13,984	-	-	-	-	13,984
Construction in progress	-	-	-	-	-	523,158	523,158
Capital assets being depreciated/amortized):							
Buildings and system	-	149,948	-	-	-	9,794,635	9,944,583
Machinery and equipment	392,526	13,076,050	-	100,365	-	92,775	13,661,716
Right-to-use asset - IT subscriptions	-	-	-	-	-	132,686	132,686
Less accumulated depreciation/amortization	(117,758)	(7,288,585)	-	(58,924)	-	(1,559,393)	(9,024,660)
Total capital assets	<u>274,768</u>	<u>5,951,397</u>	<u>-</u>	<u>41,441</u>	<u>-</u>	<u>8,983,861</u>	<u>15,251,467</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows of resources	<u>100,221</u>	<u>84,018</u>	<u>-</u>	<u>188,094</u>	<u>-</u>	<u>639,425</u>	<u>1,011,758</u>
	<u>100,221</u>	<u>84,018</u>	<u>-</u>	<u>188,094</u>	<u>-</u>	<u>639,425</u>	<u>1,011,758</u>
Total assets and deferred outflows of resources	<u>\$ 2,605,788</u>	<u>\$ 15,846,016</u>	<u>\$ 7,510,711</u>	<u>\$ 362,173</u>	<u>\$ 597,279</u>	<u>\$ 9,965,599</u>	<u>\$ 36,887,566</u>
LIABILITIES							
Current liabilities							
Accounts payable and accrued expenses	\$ 26,930	\$ 59,667	\$ 1,153	\$ 4,263	\$ 10,087	\$ 93,388	\$ 195,488
Compensated absences - current	20,003	23,414	2,965	40,670	-	230,101	317,153
IT subscription obligations - current	-	-	-	-	-	44,932	44,932
Liability for self insured losses - current	-	-	52,409	-	254,568	-	306,977
Bonds, notes and loans payable - current	-	-	-	-	-	310,863	310,863
Total current liabilities	<u>46,933</u>	<u>83,081</u>	<u>56,527</u>	<u>44,933</u>	<u>264,655</u>	<u>679,284</u>	<u>1,175,413</u>
Noncurrent liabilities							
Compensated absences	6,951	19,764	322	30,874	-	194,088	251,999
Liability for self insured losses	-	-	10,068	-	48,903	-	58,971
Net pension liability	198,522	224,710	-	484,901	-	2,256,396	3,164,529
OPEB liability	6,046	6,844	-	14,769	-	68,722	96,381
Bonds, IT subscription, notes, leases payable	-	-	-	-	-	7,814,933	7,814,933
Total noncurrent liabilities	<u>211,519</u>	<u>251,318</u>	<u>10,390</u>	<u>530,544</u>	<u>48,903</u>	<u>10,334,139</u>	<u>11,386,813</u>
Total liabilities	<u>258,452</u>	<u>334,399</u>	<u>66,917</u>	<u>575,477</u>	<u>313,558</u>	<u>11,013,423</u>	<u>12,562,226</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows of resources	<u>98,170</u>	<u>111,120</u>	<u>-</u>	<u>239,786</u>	<u>-</u>	<u>1,153,773</u>	<u>1,602,849</u>
Total deferred inflows of resources	<u>98,170</u>	<u>111,120</u>	<u>-</u>	<u>239,786</u>	<u>-</u>	<u>1,153,773</u>	<u>1,602,849</u>
NET POSITION							
Net investment in capital assets	274,768	5,951,397	-	41,441	-	858,065	7,125,671
Unrestricted	1,974,398	9,449,100	7,443,794	(494,531)	283,721	(3,059,662)	15,596,820
Total net position	<u>2,249,166</u>	<u>15,400,497</u>	<u>7,443,794</u>	<u>(453,090)</u>	<u>283,721</u>	<u>(2,201,597)</u>	<u>22,722,491</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,605,788</u>	<u>\$ 15,846,016</u>	<u>\$ 7,510,711</u>	<u>\$ 362,173</u>	<u>\$ 597,279</u>	<u>\$ 9,965,599</u>	<u>\$ 36,887,566</u>

BOROUGH OF CHAMBERSBURG
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position -
Internal Service Funds
Year Ended December 31, 2023

	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	\$ 316,858	\$ 4,232,363	\$ 450,354	\$ 587,247	\$ -	\$ 8,436,587	\$ 14,023,409
Miscellaneous	-	-	-	21,559	1,265	14,761	37,585
Total operating revenues	<u>316,858</u>	<u>4,232,363</u>	<u>450,354</u>	<u>608,806</u>	<u>1,265</u>	<u>8,451,348</u>	<u>14,060,994</u>
OPERATING EXPENSES							
Operation and maintenance	486,069	1,373,719	-	81,814	104	7,533,083	9,474,789
General and administrative	270,967	707,789	3,613	455,192	247,548	-	1,685,109
Claim payments and special services	-	-	1,037,006	-	311,191	-	1,348,197
Increase (decrease) in expected unpaid losses	-	-	(8,349)	-	11,552	-	3,203
Depreciation and amortization	<u>78,549</u>	<u>845,713</u>	<u>-</u>	<u>9,107</u>	<u>-</u>	<u>281,025</u>	<u>1,214,394</u>
Total operating expenses	<u>835,585</u>	<u>2,927,221</u>	<u>1,032,270</u>	<u>546,113</u>	<u>570,395</u>	<u>7,814,108</u>	<u>13,725,692</u>
Operating income (loss)	<u>(518,727)</u>	<u>1,305,142</u>	<u>(581,916)</u>	<u>62,693</u>	<u>(569,130)</u>	<u>637,240</u>	<u>335,302</u>
NONOPERATING REVENUES (EXPENSES)							
Interest earnings and unrealized investment gains (losses)	27,703	433,804	349,331	3,767	35,390	-	849,995
Gain (loss) on sale of assets	(635)	78,458	-	-	-	-	77,823
Other nonoperating revenues	10,966	214	-	-	-	891	12,071
Reimbursement of prior year expense	-	-	619,918	-	-	-	619,918
Intergovernmental revenue	16,842	12,631	-	13,642	-	124,026	167,141
Interest expense and debt issuance costs	-	-	-	-	-	(167,858)	(167,858)
Total non-operating revenue (expenses)	<u>54,876</u>	<u>525,107</u>	<u>969,249</u>	<u>17,409</u>	<u>35,390</u>	<u>(42,941)</u>	<u>1,559,090</u>
Income (loss) before transfers	(463,851)	1,830,249	387,333	80,102	(533,740)	594,299	1,894,392
Transfers in	874,500	525,391	99,175	-	706,145	-	2,205,211
Transfers out	<u>(19,915)</u>	<u>(618,465)</u>	<u>-</u>	<u>(90,515)</u>	<u>-</u>	<u>(572,920)</u>	<u>(1,301,815)</u>
Change in net position	390,734	1,737,175	486,508	(10,413)	172,405	21,379	2,797,788
Total net position - beginning	<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 net position - ending	<u>\$ 2,249,166</u>	<u>\$ 15,400,497</u>	<u>\$ 7,443,794</u>	<u>\$ (453,090)</u>	<u>\$ 283,721</u>	<u>\$ (2,201,597)</u>	<u>\$ 22,722,491</u>

BOROUGH OF CHAMBERSBURG
Combining Statement of Cash Flows – Internal Service Funds
Year Ended December 31, 2023

	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	\$ 327,188	\$ 4,232,577	\$ 450,354	\$ 608,806	\$ 1,265	\$ 8,451,728	\$ 14,071,918
Payments to suppliers	(89,742)	(1,569,304)	(1,039,706)	(155,977)	(537,402)	(2,179,806)	(5,571,937)
Payments to and on behalf of employees	(559,558)	(545,971)	-	(287,129)	(12,903)	(4,988,192)	(6,393,753)
Refund received for health insurance	-	-	270,310	-	-	-	270,310
Net cash provided (used) by operating activities	<u>(322,112)</u>	<u>2,117,302</u>	<u>(319,042)</u>	<u>165,700</u>	<u>(549,040)</u>	<u>1,283,730</u>	<u>2,376,538</u>
Cash flows from capital and related financing activities:							
Purchase of capital assets	-	(1,376,352)	-	-	-	(342,691)	(1,719,043)
Proceeds from sale of capital assets	-	78,458	-	-	-	-	78,458
Principal paid on capital debt	-	-	-	-	-	(332,880)	(332,880)
Interest and fiscal charges paid on capital debt	-	-	-	-	-	(167,626)	(167,626)
Principal paid on leases and IT subscriptions	-	-	-	-	-	(47,547)	(47,547)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(1,297,894)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(890,744)</u>	<u>(2,188,638)</u>
Cash flows from non-capital financing activities:							
Transfer from other funds	874,500	525,391	99,175	-	706,145	-	2,205,211
Transfer to other funds	(19,915)	(618,465)	-	(90,515)	-	(572,920)	(1,301,815)
Grants received	16,842	12,631	-	13,642	-	124,026	167,141
Net cash provided (used) by non-capital financing activities	<u>871,427</u>	<u>(80,443)</u>	<u>99,175</u>	<u>(76,873)</u>	<u>706,145</u>	<u>(448,894)</u>	<u>1,070,537</u>
Cash flows from investing activities:							
Interest and dividends received	7,210	133,073	112,625	533	11,474	-	264,915
Net cash provided (used) by investing activities	<u>7,210</u>	<u>133,073</u>	<u>112,625</u>	<u>533</u>	<u>11,474</u>	<u>-</u>	<u>264,915</u>
Net increase (decrease) in cash and cash equivalents	556,525	872,038	(107,242)	89,360	168,579	(55,908)	1,523,352
Increase (decrease) in fair value of investments (*)	19,021	296,792	236,706	3,003	23,386	-	578,908
Total increase (decrease) in cash and cash equivalents	<u>575,546</u>	<u>1,168,830</u>	<u>129,464</u>	<u>92,363</u>	<u>191,965</u>	<u>(55,908)</u>	<u>2,102,260</u>
Cash and equity in pooled cash and investments							
- beginning of the year	157,809	8,471,152	7,014,702	39,940	403,807	397,710	16,485,120
Cash and equity in pooled cash and investments - end of the year	<u>\$ 733,355</u>	<u>\$ 9,639,982</u>	<u>\$ 7,144,166</u>	<u>\$ 132,303</u>	<u>\$ 595,772</u>	<u>\$ 341,802</u>	<u>\$ 18,587,380</u>

(*) Cash and equity in pooled cash and investments includes various investments held by the Borough. The increase (decrease) in fair value of investments represents the unrealized gain (loss) on these investments.

BOROUGH OF CHAMBERSBURG
Combining Statement of Cash Flows – Internal Service Funds (Continued)
Year Ended December 31, 2023

	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)	\$ (518,727)	\$ 1,305,142	\$ (581,916)	\$ 62,693	\$ (569,130)	\$ 637,240	\$ 335,302
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation and amortization expense	78,549	845,713	-	9,107	-	281,025	1,214,394
Miscellaneous nonoperating income	10,967	214	-	-	-	891	12,072
(Increase) decrease in:							
Accounts receivable	(637)	-	(349,608)	-	-	(511)	(350,756)
Inventories	62,812	(45,571)	-	-	-	-	17,241
Prepaid expenses	(177)	(58)	-	-	-	-	(235)
Increase (decrease) in:							
Accounts payable and accrued expenses	2,534	(27,101)	(7,436)	1,048	20,090	3,749	(7,116)
Net pension liability and related deferred outflows and inflows	44,563	41,919	-	99,298	-	398,342	584,122
Net OPEB liability and related deferred outflows and inflows	(1,996)	(2,956)	-	(6,446)	-	(37,006)	(48,404)
Refund received for health insurance	-	-	619,918	-	-	-	619,918
Net cash provided (used) by operating activities	<u>\$ (322,112)</u>	<u>\$ 2,117,302</u>	<u>\$ (319,042)</u>	<u>\$ 165,700</u>	<u>\$ (549,040)</u>	<u>\$ 1,283,730</u>	<u>\$ 2,376,538</u>
Non-cash investing, capital and non-capital financing activities							
Increase (decrease) in fair value of investments (*)	\$ 19,021	\$ 296,792	\$ 236,706	\$ 3,003	\$ 23,386	\$ -	\$ 578,908
Change in accounts payable and retainage related to capital assets	-	-	-	-	-	18,288	18,288
IT subscription arrangements	-	-	-	-	-	132,686	132,686

(*) Cash and equity in pooled cash and investments includes various investments held by the Borough. The increase (decrease) in fair value of investments represents the 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, 2023

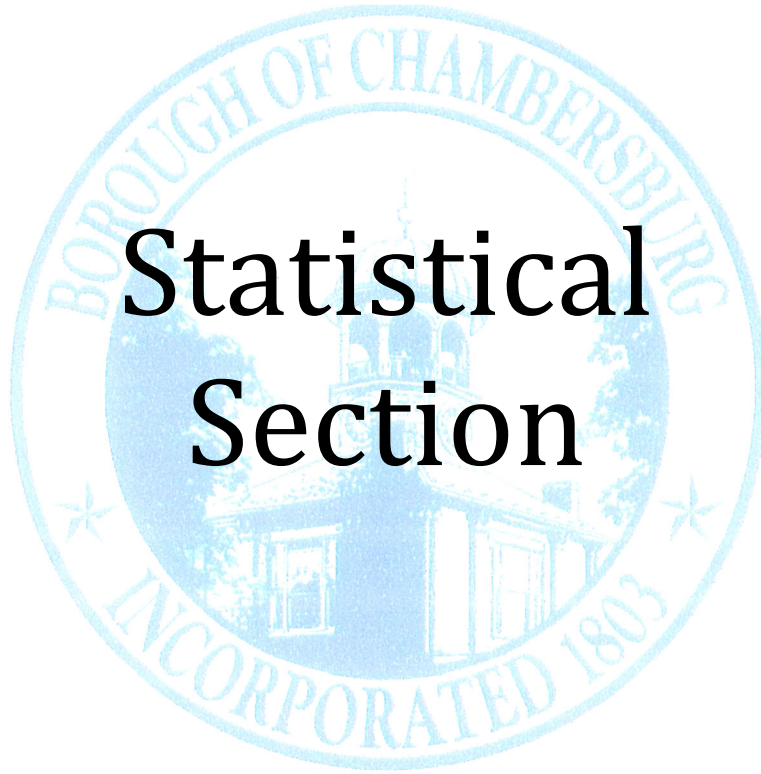
	Firemen Pension Fund	Police Pension Fund	Bargaining and Administrative Employees Pension Fund	Total Pension Trust Funds
ASSETS				
Cash and cash equivalents	\$ 655,043	\$ 856,655	\$ 1,183,069	\$ 2,694,767
Mutual funds - Corporate bonds	3,132,761	4,662,923	8,429,809	16,225,493
Mutual funds - Stocks	6,126,273	9,371,187	16,776,689	32,274,149
Mutual funds - Real estate securities	305,534	459,859	836,862	1,602,255
Total assets	<u>\$ 10,219,611</u>	<u>\$ 15,350,624</u>	<u>\$ 27,226,429</u>	<u>\$ 52,796,664</u>
NET POSITION				
Net position restricted for pensions	<u>\$ 10,219,611</u>	<u>\$ 15,350,624</u>	<u>\$ 27,226,429</u>	<u>\$ 52,796,664</u>
Total liabilities and net position	<u>\$ 10,219,611</u>	<u>\$ 15,350,624</u>	<u>\$ 27,226,429</u>	<u>\$ 52,796,664</u>

BOROUGH OF CHAMBERSBURG
Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds
Year Ended December 31, 2023

	Firemen Pension Fund	Police Pension Fund	Bargaining and Administrative Employees Pension Fund	Total Pension Trust Funds
ADDITIONS				
Contributions				
Employer	\$ 586,209	\$ 744,542	\$ 872,504	\$ 2,203,255
Plan member	124,922	135,447	682,617	942,986
Total contributions	<u>711,131</u>	<u>879,989</u>	<u>1,555,121</u>	<u>3,146,241</u>
Investment income				
Net appreciation in fair value of investments and gains on sale of investments	971,067	1,520,430	2,691,612	5,183,109
Interest, dividends and other	231,778	354,277	627,623	1,213,678
Total net investment earnings	<u>1,202,845</u>	<u>1,874,707</u>	<u>3,319,235</u>	<u>6,396,787</u>
Total additions	<u>1,913,976</u>	<u>2,754,696</u>	<u>4,874,356</u>	<u>9,543,028</u>
DEDUCTIONS				
Benefits	498,947	1,335,185	1,798,433	3,632,565
Administrative expenses	19,501	30,352	50,008	99,861
Total deductions	<u>518,448</u>	<u>1,365,537</u>	<u>1,848,441</u>	<u>3,732,426</u>
Change in net position	1,395,528	1,389,159	3,025,915	5,810,602
Net position - beginning	8,824,083	13,961,465	24,200,514	46,986,062
Net position - ending	<u>\$ 10,219,611</u>	<u>\$ 15,350,624</u>	<u>\$ 27,226,429</u>	<u>\$ 52,796,664</u>

BOROUGH OF CHAMBERSBURG
Schedule of Taxes Receivable
Year Ended December 31, 2023

	General Purpose	Fire	Police	Recreation
Assessed valuation of real property	\$ 211,048,000	\$ 211,048,000	\$ 211,048,000	\$ 211,048,000
Add: Additions	1,644,819	1,644,819	1,644,819	1,644,819
Less: Reductions and exonerations	<u>474,889</u>	<u>474,889</u>	<u>474,889</u>	<u>474,889</u>
Adjusted assessment	212,217,930	212,217,930	212,217,930	212,217,930
Tax rate (mills)	<u>25.0</u>	<u>3.0</u>	<u>2.0</u>	<u>2.5</u>
Total tax levied	5,305,448	636,654	424,436	530,545
Add: Penalties	30,722	3,687	2,458	3,073
Less: Discounts	(95,672)	(11,479)	(7,653)	(9,568)
Collections	<u>(5,042,124)</u>	<u>(605,057)</u>	<u>(403,371)</u>	<u>(504,211)</u>
2023 taxes receivable - December 31, 2023	198,374	23,805	15,870	19,839
Prior years' taxes	<u>64,870</u>	<u>8,153</u>	<u>2,368</u>	<u>7,506</u>
Total taxes receivable - December 31, 2023	<u>\$ 263,244</u>	<u>\$ 31,958</u>	<u>\$ 18,238</u>	<u>\$ 27,345</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.	109 - 115
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.	116 - 121
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.	122 - 126
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.	127 - 128
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.	129 - 131

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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Net investment in capital assets	\$ 24,719,080	\$ 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
Restricted	6,999,140	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
Unrestricted	<u>(3,760,423)</u>	<u>(3,342,185)</u>	<u>2,831,712</u>	<u>(835,241)</u>	<u>(3,082,801)</u>	<u>(3,823,656)</u>	<u>(2,150,736)</u>	<u>(1,256,732)</u>	<u>132,897</u>	<u>4,514,636</u>
Total governmental activities net position	<u>27,957,797</u>	<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>
Business-type activities										
Net investment in capital assets	113,828,089	115,378,193	116,509,826	113,784,569	115,442,810	115,631,163	119,251,728	116,310,111	111,221,937	94,346,244
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>42,380,491</u>	<u>40,169,461</u>	<u>40,320,467</u>	<u>41,422,764</u>	<u>39,694,968</u>	<u>39,936,619</u>	<u>36,970,431</u>	<u>36,466,775</u>	<u>38,851,232</u>	<u>43,395,900</u>
Total business-type activities net position	<u>156,208,580</u>	<u>155,547,654</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>
Primary government										
Net investment in capital assets	138,547,169	136,918,505	138,451,769	135,899,738	138,642,935	138,532,824	141,643,890	138,234,861	131,716,026	117,196,730
Restricted	6,999,140	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
Unrestricted	<u>38,620,068</u>	<u>36,827,276</u>	<u>43,152,179</u>	<u>40,587,523</u>	<u>36,612,167</u>	<u>36,112,963</u>	<u>34,819,695</u>	<u>35,210,043</u>	<u>38,984,129</u>	<u>47,910,536</u>
Total primary government net position	<u>\$ 184,166,377</u>	<u>\$ 182,653,263</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>

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

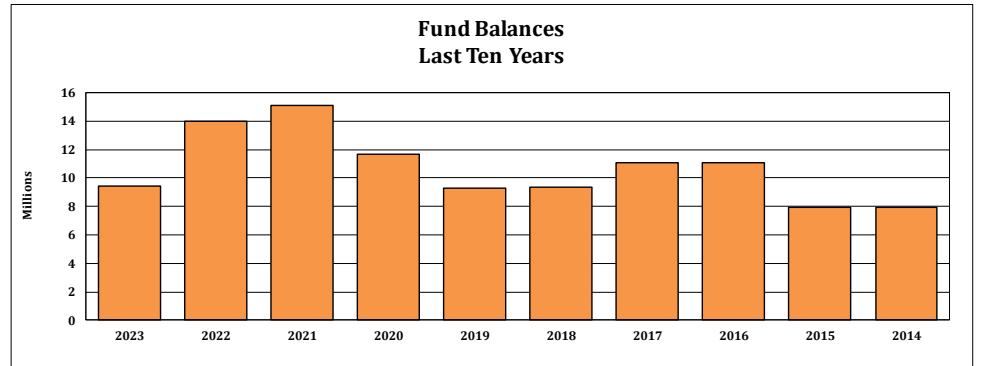
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities										
General government	\$ 2,601,241	\$ 2,556,900	\$ 2,412,425	\$ 2,526,221	\$ 2,309,817	\$ 2,310,568	\$ 2,294,640	\$ 2,163,331	\$ 1,308,686	\$ 1,871,895
Public safety	14,405,244	13,474,856	11,187,488	11,212,547	11,233,362	10,833,457	9,477,333	8,993,278	8,722,730	8,044,957
Public works	2,344,161	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
Culture and recreation	1,726,179	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
Community development	833,291	5,099,825	281,047	177,017	641,838	836,338	286,185	962,778	309,197	498,846
Interest expense and debt issuance costs	209,060	448,037	57,002	27,312	42,217	60,526	92,027	56,212	-	-
Total governmental activities expenses	22,119,176	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
Business-type activities										
Electric	32,404,327	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
Gas	7,985,784	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
Water	5,804,523	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
Sewer	8,490,985	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
Swimming pool	1,233,255	1,200,361	1,156,886	998,616	1,144,533	843,447	-	163,013	-	-
Sanitation	4,054,139	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
Parking, traffic and street lights	1,855,729	1,661,804	2,156,532	1,224,552	1,204,108	1,240,160	998,553	987,489	968,851	857,249
Storm Sewer	710,232	608,181	495,671	498,927	580,002	383,574	389,564	370,805	264,641	-
Total business-type activities expenses	62,538,974	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
Total primary government expenses	\$ 84,658,150	\$ 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
Program revenues										
Governmental activities										
Charges for services										
General government	\$ 1,074,872	\$ 791,620	\$ 474,964	\$ 477,850	\$ 473,285	\$ 505,679	\$ 572,926	\$ 532,334	\$ 471,697	\$ 360,506
Public safety	3,358,482	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
Public works	2,743	945	4,374	1,663	9,810	5,720	3,770	2,650	2,695	1,784
Culture and recreation	240,333	208,185	147,382	106,227	204,366	188,537	216,967	417,064	365,388	355,229
Community development	-	-	-	-	-	-	-	-	-	-
Interest expense and debt issuance costs	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	3,779,367	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
Capital grants and contributions	-	116,400	209,478	79,490	529,058	148,045	42,044	346,069	253,796	964,645
Total governmental activities program revenues	8,455,797	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
Business-type activities										
Charges for services										
Electric	32,024,627	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
Gas	9,256,496	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
Water	5,209,197	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
Sewer	7,881,107	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
Swimming pool	831,567	790,599	615,111	373,201	637,857	570,671	2,987	-	-	-
Sanitation	4,346,410	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
Parking, traffic and street lights	274,277	148,475	167,532	115,045	199,091	345,217	141,881	153,300	197,041	206,656
Storm Sewer	1,118,239	1,114,873	518,728	576,827	410,513	403,705	397,739	296,377	295,362	-
Operating grants and contributions	722,216	311,063	4,469,635	976,785	756,431	979,885	328,881	385,322	239,650	284,758
Capital grants and contributions	851,753	1,783,136	229,894	156,694	1,371,007	15,615	2,179,904	7,141,427	11,740,114	11,506,390
Total business-type activities program revenues	62,515,889	62,314,504	57,926,100	51,312,421	54,141,787	53,608,491	51,671,599	55,021,421	60,171,029	63,801,972
Total primary government program revenues	\$ 70,971,686	\$ 71,131,628	\$ 67,957,537	\$ 57,513,336	\$ 59,738,914	\$ 58,758,311	\$ 56,230,119	\$ 60,808,270	\$ 64,836,064	\$ 69,912,885

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net (expense)/revenue										
Governmental activities	\$ (13,663,379)	\$ (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)
Business-type activities	(23,085)	(1,035,849)	2,905,766	2,352,234	(892,396)	(337,444)	4,687,644	5,703,583	15,562,394	16,775,003
Total primary government net expenses	\$ (13,686,464)	\$ (17,914,726)	\$ (4,363,996)	\$ (8,463,805)	\$ (13,326,043)	\$ (12,385,203)	\$ (5,991,238)	\$ (4,034,529)	\$ 6,841,963	\$ 9,358,322
General revenues and other changes in net position										
Governmental activities										
Taxes										
Property taxes, levied for general purposes	\$ 5,246,648	\$ 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
Real estate transfer tax	1,573,770	1,451,065	1,281,684	1,217,623	1,330,528	527,862	467,067	649,324	779,004	317,334
Earned income tax	539,404	716,846	927,983	631,580	571,571	2,179,319	1,999,358	2,130,470	1,853,327	1,840,955
Local services tax	2,870,031	2,784,427	2,509,252	2,291,675	2,254,401	879,616	824,411	921,024	702,097	797,699
Property taxes, levied for specific purposes	774,115	781,036	783,031	808,573	851,113	1,278,483	504,460	503,954	491,328	486,642
Other taxes	30,522	35,297	29,193	74,371	87,937	91,285	90,970	82,118	74,975	60,819
Gain on sale of assets	425,450	-	-	-	-	-	-	-	-	-
Unrestricted contributions and grants	-	-	-	-	-	-	-	-	-	-
Unrestricted investment earnings	804,910	(1,148,593)	(114,930)	123,411	546,761	214,420	149,219	2,108	35,331	20,707
Miscellaneous income	-	136,041	73,458	468,005	80,565	16,603	36,190	25,245	39,477	16,612
Transfer of capital assets	18,720	-	-	-	-	-	-	-	(3,076,765)	-
Transfers	2,231,998	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
Total governmental activities	\$ 14,515,568	\$ 10,047,043	\$ 12,089,846	\$ 12,757,699	\$ 12,546,261	\$ 12,015,246	\$ 10,626,863	\$ 10,598,218	\$ 7,364,243	\$ 8,503,654
Business-type activities										
Unrestricted investment earnings	\$ 2,352,424	\$ (2,971,834)	\$ (468,837)	\$ 617,561	\$ 2,262,408	\$ 753,807	\$ 604,900	\$ (1,158)	\$ 101,695	\$ 90,602
Miscellaneous income	563,585	2,978,720	835,016	56,887	97,827	67,518	60,323	50,670	30,679	23,638
Transfer of capital assets	-	-	-	-	-	-	-	-	3,076,765	-
Transfers	(2,231,998)	(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)
Total business-type activities	\$ 684,011	\$ (306,402)	\$ (1,282,806)	\$ (1,558,963)	\$ 462,392	\$ (1,131,843)	\$ (1,242,371)	\$ (1,583,462)	\$ 885,937	\$ (768,674)
Total primary government	\$ 15,199,579	\$ 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
Change in net position										
Governmental activities	852,189	(6,831,834)	4,820,084	1,941,660	112,614	(32,513)	(52,019)	860,106	(1,356,188)	1,086,973
Business-type activities	660,926	(1,342,251)	1,622,960	793,271	(430,004)	(1,469,287)	3,445,273	4,120,121	16,448,331	16,006,329
Total primary government change in net position	\$ 1,513,115	\$ (8,174,085)	\$ 6,443,044	\$ 2,734,931	\$ (317,390)	\$ (1,501,800)	\$ 3,393,254	\$ 4,980,227	\$ 15,092,143	\$ 17,093,302

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General fund										
Unassigned	\$ 1,998,589	\$ 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
Total general fund	<u>1,998,589</u>	<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>
All other governmental funds										
Committed	294,097	-	-	-	-	-	-	-	-	-
Nonspendable for long term receivables	-	-	-	-	-	-	-	2,553,604	203,916	229,855
Restricted	7,151,914	11,564,798	9,234,534	7,897,035	7,272,595	7,500,763	9,395,181	6,468,551	5,768,717	5,202,061
Total all other governmental funds	<u>7,446,011</u>	<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>
Total governmental funds	<u>\$ 9,444,600</u>	<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>



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)

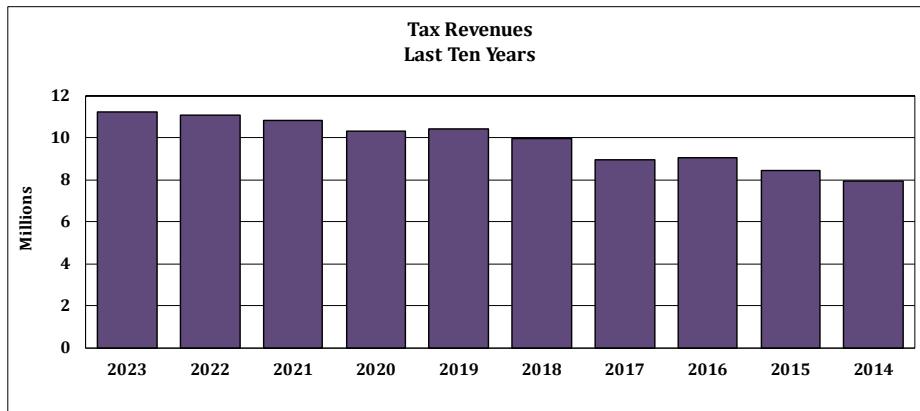
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
REVENUES										
Real estate taxes	\$ 6,839,943	\$ 6,522,338	\$ 6,263,764	\$ 6,281,391	\$ 6,410,379	\$ 6,165,850	\$ 5,236,759	\$ 5,203,376	\$ 4,640,063	\$ 4,698,871
Local enabling taxes	4,090,613	4,272,131	4,210,058	3,670,098	3,687,425	3,461,434	3,309,731	3,523,969	3,500,815	2,970,211
Licenses and permits	406,424	447,728	470,601	459,418	465,688	416,535	501,057	450,972	380,070	332,478
Fines and forfeits	123,134	134,694	136,342	138,118	163,345	163,076	152,342	162,220	174,703	182,691
Investment earnings and unrealized investment gains (losses)	594,366	(885,081)	(72,237)	83,333	389,448	154,467	107,624	4,723	27,537	13,914
Intergovernmental	3,465,953	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
Charges for services	3,989,877	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
Miscellaneous	478,770	620,957	442,895	673,429	248,777	310,857	304,994	200,400	212,589	187,075
Contributions and donations	-	-	-	-	-	-	-	-	71,190	4,636
Total revenues	19,989,080	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
EXPENDITURES										
Current:										
General government	2,207,241	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
Public safety										
Police department	10,474,313	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
Emergency services	5,696,599	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
Planning and zoning	943,132	815,418	890,057	749,548	619,356	611,478	580,913	556,019	527,330	432,463
Public works										
Highways	3,252,008	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
Culture and recreation	1,964,363	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
Community development	1,276,137	5,091,497	251,241	79,315	578,277	175,058	90,258	664,353	258,376	237,696
Bond reallocation	-	-	-	-	-	(1,177,163)	-	-	-	-
Debt service	481,980	434,711	101,743	74,998	88,557	141,071	68,724	-	-	-
Miscellaneous	63,525	59,205	-	-	-	-	-	-	-	-
Total expenditures	26,359,298	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
Excess (deficiency) of revenues over expenditures	(6,370,218)	(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)
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)	1,872,739	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
Total other financing sources and uses	1,872,739	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
Net change in fund balances	\$ (4,497,479)	\$ (1,086,056)	\$ 3,439,546	\$ 2,499,553	\$ (205,371)	\$ 609,025	\$ (32,315)	\$ 3,435,853	\$ 433,367	\$ 1,242,846
Debt service as a percentage of non-capital expenditures	2.00%	2.01%	0.64%	0.49%	0.58%	1.06%	0.52%	0.00%	0.00%	0.00%
Debt service as a percentage of total expenditures	1.83%	1.52%	0.57%	0.48%	0.50%	0.87%	0.46%	0.00%	0.00%	0.00%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Function/Program										
Governmental activities										
General government	\$ 1,376,194	\$ 886,917	\$ 553,223	\$ 574,078	\$ 523,299	\$ 552,302	\$ 611,628	\$ 571,757	\$ 509,291	\$ 394,215
Public safety	4,827,231	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
Public works	661,575	737,174	937,170	733,828	1,218,990	804,633	667,308	951,794	777,088	1,442,069
Culture and recreation	1,087,878	446,053	501,519	184,390	287,285	328,588	307,425	546,375	510,254	444,977
Community development	502,919	461,950	358,486	118,314	584,747	806,842	232,274	461,744	226,889	555,391
Subtotal governmental activities	<u>8,455,797</u>	<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>
Business-type activities										
Electric	32,137,896	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
Gas	9,479,412	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
Water	5,940,912	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
Sewer	7,922,778	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
Swimming pool	832,168	888,437	898,921	376,630	640,606	604,354	3,084	-	-	-
Sanitation	4,380,695	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
Parking, traffic and street lights	290,777	486,103	3,064,593	261,603	683,936	664,566	165,662	344,294	221,309	223,252
Storm sewer	1,531,251	1,151,524	715,278	580,590	416,011	796,512	693,219	373,644	295,362	-
Subtotal business type activities	<u>62,515,889</u>	<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>
Total primary government	<u>\$ 70,971,686</u>	<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>

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
2023	\$ 5,240,012	\$ 629,326	\$ 526,648	\$ 413,435	\$ 539,404	\$ 2,778,687	\$ 772,522	\$ 300,049	\$ 30,522	\$11,230,605
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	617,660	630,122	-	927,983	2,479,988	802,087	339,160	29,193	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



- (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	Retreatation Tax	Police Station Bond Tax	Total Direct	Chambersburg Area Sch Dist	Franklin County	Franklin County Library
2023	25.00	3.00	2.50	2.00	32.50	127.40	29.10	1.30
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

- (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
2023	\$ 261,350	\$ 107,520,700	\$ 91,685,010	\$ 9,318,790	\$ 2,262,150	\$ 66,096,710	\$ 277,144,710	\$ 211,048,000	32.50
2022	261,350	106,321,190	90,736,040	9,253,500	2,477,470	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

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

Schedule 9
Borough of Chambersburg, PA
Principal Taxpayers
12/31/2023 and 12/31/2014

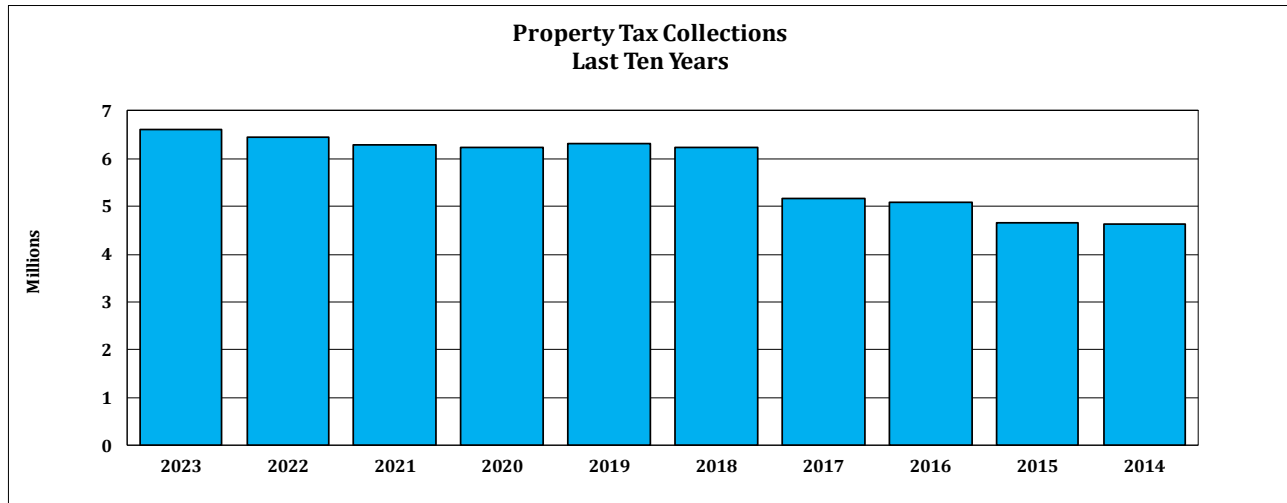
December 31, 2023			
Taxpayer	Estimated Actual Values of Real Property (1)	Rank	Percentage of Assessed Valuation
Chbg Health Srv/Chbg Hospital	\$ 18,638,880	1	8.83%
Wilson College	6,419,590	2	3.04%
Menno Haven	5,865,820	3	2.78%
Chambersburg MLZ LLC	3,941,110	4	1.87%
Wilsey/Holsum LLC (Ventura Foods)	2,849,540	5	1.35%
Prologis NA3 PA III LP	2,199,600	6	1.04%
Pool 3 Industrial PA LLC/Dawson Logistics	1,955,100	7	0.93%
Dawson Logistics Assets, LLC	1,662,390	8	0.79%
Wayne Avenue Plaza LLC	1,418,260	9	0.67%
Chambersburg Cold Storage LP	1,491,010	10	0.71%
	<u>\$ 46,441,300</u>		<u>22.01%</u>
Total Taxable Assessed Valuation	<u>\$ 211,048,000</u>		

December 31, 2014			
Taxpayer	Estimated Actual Values of Real Property (1)	Rank	Percentage of Assessed Valuation
Chbg Health Srv/Chbg Hospital	\$ 12,652,430	1	6.46%
Menno Haven	5,485,100	2	2.80%
Chambersburg Crossing LP	4,946,620	3	2.53%
Wilsey/Holsum LLC (Ventura)	2,849,540	4	1.45%
American Real Estate	2,340,650	5	1.20%
ProLogis	1,780,100	6	0.91%
Wayne Avenue Plaza	1,628,060	7	0.83%
Chambersburg Cold Storage LP	1,491,010	8	0.76%
T K Nitterhouse	1,356,770	9	0.69%
Chambersburg Area Develop.	1,200,050	10	0.61%
	<u>\$ 35,730,330</u>		<u>18.24%</u>
Total Taxable Assessed Valuation	<u>\$ 195,864,790</u>		

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

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

Fiscal Year Ended Dec 31,	Taxes Levied for the Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2023	\$ 6,918,388	\$ 6,612,938	95.58%	-	\$ 6,612,938	95.58%
2022 (6)	6,503,390	6,296,604	96.82%	133,385	6,429,989	98.87%
2021	6,279,466	6,045,787	96.28%	230,866	6,276,653	99.96%
2020 (5)	6,227,429	5,958,333	95.68%	268,341	6,226,674	99.99%
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%



- (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
2023	1.00%	\$ 2,756,800	\$ 82,856	\$ 2,673,944
2022	1.00%	2,802,891	72,360	2,730,531
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%	2,266,460	85,649	2,180,811
2018	1.00%	2,110,277	72,465	2,037,812
2017	1.00%	2,027,449	75,103	1,952,346
2016	1.00%	2,076,927	84,475	1,992,452
2015	1.00%	1,900,774	57,461	1,843,313
2014	1.00%	1,900,071	60,254	1,839,817

Source: Franklin County Area Tax Bureau

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

Income Range	Number of tax filers									
	2022 (1)	2021	2020	2019	2018	2017	2016	2015	2014	2013
> \$1,000,000	-	-	1	4	5	2	1	3	-	1
\$500,000 - 999,999	16	14	13	8	8	12	14	8	14	6
\$200,000 - 499,000	45	79	70	74	68	64	66	55	67	58
\$100,000 - 199,000	339	374	330	313	306	287	270	211	232	187
\$50,000 - 99,000	1,634	2,092	1,869	1,873	1,806	1,800	1,780	1,466	1,583	1,347
<\$49,999	5,539	5,850	6,074	6,502	7,997	7,933	7,918	6,811	8,238	7,046
Total	<u>7,573</u>	<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>

Income Range	% of total earned income taxes paid									
	2022 (1)	2021	2020	2019	2018	2017	2016	2015	2014	2013
> \$1,000,000	0.00%	0.00%	0.53%	1.36%	1.87%	0.73%	0.59%	1.27%	0.00%	0.37%
\$500,000 - 999,999	4.04%	2.55%	2.55%	1.58%	1.41%	2.17%	2.93%	1.83%	3.11%	1.53%
\$200,000 - 499,000	4.62%	6.56%	6.00%	6.54%	5.89%	5.21%	5.88%	6.19%	6.73%	6.75%
\$100,000 - 199,000	16.55%	13.84%	12.96%	12.04%	11.54%	10.63%	10.20%	9.45%	9.31%	8.73%
\$50,000 - 99,000	42.00%	40.41%	38.80%	37.18%	35.76%	35.26%	35.07%	34.48%	32.69%	32.73%
<\$49,999	32.79%	36.64%	39.16%	41.30%	43.53%	46.00%	45.33%	46.78%	48.16%	49.89%
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>262,083,017</u>	\$ <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>
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(1) Information for year ended 12/31/2023 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 Liabilities	IT Subscription Liabilities	Electric Department General Obligation Bonds	Electric Department General Obligation Notes	Electric Department General Lease Liabilities	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	IT General Subscription Liabilities				
2023	\$ 8,229,999	\$ 2,001,286	\$ 6,948	\$ 28,352	\$ 9,496,346	\$ -	\$ 4,582,837	\$ -	\$ 4,116,073	\$ -	\$ 6,787,356	\$ -	\$ 2,297,914	\$ -	\$ 6,941,400	\$ 6,078,189	\$ 72,953	\$ 50,639,653	6.933%	2,264	
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	

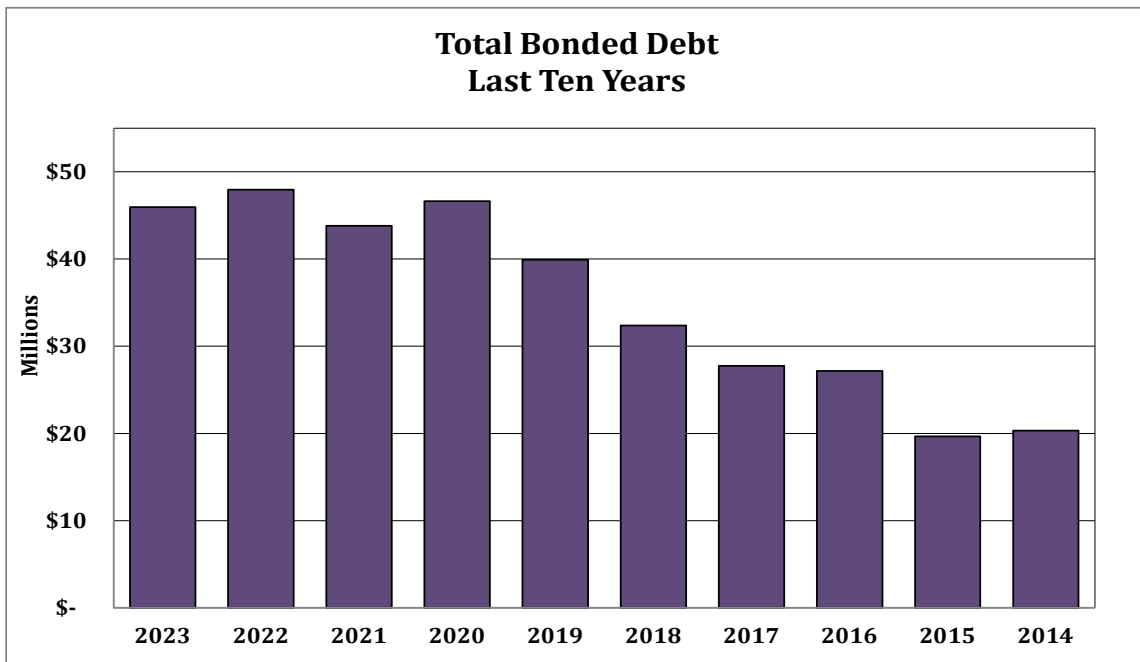
(1) Details regarding the Borough's outstanding debt can be found in the Note 7 in the current financial statements.

(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
2023	\$	45,948,563	\$	45,948,563	21.77%	2,055
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



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 %
2023	\$ 82,091,822	\$ 205,229,556	\$ 50,639,653	\$ 154,589,903	75.33%
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%

(1) Legal Debt Margin: (12/31/2023)

a	Average revenues past 3 yrs	82,091,822	(\$246,301,213 / 3)
b	Legal debt limit (2.5 time average rev)	205,229,556	
c	Debt outstanding @ 12/31/2022	(43,806,006)	
	Legal Debt Margin (b-c)	\$ 161,423,550	

Source: Borough of Chambersburg Finance Department

Schedule 16
Borough of Chambersburg, PA
Computation of Direct and Overlapping Debt
December 31, 2023

Jurisdiction	Total Debt Outstanding	Estimated Percentage Applicable (a)	Amount Applicable to Borough of Chambersburg
Direct			
Borough of Chambersburg (Governmental Activities)	\$ 10,238,233		\$ 10,238,233
Overlapping			
Chambersburg School Dist	-	28.5007%	-
County of Franklin	71,204,059	13.1890%	9,391,123
Total overlapping debt	71,204,059		9,391,123
Total	\$ 81,442,292		\$ 19,629,356

(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 7 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	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)
2023	22,364	\$ 32,662	\$ 65,324	\$ 53,493	39.5	26.20%	5,694	5.90%	\$ 185,100	\$211,048,000	(4)
2022	22,316	28,704	63,480	51,861	39.8	24.60%	4,936	5.90%	159,900	209,049,550	262,083,017
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

- (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 12/31/2023 not yet available
- (5) Information for year ended 12/31/2023 not available; used prior year figure

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

Employer	2023			2014		
	Employees	Rank	Percentage of Total Borough Employment	Employees	Rank	Percentage of Total Borough Employment
Wellspring (Formerly Summit Health Services)	3,650	1	12.23%	2,899	1	15.19%
Chambersburg School District	1,225	2	4.11%	1,100	2	5.76%
County of Franklin	676	3	2.27%	687	3	3.60%
Menno Haven, Inc	662	4	2.22%	584	4	3.06%
Ventura Foods	661	5	2.22%	423	5	2.22%
Keystone Health	610	6	2.04%	300	6	1.57%
Farmers & Merchants Trust Co.	305	7	1.02%	331	7	1.73%
Borough of Chambersburg	254	8	0.85%	280	8	1.47%
Regal/Rexnard (formerly TB Woods, Inc.)	220	9	0.74%	200	9	1.05%
Knouse Foods	197	10	0.66%	205	10	1.07%
Total	8,460		28.36%	7,009		36.73%
Total employees	29,836	(1)		19,085	(1)	

(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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General government:										
Administration	2	3	3	3	3	2	2	2	2	2
Clerical	16	15	15	15	15	13	13	14	14	12
Code enforcement	5	4	4	4	4	1	1	1	1	1
Community development	1	1	1	1	1	2	1	1	1	1
Engineering	5	5	5	5	5	5	5	5	4	4
Finance	27	24	27	26	26	23	23	22	22	19
Information technology	8	6	7	6	6	5	5	5	5	5
Personnel	5	5	5	4	4	4	4	3	3	2
Planning/zoning	0	0	0	0	0	1	1	1	1	1
Public information	0	0	0	0	0	0	0	0	0	0
Public works:										
Administration	5	4	4	4	4	3	3	3	4	3
Central garage	4	4	4	4	4	4	4	4	3	3
Labor/maintenance	5	5	6	6	6	6	6	6	6	6
Sanitation	14	15	14	13	13	11	10	10	12	12
Recreation:										
Administration	1	1	2	2	2	2	2	2	2	2
Labor/maintenance	7	3	6	6	6	6	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	28	26	25	25	25	25	24	21	21	21
Police administration	1	1	1	1	1	1	1	1	1	1
Police personnel	35	34	34	34	34	35	35	35	34	32
911	0	0	0	0	0	0	0	0	0	0
Utilities:										
Administration	8	6	6	6	6	6	6	6	6	6
Electric distribution	12	10	12	11	11	9	9	9	9	9
Electric generation	13	12	12	12	12	12	12	12	11	11
Electric system maintenance	0	0	1	1	1	1	1	1	1	1
Gas distribution	8	6	8	8	8	8	8	8	8	8
Stores/warehouse/call center	6	6	6	6	6	6	6	6	6	6
Water distribution	3	2	2	2	2	2	2	2	2	2
Water treatment plant	8	9	9	9	9	7	7	7	7	7
Sewer collection/conveyance	7	6	7	7	7	6	7	6	5	5
Sewer treatment plant	13	12	14	12	12	13	13	11	11	11
Traffic signal/street lights	3	3	3	2	2	2	2	2	1	1
Storm sewer	2	2	1	2	2	1	1	1	1	0
Totals	254	232	246	239	239	224	219	212	209	199

Source: Borough of Chambersburg Human Resources Department

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

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General government:										
Lien letter & tax certification requests	24	52	52	77	94	81	227	244	185	65
Community development:										
Building permits issued	490	511	563	534	606	578	533	556	516	444
Estimated value of construction	\$ 76,366,125	\$ 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
Occupancy permits issued	344	348	299	200	180	269	130	156	98	53
Number of planning commission Agenda items	18	11	15	15	19	24	22	29	24	15
Public works:										
Roads resurfaced (linear feet)	5,529	151	359	0	989	13,995	7,630	3,795	3,611	2,671
Roads reconstructed (linear feet)	6,637	6,710	4,904	0	8,744	3,592	7,115	16,495	9,490	1,932
Tons of snow melting salt used	204		291	174	664	648	347	223	919	1,322
Recreation:										
Pool attendance	62,999	66,335	59,785	38,167	75,000	68,448	0	26,000	24,900	17,300
Number of utilization events (1)	18,027	16,822	14,368	8,675	19,570	15,000	1,681	1,720	1,750	1,702
Number of consumers served	5,133	152,084	125,023	81,203	137,816	111,480	105,337	90,800	95,200	87,600
Number of seasonal programs	173	152	143	98	205	201	229	278	309	232
Police:										
Calls for service	17,393	16,613	14,082	18,639	22,304	23,548	20,784	19,784	21,392	14,650
Total arrests	1,868	1,599	1,162	1,012	1,119	1,177	1,139	1,214	1,264	1,478
Part I offenses reported (major offenses)	482	482	590	669	763	898	906	1,002	1,047	1,089
Part I offenses cleared (percentage)	45.0%	42.0%	45.0%	52.0%	47.0%	41.0%	41.0%	42.0%	41.0%	44.0%
Part II offenses reported (major offenses)	734	746	557	1,455	1,615	1,704	1,753	1,906	2,045	1,866
Part II offenses cleared (percentage)	66.0%	65.0%	60.0%	43.0%	37.0%	39.0%	39.0%	36.0%	33.0%	37.0%
DUI arrests	85	92	92	115	131	116	128	157	155	141
Fire:										
Total number of responses	1,341	1,362	1,153	878	995	1,228	926	1,044	978	869
Responses involving loss	12	11	4	4	7	1	5	5	7	6
Structure fires	47	40	33	26	44	36	30	37	49	39
Volunteer hours	45	205	1,301	54,788	62,367	71,420	73,093	72,989	79,484	83,503
False alarms/false calls	275	240	231	110	131	165	118	115	130	101
Total calls for assistance	4,939	4,624	4,576	4,302	4,351	4,211	4,260	4,167	4,113	3,992
Utilities:										
Electric department										
Units billed (kwh)	314,970,638	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
Billed revenue	\$ 29,381,706	\$ 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
Gas department										
Units billed (100 cu. ft.)	11,025,089	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
Billed revenue	\$ 10,297,478	\$ 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
Water department										
Units billed (10 cu. ft.)	14,195,443	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
Billed revenue	\$ 4,517,495	\$ 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
Sewer treatment plant department										
Units billed (10 cu. ft.)	24,103,988	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
Billed revenue	\$ 7,302,400	\$ 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
Storm sewer department										
Fees billed	7,989	7,995	8,550	8,490	8,422	8,339	8,254	8,226	8,170	-
Billed revenue	\$ 1,109,684	\$ 1,102,584	\$ 510,780	\$ 405,825	\$ 402,039	\$ 399,544	\$ 395,872	\$ 295,134	\$ 293,302	\$ -
Sanitation department										
Units billed (cu. yds.)	162,669	159,703	154,268	150,368	150,917	147,474	144,863	142,116	140,519	141,880
Billed revenue	\$ 1,894,350	\$ 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

(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

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General government:										
Square footage occupied	76,646	76,646	76,646	76,646	76,646	76,646	45,912	45,912	45,912	45,912
Inspection vehicles	6	6	6	6	6	6	4	2	1	1
Other departmental vehicles	8	8	8	8	8	8	8	8	8	7
Public works:										
Number of traffic signals	48	48	48	48	48	48	48	48	47	47
Street lights	2,136	2,118	2,083	2,077	2,070	2,067	2,021	1,971	1,917	1,862
Vehicles	11	12	11	11	11	11	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	29,827	19,975	19,975	19,975	19,975	19,975	19,975
Tennis courts	5	5	11	7	7	7	5	5	5	5
Ball fields	2	2	3	2	2	2	3	3	3	3
Skate parks	1	1	1	2	2	2	2	2	2	2
Vehicles	4	4	4	4	4	4	4	3	3	3
Basketball Courts	6	6	-	-	-	-	-	-	-	-
Pickleball Courts	2	2	-	-	-	-	-	-	-	-
Public safety:										
Square footage of emergency services dept	24,817	24,817	24,817	24,817	24,817	24,817	24,817	24,817	18,947	18,947
Square footage of police department	23,684	38,732	15,048	15,048	15,048	15,048	15,048	15,048	15,048	15,048
Fire vehicles/ambulances	13	12	12	12	12	12	13	13	13	13
Police vehicles	15	16	16	15	14	14	14	14	14	14
Utilities:										
Electric department										
Value of plant in service	\$ 90,942,872	\$ 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
Vehicles	16	14	14	14	14	13	13	12	11	12
Gas department										
Value of plant in service	\$ 22,420,046	\$ 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
Vehicles	10	10	10	10	10	10	10	9	9	9
Water department										
Value of plant in service	\$ 29,143,370	\$ 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
Vehicles	10	10	10	10	9	9	8	8	7	8
Sewer treatment plant department										
Value of plant in service	\$ 91,889,849	\$ 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
Vehicles	8	8	8	8	8	8	7	7	6	6
Storm sewer department										
Value of plant in service	\$ 5,774,936	\$ 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	1	-
Sanitation department										
Value of plant in service	\$ 4,950,071	\$ 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
Vehicles	3	12	12	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, 2023

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-20-MC-42-0024	2020	\$ 59,400	\$ 59,400	\$ -
Community Development Block Grant	D	14.228	B-21-MC-42-0024	2021	151,726	151,726	-
Community Development Block Grant	D	14.228	B-22-MC-42-0024	2022	242,020	242,020	-
Community Development Block Grant	D	14.228	B-23-MC-42-0024	2023	<u>201,439</u>	<u>201,439</u>	-
Total U.S. Department of Housing and Urban Development Program					<u>654,585</u>	<u>654,585</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	<u>4,878</u>	<u>9,450</u>	-
Total U.S. Department of Transportation Federal Highway Administration					<u>4,878</u>	<u>9,450</u>	
U.S. Environmental Protection Agency							
Passed through the Pennsylvania Infrastructure Investment Authority Capitalization Grants for Drinking Water	I	66.468	P33005749-100	2020	<u>1,249,645</u>	<u>694,707</u>	-
Total U.S. Environmental Protection Agency					<u>1,249,645</u>	<u>694,707</u>	
U.S. Department of Health and Human Services							
EMS COVID-19 Recovery Grant	D	93.498	N/A	2022	<u>-</u>	<u>37,237</u>	-
Total U.S. Department of Health and Human Services					<u>-</u>	<u>37,237</u>	
United States Environmental Protection Agency							
Chesapeake Bay Trust Green Streets, Green Jobs, Green Towns Award Program	I	66.964	CB 96387301	2022	<u>180,000</u>	<u>178,340</u>	-
Total U.S. Environmental Protection Agency					<u>180,000</u>	<u>178,340</u>	
United States Department of Justice							
Office of Justice Programs The Patrick Leahy Bulletproof Vest Partnership Program	I	16.607	1121-0235	2023	<u>-</u>	<u>4,486</u>	-
Total U.S. Department of Justice					<u>-</u>	<u>4,486</u>	
Total Receipts and Expenditures of Federal Awards					<u>\$ 2,089,108</u>	<u>\$ 1,578,805</u>	

BOROUGH OF CHAMBERSBURG
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

NOTE 1 REFERENCES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- (D) Direct
- (I) Indirect

NOTE 2 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 3 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

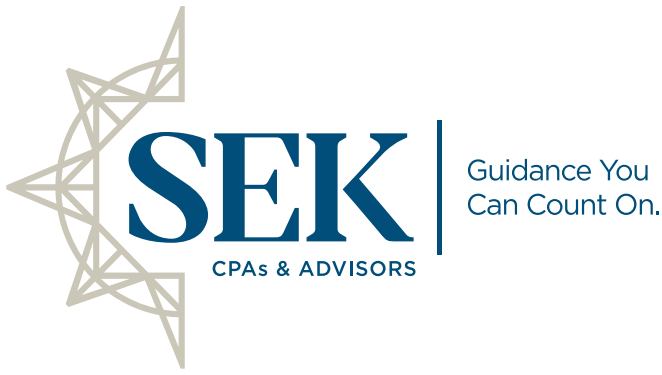
The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Borough's financial statements.

Indirect Cost Rate

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

NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS

Expenditures of Federal Awards are reported in the Borough's General Fund, Special Revenue 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, 2023, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated July 23, 2024. The financial statements of the discretely presented component unit, Chambersburg Area Municipal Authority, were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Chambersburg Area Municipal Authority.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

BOROUGH OF CHAMBERSBURG, PENNSYLVANIA'S RESPONSE TO FINDINGS

Government Auditing Standards requires the auditor to perform limited procedures on the Borough of Chambersburg's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Borough of Chambersburg's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
July 23, 2024



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, 2023. 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, 2023.

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.

To the Mayor and Borough Council
Borough of Chambersburg

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 Auditor's Responsibilities of the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

Chambersburg, Pennsylvania
July 23, 2024

BOROUGH OF CHAMBERSBURG
Schedule of Findings and Questioned Costs
December 31, 2023

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
66.468	Capitalization Grants for Drinking Water

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

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

A. Material Weaknesses in Internal Control

Finding Reference: **2023-001 – Grant Tracking**

Criteria: Internal control processes should include a review of all grant agreements to ensure timely and accurate recording of related grant expenditures and revenue are processed in the correct period.

Condition: Lack of a centralized grant tracking process creates potential for grants awarded to not be identified or accurately recorded in the Borough's accounting software which leads to inaccuracies in external reporting.

Cause: The Borough does not have a sufficient internal tracking process developed to maintain an accurate population of the grants being awarded to the government. In addition, the proper tracking of grant expenditures necessary to ensure the correct accounting is not occurring.

Effect: Subsequently obtained information regarding a grant awarded to the Borough was identified in the current year that led to a material adjustment being needed to restate the Borough's beginning equity for activity that occurred and should have been reported in the previous financial statements.

Recommendation: The Borough should identify one individual, or department, that is tasked with the responsibility of maintaining an understanding of the Borough's entire population of grants. This would include tracking grants from their application process through the final closeout reporting requirements including understanding all compliance requirements and when and how to record activity related to each grant.

*Views of Responsible
Officials and Planned
Corrective Actions:* The Borough has contracted with Maher Duessel, a regional CPA firm specializing in Single Audits and the public sector, to guide and aid the Borough in developing processes to track grant related projects, maintain compliance and record grant related activity.

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, 2023

Findings related to financial statements:

2022-001 - Proper recording of grants and SEFA reporting

Condition: Lack of a centralized grant tracking process creates potential for grants awarded to not be identified or accurately recorded in the Borough's accounting software which leads to inaccuracies in external reporting.

Status: Repeat comment - see finding 2023-001

Findings related to federal awards:

None noted.