

# *Borough of Chambersburg Pennsylvania*



## *Comprehensive Annual Financial Report*

*For the Year Ended  
December 31, 2007*

*Prepared By the Department of Finance*

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Borough of Chambersburg  
Pennsylvania

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2006

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Reporting is presented by the Government Finance Officers  
Association of the United States and Canada to  
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systems whose comprehensive annual financial  
reports (CAFRs) achieve the highest  
standards in government accounting  
and financial reporting.



*Oliver S. Cox*

President

*Jeffrey R. Emery*

Executive Director

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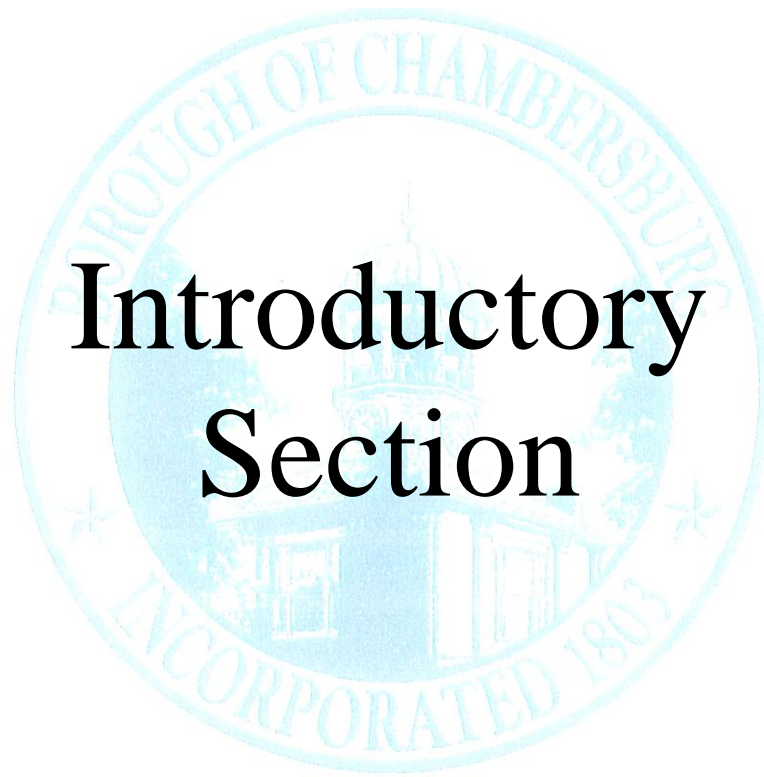
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# Introductory Section



# ***Borough of Chambersburg***

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

## **Letter of Transmittal for 2007 Comprehensive Annual Financial Report**

June 30, 2008

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

The Comprehensive Annual Financial Report of the Borough of Chambersburg for the year ended December 31, 2007, is hereby submitted for your review. This report represents the commitment of the Borough of Chambersburg to adhere to nationally recognized standards of excellence in financial reporting.

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

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

Please review the Management's Discussion and Analysis (MD&A) which is also located in the Financial Section of the CAFR. The MD&A became a requirement of the financial statements with the institution of the Governmental Accounting Standards Board (GASB) Statement 34 reporting model. The adoption of GASB 34 was required by the Borough of Chambersburg for the year ended 12/31/2003.

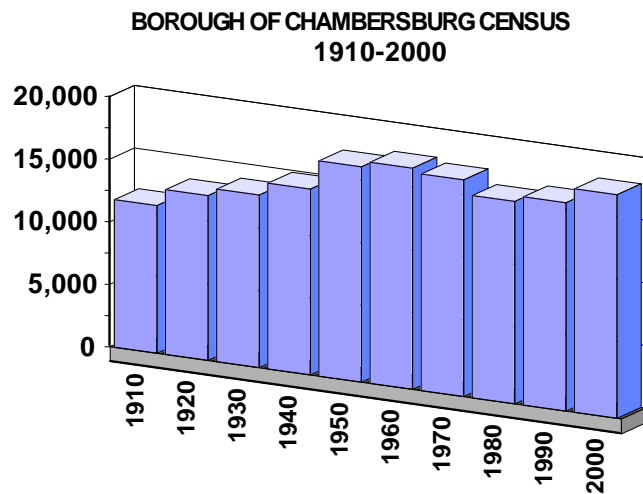
The MD&A is management's analysis of the municipality's financial position based on currently known facts as of the date of the auditor's report. It is required to precede the financial statements and provide the following analysis:

- 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 Legislators on March 21, 1803. It is located on Interstate 81 in the south-central region of Pennsylvania and is the county seat of Franklin County. The Borough covers an area of 6.58 square miles and lies approximately 50 miles southwest of Harrisburg, 25 miles west of Gettysburg, and 22 miles north of Hagerstown, Maryland. It is the historic and commercial center of the region characterized by varied small and medium industrial enterprises, a rich agricultural area, and residential growth.



According to the U.S. Bureau of the Census, the Borough's population increased from 16,647 to 17,862 between 1990 and 2000, an increase of 7.0 percent during the period. The accompanying graph depicts the Borough's population over the twentieth century.

### Municipal Services and Facilities

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

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

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



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

The Director of Finance, who is appointed by the Borough Manager, is the chief financial officer of the Borough. The Director of Finance exercises the powers otherwise granted to the Borough Treasurer position under the laws of the Commonwealth of Pennsylvania. As such, the Director of Finance is charged with the responsibility of receiving, disbursing, and maintaining custody of all funds of the Borough and serves as Pension Funds Chief Administrative Officer. The position also includes the duties of serving as department head of the Administrative Services Fund, an internal service fund which is responsible for computer services, cashiering, accounting and the Parking Department as well as the custodial services and maintenance of City Hall. 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**

It has been our plan to annually “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 Administrative Services Department and this year’s report highlights the Police Department. The Police Department is the largest department within the purview of the Borough’s general fund accounting for approximately 39% of its expenditures. Additionally, the other components of the general fund’s *public safety function* account for approximately 25% of the general fund’s expenditures. The Borough spends about \$5.5 M or 64% of its total general fund budget on public safety.

As 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, 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 and hand grenades, a police car and two motorcycles. In that year, the Police Department answered 1,662 calls, excluding those answered personally by the Chief. During that year there were a total of 1,368 arrests made, including 327 for drunk and disorderly conduct, 12 for breaking in and larceny. There were also four incidents of auto theft of which three autos were recovered. The night patrol reported 271 incidents of store doors left open. Total fines for 1939 amounted to \$1,181 of which \$748 was collected. Of the amount collected, \$626 was for parking fines.

By 1948, the Police Department consisted of a Chief, H.S. Byers, two sergeants, and 13 patrolmen. The patrolmen would work three eight hour shifts rotating every three weeks. Police training school was held in late fall, cosponsored by the F.B.I. and the Pennsylvania Chiefs of Police Association. During that year, an arrest card index record system was installed and updated with record from 1918 forward. Two new Chevrolet police cars were purchased to replace the 1946 model Ford sedans. During



that year, there were a total of 2,580 arrests made, including 1,785 parking ordinance violations, 350 motor code violations, 47 felonies, 357 misdemeanors, 22 borough ordinance infractions, and 19 miscellaneous infractions. Burglary cases were extremely common (69) that year.

In 1989, the Drug Abuse Resistance Education (DARE) program was initiated by the Chambersburg Police Department and has since educated in excess of thirty five hundred students. The DARE program is conducted at the Chambersburg Area Middle School. Six specially trained police officers go into the classroom and teach students alternatives to drug abuse. The students, as well as the police officers, enjoy this course very much. The program lasts nine weeks per class and a graduation ceremony is conducted upon successful completion of this very worthwhile program.

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.

The K9 unit grew to three teams resulting from generous donations from the *Chambersburg VFW* and the *Franklin County District Attorney's Office*. As the K9s aged, they were retired and replaced by other K9s thanks to generous donations from the *Greene Township Lions Club* and the *Chambersburg Masonic Lodge*. The K9 unit is also grateful to the *Chambersburg Animal Hospital*, *The Pet Store* and *Goldenwood Kennels*. These fine local organizations have contributed generously to the program by providing free care, food and boarding to the Borough's K9s.

The Chambersburg Police Department currently has three active duty K9 teams. Each one consists of a K9 and a "handler". The current teams consist of: Corporal Richard Morrisette and *Jiggs*; Patrol Officer Robert Kirk, Jr. and *Gunner*; and Patrol Officer Dana Kauffman and *Rocky*.

The Chambersburg Police Department has grown considerably over the past ten years. With an increase in the department's operating budget of 88.28% over that period, the importance of this department cannot be over stated. Without considering the Police Department, the remainder of the general fund operating budget increased by 69.93% over the same time frame. As the population of the Borough has increased by approximately 16.4 % from 17,862 (2000) to 20,494 (2007), the budgetary impact of providing public safety becomes readily apparent.

In addition to the DARE program, the department is involved in several other programs that reach out to the community in a proactive manner. One of these programs is *Community Oriented Policing* which provides police officers on foot and bike patrol to open up lines of communication with residents. Whenever a crime has been committed, a police officer tries to solve it as well as educate residents of ways to avoid being victimized by future crimes. A major focus of this program has been the Franklin County Housing Authority. The department also works closely with the *Franklin County Drug Task Force*. Although being concentrated primarily in the Chambersburg area, it also covers the rest of Franklin County. The Police Department also performs its own drug enforcement through its *Crime Impact Team*, its *Special Emergency Team* and its *K-9 unit*. The Police Department also works closely with the Chambersburg Area School District by providing a police presence at the high school, the junior high school and the middle school on a daily basis. Additionally, the department provides special police services to other school districts in the area as well as the Chambersburg Mall.

### **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. Additionally, CSX Transportation has announced plans to construct an intermodal facility near the Borough. 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, good 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 2007 were:

<b>EMPLOYER</b>	<b>PRIMARY BUSINESS</b>	<b><u>AVERAGE NUMBER OF EMPLOYEES</u></b>
Summit Health	Health Care	2,972
Chambersburg Area School District	Public Education	1,087
County of Franklin	Government	930
Menno Haven, Inc.	Retirement Community	551
K-Mart Regional Specialty Center	Distribution Warehousing	400
Ventura Foods	Food Packaging	391
T B Woods, Inc.	Power Transmission Equipment	340
Staples	Retailing	325
F & M Trust Company	Financial Services	260
Nursery Supplies	Nursery Containers	250

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

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

<b>EMPLOYER</b>	<b>PRIMARY BUSINESS</b>	<b>AVERAGE NUMBER OF EMPLOYEES</b>
Letterkenny Army Depot/Tenants	Repair Military Vehicles and Missiles/Misc.	2,800
Target Distribution Center	Distribution Warehousing	650
Martins Famous Pastry Shop	Potato Bread and Rolls	485
WalMart	Retailing	480
Ingram Book Group Inc.	Book Distribution	440
Valley Quarries	Stone and Asphalt Products	325

### **FINANCIAL INFORMATION**

Borough management has taken the initiative to prepare a Comprehensive Annual Financial Report (CAFR) starting with fiscal year ending 12/31/04 and thereafter. The CAFR provides readers of our financial statements with much additional information relating to the financial condition of the Borough of Chambersburg. Among these include information regarding our local taxpayers, employers and a plethora of similar information encompassing the past ten years. We are honored and pleased that our efforts have resulted in our receiving the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for both previous reports. 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.

## **RISK MANAGEMENT**

The Borough of Chambersburg insures much of its business risk through commercial insurance carriers. Since the Borough has a number of special risks (i.e., Police Professional, Boiler and Machinery), the Borough transfers its risks to a number of commercial carriers. In 2007, Penn National Mutual Casualty Insurance Company provided the Borough with coverage in two major areas, property and automobile liability.

While the Borough transfers much of its risk to commercial carriers, it self-insures its risk in areas of workers' compensation, general liability, errors and omissions, and unemployment compensation. The Borough has established funds to underwrite the risk in these areas. In the workers' compensation area, the Borough is funding for the risk resulting from job related injury or illness to its employees. The exposure is limited by a specific excess workers' compensation policy with a \$1 million limit and retention of \$500,000. The Borough's workers' compensation program is subject to state regulation and certified annually by the PA Department of Labor and Industry, Bureau of Workers' Compensation. Unlike the workers' compensation fund, the Borough retains losses in the general liability area on an unlimited basis. Both workers' compensation and general liability losses are subject to annual independent actuarial review. Additionally, the losses in both areas are reviewed by the Borough's safety committee with the ultimate objective of eliminating on the job hazardous conditions, accidents and injuries.

## **CASH MANAGEMENT**

The Borough of Chambersburg's Investment Policy, approved by Town Council under the authority permitted by the Commonwealth of Pennsylvania to establish its own investment policy, provides the guidance for the Borough's investment program. The policy stresses preservation of capital and protection of investment principal as primary objectives. A secondary consideration is the optimization of investment returns at acceptable levels of risk.

According to the Borough Code of the Commonwealth of Pennsylvania, authorized type of investments for boroughs shall be:

1. United State Treasury bills
2. Short-term obligations of the United States Government or its agencies or instrumentalities
3. Certain deposits in savings accounts or time deposits, other than certificates of deposit, or share accounts of institutions insured by certain federal and state insurance agencies
4. Obligations of the United States of America or any of its agencies or instrumentalities; the Commonwealth of Pennsylvania or any of its agencies or instrumentalities; or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania, or political subdivisions of the Commonwealth of Pennsylvania or any of their agencies or instrumentalities
5. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the only investments of that company are in the authorized investments for borough funds above
6. Certificates of deposit if secured by proper collateral

The Borough Code also allows the Borough to join with one or more other political subdivisions with its investments. The Borough participates in these "pooled deposit programs" such as the Pennsylvania Local Government Investment Trust (PLGIT) whose purpose is "to provide Pennsylvania municipal entities with an instrumentality or agency to pool their temporary cash reserves in order to invest such temporary cash reserves to greater advantage under the daily supervision of professional investment advisors." It also participates in the Pennsylvania Treasurer's INVEST Program for Local Governments and Nonprofits. The Borough also has an account with the Pennsylvania Municipal Investment Program but to this date has not invested through this organization.

Cash and checks are deposited daily in an account at the F & M Trust Company. Collected funds on this account are transferred daily via the Automated Clearing House (ACH) process to our PLGIT Operating Funds account, which is an interest bearing account. This account is used as our main

checking account and also is used to send out and receive wire transfers. Funds that are not needed for immediate account payable, are invested in long term investments based on conservative cash flow projections.

The investment portfolio at December 31, 2007, excluding pension funds, consisted of 74.4% in the Borough of Chambersburg's *TreasuryDirect* account which is composed entirely of U.S. Treasury notes and bills, 16.8% in pooled deposits programs and 4.85% in bank deposits. There was an investment in a Certificate of Deposit on December 31, 2007 of \$2,033,314.

The Borough uses a passive investment style in which securities have been held until they mature. It has a *TreasuryDirect* account with the Department of the Treasury, Bureau of the Public Debt, in which the Treasury securities are held in book entry form. All purchases are made at the Department of Treasury's publicly announced auctions through the *TreasuryDirect* web site which results in no brokerage fees being charged to us.

The composite average yield as of December 31, 2007 was 4.676%, compared to the following benchmarks: 2-year U.S. Treasury note, 3.125%; 6-month Treasury bill, 3.602%; daily Federal Funds Rate, 4.21%; and PLGIT 7 day average rate of 4.42%. The Borough's composite monthly average yield for the year was approximately 4.88%. The average maturity of the U. S. Treasury portfolio at December 31, 2007 was 192 days with the weighted average maturity being about 236 days. The pooled funds average maturity was 1 day.

### **Long Term Financial Planning**

Financial planning for the long term generally consists of a "five-year" plan similar to the annual budget committed to by the Borough. The long term plan typically extends an additional four years and is updated annually as economic conditions change. The plan is extended by one year annually while the "expired" or current year is eliminated.

### **INDEPENDENT AUDIT**

The independent accounting firm, Smith Elliott Kearns & Company, LLC, audited the basic financial statement of the Borough of Chambersburg for fiscal year 2007. The financial statements have received an unqualified 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 and the standards set forth in the General Accounting Office's Government Auditing Standards were used by the auditors in conducting the engagement. The auditors' report on internal controls and compliance with applicable laws and regulations can be found in the report.

### **ACKNOWLEDGMENTS**

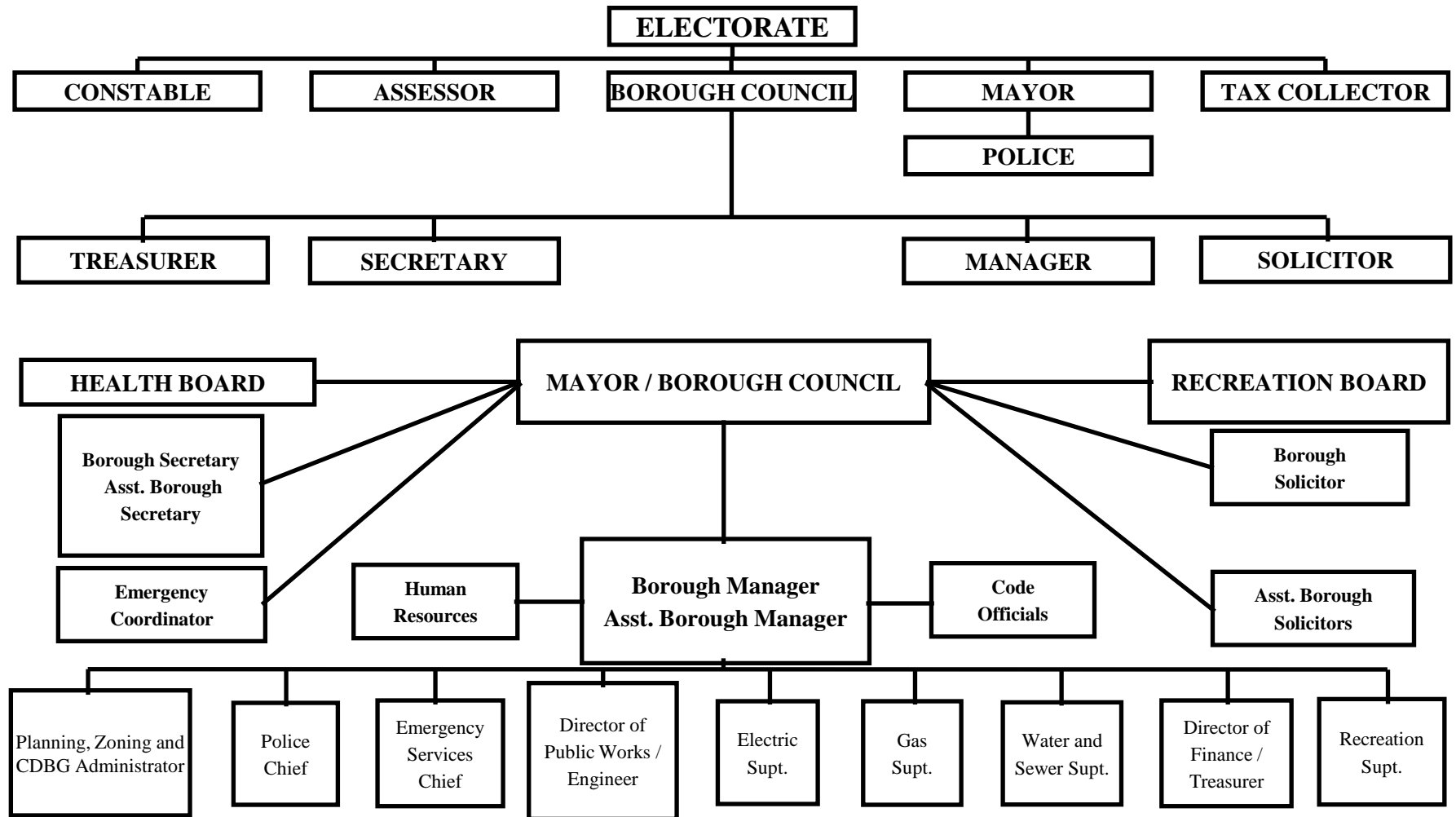
The preparation of this report was made possible by the special efforts of all the members of the Finance Department. Their diligent and tireless efforts on a year round basis have provided us with the human resources and pride necessary to produce an award winning financial report.

Finally, a special thanks is extended to the Borough Manager, Mr. Eric W. Oyer, and to the Mayor and the members of Town Council whose support enables the Borough of Chambersburg to strive for excellence in its financial reporting and to maintain high standards of financial integrity.

Respectfully submitted,

Casimir L. Rzomp, Jr.  
Director of Finance

# BOROUGH OF CHAMBERSBURG



X

**2008 ROSTER  
MAYOR AND MEMBERS OF TOWN COUNCIL  
OF THE BOROUGH OF CHAMBERSBURG, PENNSYLVANIA**

**MAYOR**

Peter Lagiovane  
610 Wallace Avenue  
Chambersburg, PA 17201  
2008-2009  
(r) 264-8231; Mayors Office 261-3243

**COUNCILMEN**

William F. McLaughlin  
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President of Council  
First Ward 2008-2011  
(r) 263-4241 (c) 860-7779

Tom Newcomer  
129 Highfield Lane South  
Second Ward 2008-2011  
(r) 267-0430

Elaine M. Swartz  
326 Cosell Drive  
Third Ward 2008-2011  
(r) 267-2120

Sharon A. Bigler  
359 High Street  
Assistant Finance Chairman  
Fourth Ward 2008-2011  
(r) 263-5524

Robert A. Wareham, Sr.  
953 E. McKinley Street  
Vice President of Council  
Fifth Ward 2008-2011  
(r) 263-8915

Allen B. Coffman  
112 Pennsylvania Avenue  
First Ward 2006-2009  
(r) 267-2739

Janet L. Lukic  
264 Woodvale Drive  
Second Ward 2006-2009  
(r) 263-8574

Glenn K. Manns  
332 Suelinn Drive  
Finance Chairman  
Third Ward 2006-2009  
(r) 263-8866

Mary Beth Shank  
528 W. King Street  
Fourth Ward 2006-2009  
(c) 360-8220

Heath Talhelm  
840 Brandon Drive  
Fifth Ward 2006-2009  
(c) 301-573-5235

Council Meetings - 7:00 P.M.  
Regular Public: 2nd and 4th Mondays - Council Chambers  
Public Workshop: 3rd Monday – Council Chambers

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



## **BOROUGH OFFICERS AND OFFICIALS**

Eric W. Oyer  
Borough Manager  
(r) 263-5446 (b) 261-3245

David C. Finch  
Assistant Borough Manager  
(r) 264-0479 (b) 261-3200

Tanya Mickey  
Borough Secretary  
(r) 369-0079 (b) 261-3254

Jamia Wright  
Assistant Borough Secretary  
(r) 261-0162 (b) 261-3201

Thomas J. Finucane  
Borough Solicitor  
(b) 369-2944 (b) 264-4104

Welton J. Fischer  
Assistant Borough Solicitor  
(r) 262-2987 (b) 264-8020

Richard E. Hamsher  
Electric Superintendent  
(r) unlisted (b) 261-3238

Ron Pezon  
Assistant Electric Superintendent  
(r) 264-9054 (b) 261-3250

Jeff Heverly  
Assistant to the Electric Superintendent  
(c) 814-591-0539 (b) 261-3250

John Leary  
Gas Superintendent  
(r) 263-6898 (b) 261-3234

Jon Mason  
Assistant Gas Superintendent  
(b) 263-6385 (c) 729-2171

Carl S. Rundquist  
Water and Sewer Superintendent  
(r) 267-3273 (b) 261-3237

Robert L. Wagner  
Borough Engineer/Public Works Director  
(r) 263-8089 (b) 261-3228

Terrence Osborne  
Emergency Services Chief  
(c) 729-7413 (b) 261-3230

William F. Dubbs, Jr.  
Asst. Emergency Services Chief/Fire Code Enforcement Officer  
Emergency Management Coordinator  
(r) 264-3228 (b) 261-3230

VACANT  
Police Chief  
(r) 496-8838 (b) 264-4131 (c) 729-1164

Herbert R. Dolaway  
Recreation Superintendent  
(r) 264-9058 (b) 261-3275

Julie Redding  
Assistant Recreation Superintendent  
(r) 267-3588 (b) 261-3275

Phil Wolgemuth  
Planning/Zoning/CDBG Administrator  
(r) unlisted (b) 261-3232

William Lockbaum  
Property Maintenance Code Officer  
(r) unlisted (b) 261-3262

Patti Fogal  
Property Maintenance Code Officer  
(r) 264-5380 (b) 263-3319

Casimir L. Rzomp, Jr.  
Borough Treasurer/ Finance Director  
(r) 352-7945 (b) 261-3248

Nancy Foster  
Assistant Borough Treasurer  
(r) 352 -3882 - (b) 261-3244

James S. Clapper  
Wage Tax Collector  
(r) 264-8639 (b) 263-5141

William H. "Buzz" Shank III  
Borough Tax Collector  
(r) 264-1147 (b) 263-6565

A. Elwood Sord  
Assistant to the Water and Sewer Superintendent  
(r) 261-2587 (b) 261-3233 (c) 729-2179

(r) = residence  
(b) = business



# Financial Section



## ***INDEPENDENT AUDITOR'S REPORT***

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Chambersburg, as of and for the year ended December 31, 2007, which collectively comprise the Borough's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Borough of Chambersburg's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Chambersburg as of December 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2008 on our consideration of the Borough of Chambersburg's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 to 14, the schedules of historical pension information on pages 48 to 51, and the general fund and special revenue fund – grant programs budgetary comparison schedules on pages 52 - 53 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit such information and express no opinion on it.



To the Mayor and Borough Council  
Borough of Chambersburg

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Chambersburg's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Borough of Chambersburg. The combining and individual nonmajor fund financial statements and schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Smith Elliott Kearns & Company, LLC*

Chambersburg, Pennsylvania  
June 13, 2008

# **BOROUGH OF CHAMBERSBURG, PENNSYLVANIA**

## *Management's Discussion and Analysis for the Year Ended December 31, 2007 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, 2007. Readers should also review the basic financial statements and related footnotes on pages 15 - 45 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*, issued June 1999. 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 Assets and Statement of Activities (referred to collectively as the government-wide statements) provide information about the activities as an entire operating entity, presenting both an aggregate view of the Borough's finances and a longer-term view of those assets and liabilities. Major fund statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The proprietary funds' statements are prepared on the same basis as the government-wide statements.

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

#### ***Statement of Net Assets and Statement of Activities***

These government-wide statements answer the question "How did the Borough as a whole do financially during 2007?" They are prepared on the accrual basis of accounting, much the same way as for a private enterprise. This basis of accounting includes all assets and liabilities and take into account all of the reporting year's revenues and expenses regardless of when the cash was received or paid.

- *The Statement of Net Assets.* This statement (page 15) reports all assets and liabilities of the Borough as of December 31, 2007. The difference between total assets and total liabilities is reported as "net assets". Increases in net assets generally indicate an improvement in financial position while decreases may indicate a deterioration of financial position.
- *The Statement of Activities.* This statement (page 16) 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, 2007. Changes in net assets 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 26 to 35 in the Notes to the Financial Statements.

# **BOROUGH OF CHAMBERSBURG, PENNSYLVANIA**

## *Management's Discussion and Analysis for the Year Ended December 31, 2007 Unaudited*

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

#### ***Fund financial statements***

These statements provide 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, Electric Fund, Gas Fund, Water Fund, and Sewer Fund. The creation of some funds is mandated by law and 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 Assets and the Statement of Activities) in reconciliations presented on pages 18 and 20.

The Borough of Chambersburg maintains separate governmental funds. The governmental fund financial statements on pages 17 through 20 separately display the governmental funds considered to be major funds. All other governmental funds - the "non-major" funds - are combined into a single column. Detailed financial data for each of the non-major governmental funds is provided in combining statements in the supplementary information section of this report.

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

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

The Borough of Chambersburg's Electric, Gas, Water, and Sewer Funds are all considered to be major funds and are displayed separately in the proprietary fund statements on pages 21 through 23. The Borough has two other proprietary funds, Sanitation and Parking, 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 government entity that uses the services. An internal service fund is the appropriate accounting mechanism when it is the intent of the government to recover the full cost of providing the service through user charges to other departments.

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

- ***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside 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 24 - 25 of this report.

**BOROUGH OF CHAMBERSBURG, PENNSYLVANIA***Management's Discussion and Analysis  
for the Year Ended December 31, 2007  
Unaudited***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 historical pension information and budgetary schedules for the general fund and grant programs fund. This data is on pages 47 through 52 of this report.

**The Borough of Chambersburg as a Whole**

The following table presents condensed information on net assets as of December 31, 2007.

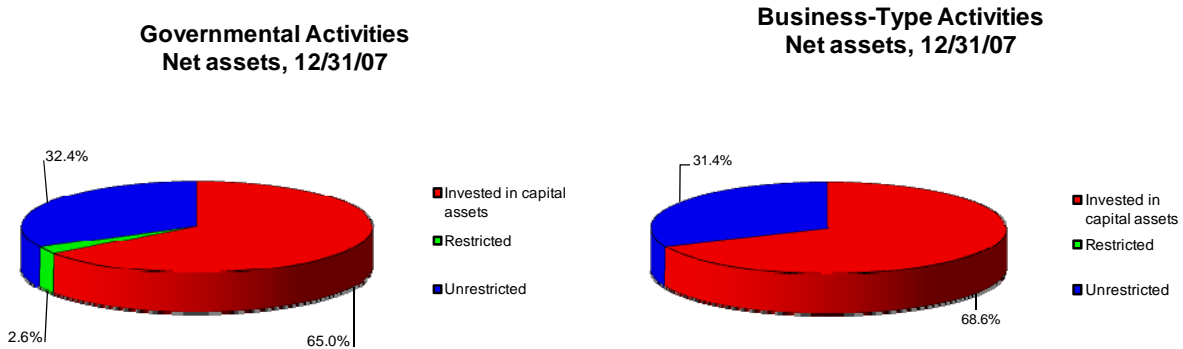
	<b><u>Net Assets</u></b> <b><u>December 31, 2007 and 2006</u></b>					
	2007	2006	2007	2006	2007	2006
	Governmental	Governmental	Business-Type	Business-Type	2007	2006
	Activities	Activities	Activities	Activities	Total	Total
<b><u>Assets:</u></b>						
Current and other assets	\$ 12,417,981	\$ 11,549,661	\$ 36,268,997	\$ 27,979,145	\$ 48,686,978	\$ 39,528,806
Capital assets	19,947,748	16,422,498	92,951,660	92,100,739	112,899,408	108,523,237
Total assets	32,365,729	27,972,159	129,220,657	120,079,884	161,586,386	148,052,043
<b><u>Liabilities:</u></b>						
Current liabilities	1,398,251	1,620,691	5,047,045	5,709,673	6,445,296	7,330,364
Other liabilities	278,499	378,542	22,794,600	23,757,420	23,073,099	24,135,962
Total liabilities	1,676,750	1,999,233	27,841,645	29,467,093	29,518,395	31,466,326
<b><u>Net Assets:</u></b>						
Invested in capital assets, net of debt	19,947,748	16,422,498	69,516,503	67,563,288	89,464,251	83,985,786
Restricted	786,100	392,808	0	0	786,100	392,808
Unrestricted	9,955,131	9,157,620	31,862,509	23,049,503	41,817,640	32,207,123
Total net assets	\$ 30,688,979	\$ 25,972,926	\$ 101,379,012	\$ 90,612,791	\$ 132,067,991	\$ 116,585,717



# BOROUGH OF CHAMBERSBURG, PENNSYLVANIA

## *Management's Discussion and Analysis for the Year Ended December 31, 2007 Unaudited*

The breakdown of net assets is as follows:



In total, combined net assets were at \$132.07 million at December 31, 2007.

The following tables present condensed information on the changes in net assets for the years ended December 31, 2007 and 2006.

### Changes in Net Assets For the Year Ended December 31, 2007

	Governmental Activities	Business-Type Activities	Total Activities
<b><u>Revenues</u></b>			
Program Revenues:			
Charges for services	\$ 2,114,434	\$ 43,564,148	\$ 45,678,582
Operating grants and contributions	1,488,749	129,164	1,617,913
Capital Grants and contributions	2,994,098	2,891,262	5,885,360
General revenues:			0
Property taxes	3,486,845	0	3,486,845
Real estate transfer tax	816,051	0	816,051
Earned income tax	1,568,769	0	1,568,769
Emergency & Municipal services tax	1,165,990	0	1,165,990
Payments in lieu of taxes	10,565	0	10,565
Gain on Sale of Assets	0	0	0
Unrestricted contributions and grants	3,926	0	3,926
Investment earnings	518,979	1,180,310	1,699,289
Miscellaneous income	125,626	217,957	343,583
Total revenues	<u>\$ 14,294,032</u>	<u>\$ 47,982,841</u>	<u>\$ 62,276,873</u>

**BOROUGH OF CHAMBERSBURG, PENNSYLVANIA***Management's Discussion and Analysis  
for the Year Ended December 31, 2007  
Unaudited***Changes in Net Assets (Continued)**  
**For the Year Ended December 31, 2007**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Activities</u>
<b><u>Expenses</u></b>			
General government	\$ 1,549,325	\$ 0	\$ 1,549,325
Public safety	7,032,498	0	7,032,498
Public services	542,993	0	542,993
Community development	579,662	0	579,662
Parks and recreation	1,237,341	0	1,237,341
Interest on long-term debt	0	0	0
Electric	0	17,036,148	17,036,148
Gas	0	9,804,046	9,804,046
Water	0	2,775,409	2,775,409
Sewer	0	4,435,959	4,435,959
Other business-type activities	<u>0</u>	<u>2,047,878</u>	<u>2,047,878</u>
Total expenses	10,941,819	36,099,440	47,041,259
Excess before transfers	3,352,213	11,883,401	15,235,614
Transfers	<u>1,117,180</u>	<u>( 1,117,180)</u>	<u>0</u>
<b>Change in net assets</b>	<b><u>\$ 4,469,393</u></b>	<b><u>\$ 10,766,221</u></b>	<b><u>\$ 15,235,614</u></b>

**BOROUGH OF CHAMBERSBURG, PENNSYLVANIA**

*Management's Discussion and Analysis  
for the Year Ended December 31, 2007  
Unaudited*

**Changes in Net Assets**  
**For the Year Ended December 31, 2006**

	Governmental Activities	Business-type Activities	Total
<u>Revenues</u>			
Program Revenues:			
Charges for services	\$ 2,009,388	\$ 39,389,281	\$ 41,398,669
Operating grants and contributions	1,200,413	178,031	1,378,444
Capital Grants and contributions	2,921,896	1,481,518	4,403,414
General revenues:			
Property taxes	2,810,388	0	2,810,388
Real estate transfer tax	674,435	0	674,435
Earned income tax	1,629,180	0	1,629,180
Emergency & municipal services tax	1,111,662	0	1,111,662
Payments in lieu of taxes	10,452	0	10,452
Unrestricted contributions and grants	26,935	0	26,935
Investment earnings	437,046	951,243	1,388,289
Gain on Sale of Assets	0	0	0
Miscellaneous income	32,651	104,600	137,251
Total revenues	<u>12,864,446</u>	<u>42,104,673</u>	<u>54,969,119</u>
<u>Expenses</u>			
General government	1,043,354	0	1,043,354
Security of persons and property	6,349,063	0	6,349,063
Public services	1,852,946	0	1,852,946
Community development	467,084	0	467,084
Parks and recreation	1,019,986	0	1,019,986
Electric	0	18,523,367	18,523,367
Gas	0	10,084,205	10,084,205
Water	0	2,495,541	2,495,541
Sewer	0	4,482,424	4,482,424
Other business-type activities	0	2,040,335	2,040,335
Total expenses	10,732,433	37,625,872	48,358,305
Excess before transfers	2,132,013	4,478,801	6,610,814
Transfers	<u>1,047,915</u>	<u>( 1,047,915)</u>	<u>0</u>
Change in net assets	<u>\$ 3,179,928</u>	<u>\$ 3,430,886</u>	<u>\$ 6,610,814</u>

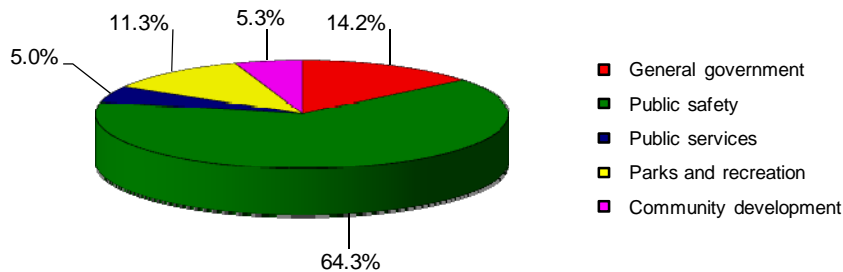
# BOROUGH OF CHAMBERSBURG, PENNSYLVANIA

## *Management's Discussion and Analysis for the Year Ended December 31, 2007 Unaudited*

The Borough's governmental type's single largest revenue source, real estate taxes, increased by \$676,457 or 24.06% in 2007. This was a larger increase than the 4.56% for the year ended December 31, 2006. This was due to an increase in the taxable assessed value of 4.44% for year ended 2007. There was also an increase in the mill rate for 2007 of 17.64%.

Expenses of governmental activities break down as follows:

**Governmental Expenses by Program  
2006**



Total governmental expenditures for 2007 were \$10.9 million. Public safety, which consisted primarily of police, fire and ambulance services, comprised 64.3% of the total governmental expenditures. Public service expenses, which include streets overlaying and repairs were 5.0%. Leisure time activities represented by the parks and recreation portion of expenditures were 11.3% of the total. General government expenditures were 14.2%. Community development comprised 5.3% of total expenditures.

The Statement of Activities reports the 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 table and graph summarize the net cost of each program:

**Expenses and Program Revenue - Governmental Activities  
Year Ended December 31, 2007**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
<b>Governmental activities</b>					
General government	\$ 1,549,325	\$ 445,288	\$ 712,607	\$ 2,606,162	\$ 2,214,732
Public safety	7,032,498	1,270,041	20,411	74,483	( 5,667,563)
Public services	542,993	10,406	725,199	279,646	472,258
Parks and recreation	1,237,341	388,699	0	33,807	( 814,835)
Community development	579,662	0	30,532	0	( 549,130)
<b>Total Governmental Activities</b>	<b>\$ 10,941,819</b>	<b>\$ 2,114,434</b>	<b>\$ 1,488,749</b>	<b>\$ 2,994,098</b>	<b>( \$ 4,344,538)</b>

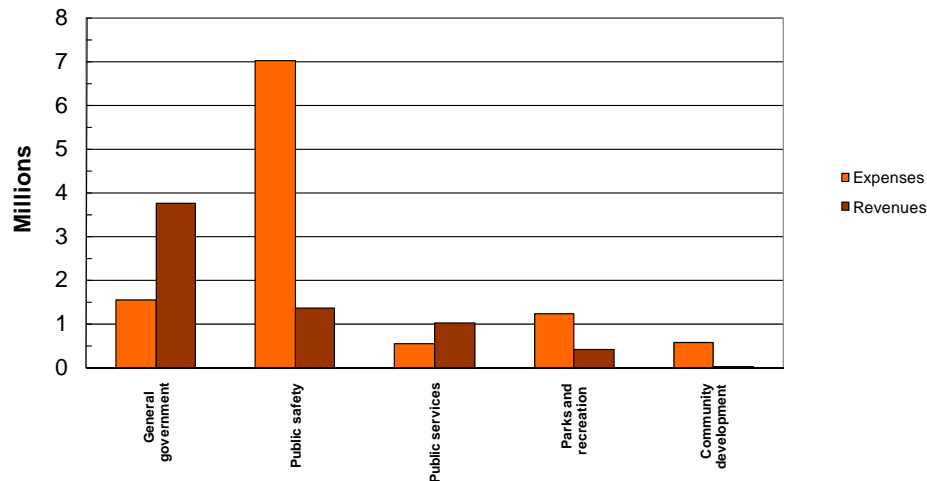
# BOROUGH OF CHAMBERSBURG, PENNSYLVANIA

## *Management's Discussion and Analysis for the Year Ended December 31, 2007 Unaudited*

### **Expenses and Program Revenue - Governmental Activities Year Ended December 31, 2006**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities					
General government	\$ 1,043,354	\$ 491,696	\$ 907,652	\$ 0	\$ 355,994
Public safety	6,349,063	1,119,281	90,369	446,151	( 4,693,262)
Public services	1,852,946	32,156	60,364	2,087,766	327,340
Parks and recreation	1,019,986	366,255	6,897	20,530	( 626,304)
Community development	467,084	0	135,131	367,449	35,496
Total Governmental Activities	<u>\$ 10,732,433</u>	<u>\$ 2,009,388</u>	<u>\$ 1,200,413</u>	<u>\$ 2,921,896</u>	<u>( \$ 4,600,736)</u>

### **Expenses and Program Revenue - Governmental Activities 2007**



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

#### *Business-type activities*

Business-type net assets increased \$10,766,221 in 2007. Each business-type activity, except for gas and parking, had an increase in receipts from sales of service. Electric receipts increased 18.45%, gas receipts decreased 1.79%, water receipts increased 11.70%, sewer receipts increased 6.10%, sanitation receipts increased 4.53% and parking department receipts decreased 6.42%. The total increase in billed revenues was \$4,174,867 or 10.60%.

**BOROUGH OF CHAMBERSBURG, PENNSYLVANIA**

*Management's Discussion and Analysis  
for the Year Ended December 31, 2007  
Unaudited*

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

**Expenses and Program Revenue - Business-type Activities  
For Year Ended December 31, 2007**

	Expenses	Charges for Services	Operating Grant and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Electric	\$ 17,036,148	\$ 23,374,049	\$ 37,039	\$ 376,482	\$ 6,751,422
Gas	9,804,046	10,111,337	16,196	2,000	325,487
Water	2,775,409	3,879,178	21,048	506,968	1,631,785
Sewer	4,435,959	4,027,596	16,975	2,005,812	1,614,424
Sanitation	1,900,908	2,026,588	36,043	0	161,723
Parking	<u>146,970</u>	<u>145,400</u>	<u>1,863</u>	<u>0</u>	<u>293</u>
Total business-type activities	<u>\$ 36,099,440</u>	<u>\$ 43,564,148</u>	<u>\$ 129,164</u>	<u>\$ 2,891,262</u>	<u>\$ 10,485,134</u>

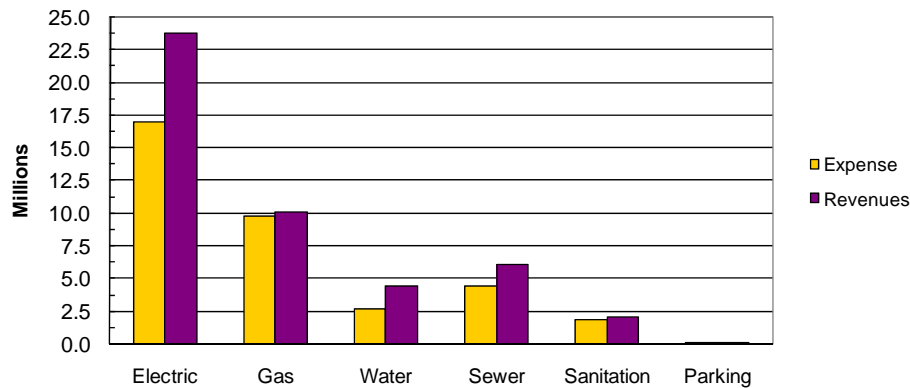
**Expenses and Program Revenue - Business-type Activities  
For Year Ended December 31, 2006**

	Expenses	Charges for Services	Operating Grant and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Electric	\$ 18,523,367	\$ 19,731,687	\$ 46,692	\$ 856,343	\$ 2,111,355
Gas	10,084,205	10,295,262	22,517	178,800	412,374
Water	2,495,541	3,472,734	49,156	238,000	1,264,349
Sewer	4,165,673	3,796,020	21,398	208,375	( 139,880)
Sanitation	1,875,660	1,938,838	35,920	0	99,098
Parking	<u>164,675</u>	<u>154,740</u>	<u>2,348</u>	<u>0</u>	<u>( 7,587)</u>
Total business-type activities	<u>\$ 37,309,121</u>	<u>\$ 39,389,281</u>	<u>\$ 178,031</u>	<u>\$ 1,481,518</u>	<u>\$ 3,739,709</u>

## BOROUGH OF CHAMBERSBURG, PENNSYLVANIA

### *Management's Discussion and Analysis for the Year Ended December 31, 2007 Unaudited*

**Expenses and Program Revenue - Business-Type Activities  
2007**



#### **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 at December 31, 2007 were \$8.30 million as compared to \$7.07 million at December 31, 2006.

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 increased from \$3,002,526 to \$3,057,235.

#### **Budget variations**

Operations for the Borough's general fund resulted in an overall favorable net budget variance of \$736,334 for the year ended December 31, 2007. That means that we had an increase in net cash inflows of \$736,334 more than budgeted. We budgeted a **net revenues in excess of expenditures of -\$681,625**, (negative) but finished the year with a **net revenues in excess of expenditures of \$54,709** (positive). Total revenues exceeded total expenditures by \$469,669 and net interfund transfers from other Borough funds in the amount of -\$414,960 created the overall positive results of \$54,709 for net receipts.

We had a favorable budget variance of \$691,627 or 6.59% of total **budgeted expenditures** (\$10,492,125). We also had a favorable budget variance of \$2,016,667 or 24.43% of total budgeted revenues (\$8,253,500). Also, we transferred \$306,000 less than budgeted or \$1,251,000 from the enterprise departments into the general fund. This was due to the reduced necessity of cash resulting from the other positive budget variances. We originally budgeted \$1,557,000 to be transferred from the enterprise funds into the general fund, but only transferred \$1,251,000 into the general fund which is \$306,000 less.

Much of the favorable revenue variance, **\$516,051 or 25.59%**, was due to an under estimate in the budgeted amount for deed transfer taxes. This was the result of another atypical year in real estate sales activity. We budgeted \$300,000 and collected \$816,051 for that item. We also underestimated the receipts for wage and earned income taxes by **\$303,188 or 15.03%** of the revenue variance. Again, we had an atypical year in employment related activity. We budgeted \$1,425,000 and collected \$1,728,188. Similarly, we under budgeted receipts for the local services tax (LST) by **\$265,990 or 13.19%** of the revenue variance.



## BOROUGH OF CHAMBERSBURG, PENNSYLVANIA

### *Management's Discussion and Analysis for the Year Ended December 31, 2007 Unaudited*

Additionally, we had under estimates in departmental revenues of **\$669,239 or 33.18%** of the total revenue variance. These were largely made up of positive variances in ambulance service fees (\$515,257), and recreation department revenues (\$53,118). The ambulance service receipts variance is the result of an underestimation of receipts budgeted for 2007. The net receipts totaled \$962,257 and were budgeted at \$450,000. There was a \$155,000 increase in activity due to an increase in the number of transports of 246 or 10.97% from 2006 along with an increase in the collection rate from 54.03% in 2006 to 55.37% for 2007. An increase in the composite interest rate from 4.432% the previous year to 4.879% helped create a situation where actual investment earnings exceeded the budgeted amount by **\$109,012 or 5.41%** of the revenue variance. Real estate tax collections were also in excess of the budgeted amount by **\$124,422 or 6.17%** of the total revenue variance. These individual "budgeting discrepancies" account for approximately 98.57% of the total revenue variance.

On the expenditure side, the favorable variance (\$691,627), **35.80% (\$247,586)** can be attributed to over budgeting expenditures for the Fire Department, particularly for salaries of supervisory personnel (\$30,390), salaries for fire apparatus operators (\$97,019), office supplies (\$20,842) and purchase/repairs of fire fighting equipment (\$43,660). Additionally, **26.34% (\$182,182)** can be attributed to over budgeting expenditures for the Police Department, particularly salaries for the chief and regular police officers (\$81,430), operations of the headquarters building (\$18,591) and health insurance (\$23,925). There was also over budgeting of expenditures for the Ambulance Department that attributed to **12.27% (\$84,876)** of the total expenditure variance. The overbudgeting in these three departments accounted for **74.41% (\$514,644)** of the total favorable expenditure variance.

#### **Changes in fund balances**

The fund balance in the General Fund increased by \$54,709 in 2007. This was due to total revenues of \$10,270,167 exceeding total expenditures of \$9,800,498 by \$469,669. Of that increase in resources, net transfers of \$414,960 were made to other operating departments, creating a remainder of \$54,709 as the net increase in fund balance for the General Fund. The underlying reason for the substantial increase in resources available to the General Fund was basically an increase in tax revenues over last year. Total tax revenues for 2007 were \$7,217,147 as compared to \$6,191,176 for 2006. That increase of \$1,025,971 was offset by an increase in expenditures of \$449,490 for 2007. These two factors alone created an increase in resources of \$576,481. In summary, our General Fund revenues increased by 14.44% while expenditures increased by 4.81%.

The fund balance in the Grants Programs Fund increased by \$81,272 in 2007. This was due to a substantial increase in activity, particularly of a Community Development nature, within that fund. Revenues increased by \$1,200,783 in 2007 while expenditures increased by \$981,521. This increase in resources helped to provide an overall **increase** in the fund balance for 2007 when we actually had a **decrease** in fund balance of \$96,137 for 2006.

The fund balances in the *Enterprise Funds* increased by \$10,167,171 or 12.35% compared to an increase of \$2,418,889 or 3.02% for 2006. Most of the increase for 2007 can be attributed to the electric department, whose fund balance increased by \$6,094,171 or 19.96% over 2006. The operating revenues for the electric department increased by \$3,644,141 or 18.5% to a total of \$23,343,475. Operating expenses conversely decreased by \$1,351,552 or 7.58% to a total of \$16,474,348. Also, the fund balance in the water department increased by \$2,019,667 or 9.87% over 2006. This can be largely attributed to an increase in connection fees of \$371,604 or 67.49% over 2006 to \$550,578. Additionally, grant income increased by \$249,065 or 96.57% over 2006 to \$ 506,968. Lastly, the fund balance for the sewer department increased by \$1,774,463 or 9.04% over 2006. This can be largely attributed to an increase in grant income of \$1,797,436 or 862.6% over 2006 to 2,005,812.

The fund balance in the *Internal Services Funds* increased by a total of \$854,003 or 7.25% compared to an increase of \$527,243 or 4.69% in 2006. Revenues totaled \$3,581,707, increasing by 3.7% over last year's revenue of \$3,452,792. Expenditures totaled \$3,934,150 increasing by 15.85% over last year's expenditures of \$3,395,799. The net of revenues less expenditures resulted in a net decrease in the fund balance of \$352,455. However, an increase in interest earnings of \$92,444 or 24.89% over last year's interest earnings of \$371,355 and a major reimbursement of health insurance premiums of \$545,241 in 2007, made the large increase in fund balance of \$854,003 possible.

# **BOROUGH OF CHAMBERSBURG, PENNSYLVANIA**

## *Management's Discussion and Analysis for the Year Ended December 31, 2007 Unaudited*

### **Capital asset and debt administration**

#### **Capital asset activity**

Public Works continued its multi-million dollar capital program. In the 2002-2008 timeframe, the Borough will have invested as much as \$6.75 million on improving its street and alley system. In 2007 the Public Works Department resurfaced six (6) streets (or portions thereof) and four (4) alleys. Significant business-type capital activity included: the Electric Department invested in the expansion of the Cree Substation as well as significant improvements to the distribution system. The Electric Department also supervised the signalization of five (5) intersections in the Borough. The Gas, Water and Sewer Departments continued to replace and upgrade mains to stay ahead of the Public Works projects. The Water Department continued its meter replacement program as well as the cleaning and lining of a major transmission main. The Sewer Department extended sanitary sewer to Mill Road properties that had waited forty (40) years for public sewer.

Additional detail on the capital asset activity for the year ended December 31, 2007 is presented in the Notes to the Basic Financial Statements in note 4.

#### **Debt**

A summary of outstanding debt at December 31, 2007 and 2006 is as follows:

	<u>General Obligation Bonds</u>	
	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Governmental activities	\$ 0	\$ 0
Business-type activities	21,580,000	22,265,000
 <u>Pennsylvania ("Pennvest" Water Projects)</u>		
Governmental activities	0	0
Business-type activities	<u>2,556,544</u>	<u>2,732,990</u>
Total outstanding debt	<u>\$ 24,136,544</u>	<u>\$ 24,997,990</u>

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

### **Contacting the Borough's management**

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

# BOROUGH OF CHAMBERSBURG

## STATEMENT OF NET ASSETS December 31, 2007

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and equity in pooled cash and investments	\$ 10,406,323	\$ 27,135,343	\$ 37,541,666
Taxes receivable, net of allowance	180,567	0	180,567
Accounts receivable, net of allowance	123,508	5,355,148	5,478,656
Due from other governments	880,335	178,367	1,058,702
Other receivables	150,823	110,880	261,703
Inventories	370,723	3,242,163	3,612,886
Prepaid expenses	3,685	51,657	55,342
Total current assets	<u>12,115,964</u>	<u>36,073,558</u>	<u>48,189,522</u>
<b>Noncurrent assets</b>			
Noncurrent receivables	302,017	0	302,017
Deferred charges	0	195,439	195,439
Capital assets not being depreciated:			
Land	402,419	826,630	1,229,049
Construction in progress	4,927,813	3,222,915	8,150,728
Capital assets net of accumulated depreciation:			
Utility plant in service	0	85,672,777	85,672,777
Land improvements	1,179,882	31,951	1,211,833
Buildings and improvements	1,716,232	287,571	2,003,803
Machinery, equipment and furniture	2,084,643	2,909,816	4,994,459
Infrastructure	9,636,759	0	9,636,759
Total noncurrent assets	<u>20,249,765</u>	<u>93,147,099</u>	<u>113,396,864</u>
Total assets	<u>\$ 32,365,729</u>	<u>\$ 129,220,657</u>	<u>\$ 161,586,386</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 798,181	\$ 2,544,228	\$ 3,342,409
Accrued wages and withholdings	148,341	296,250	444,591
Accrued interest expense	0	221,770	221,770
Unearned revenues	97,445	73,117	170,562
Long-term liabilities: Due within one year			
Bonds and notes payable	0	1,445,583	1,445,583
Compensated absences	297,528	329,410	626,938
Liability for insured losses	56,756	136,687	193,443
Total current liabilities	<u>1,398,251</u>	<u>5,047,045</u>	<u>6,445,296</u>
<b>Noncurrent liabilities</b>			
Long-term liabilities: Due in more than one year			
Bonds and notes payable	0	22,185,013	22,185,013
Compensated absences	117,865	222,731	340,596
Liability for insured losses	160,634	386,856	547,490
Total noncurrent liabilities	<u>278,499</u>	<u>22,794,600</u>	<u>23,073,099</u>
Total liabilities	<u>1,676,750</u>	<u>27,841,645</u>	<u>29,518,395</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	19,947,748	69,516,503	89,464,251
Restricted for:			
Program expenditures	786,100	0	786,100
Unrestricted	9,955,131	31,862,509	41,817,640
Total net assets	<u>30,688,979</u>	<u>101,379,012</u>	<u>132,067,991</u>
Total liabilities net assets	<u>\$ 32,365,729</u>	<u>\$ 129,220,657</u>	<u>\$ 161,586,386</u>

*The Notes to Financial Statements are an integral part of this statement.*

**BOROUGH OF CHAMBERSBURG**

**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2007

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government</b>							
Governmental activities							
General government	\$ 1,549,325	\$ 445,288	\$ 712,607	\$ 2,606,162	\$ 2,214,732	\$ 0	\$ 2,214,732
Public safety	7,032,498	1,270,041	20,411	74,483	( 5,667,563)	0	( 5,667,563)
Public works	542,993	10,406	725,199	279,646	472,258	0	472,258
Culture and recreation	1,237,341	388,699	0	33,807	( 814,835)	0	( 814,835)
Community development	579,662	0	30,532	0	( 549,130)	0	( 549,130)
Total governmental activities	<u>10,941,819</u>	<u>2,114,434</u>	<u>1,488,749</u>	<u>2,994,098</u>	<u>( 4,344,538)</u>	<u>0</u>	<u>( 4,344,538)</u>
Business-type activities							
Electric	17,036,148	23,374,049	37,039	376,482	0	6,751,422	6,751,422
Gas	9,804,046	10,111,337	16,196	2,000	0	325,487	325,487
Water	2,775,409	3,879,178	21,048	506,968	0	1,631,785	1,631,785
Sewer	4,435,959	4,027,596	16,975	2,005,812	0	1,614,424	1,614,424
Sanitation	1,900,908	2,026,588	36,043	0	0	161,723	161,723
Parking	146,970	145,400	1,863	0	0	293	293
Total business-type activities	<u>36,099,440</u>	<u>43,564,148</u>	<u>129,164</u>	<u>2,891,262</u>	<u>0</u>	<u>10,485,134</u>	<u>10,485,134</u>
Total primary government	<u>\$ 47,041,259</u>	<u>\$ 45,678,582</u>	<u>\$ 1,617,913</u>	<u>\$ 5,885,360</u>	<u>( \$ 4,344,538)</u>	<u>\$ 10,485,134</u>	<u>\$ 6,140,596</u>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purposes					\$ 3,486,845	\$ 0	\$ 3,486,845
Real estate transfer tax					816,051	0	816,051
Earned income tax					1,568,769	0	1,568,769
Local services tax					1,165,990	0	1,165,990
Other taxes					10,565	0	10,565
Grants and contributions not restricted to specific programs					3,926	0	3,926
Unrestricted investment earnings					518,979	1,180,310	1,699,289
Miscellaneous income					125,626	217,957	343,583
Transfers					1,117,180	( 1,117,180)	0
Total general revenues, transfers and extraordinary items					<u>8,813,931</u>	<u>281,087</u>	<u>9,095,018</u>
Change in net assets					4,469,393	10,766,221	15,235,614
Net assets - beginning - as restated					<u>26,219,586</u>	<u>90,612,791</u>	<u>116,832,377</u>
Net assets - ending					<u>\$ 30,688,979</u>	<u>\$ 101,379,012</u>	<u>\$ 132,067,991</u>

*The Notes to Financial Statements are an integral part of this statement.*

**BOROUGH OF CHAMBERSBURG**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2007**

	<b>General Fund</b>	<b>Special Revenue Fund Grant Programs</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and equity in pooled cash and investments	\$ 2,691,896	\$ 32,347	\$ 5,125,912	\$ 7,850,155
Taxes receivable, net	180,567	0	0	180,567
Due from other funds	0	0	0	0
Receivable from other governments	460,501	379,178	0	839,679
Other receivables, net	185,360	105,063	266,612	557,035
Total assets	<u>\$ 3,518,324</u>	<u>\$ 516,588</u>	<u>\$ 5,392,524</u>	<u>\$ 9,427,436</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 121,495	\$ 332,771	\$ 325,543	\$ 779,809
Due to other funds	0	0	0	0
Deferred revenue	209,957	1,790	0	211,747
Accrued wages, benefits and withholdings	129,637	1,308	0	130,945
Total liabilities	<u>461,089</u>	<u>335,869</u>	<u>325,543</u>	<u>1,122,501</u>
<b>Fund balances</b>				
Reserved for long term loans	0	99,994	302,017	402,011
Reserved for grant programs	0	80,725	0	80,725
Unreserved - special revenue liquid fuels	0	0	455,558	455,558
Unreserved capital reserve	0	0	4,309,406	4,309,406
Unreserved	3,057,235	0	0	3,057,235
Total fund balances	<u>3,057,235</u>	<u>180,719</u>	<u>5,066,981</u>	<u>8,304,935</u>
Total liabilities and fund balances	<u>\$ 3,518,324</u>	<u>\$ 516,588</u>	<u>\$ 5,392,524</u>	<u>\$ 9,427,436</u>

*The Notes to Financial Statements are an integral part of this statement.*

**BOROUGH OF CHAMBERSBURG**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
December 31, 2007**

<b>Total fund balance - governmental funds</b>	<b>\$ 8,304,935</b>
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.	18,888,145
Taxes receivable are not available soon enough to pay for the current period's expenditures, and therefore are not recorded in the fund financial statements.	154,959
Internal service funds are used by management to charge the costs of certain activities, such as insurance, motor equipment, engineering, and others, to individual funds. A portion of these assets and liabilities of the internal service funds are included in the governmental activities and are allocated based on the usage of those funds by the governmental funds.	3,700,692
Long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of compensated absences.	( 359,752)
Total net assets - governmental activities	<u><u>\$ 30,688,979</u></u>

*The Notes to Financial Statements are an integral part of this statement.*

**BOROUGH OF CHAMBERSBURG**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**For the Year Ended December 31, 2007**

	<b>General Fund</b>	<b>Special Revenue Fund Grant Programs</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes	\$ 7,217,147	\$ 0	\$ 0	\$ 7,217,147
Licenses and permits	283,832	0	0	283,832
Fines and forfeits	134,912	0	0	134,912
Investment earnings	191,012	1,350	240,733	433,095
Intergovernmental	712,607	3,071,757	343,750	4,128,114
Charges for services	1,609,239	0	0	1,609,239
Miscellaneous	121,418	152,435	12,293	286,146
Total revenues	<u>10,270,167</u>	<u>3,225,542</u>	<u>596,776</u>	<u>14,092,485</u>
<b>EXPENDITURES</b>				
Current:				
General government	778,741	69,589	37,442	885,772
Public Safety				
Police department	3,831,918	77,115	89,152	3,998,185
Fire department	1,672,479	17,077	114,455	1,804,011
General health and ambulance service	761,124	0	9,647	770,771
Planning and zoning	454,234	0	0	454,234
Public works				
Highways	791,537	85,396	85,982	962,915
Other	419,309	0	57,240	476,549
Culture and recreation	1,035,692	91,847	61,940	1,189,479
Community development	0	2,765,619	583,354	3,348,973
Miscellaneous expenditures	55,464	0	0	55,464
Total expenditures	<u>9,800,498</u>	<u>3,106,643</u>	<u>1,039,212</u>	<u>13,946,353</u>
Excess (deficiency) of revenues over expenditures	<u>469,669</u>	<u>118,899</u>	<u>( 442,436)</u>	<u>146,132</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,251,000	6,411	1,537,050	2,794,461
Transfers out	( 1,665,960)	( 44,038)	( 411)	( 1,710,409)
Total other financing sources and uses	<u>( 414,960)</u>	<u>( 37,627)</u>	<u>1,536,639</u>	<u>1,084,052</u>
Net change in fund balances	54,709	81,272	1,094,203	1,230,184
Fund balances - beginning	<u>3,002,526</u>	<u>99,447</u>	<u>3,972,778</u>	<u>7,074,751</u>
Fund balances - ending	<u><u>\$ 3,057,235</u></u>	<u><u>\$ 180,719</u></u>	<u><u>\$ 5,066,981</u></u>	<u><u>\$ 8,304,935</u></u>

*The Notes to Financial Statements are an integral part of this statement.*

**BOROUGH OF CHAMBERSBURG**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2007**

**Net change in fund balances - total governmental funds:** \$ 1,230,184

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

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

Depreciation expense	( 878,053)	
Capital outlays	<u>4,103,271</u>	3,225,218

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.

( 1,747)

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.

( 168,690)

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

( 64,314)

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.

248,742

**Change in net assets - governmental activities** \$ 4,469,393

*The Notes to Financial Statements are an integral part of this statement.*



**BOROUGH OF CHAMBERSBURG**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
December 31, 2007**

	<b>Enterprise Funds</b>		
	<b>Electric Fund</b>	<b>Gas Fund</b>	<b>Water Fund</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and equity in pooled cash and investments	\$ 7,635,879	\$ 1,130,199	\$ 7,864,892
Accounts receivable, net	2,640,643	1,657,977	276,108
Receivables from other governments	0	0	140,111
Other receivables	30,387	4,672	32,211
Inventories	610,441	1,550,123	58,460
Prepaid expenses	30,877	1,900	3,359
Total current assets	<u>10,948,227</u>	<u>4,344,871</u>	<u>8,375,141</u>
<b>Noncurrent assets</b>			
Deferred charges	141,842	0	0
Capital assets			
Land	447,512	37,716	206,068
Buildings and system	60,004,731	10,561,463	25,627,341
Improvements other than buildings	34,081	0	0
Machinery and equipment	415,908	152,900	229,680
Construction in progress	1,572,288	256,227	462,890
Less accumulated depreciation	( 18,286,105)	( 3,923,789)	( 9,693,675)
Total capital assets	<u>44,188,415</u>	<u>7,084,517</u>	<u>16,832,304</u>
Total noncurrent assets	<u>44,330,257</u>	<u>7,084,517</u>	<u>16,832,304</u>
Total assets	<u>\$ 55,278,484</u>	<u>\$ 11,429,388</u>	<u>\$ 25,207,445</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 1,239,521	\$ 917,177	\$ 63,774
Accrued wages payable	59,263	42,873	31,928
Accrued interest payable	216,614	0	5,156
Unearned revenue	11,768	61,349	0
Compensated absences - current	88,325	37,002	47,701
Liability for self insured losses - current	0	0	0
Bonds, notes and loans payable - current	866,473	0	218,365
Total current liabilities	<u>2,481,964</u>	<u>1,058,401</u>	<u>366,924</u>
<b>Noncurrent liabilities</b>			
Compensated absences	71,084	14,442	31,672
Liability for self insured losses	0	0	0
Bonds, notes and loans payable	16,100,299	0	2,338,179
Total noncurrent liabilities	<u>16,171,383</u>	<u>14,442</u>	<u>2,369,851</u>
Total liabilities	<u>18,653,347</u>	<u>1,072,843</u>	<u>2,736,775</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	27,363,485	7,084,517	14,275,760
Unrestricted	<u>9,261,652</u>	<u>3,272,028</u>	<u>8,194,910</u>
Total net assets	<u>36,625,137</u>	<u>10,356,545</u>	<u>22,470,670</u>
Total liabilities and net assets	<u>\$ 55,278,484</u>	<u>\$ 11,429,388</u>	<u>\$ 25,207,445</u>

Enterprise Funds			Internal Service Funds
Sewer Fund	Other Enterprise Funds	Total	
\$ 2,942,050	\$ 1,406,261	\$ 20,979,281	\$ 8,712,230
667,267	92,633	5,334,628	29,041
38,256	0	178,367	0
11,813	5,805	84,888	36,784
130,321	0	2,349,345	1,263,541
3,514	3,131	42,781	12,561
<u>3,793,221</u>	<u>1,507,830</u>	<u>28,969,290</u>	<u>10,054,157</u>
53,597	0	195,439	0
14,300	112,124	817,720	13,984
38,310,641	75,946	134,580,122	160,688
0	51,845	85,926	0
253,220	524,868	1,576,576	0
931,510	0	3,222,915	6,544,135
( 17,398,016)	( 581,869)	( 49,883,454)	( 3,107,350)
<u>22,111,655</u>	<u>182,914</u>	<u>90,399,805</u>	<u>3,611,457</u>
<u>22,165,252</u>	<u>182,914</u>	<u>90,595,244</u>	<u>3,611,457</u>
<u>\$ 25,958,473</u>	<u>\$ 1,690,744</u>	<u>\$ 119,564,534</u>	<u>\$ 13,665,614</u>
\$ 265,070	\$ 14,441	\$ 2,499,983	\$ 62,617
30,724	22,898	187,686	59,291
66,669	0	288,439	0
0	0	73,117	0
50,541	27,422	250,991	110,981
0	0	0	193,443
<u>360,745</u>	<u>0</u>	<u>1,445,583</u>	<u>0</u>
<u>773,749</u>	<u>64,761</u>	<u>4,745,799</u>	<u>426,332</u>
32,030	17,921	167,149	78,661
0	0	0	547,490
<u>3,746,535</u>	<u>0</u>	<u>22,185,013</u>	<u>0</u>
<u>3,778,565</u>	<u>17,921</u>	<u>22,352,162</u>	<u>626,151</u>
<u>4,552,314</u>	<u>82,682</u>	<u>27,097,961</u>	<u>1,052,483</u>
18,057,972	182,914	66,964,648	3,611,457
<u>3,348,187</u>	<u>1,425,148</u>	<u>25,501,925</u>	<u>9,001,674</u>
<u>21,406,159</u>	<u>1,608,062</u>	<u>92,466,573</u>	<u>12,613,131</u>
<u>\$ 25,958,473</u>	<u>\$ 1,690,744</u>	<u>\$ 119,564,534</u>	<u>\$ 13,665,614</u>

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

8,912,439

Net assets of business-type activities \$ 101,379,012

*The Notes to Financial Statements are an integral part of this statement.*

**BOROUGH OF CHAMBERSBURG**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS**

**For the Year Ended December 31, 2007**

	<b>Enterprise Funds</b>		
	<b>Electric Fund</b>	<b>Gas Fund</b>	<b>Water Fund</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 23,056,017	\$ 10,071,307	\$ 2,823,962
Miscellaneous	287,458	39,990	119,869
Total operating revenues	<u>23,343,475</u>	<u>10,111,297</u>	<u>2,943,831</u>
<b>OPERATING EXPENSES</b>			
Production, gathering, treatment and transmission	4,454,822	504,308	1,620,097
Operation and maintenance	0	0	0
Collection and disposal	0	0	0
Purchase of energy for sale	7,200,498	8,290,051	0
Customer accounting and administrative	2,971,326	755,365	596,802
Claim payments and special services	0	0	0
Increase (decrease) in expected unpaid losses	0	0	0
Miscellaneous expense	50,558	0	0
Depreciation and amortization	1,797,144	271,491	563,534
Total operating expenses	<u>16,474,348</u>	<u>9,821,215</u>	<u>2,780,433</u>
Operating income (loss)	<u>6,869,127</u>	<u>290,082</u>	<u>163,398</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Connection fees	0	0	922,182
Interest and investment revenue	286,048	103,588	384,330
Gain (loss) on sale of assets	( 1,060)	( 6,169)	9,349
Reimbursement for health insurance	0	0	0
Other nonoperating revenues	38,475	2,280	115,173
Intergovernmental revenues	37,039	16,196	21,048
Interest expense	( 686,940)	0	( 65,819)
Total nonoperating revenues (expenses)	<u>( 326,438)</u>	<u>115,895</u>	<u>1,386,263</u>
Income (loss) before contributions and transfers	6,542,689	405,977	1,549,661
Capital contributions and grants	376,482	2,000	506,968
Transfers in	0	0	29,038
Transfers out	( 825,000)	( 335,000)	( 66,000)
Change in net assets	6,094,171	72,977	2,019,667
Total net assets - beginning	<u>30,530,966</u>	<u>10,283,568</u>	<u>20,451,003</u>
Total net assets - ending	<u>\$ 36,625,137</u>	<u>\$ 10,356,545</u>	<u>\$ 22,470,670</u>

Enterprise Funds			Internal Service Funds
Sewer Fund	Other Enterprise Funds	Total	
\$ 3,599,116	\$ 2,093,723	\$ 41,644,125	\$ 3,582,109
69,554	78,265	595,136	( 404)
<u>3,668,670</u>	<u>2,171,988</u>	<u>42,239,261</u>	<u>3,581,705</u>
2,010,781	0	8,590,008	0
0	69,370	69,370	2,735,676
524,150	1,670,873	2,195,023	0
0	0	15,490,549	0
514,727	302,302	5,140,522	317,901
0	0	0	224,316
0	0	0	137,473
0	0	50,558	0
<u>1,258,785</u>	<u>29,108</u>	<u>3,920,062</u>	<u>518,784</u>
<u>4,308,443</u>	<u>2,071,653</u>	<u>35,456,092</u>	<u>3,934,150</u>
( 639,773)	100,335	6,783,169	( 352,445)
354,913	0	1,277,095	0
136,729	64,269	974,964	457,587
0 ( 150)		1,970	5,963
0	0	0	545,241
61,242	3,533	220,703	48,827
16,975	37,906	129,164	29,708
( 161,435)	0	( 914,194)	0
<u>408,424</u>	<u>105,558</u>	<u>1,689,702</u>	<u>1,087,326</u>
( 231,349)	205,893	8,472,871	734,881
2,005,812	0	2,891,262	0
0	0	29,038	227,910
0	0	( 1,226,000)	( 115,000)
<u>1,774,463</u>	<u>205,893</u>	<u>10,167,171</u>	<u>847,791</u>
<u>19,631,696</u>	<u>1,402,169</u>	<u>82,299,402</u>	<u>11,765,340</u>
<u>\$ 21,406,159</u>	<u>\$ 1,608,062</u>	<u>\$ 92,466,573</u>	<u>\$ 12,613,131</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

599,050

Change in net assets of business-type  
activities

\$ 10,766,221

*The Notes to Financial Statements are an integral part of this statement.*

**BOROUGH OF CHAMBERSBURG**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2007**

	<b>Enterprise Funds</b>		
	<b>Electric Fund</b>	<b>Gas Fund</b>	<b>Water Fund</b>
<b>Cash flows from operating activities:</b>			
Receipts from customers/interfund services provided	\$ 23,653,408	\$ 9,902,008	\$ 3,062,129
Payments to suppliers	( 13,220,409)	( 8,689,577)	( 997,575)
Payments to and on behalf of employees	( 1,761,716)	( 772,858)	( 1,198,747)
Net cash provided (used) by operating activities	<u>8,671,283</u>	<u>439,573</u>	<u>865,807</u>
<b>Cash flows from capital and related financing activities:</b>			
Grants and reimbursements received	0	0	279,800
Proceeds from capital debt	9,845,725	0	0
Purchase of capital assets	( 2,890,367)	( 458,562)	( 846,822)
Proceeds from sale of assets	0	0	600,542
Proceeds from tap fees	0	0	922,182
Principal paid on capital debt	( 10,310,000)	0	( 176,446)
Interest and fiscal charges paid on capital debt	( 691,792)	0	( 66,175)
Net cash provided (used) by capital and related financing activities	<u>( 4,046,434)</u>	<u>( 458,562)</u>	<u>713,081</u>
<b>Cash flows from non-capital financing activities:</b>			
Transfer from other funds	0	0	29,038
Transfer to other funds	( 825,000)	( 335,000)	( 66,000)
Refund received for health insurance	0	0	0
Grants received	<u>37,039</u>	<u>16,196</u>	<u>21,048</u>
Net cash provided (used) by non-capital financing activities	<u>( 787,961)</u>	<u>( 318,804)</u>	<u>( 15,914)</u>
<b>Cash flows from investing activities:</b>			
Interest and dividends received	<u>264,774</u>	<u>102,429</u>	<u>367,354</u>
Net cash provided (used) by investing activities	<u>264,774</u>	<u>102,429</u>	<u>367,354</u>
Net increase (decrease) in cash and cash equivalents	<u>4,101,662</u>	<u>( 235,364)</u>	<u>1,930,328</u>
Cash and cash equivalents - beginning of the year	<u>3,534,217</u>	<u>1,365,563</u>	<u>5,934,564</u>
Cash and cash equivalents - end of the year	<u>\$ 7,635,879</u>	<u>\$ 1,130,199</u>	<u>\$ 7,864,892</u>
<b>Reconciliation of income from operations to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ 6,869,127	\$ 290,082	\$ 163,398
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization expense	1,797,144	271,491	563,534
Miscellaneous nonoperating income	38,475	2,280	115,173
(Increase) decrease in:			
Accounts receivable	269,306	( 212,649)	3,125
Inventories	1,211	102,046	( 928)
Prepaid expenses	477	( 51)	( 1,126)
Increase (decrease) in:			
Accounts payable and accrued expenses	( 306,609)	( 14,706)	22,631
Unearned revenue	2,152	1,080	0
Net cash provided (used) by operating activities	<u>\$ 8,671,283</u>	<u>\$ 439,573</u>	<u>\$ 865,807</u>
Non-cash investing, capital and non-capital financing activities			
Donated assets from developers	<u>\$ 376,482</u>	<u>\$ 2,000</u>	<u>\$ 153,500</u>

Enterprise Funds			
Sewer Fund	Other Enterprise Funds	Total	Internal Service Funds
\$ 3,591,686	\$ 2,168,640	\$ 42,377,871	\$ 3,631,676
( 2,299,673)	( 1,229,988)	( 26,437,222)	( 1,380,843)
( 1,163,384)	( 820,474)	( 5,717,179)	( 1,964,760)
<u>128,629</u>	<u>118,178</u>	<u>10,223,470</u>	<u>286,073</u>
1,912,056	0	2,191,856	0
0	0	9,845,725	0
( 244,442)	( 31,706)	( 4,471,899)	( 707,462)
0	0	600,542	7,590
355,013	0	1,277,195	0
( 375,000)	0	( 10,861,446)	( 188,048)
( 140,257)	0	( 898,224)	0
<u>1,507,370</u>	<u>( 31,706)</u>	<u>( 2,316,251)</u>	<u>( 887,920)</u>
0	0	29,038	227,910
0	0	( 1,226,000)	( 115,000)
0	0	0	545,241
<u>16,975</u>	<u>37,906</u>	<u>129,164</u>	<u>29,708</u>
<u>16,975</u>	<u>37,906</u>	<u>( 1,067,798)</u>	<u>687,859</u>
<u>128,135</u>	<u>61,616</u>	<u>924,308</u>	<u>441,909</u>
<u>128,135</u>	<u>61,616</u>	<u>924,308</u>	<u>441,909</u>
<u>1,781,109</u>	<u>185,994</u>	<u>7,763,729</u>	<u>527,921</u>
<u>1,160,941</u>	<u>1,220,267</u>	<u>13,215,552</u>	<u>8,184,309</u>
<u>\$ 2,942,050</u>	<u>\$ 1,406,261</u>	<u>\$ 20,979,281</u>	<u>\$ 8,712,230</u>
( \$ 639,773)	\$ 100,335	\$ 6,783,169	( \$ 352,445)
1,258,785	29,108	3,920,062	518,784
61,242	3,533	220,703	48,827
( 138,226)	( 6,881)	( 85,325)	1,144
( 7,258)	0	95,071	( 664)
( 61)	( 427)	( 1,188)	( 1,965)
( 406,080)	( 7,490)	( 712,254)	72,392
<u>0</u>	<u>0</u>	<u>3,232</u>	<u>0</u>
<u>\$ 128,629</u>	<u>\$ 118,178</u>	<u>\$ 10,223,470</u>	<u>\$ 286,073</u>
<u>\$ 55,500</u>	<u>\$ 0</u>	<u>\$ 587,482</u>	<u>\$ 0</u>

The Notes to Financial Statements are an integral part of this statement.

**BOROUGH OF CHAMBERSBURG****STATEMENT OF FIDUCIARY NET ASSETS****December 31, 2007**

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and equity in pooled cash and investments	\$ 876,790	\$ 44,109	\$ 800,320
Mutual funds - U.S. Securities	6,462,469	0	0
Mutual funds - Corporate bonds	3,230,620	0	0
Mutual funds - Stocks	16,372,570	0	0
Mutual funds - Real estate securities	712,281	0	0
Other receivables	0	47	3,307
Total assets	<u>\$ 27,654,730</u>	<u>\$ 44,156</u>	<u>\$ 803,627</u>
<b>LIABILITIES</b>			
Due to Fire Chief's Association	\$ 0	\$ 0	\$ 2,273
Consumer deposits	0	0	801,354
Total liabilities	<u>0</u>	<u>0</u>	<u>803,627</u>
<b>NET ASSETS</b>			
Held in trust for benefits and other purposes	<u>27,654,730</u>	<u>44,156</u>	<u>0</u>
Total liabilities and net assets	<u>\$ 27,654,730</u>	<u>\$ 44,156</u>	<u>\$ 803,627</u>

*The Notes to Financial Statements are an integral part of this statement.*

# BOROUGH OF CHAMBERSBURG

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS For the Year Ended December 31, 2007

	Pension Trust Funds	Private Purpose Trust Funds
<b>ADDITIONS</b>		
Contributions		
Employer - contributions	\$ 1,023,899	\$ 0
Public contributions and other revenue	<u>0</u>	<u>7,615</u>
Total contributions	<u>1,023,899</u>	<u>7,615</u>
Investment income:		
Net appreciation (depreciation) in fair value of investments and gain (loss) on sale of investments	145,136	0
Interest, dividends, and other	<u>737,064</u>	<u>2,029</u>
Total net investment earnings	<u>882,200</u>	<u>2,029</u>
 Total additions	 <u>1,906,099</u>	 <u>9,644</u>
<b>DEDUCTIONS</b>		
Benefits	1,305,848	0
Administrative expenses	6,198	11,522
Miscellaneous expenses	<u>0</u>	<u>80</u>
Total deductions	<u>1,312,046</u>	<u>11,602</u>
 Change in net assets	 594,053 (	 1,958)
Net assets - beginning	<u>27,060,677</u>	<u>46,114</u>
Net assets - ending	<u><u>\$ 27,654,730</u></u>	<u><u>\$ 44,156</u></u>

*The Notes to Financial Statements are an integral part of this statement.*



## **NOTES TO THE FINANCIAL STATEMENTS**

### **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. These standards require that the reporting entity include (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) 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 with it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for the governmental organizations that are fiscally dependent on it.

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

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

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

The Municipal Authority of the Borough of Chambersburg (the "Authority") is governed by a Board appointed by Borough Council. The Authority had no financial activity during 2007. See Note 10 for additional information.

#### **Fund Accounting**

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

## **Note 1. Summary of Significant Accounting Policies (Continued)**

### **Fund Accounting (Continued)**

#### **Governmental Funds**

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

The Borough reports the following major governmental funds:

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

Special Revenue Fund - Grant Programs is used to account for the majority of the grants obtained by the Borough for the governmental activities

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

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

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

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

#### **Proprietary Funds**

Proprietary funds are used to account for activities similar to those found in the private sector, where the focus of proprietary funds is on the determination of net earnings and capital maintenance. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements, which are for the private sector issued after November 30, 1989, for reporting business-type activities and proprietary funds, and Accounting Principles Board (APB) opinions, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

The Borough's proprietary funds consist of:

***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.

## **Note 1. Summary of Significant Accounting Policies (Continued)**

### **Proprietary Funds (Continued)**

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

**Parking Department** – Regulates and controls vehicle parking throughout the Borough of Chambersburg.

The Borough's Electric, Gas, Water, and Sewer departments are considered major proprietary funds. The Sanitation and Parking departments are considered non-major proprietary funds.

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

- **Operating Revenues** - Operating revenues include activities that have the characteristics of exchange transactions, such as (1) utility billings; (2) penalties and late charges; and (3) other miscellaneous sales.
- **Nonoperating Revenues** - Nonoperating revenues include activities that have the characteristics of non-exchange transactions (in which the Borough receives value without directly giving equal value in return), such as contributions and grants, and other revenues that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and GASB No. 34, 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.

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

**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.

## **Note 1. Summary of Significant Accounting Policies (Continued)**

### **Proprietary Funds (Continued)**

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

### **Fiduciary Fund Types**

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

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

The Firemen's pension fund is used to account for the accumulation of resources for pension benefit payments to qualified fire department employees. The Police pension fund is used to account for the accumulation of resources for pension benefit payments to qualified public safety (police) employees. The Bargaining and Administrative employees pension 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. The Citizen's Reward trust fund is used to hold contributions from private citizens for the purpose of rewarding police informants for their assistance in solving crime. The Sister City trust fund is used to hold money that accumulates for the specific purpose of "sister city" (Gotemba, Japan) activities. Project Heat trust fund was established to hold contributions from citizens for the purpose of assisting others pay their utility bills. The Payroll Clearing fund is an account to temporarily hold every dollar expended through the payroll system. This includes net payroll, all taxes withheld, miscellaneous deductions and employers' share of Social Security/Medicare expense. The Consumer Deposits fund is a trust fund used to hold deposits on behalf of utility customers. These funds can be used to settle an outstanding account or returned to the customer whenever a "good credit history" record is attained.

These funds are also returned to the customer whenever they move outside of the Borough.

### **Basis of Presentation**

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

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

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

## **Note 1. Summary of Significant Accounting Policies (Continued)**

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

services offered by the program and grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Borough, with certain limited exceptions. The comparison of direct expenses and program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Borough.

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

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

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

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

### **Basis of Accounting**

The government-wide, proprietary, and fiduciary fund (except agency fund) financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net assets. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific Borough expenditures is recognized when the

## **Note 1. Summary of Significant Accounting Policies (Continued)**

### **Basis of Accounting (Continued)**

related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. 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. When both restricted and unrestricted resources are available for use, it is the Borough's policy to use restricted resources first, then unrestricted resources as they are needed.

### **Budgets**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund, liquid fuels fund, capital projects, grant program, and proprietary funds. All annual appropriations lapse at year end and must be reappropriated. Budgets are not revised during the year. Encumbrance accounting is utilized for internal management purposes, but not for financial reporting.

### **Use of Estimates**

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

### **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 assets as "cash and equity in pooled cash and investments".

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

### **Inventories**

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

## **Note 1. Summary of Significant Accounting Policies (Continued)**

### **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 assets 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 assets and in the respective fund.

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

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

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

### **Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Borough or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

### **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.

## **Note 1. Summary of Significant Accounting Policies (Continued)**

### **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 assets (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 HOMES Program, as well as a loan agreement with the Chambersburg Area Development Corporation for the renovation of the Heritage Center funded by DCED.

### **Long-Term Obligations**

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

Bond premium and discounts, loss on refinancing, as well as issuance 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 and loss on refinancing. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Pension Trust Funds**

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

### **Deferred Compensation Plan**

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

### **Compensated Absences**

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



## **Note 1. Summary of Significant Accounting Policies (Continued)**

### **Compensated Absences (Continued)**

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

- ⇒ **Administrative and Bargaining Unit** - 1% per year of service of unused sick leave up to a maximum of 90 days pay for employees with at least five (5) years of continuous employment.
- ⇒ **Police** - any sick leave accumulated in excess of 100 days at \$ 30-\$ 40 per day.
- ⇒ **Fire** - 15% to 27.5% of accumulated sick leave, up to a maximum of 1,012.8 hours.

### **Statement of Cash Flows - Proprietary Fund**

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.

### **Deficit Net Assets**

The Administrative Services Fund (an internal service fund) has a deficit balance of \$ 177,346 at December 31, 2007, which has resulted from previous funding of the capital projects fund.

## **Note 2. Cash and Cash Equivalents**

The Borough is authorized to invest in the following:

- U.S. Treasury Bills.
- Short-term obligations of the U.S. Government or its agencies.
- Deposits in savings accounts or certificates of deposit insured by the FDIC or NCUSIF to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law shall be pledged by the depository.
- Obligations of the U.S. Government, Commonwealth of Pennsylvania, or any agency, instrumentality, or political subdivision thereof, backed by the full faith and credit of the applicable government.
- Pennsylvania Local Government Investment Trust (PLGIT) Funds.

### **Deposits**

#### **Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough does not have a written policy for custodial credit risk. As of December 31, 2007, \$ 630,810 of the Borough's bank balance of \$ 2,433,586 was exposed to credit risk. All of the \$ 630,810 was uninsured and collateralized with securities held by the pledging bank's trust department, but not in the Borough's name.

## Note 2. Cash and Cash Equivalents (Continued)

### Investments

As of December 31, 2007, the Borough's investments were as follows:

Investment Type	Fair Value	Credit Quality
		Rating
PLGIT/PLGIT PLUS	\$ 3,866,446	AAAm
PLGIT - CDs	1,533,314	AAAm
PA Invest Program	2,849,364	AAAm
PLGIT - Term	1,500,000	AAAm
US Treasury Bills and Notes	28,578,533	N/A

### Credit Risk – Investments

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

Included in cash and cash equivalents on the statement of net assets are pooled investments in the Pennsylvania Local Government (PLGIT) of \$ 3,866,446. These funds are basically mutual funds that consist of short-term money market instruments and seek to maintain a constant net asset value of \$ 1 per share.

### 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	More Than 6
PLGIT - Term	\$ 1,500,000	\$ 1,500,000	\$ 0	\$ 0
U.S. T-Bills	15,355,947	15,355,947	0	0
U.S. T-Notes	13,222,586	4,837,297	8,385,289	0

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.

### Municipal Pension Plans

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

	Total Fair Value	Investment Maturities
Investment		
Money Market Funds	\$ 876,790	N/A
Open End Mutual Funds	26,777,940	N/A
Total	<u>\$ 27,654,730</u>	

**Note 2. Cash and Cash Equivalents (Continued)****Credit Risk**

The Borough does not have a formal policy pertaining to credit risk. For the investments that have a credit quality rating, they were all rated Aaa by Standard & Poor.

**Foreign Securities and Currencies Risk**

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.

**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, 2007 for the Borough's governmental activities, including the applicable allowances for uncollectible accounts are as follows:

Real estate	\$ 180,567
Earned income tax	432,391
Real estate transfer tax	49,877
Ambulance billings	203,299
Loans receivable	409,332
Grants receivable	379,178
Other	126,988
Allowance for uncollectible accounts	( 142,559)
Receivables - full accrual basis	1,639,073
Taxes not receivable within 60 days and allocation of internal service funds not recorded in fund financial statements	( 61,792)
Receivables - modified accrual basis	<u>\$ 1,577,281</u>

#### Note 4. Capital Assets

Capital asset activity for the Borough consists of the following as of and for the year ended December 31, 2007:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Cost:				
Capital assets not being depreciated				
Land	\$ 375,695	\$ 26,724	\$ 0	\$ 402,419
Construction-in-progress	2,936,162	3,189,758	( 1,198,107)	4,927,813
Capital assets				
Land improvements	2,045,445	12,240	( 17,867)	2,039,818
Buildings	4,504,020	11,520	0	4,515,540
Machinery and equipment	3,464,288	757,900	( 57,680)	4,164,508
Infrastructure - roads	7,629,436	1,426,912	0	9,056,348
Infrastructure - railroads	2,478,702	0	0	2,478,702
Infrastructure - other	1,581,663	25,001	0	1,606,664
Total cost	<u>25,015,411</u>	<u>5,450,055</u>	<u>( 1,273,654)</u>	<u>29,191,812</u>
Less accumulated depreciation:				
Land improvements	( 768,714)	( 109,089)	17,867	( 859,936)
Buildings	( 2,693,962)	( 105,346)	0	( 2,799,308)
Machinery and equipment	( 1,801,253)	( 394,668)	116,056	( 2,079,865)
Infrastructure - railroads	( 942,382)	( 99,148)	0	( 1,041,530)
Infrastructure - highways	( 1,778,253)	( 302,466)	0	( 2,080,719)
Infrastructure - other	( 363,157)	( 19,549)	0	( 382,706)
Total accumulated depreciation	<u>( 8,347,721)</u>	<u>( 1,030,266)</u>	<u>133,923</u>	<u>( 9,244,064)</u>
<b>Capital assets, net</b>	<u>\$ 16,667,690</u>	<u>\$ 4,419,789</u>	<u>( \$ 1,139,731)</u>	<u>\$ 19,947,748</u>
<b>Business-Type Activities:</b>				
Cost:				
Capital assets not being depreciated				
Land	\$ 1,387,592	\$ 29,038	( \$ 590,000)	\$ 826,630
Construction-in-progress	4,933,151	829,806	( 2,540,042)	3,222,915
Capital assets				
Utility plant in service	127,466,514	6,696,085	( 58,445)	134,104,154
Land improvements	84,800	0	0	84,800
Buildings	589,507	4,375	0	593,882
Machinery and equipment	5,640,988	569,637	( 11,760)	6,198,865
Total cost	<u>140,102,552</u>	<u>8,128,941</u>	<u>( 3,200,247)</u>	<u>145,031,246</u>
Less accumulated depreciation:				
Utility plant in service	( 44,666,437)	( 3,815,258)	50,318	( 48,431,377)
Land improvements	( 49,985)	( 2,864)	0	( 52,849)
Buildings	( 288,850)	( 17,461)	0	( 306,311)
Machinery and equipment	( 2,996,541)	( 448,513)	156,005	( 3,289,049)
Total accumulated depreciation	<u>( 48,001,813)</u>	<u>( 4,284,096)</u>	<u>206,323</u>	<u>( 52,079,586)</u>
<b>Capital assets, net</b>	<u>\$ 92,100,739</u>	<u>\$ 3,844,845</u>	<u>( \$ 2,993,924)</u>	<u>\$ 92,951,660</u>

**Note 4. Capital Assets (Continued)**

Depreciation expense for the year ended December 31, 2007 was charged to expense functions, including the internal service fund allocations, as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
General government	\$ 196,872	\$ 0
Public Safety	245,293	0
Public Services	438,641	0
Parks and recreation	149,460	0
Electric	0	1,977,090
Gas	0	325,310
Water	0	615,315
Sewer	0	1,291,490
Sanitation	0	59,544
Parking	0	15,347
	<u>\$ 1,030,266</u>	<u>\$ 4,284,096</u>

**Internal Service Fund Allocation**

The capital asset information shown above for governmental activities and business-type activities includes the allocation of capital assets, accumulated depreciation and current year depreciation expense of internal services funds. This allocation is based on the applicable usage of each internal service fund by the governmental activities (29%) and the business-type activities (71%).

**Note 5. Long-term Liabilities**

The changes in long-term liabilities during the year ended December 31, 2007 were as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Unamortized Bond Loss/Discount</b>	<b>Current Portion</b>	<b>Long-term Portion</b>
<b>Governmental Activities:</b>							
Liability for self-insured losses	\$ 177,055	\$ 142,416	( \$ 102,081)	\$ 217,390	\$ 0	\$ 56,756	\$ 160,634
Compensated Absences	<u>340,195</u>	<u>427,995</u>	<u>( 352,797)</u>	<u>415,393</u>	<u>0</u>	<u>297,528</u>	<u>117,865</u>
<b>Total long-term liabilities</b>	<u>\$ 517,250</u>	<u>\$ 570,411</u>	<u>( \$ 454,878)</u>	<u>\$ 632,783</u>	<u>\$ 0</u>	<u>\$ 354,284</u>	<u>\$ 278,499</u>
<b>Business-Type Activities</b>							
Bonds and notes payable							
(A) Sewer 2004 GO Bond	\$ 4,715,000	\$ 0	( \$ 375,000)	\$ 4,340,000	( \$ 232,720)	\$ 360,745	\$ 3,746,535
(B) Electric 2002 GO Bond	8,820,000	0	( 4,960,000)	3,860,000	( 25,377)	428,279	3,406,344
(C) Electric 2003 GO Bond	8,730,000	0	( 5,350,000)	3,380,000	( 28,550)	423,064	2,928,386
(E) Electric 2007 GO Bond	0	10,000,000	0	10,000,000	( 219,301)	15,130	9,765,569
(D) Water PennVest Loan	<u>2,732,989</u>	<u>37,194</u>	<u>( 213,639)</u>	<u>2,556,544</u>	<u>0</u>	<u>218,365</u>	<u>2,338,179</u>
Subtotal - bonds and notes	<u>24,997,989</u>	<u>10,037,194</u>	<u>( 10,898,639)</u>	<u>24,136,544</u>	<u>( 505,948)</u>	<u>1,445,583</u>	<u>22,185,013</u>
Liability for self-insured losses	426,405	342,983	( 245,845)	523,543	0	136,687	386,856
Compensated absences	<u>501,608</u>	<u>541,788</u>	<u>( 491,255)</u>	<u>552,141</u>	<u>0</u>	<u>329,410</u>	<u>222,731</u>
<b>Total long-term liabilities</b>	<u>\$ 25,926,002</u>	<u>\$ 10,921,965</u>	<u>( \$ 11,635,739)</u>	<u>\$ 25,212,228</u>	<u>( \$ 505,948)</u>	<u>\$ 1,911,680</u>	<u>\$ 22,794,600</u>

The General Fund has been used in prior years to liquidate the liability for compensated absences in the Governmental Activities.

## Note 5. Long-term Liabilities (Continued)

- (A) General Obligation Bonds – Series of 2004 - On April 6, 2004, the Borough issued General Obligation Bonds in the principal amount of \$ 5,545,000 to be used to currently refund the Borough's outstanding General Obligation Bonds, Series of 1999 and to pay the costs of issuing and insuring the Bonds. Annual principal installments of the debt vary from \$ 105,000 to \$ 505,000 and are due through July 1, 2017. Interest rates vary from 1.49% to 3.80% and interest is payable every January 1 and July 1.
- (B) General Obligation Bonds – Series of 2002 – On September 15, 2002, the Borough issued General Obligation Bonds in the principal amount of \$ 10,000,000 to be used for the acquisition, construction and equipping of certain improvements to the existing electrical system; additions, alterations and/or renovations to existing Borough electric system facilities; and the costs of issuing the Bonds. Annual installments of the debt to be paid from the Electric Fund vary from \$ 430,000 to \$ 545,000 and are due from through September 1, 2015. Interest rates vary from 3.00% to 4.00%. Interest is payable every March 1 and September 1.
- (C) General Obligation Bonds – Series of 2003 – On January 1, 2003, the Borough issued General Obligation Bonds in the principal amount of \$ 9,900,000 to be used for the acquisition, construction and equipping of certain improvements to the existing electrical system; additions, alterations and/or renovations to existing Borough electric system facilities; and the costs of issuing the Bonds. Annual installments of the debt to be paid from the Electric Fund vary from \$ 105,000 to \$ 520,000 and are due through September 1, 2015. Interest rates vary from 3.00% to 4.15%. Interest is payable every March 1 and September 1.
- (D) General Obligation Bonds – Series of 2007 – On June 1, 2007, the Borough issued General Obligation Bonds in the principal amount of \$10,000,000 to be used for a partial refunding of the General Obligation Bonds, Series of 2002 and 2003 and the costs of issuing the Bonds. Annual installments of the debt are to be paid from the Electric Fund vary from \$ 30,000 to \$1,475,000 and are due through September 1, 2022. Interest rates vary from 3.60% to 4.00%. Interest is payable every March 1 and September 1.

Cash Flow Savings	\$ 396,909
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Net Present Value Savings	\$ 391,590
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- (E) Pennvest Loan – On July 27, 2001, the Borough entered into a loan agreement with the Pennsylvania Infrastructure Investment Authority for \$ 4,400,000 to be used to partially finance the construction of a water system in the Borough, and Green and Guilford Townships. Interest rates range from 2.501% to 3.331%. Principal and interest payments are payable monthly, are based on the full amount of the loan and are due through October 2024. The future principal and interest payments shown below are based on this amount.

**Note 5. Long-term Liabilities (Continued)**

The following is a schedule by years and in the aggregate of future minimum bond and note principal and interest payments required at December 31, 2007:

	Series of 2002		Series of 2003		Series of 2004	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 430,000	\$ 140,417	\$ 425,000	\$ 122,241	\$ 385,000	\$ 134,070
2009	440,000	127,517	435,000	109,491	390,000	126,177
2010	455,000	113,217	450,000	95,353	395,000	117,208
2011	470,000	97,293	465,000	79,604	410,000	107,135
2012	490,000	80,373	480,000	62,631	420,000	95,654
2013 - 2017	1,575,000	126,843	1,125,000	74,095	2,340,000	261,213
2018 - 2022	0	0	0	0	0	0
2023	0	0	0	0	0	0
	<u>\$ 3,860,000</u>	<u>\$ 685,660</u>	<u>\$ 3,380,000</u>	<u>\$ 543,415</u>	<u>\$ 4,340,000</u>	<u>\$ 841,457</u>

	Series of 2007		PennVest Loan		Total
	Principal	Interest	Principal	Interest	
	\$ 30,000	\$ 388,975	\$ 218,365	\$ 61,449	\$ 2,335,517
2008	35,000	387,895	223,707	58,889	2,333,676
2009	35,000	386,635	229,553	66,952	2,343,918
2010	40,000	385,375	237,317	59,188	2,350,912
2011	40,000	383,935	245,344	51,161	2,349,098
2012	2,965,000	1,821,770	1,402,632	125,572	11,817,125
2013 - 2017	6,855,000	838,865	0	0	7,693,865
2018 - 2022	0	0	0	0	0
2023	<u>\$ 10,000,000</u>	<u>\$ 4,593,450</u>	<u>\$ 2,556,918</u>	<u>\$ 423,211</u>	<u>\$ 31,224,111</u>

**Note 6. Interfund Transfers**

Interfund transfers consisted of the following during 2007:

	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ 1,251,000	\$ 1,665,960
Special Revenue	6,411	44,038
Nonmajor Governmental Funds:		
Capital Projects	1,532,250	411
Liquid Fuels	4,800	0
Major Proprietary Funds:		
Electric	0	825,000
Gas	0	335,000
Water	29,038	66,000
Sewer	0	0
Nonmajor Proprietary Funds:		
Sanitation	0	0
Internal Service Funds:		
Motor	17,910	50,000
Engineering	0	25,000
Self-Insurance	0	0
Worker's Compensation	210,000	0
Administrative services	0	40,000
	<u>\$ 3,051,409</u>	<u>\$ 3,051,409</u>

**Note 6. Interfund Transfers (Continued)**

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

**Note 7. Pension Plans*****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.

All regular full-time and certain part-time employees are eligible to participate in the plans. Benefits vest after twelve years of service for Bargaining and Administrative Employees, Paid Firemen and Police Officers. Bargaining and Administrative Employees are eligible for normal retirement after attaining age sixty-five. Eligibility for normal retirement under the Police Officers' and Paid Firemen's plans is attained at age fifty and completion of twenty-five years of service. Benefits under the Bargaining and Administrative 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's pensions are based on 50% of average monthly pay during the last thirty-six months and the last sixty months, respectively. The Bargaining and Administrative Plan and the Police Officers' Plan also include a disability benefit and survivor benefits.

The Bargaining and Administrative Employees', Paid Firemen, and the Police Officers' plans are generally noncontributory. The Borough is required to contribute the remaining amounts necessary to fund the plans, using the actuarial basis specified by the plan.

At January 1, 2007, the date of the most recent actuarial valuation, the participation in each plan is as follows:

	<b>General Employees</b>	<b>Police</b>	<b>Firemen</b>
<b>Participants:</b>			
Retirees and beneficiaries	76	15	14
Vested former members	13	1	2
Active employees	136	31	18

***Summary of Significant Accounting Policies***

The plans' financial statements are prepared using the accrual basis of accounting. Employer contributions to each plan are recognized when due as required by Act 205 of the Commonwealth. Benefits and refunds are recognized when due and payable in accordance with the terms of the appropriate plan.

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.

At December 31, 2007, there were no individual investments in excess of 5% of plan net assets. In addition, the plans did not have any investment transactions with related parties during the year.



**Note 7. Pension Plans (Continued)*****Contributions and Funding Policy***

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.

The Municipality's annual pension cost and related information for each plan is as follows (information noted (\*) is based on estimates from the actuary as of January 1, 2008):

<b>Pension Obligation</b>	<b>General Employees</b>	<b>Police</b>	<b>Firemen</b>
Contribution rates (% of covered salary, including administrative costs):			
Borough	6.8%*	15.7%*	11.6%*
Employees	None*	None	None
Annual pension cost to Borough	\$ 438,129	\$ 454,641	\$ 131,129
Contributions made by Borough	\$ 438,129	\$ 454,641	\$ 131,129
Actuarial valuation date	1/1/07	1/1/07	1/1/07
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset valuation method	Market Value	Market Value	Market Value
Actuarial assumptions:			
Investment rate of return	8%	8%	8%
Projected salary increases	6%	6%	6%
Cost of living increase	N/A	4%	N/A

In the General Employees Plan, assets are in excess of the actuarial accrued liability, resulting in no amortization payment. Ten percent of the excess may be used each year to offset annual required contributions. The contributions reported above have not been reduced to reflect this funding adjustment.

In the General, Police, and Firemen's plans, there are unfunded actuarial accrued liabilities as of January 1, 2008 of \$ 103,512, \$ 1,490,246, and \$ 391,599, respectively (see \* above). These liabilities are being amortized over a period of 17 for general, 19 years for police, and 12 years for firemen.

**Note 7. Pension Plans (Continued)****Three Year Trend Information**

Year Ended		Annual Pension Cost	% of APC Contributed	Net Pension Obligation
12/31/07	General	438,129	100%	0
	Police	454,641	100%	0
	Fire	131,129	100%	0
12/31/06	General	351,368	100%	0
	Police	404,176	100%	0
	Fire	109,004	100%	0
12/31/05	General	441,495	100%	0
	Police	210,531	100%	0
	Fire	35,053	100%	0

**Financial Statements**

The following are financial statements as of December 31, 2007 for the individual pension plans maintained by the Borough:

	Firemen's Pension Fund	Police Pension Fund	Bargaining and Administrative Employees Pension Fund	Total Pension Trust Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 131,955	\$ 258,794	\$ 486,041	\$ 876,790
Mutual funds - U.S. Securities	825,545	1,763,797	3,873,127	6,462,469
Mutual funds - Corporate bonds	421,430	901,775	1,907,415	3,230,620
Mutual funds - Stocks	2,139,030	4,553,273	9,680,267	16,372,570
Mutual funds - Real estate securities	93,498	199,759	419,024	712,281
Total assets	<u>\$ 3,611,458</u>	<u>\$ 7,677,398</u>	<u>\$ 16,365,874</u>	<u>\$ 27,654,730</u>
<b>NET ASSETS</b>				
Held in trust for benefits and other purposes	<u>\$ 3,611,458</u>	<u>\$ 7,677,398</u>	<u>\$ 16,365,874</u>	<u>\$ 27,654,730</u>

**Note 7. Pension Plans (Continued)**

	Firemen's Pension Fund	Police Pension Fund	Bargaining and Administrative Employees Pension Fund	Total Pension Trust Funds
<b>ADDITIONS</b>				
Contributions				
Employer - contributions	\$ 131,129	\$ 454,641	\$ 438,129	\$ 1,023,899
Total contributions	<u>131,129</u>	<u>454,641</u>	<u>438,129</u>	<u>1,023,899</u>
Investment income:				
Net appreciation (depreciation) in fair value of investments and gains (loss) on sale of investments	17,882	33,011	94,243	145,136
Interest, dividends and other	<u>95,744</u>	<u>201,368</u>	<u>439,952</u>	<u>737,064</u>
Total net investment income	<u>113,626</u>	<u>234,379</u>	<u>534,195</u>	<u>882,200</u>
Total additions	<u>244,755</u>	<u>689,020</u>	<u>972,324</u>	<u>1,906,099</u>
<b>DEDUCTIONS</b>				
Benefits	179,021	361,219	765,608	1,305,848
Administrative expenses	<u>702</u>	<u>1,423</u>	<u>4,073</u>	<u>6,198</u>
Total deductions	<u>179,723</u>	<u>362,642</u>	<u>769,681</u>	<u>1,312,046</u>
Change in net assets	65,032	326,378	202,643	594,053
Net assets - beginning	<u>3,546,426</u>	<u>7,351,020</u>	<u>16,163,231</u>	<u>27,060,677</u>
Net assets - ending	<u>\$ 3,611,458</u>	<u>\$ 7,677,398</u>	<u>\$ 16,365,874</u>	<u>\$ 27,654,730</u>

**Note 8. 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, directors' and officers' liability, and unemployment compensation claims for risk of loss. The Workmen's Compensation Fund provides coverage for up to a maximum of \$ 500,000 for each worker's compensation claim. The Borough has purchased workmen's compensation insurance for claims in excess of coverage provided by the Fund, and also has purchased vehicle insurance and employee bonding coverage. Settlements have not exceeded insurance coverage for each of the past three years.

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

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

**Note 8. Risk Management (Continued)**

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

	<b>Liability Beginning</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Liability Ending</b>
<b>2007</b>				
Self-insurance fund	\$ 142,460	\$ 1,473	(\$ 1,134)	\$ 142,799
Workers' compensation fund	461,000	346,793	( 209,659)	598,134
<b>2006</b>				
Self-insurance fund	\$ 101,946	\$ 54,068	(\$ 13,554)	\$ 142,460
Workers' compensation fund	622,200	( 53,151)	( 108,049)	461,000

The Borough is part of the Capital Region Insurance Trust (CRIT). 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 CRIT 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. The reinsurance policy that is purchased through the Pennsylvania Municipal Health Insurance Cooperative is used to pay the 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 approximately several months after year end. Total payments by the Borough to CRIT during the year were \$ 2,535,050. During 2007, the Borough received \$ 545,241 from CRIT as a refund for prior premiums paid.

**Note 9. Commitments**

Projects for which the Borough has contractual commitments at December 31, 2007 are as follows:

<b>Project Description</b>	<b>Electric</b>	<b>Total contractual commitments</b>			<b>General</b>	<b>Costs paid as of 12/31/07</b>	<b>Costs to complete</b>
		<b>Gas</b>	<b>Water</b>	<b>Sewer</b>			
Penndot Route 30 utility relocation	\$ 0	\$ 0	\$ 275,000	\$ 25,000	\$ 0	\$ 281,664	\$ 18,336
EPA water project	0	0	150,000	0	0	143,238	6,762
Pumping Station on Progress Road	0	0	0	550,000	0	474,795	75,205
Mill Road/Rt 11 South end sewer extension project	0	0	0	1,200,000	150,000	315,234	1,034,766
Norland Avenue corridor traffic signal project	0	0	0	0	600,000	534,239	65,761
Upgrade gas mains	0	656,000	0	0	0	257,333	398,667
Falling Spring Project	1,911,228	0	0	0	1,000,000	2,382,931	528,297
Act 537 sewage plan	0	0	0	110,000	0	100,008	9,992
Various	200,000	10,000	422,000	0	421,724	291,781	761,943
<b>Totals</b>	<b>\$ 2,111,228</b>	<b>\$ 666,000</b>	<b>\$ 847,000</b>	<b>\$ 1,885,000</b>	<b>\$ 2,171,724</b>	<b>\$ 4,781,223</b>	<b>\$ 2,899,729</b>

## **Note 10. Conduit Debt Obligations**

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

As of December 31, 2007 outstanding note balances under conduit debt arrangements were as follows:

Wilson College	\$ 31,180,000
Children's Aid Society	2,101,240
Franklin County Library	745,000

## **Note 11. Restatement**

A restatement was necessary in the Governmental Activities to correct fixed assets at December 31, 2006, to include a capital asset addition that was not properly included as of December 31, 2006.

	<b>Governmental Activities</b>
Net assets - December 31, 2006	\$ 25,972,926
To properly state capital assets at December 31, 2006	246,660
Restated net assets - December 31, 2006	<u>\$ 26,219,586</u>
Change in net assets, as originally stated	\$ 3,179,928
Restatement - for capital assets	246,660
Change in net assets, as restated	<u>\$ 3,426,588</u>

## ***REQUIRED SUPPLEMENTARY INFORMATION***

**BOROUGH OF CHAMBERSBURG  
PENSION TRUST FUNDS**

**UNAUDITED REQUIRED SCHEDULE OF FUNDING PROGRESS**

	Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Overfunded) Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>General:</b>							
	1/1/1999	13,782,842	10,351,148	( 3,431,694)	133.20%	4,398,958	( 78.00%)
	1/1/2000	15,702,557					
	1/1/2001	14,964,894	11,296,029	( 3,668,865)	132.50%	4,535,055	( 80.90%)
	1/1/2002	13,437,673					
	1/1/2003	13,634,556	12,130,524	( 1,504,032)	112.40%	4,950,432	( 30.40%)
	1/1/2004	14,668,620					
	1/1/2005	14,503,660	13,918,831	( 584,829)	104.20%	5,708,522	( 10.20%)
	1/1/2006	14,588,129					
	1/1/2007	16,163,230	15,456,281	( 706,949)	104.60%	6,172,381	( 11.50%)
	1/1/2008	16,365,875					
<b>Police:</b>							
	1/1/1999	5,694,389	4,118,371	( 1,576,018)	138.30%	1,156,176	( 136.30%)
	1/1/2000	6,546,027					
	1/1/2001	6,261,463	5,482,624	( 778,839)	114.20%	1,209,026	( 64.40%)
	1/1/2002	5,647,440					
	1/1/2003	5,659,347	6,562,832	903,485	86.20%	1,307,425	69.10%
	1/1/2004	6,332,925					
	1/1/2005	6,240,158	7,671,322	1,431,164	81.30%	1,431,559	100.00%
	1/1/2006	6,454,527					
	1/1/2007	7,351,019	8,637,360	1,286,341	85.10%	1,558,754	82.50%
	1/1/2008	7,677,398					

**BOROUGH OF CHAMBERSBURG  
PENSION TRUST FUNDS (CONTINUED)**

**UNAUDITED REQUIRED SCHEDULE OF FUNDING PROGRESS**

	Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Overfunded) Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>Firemen:</b>	1/1/1999	3,285,350	2,454,190	( 831,160)	133.90%	647,144	( 128.40%)
	1/1/2000	3,722,521					
	1/1/2001	3,511,706	2,691,998	( 819,708)	130.40%	687,557	( 119.20%)
	1/1/2002	3,119,359					
	1/1/2003	3,081,688	2,933,945	( 147,743)	105.00%	728,352	( 20.30%)
	1/1/2004	3,338,220					
	1/1/2005	3,209,245	3,382,444	173,199	94.90%	925,075	18.70%
	1/1/2006	3,204,725					
	1/1/2007	3,546,426	3,672,003	125,577	96.60%	867,312	14.50%
	1/1/2008	3,611,459					



**BOROUGH OF CHAMBERSBURG  
PENSION TRUST FUNDS**

**UNAUDITED REQUIRED SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Calendar Year	----- General -----			----- Police -----			----- Firemen -----		
	Annual Required Contribution	From Employer	Percentage Contributed	Annual Required Contribution	From Employer	Percentage Contributed	Annual Required Contribution	From Employer	Percentage Contributed
1998	214,221	214,221	100.0%	100,168	100,168	100.0%	49,492	49,492	100.0%
1999	246,577	246,577	100.0%	118,644	118,644	100.0%	58,821	58,821	100.0%
2000	38,117	39,219	100.0%	0	0	100.0%	0	0	100.0%
2001	50,703	50,703	100.0%	0	0	100.0%	0	0	100.0%
2002	77,592	280,370	100.0%	0	0	100.0%	0	0	100.0%
2003	68,614	68,614	100.0%	215,297	215,297	100.0%	19,611	19,611	100.0%
2004	91,737	441,495	100.0%	210,531	210,531	100.0%	35,053	35,053	100.0%
2005	346,427	346,427	100.0%	380,106	380,106	100.0%	102,524	102,524	100.0%
2006	351,368	351,368	100.0%	404,176	404,176	100.0%	109,004	109,004	100.0%
2007	438,129	438,129	100.0%	454,641	454,641	100.0%	131,129	131,129	100.0%

**BOROUGH OF CHAMBERSBURG****NOTES TO UNAUDITED REQUIRED SUPPLEMENTARY SCHEDULES  
December 31, 2007**

The information presented in the required unaudited supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	<b>General Employees</b>	<b>Police</b>	<b>Firemen</b>
Actuarial valuation date	1/1/2007	1/1/2007	1/1/2007
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Annual Funding Adjustment equal to 10% of Negative Unfunded AAL	Level Dollar Closed	Level Dollar Closed
Remaining amortization period	N/A	19 years	12 years
Asset valuation method	Market Value	Market Value	Market Value
Actuarial assumptions:			
Investment rate of return	8%	8%	8%
Projected salary increases	6%	6%	6%
Cost-of-living adjustments	N/A	4%	N/A

**BOROUGH OF CHAMBERSBURG**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the year ended December 31, 2007**

	Original/Final Budget	Actual (Budgetary/GAAP Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 5,965,000	\$ 7,217,147	\$ 1,252,147
Licenses and permits	256,000	283,832	27,832
Fines and forfeits	100,000	134,912	34,912
Investment earnings	82,000	191,012	109,012
Intergovernmental	679,500	712,607	33,107
Departmental charges for services	940,000	1,609,239	669,239
Miscellaneous	231,000	121,418	( 109,582)
Total revenues	<u>8,253,500</u>	<u>10,270,167</u>	<u>2,016,667</u>
<b>EXPENDITURES</b>			
General government	788,150	778,741	9,409
Police department	4,014,100	3,831,918	182,182
Fire department	1,920,065	1,672,479	247,586
General health and ambulance service	846,000	761,124	84,876
Planning and zoning	413,700	454,234	( 40,534)
Highways	863,300	791,537	71,763
Other	459,550	419,309	40,241
Culture and recreation	1,088,810	1,035,692	53,118
Miscellaneous expense	98,450	55,464	42,986
Total expenditures	<u>10,492,125</u>	<u>9,800,498</u>	<u>691,627</u>
Excess (deficiency) of revenues over expenditures	( <u>2,238,625</u> )	<u>469,669</u>	<u>2,708,294</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,557,000	1,251,000	( 306,000)
Transfers out	<u>0</u>	( <u>1,665,960</u> )	( <u>1,665,960</u> )
Total other financing sources and uses	<u>1,557,000</u>	( <u>414,960</u> )	( <u>1,971,960</u> )
Net change in fund balances	( <u>\$ 681,625</u> )	54,709	<u>\$ 736,334</u>
Fund balances - beginning		<u>3,002,526</u>	
Fund balances - ending		<u>\$ 3,057,235</u>	

**BOROUGH OF CHAMBERSBURG**

**BUDGETARY COMPARISON SCHEDULE**

**SPECIAL REVENUE FUND GRANT PROGRAMS**

**For the year ended December 31, 2007**

	Original/Final Budget	Actual (Budgetary/GAAP Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>	\$ 3,977,950	\$ 3,225,542	( \$ 752,408)
<b>EXPENDITURES</b>	<u>3,972,300</u>	<u>3,106,643</u>	<u>865,657</u>
Excess (deficiency) of revenues over expenditures	<u>5,650</u>	<u>118,899</u>	<u>113,249</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	6,000	6,411	411
Transfers out	<u>0</u>	( 44,038)	( 44,038)
Total other financing sources and uses	<u>6,000</u>	( 37,627)	( 43,627)
Net change in fund balances	<u>\$ 11,650</u>	81,272	<u>\$ 69,622</u>
Fund balances - beginning		<u>99,447</u>	
Fund balances - ending		<u>\$ 180,719</u>	

## ***OTHER SUPPLEMENTARY INFORMATION***

## ***OTHER GOVERNMENTAL FUNDS***

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Liquid Fuels Fund** – This 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.

**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, 2007**

	Special Revenue Liquid Fuels Fund	Capital Reserve Fund	Total - Other Governmental Funds
<b>ASSETS</b>			
Cash and equity in pooled cash and investments	\$ 455,558	\$ 4,670,354	\$ 5,125,912
Other receivables	0	266,612	266,612
Total assets	<u>\$ 455,558</u>	<u>\$ 4,936,966</u>	<u>\$ 5,392,524</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 0	\$ 325,543	\$ 325,543
Accrued wages, benefits and withholdings	0	0	0
Total liabilities	<u>0</u>	<u>325,543</u>	<u>325,543</u>
 <b>Fund balances</b>			
Reserved for:			
Long term loans	0	302,017	302,017
Unreserved	<u>455,558</u>	<u>4,309,406</u>	<u>4,764,964</u>
Total fund balances	<u>455,558</u>	<u>4,611,423</u>	<u>5,066,981</u>
Total liabilities and fund balances	<u>\$ 455,558</u>	<u>\$ 4,936,966</u>	<u>\$ 5,392,524</u>

**BOROUGH OF CHAMBERSBURG**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2007**

	Special Revenue Liquid Fuels Fund	Capital Reserve Fund	Total - Other Governmental Funds
<b>REVENUES</b>			
Investment earnings	\$ 17,115	\$ 223,618	\$ 240,733
Intergovernmental	343,750	0	343,750
Miscellaneous	0	12,293	12,293
Total revenues	<u>360,865</u>	<u>235,911</u>	<u>596,776</u>
<b>EXPENDITURES</b>			
Current:			
General government	0	37,442	37,442
Public Safety			
Fire department	0	114,455	114,455
Police department	0	89,152	89,152
Ambulance	0	9,647	9,647
Public works			
Highways	0	85,982	85,982
Other	0	57,240	57,240
Culture and recreation	0	61,940	61,940
Community development	0	583,354	583,354
Total expenditures	<u>0</u>	<u>1,039,212</u>	<u>1,039,212</u>
Excess (deficiency) of revenues over expenditures	<u>360,865</u>	<u>( 803,301)</u>	<u>( 442,436)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	4,800	1,532,250	1,537,050
Transfers out	0	( 411)	( 411)
Total other financing sources and uses	<u>4,800</u>	<u>1,531,839</u>	<u>1,536,639</u>
Net change in fund balances	365,665	728,538	1,094,203
Fund balances - beginning	<u>89,893</u>	<u>3,882,885</u>	<u>3,972,778</u>
Fund balances - ending	<u>\$ 455,558</u>	<u>\$ 4,611,423</u>	<u>\$ 5,066,981</u>



**BOROUGH OF CHAMBERSBURG**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND - LIQUID FUELS**  
*For the year ended December 31, 2007*

	Original/Final Budget	Actual (Budgetary/GAAP Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>	\$ 344,000	\$ 360,865	\$ 16,865
<b>EXPENDITURES</b>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>344,000</u>	<u>360,865</u>	<u>16,865</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	0	4,800	4,800
Transfers out	( 300,000)	<u>0</u>	<u>300,000</u>
Total other financing sources and uses	( 300,000)	<u>4,800</u>	<u>304,800</u>
Net change in fund balances	<u>\$ 44,000</u>	365,665	<u>\$ 321,665</u>
Fund balances - beginning		<u>89,893</u>	
Fund balances - ending		<u>\$ 455,558</u>	

**BOROUGH OF CHAMBERSBURG****BUDGETARY COMPARISON SCHEDULE  
CAPITAL RESERVE FUND  
For the year ended December 31, 2007**

	<b>Original/Final Budget</b>	<b>Actual (Budgetary/GAAP Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>			
Interest earnings	\$ 123,200	\$ 223,618	\$ 100,418
Miscellaneous	109,600	12,293	( 97,307)
Total revenues	<u>232,800</u>	<u>235,911</u>	<u>3,111</u>
<b>EXPENDITURES</b>			
General government	35,000	37,442	( 2,442)
Police department	50,000	89,152	( 39,152)
Fire department	80,000	114,455	( 34,455)
Ambulance	30,000	9,647	20,353
Highways	110,000	85,982	24,018
Other	285,000	57,240	227,760
Culture and recreation	30,000	61,940	( 31,940)
Miscellaneous expense	97,000	583,354	( 486,354)
Total expenditures	<u>717,000</u>	<u>1,039,212</u>	<u>( 322,212)</u>
Excess (deficiency) of revenues over expenditures	( 484,200)	( 803,301)	( 319,101)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	282,250	1,532,250	1,250,000
Transfers out	0	( 411)	( 411)
Total other financing sources and uses	<u>282,250</u>	<u>1,531,839</u>	<u>1,249,589</u>
Net change in fund balances	( <u>\$ 201,950</u> )	728,538	<u>\$ 930,488</u>
Fund balances - beginning		<u>3,882,885</u>	
Fund balances - ending		<u>\$ 4,611,423</u>	

***OTHER ENTERPRISE FUNDS***

**BOROUGH OF CHAMBERSBURG**

**COMBINING STATEMENT OF NET ASSETS  
OTHER ENTERPRISE FUNDS  
December 31, 2007**

	<b>Sanitation Fund</b>	<b>Parking Fund</b>	<b>Total Other Enterprise Funds</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and equity in pooled cash and investments	\$ 1,187,000	\$ 219,261	\$ 1,406,261
Accounts receivable, net	92,102	531	92,633
Other receivables	4,905	900	5,805
Prepaid expenses	3,131	0	3,131
Total current assets	<u>1,287,138</u>	<u>220,692</u>	<u>1,507,830</u>
<b>Noncurrent assets</b>			
Capital assets			
Land	971	111,153	112,124
Buildings and system	75,946	0	75,946
Improvements other than buildings	0	51,845	51,845
Machinery and equipment	421,976	102,892	524,868
Construction in progress	0	0	0
Less accumulated depreciation	( 439,198)	( 142,671)	( 581,869)
Total capital assets	<u>59,695</u>	<u>123,219</u>	<u>182,914</u>
Total noncurrent assets	<u>59,695</u>	<u>123,219</u>	<u>182,914</u>
Total assets	<u>\$ 1,346,833</u>	<u>\$ 343,911</u>	<u>\$ 1,690,744</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 13,933	\$ 508	\$ 14,441
Accrued wages payable	21,438	1,460	22,898
Compensated absences - current	24,913	2,509	27,422
Total current liabilities	<u>60,284</u>	<u>4,477</u>	<u>64,761</u>
<b>Noncurrent liabilities</b>			
Compensated absences	<u>16,057</u>	<u>1,864</u>	<u>17,921</u>
Total non-current liabilities	<u>16,057</u>	<u>1,864</u>	<u>17,921</u>
Total liabilities	<u>76,341</u>	<u>6,341</u>	<u>82,682</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	59,695	123,219	182,914
Unrestricted	<u>1,210,797</u>	<u>214,351</u>	<u>1,425,148</u>
Total net assets	<u>1,270,492</u>	<u>337,570</u>	<u>1,608,062</u>
Total liabilities and net assets	<u>\$ 1,346,833</u>	<u>\$ 343,911</u>	<u>\$ 1,690,744</u>

**BOROUGH OF CHAMBERSBURG****COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
OTHER ENTERPRISE FUNDS  
For the Year Ended December 31, 2007**

	<b>Sanitation Fund</b>	<b>Parking Fund</b>	<b>Total Other Enterprise Funds</b>
<b>REVENUES</b>			
Charges for services	\$ 1,978,631	\$ 115,092	\$ 2,093,723
Miscellaneous	47,957	30,308	78,265
Total operating revenues	<u>2,026,588</u>	<u>145,400</u>	<u>2,171,988</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	0	69,370	69,370
Collection and disposal	1,670,873	0	1,670,873
Customer accounting and administrative	228,475	73,827	302,302
Depreciation	21,828	7,280	29,108
Total operating expenses	<u>1,921,176</u>	<u>150,477</u>	<u>2,071,653</u>
Operating income (loss)	<u>105,412</u>	<u>( 5,077)</u>	<u>100,335</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and investment revenue	53,599	10,670	64,269
Gain (loss) on sale of assets	( 153)	3	( 150)
Other nonoperating revenues	39	3,494	3,533
Intergovernmental revenues	36,043	1,863	37,906
Total nonoperating revenue (expenses)	<u>89,528</u>	<u>16,030</u>	<u>105,558</u>
Income (loss) before contributions and transfers	<u>194,940</u>	<u>10,953</u>	<u>205,893</u>
Transfers in	0	0	0
Transfers out	<u>0</u>	<u>0</u>	<u>0</u>
Change in net assets	<u>194,940</u>	<u>10,953</u>	<u>205,893</u>
Total net assets - beginning	<u>1,075,552</u>	<u>326,617</u>	<u>1,402,169</u>
Total net assets - ending	<u>\$ 1,270,492</u>	<u>\$ 337,570</u>	<u>\$ 1,608,062</u>

**BOROUGH OF CHAMBERSBURG**  
**COMBINING STATEMENT OF CASH FLOWS**  
**OTHER ENTERPRISE FUNDS**  
**For the Year Ended December 31, 2007**

	Sanitation Fund	Parking Fund	Total Other Enterprise Funds
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 2,019,557	\$ 149,083	\$ 2,168,640
Payments to suppliers	( 1,137,989)	( 91,999)	( 1,229,988)
Payments to and on behalf of employees	( 769,387)	( 51,087)	( 820,474)
Net cash provided (used) by operating activities	<u>112,181</u>	<u>5,997</u>	<u>118,178</u>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	( 29,612)	( 2,094)	( 31,706)
Net cash provided (used) by capital and related financing activities	<u>( 29,612)</u>	<u>( 2,094)</u>	<u>( 31,706)</u>
<b>Cash flows from non-capital financing activities:</b>			
Transfer to other funds	0	0	0
Grants received	<u>36,043</u>	<u>1,863</u>	<u>37,906</u>
Net cash provided (used) by non-capital financing activities	<u>36,043</u>	<u>1,863</u>	<u>37,906</u>
<b>Cash flows from investing activities:</b>			
Interest and dividends received	<u>51,317</u>	<u>10,299</u>	<u>61,616</u>
Net cash provided (used) by investing activities	<u>51,317</u>	<u>10,299</u>	<u>61,616</u>
Net increase in cash and cash equivalents	<u>169,929</u>	<u>16,065</u>	<u>185,994</u>
Cash and cash equivalents - beginning of the year	<u>1,017,071</u>	<u>203,196</u>	<u>1,220,267</u>
Cash and cash equivalents - end of the year	<u>\$ 1,187,000</u>	<u>\$ 219,261</u>	<u>\$ 1,406,261</u>
<b>Reconciliation of income from operations to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ 105,412	( \$ 5,077)	\$ 100,335
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization expense	21,828	7,280	29,108
Miscellaneous nonoperating income	39	3,494	3,533
(Increase) decrease in:			
Accounts receivable	( 7,070)	189	( 6,881)
Prepaid expenses	( 427)	0	( 427)
Increase (decrease) in:			
Accounts payable	( 7,601)	111	( 7,490)
Net cash provided (used) by operating activities	<u>\$ 112,181</u>	<u>\$ 5,997</u>	<u>\$ 118,178</u>

## ***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.

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

**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.

**BOROUGH OF CHAMBERSBURG****COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
December 31, 2007**

	<b>Stores Fund</b>	<b>Motor Equipment Fund</b>	<b>Self Insurance Fund</b>
<b>ASSETS</b>			
Current assets			
Cash and equity in pooled cash and investments	\$ 284,583	\$ 2,625,266	\$ 4,999,651
Accounts receivable, net	844	21,863	0
Other receivables	2,150	10,789	20,538
Inventories	1,196,907	66,634	0
Prepaid expenses	129	12,432	0
Total current assets	<u>1,484,613</u>	<u>2,736,984</u>	<u>5,020,189</u>
<b>Noncurrent assets</b>			
Capital Assets			
Land	0	13,984	0
Buildings and system	5,823	154,865	0
Machinery and equipment	6,322	6,472,451	0
Less accumulated depreciation	( 7,686)	( 3,055,254)	0
Total capital assets	<u>4,459</u>	<u>3,586,046</u>	<u>0</u>
Total assets	<u>\$ 1,489,072</u>	<u>\$ 6,323,030</u>	<u>\$ 5,020,189</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 6,033	\$ 30,561	\$ 100
Salaries payable	3,026	7,999	0
Compensated absences - current	4,452	15,971	0
Liability for insured losses - current	0	0	37,282
Total current liabilities	<u>13,511</u>	<u>54,531</u>	<u>37,382</u>
<b>Noncurrent liabilities</b>			
Compensated absences	1,070	11,797	0
Liability for insured losses	0	0	105,517
Total noncurrent liabilities	<u>1,070</u>	<u>11,797</u>	<u>105,517</u>
Total liabilities	<u>14,581</u>	<u>66,328</u>	<u>142,899</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	4,459	3,586,046	0
Unrestricted	<u>1,470,032</u>	<u>2,670,656</u>	<u>4,877,290</u>
Total net assets	<u>1,474,491</u>	<u>6,256,702</u>	<u>4,877,290</u>
Total liabilities and net assets	<u>\$ 1,489,072</u>	<u>\$ 6,323,030</u>	<u>\$ 5,020,189</u>



Engineering Fund	Worker's Compensation Fund	Administrative Services Fund	Total Internal Service Funds
\$ 147,746	\$ 654,984	\$ 0	\$ 8,712,230
6,310	0	24	29,041
606	2,701	0	36,784
0	0	0	1,263,541
0	0	0	12,561
<u>154,662</u>	<u>657,685</u>	<u>24</u>	<u>10,054,157</u>
0	0	0	13,984
0	0	0	160,688
65,362	0	0	6,544,135
( 44,410)	0	0	( 3,107,350)
<u>20,952</u>	<u>0</u>	<u>0</u>	<u>3,611,457</u>
<u>\$ 175,614</u>	<u>\$ 657,685</u>	<u>\$ 24</u>	<u>\$ 13,665,614</u>
\$ 422	\$ 14,957	\$ 10,544	\$ 62,617
5,016	2,247	41,003	59,291
15,768	0	74,790	110,981
0	156,161	0	193,443
<u>21,206</u>	<u>173,365</u>	<u>126,337</u>	<u>426,332</u>
14,761	0	51,033	78,661
0	441,973	0	547,490
<u>14,761</u>	<u>441,973</u>	<u>51,033</u>	<u>626,151</u>
<u>35,967</u>	<u>615,338</u>	<u>177,370</u>	<u>1,052,483</u>
20,952	0	0	3,611,457
<u>118,695</u>	<u>42,347</u>	<u>( 177,346)</u>	<u>9,001,674</u>
<u>139,647</u>	<u>42,347</u>	<u>( 177,346)</u>	<u>12,613,131</u>
<u>\$ 175,614</u>	<u>\$ 657,685</u>	<u>\$ 24</u>	<u>\$ 13,665,614</u>

**BOROUGH OF CHAMBERSBURG**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2007**

	<b>Stores Fund</b>	<b>Motor Equipment Fund</b>	<b>Self Insurance Fund</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 234,277	\$ 1,274,574	\$ 0
Miscellaneous	<u>1</u>	<u>0</u>	<u>0</u>
Total operating revenues	<u>234,278</u>	<u>1,274,574</u>	<u>0</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	98,939	678,444	0
General and administrative	46,120	95,247	0
Claim payments and special services	0	0	5,635
Increase (decrease) in expected unpaid losses	0	0	339
Depreciation and amortization	<u>1,199</u>	<u>512,129</u>	<u>0</u>
Total operating expenses	<u>146,258</u>	<u>1,285,820</u>	<u>5,974</u>
Operating income (loss)	<u>88,020</u>	<u>( 11,246)</u>	<u>( 5,974)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and investment revenue	12,968	141,506	261,945
Gain (loss) on sale of assets	( 394)	7,590	0
Reimbursement for health insurance	0	0	545,241
Other nonoperating revenues	987	47,840	0
Intergovernmental revenue	2,486	4,004	0
Miscellaneous expenses	<u>0</u>	<u>0</u>	<u>0</u>
Total non-operating revenue (expenses)	<u>16,047</u>	<u>200,940</u>	<u>807,186</u>
Income (loss) before transfers	104,067	189,694	801,212
Transfers in	0	17,910	0
Transfers out	<u>0</u>	<u>( 50,000)</u>	<u>0</u>
Change in net assets	104,067	157,604	801,212
Total net assets - beginning	<u>1,370,424</u>	<u>6,099,098</u>	<u>4,076,078</u>
Total net assets - ending	<u>\$ 1,474,491</u>	<u>\$ 6,256,702</u>	<u>\$ 4,877,290</u>

<b>Engineering Fund</b>	<b>Worker's Compensation Fund</b>	<b>Administrative Services Fund</b>	<b>Total Internal Service Funds</b>
\$ 162,894	\$ 0	\$ 1,910,364	\$ 3,582,109
0	0	( 405)	( 404)
<u>162,894</u>	<u>0</u>	<u>1,909,959</u>	<u>3,581,705</u>
38,070	0	1,920,223	2,735,676
114,247	62,287	0	317,901
0	218,681	0	224,316
0	137,134	0	137,473
5,456	0	0	518,784
<u>157,773</u>	<u>418,102</u>	<u>1,920,223</u>	<u>3,934,150</u>
<u>5,121</u>	<u>( 418,102)</u>	<u>( 10,264)</u>	<u>( 352,445)</u>
7,712	33,456	0	457,587
( 1,233)	0	0	5,963
0	0	0	545,241
0	0	0	48,827
1,138	0	22,080	29,708
0	0	0	0
<u>7,617</u>	<u>33,456</u>	<u>22,080</u>	<u>1,087,326</u>
12,738	( 384,646)	11,816	734,881
0	210,000	0	227,910
( 25,000)	0	( 40,000)	( 115,000)
( 12,262)	( 174,646)	( 28,184)	847,791
<u>151,909</u>	<u>216,993</u>	<u>( 149,162)</u>	<u>11,765,340</u>
<u>\$ 139,647</u>	<u>\$ 42,347</u>	<u>( \$ 177,346)</u>	<u>\$ 12,613,131</u>

**BOROUGH OF CHAMBERSBURG**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2007**

	Stores Fund	Motor Equipment Fund	Self Insurance Fund
<b>Cash flows from operating activities:</b>			
Interfund services provided	\$ 234,421	\$ 1,323,997	\$ 0
Payments to suppliers	( 136,200)	( 469,163)	( 6,155)
Payments to and on behalf of employees	( 97,815)	( 317,318)	0
Net cash provided (used) by operating activities	<u>406</u>	<u>537,516</u>	<u>( 6,155)</u>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	0	( 697,462)	0
Principal paid on capital lease	0	( 188,048)	0
Proceeds from sale of capital assets	<u>0</u>	<u>7,590</u>	<u>0</u>
Net cash provided (used) by capital and related financing activities	<u>0</u>	<u>( 877,920)</u>	<u>0</u>
<b>Cash flows from non-capital financing activities:</b>			
Transfer from other funds	0	17,910	0
Transfer to other funds	0	( 50,000)	0
Refund received for health insurance	0	0	545,241
Grants received	<u>2,486</u>	<u>4,004</u>	<u>0</u>
Net cash provided (used) by non-capital financing activities	<u>2,486</u>	<u>( 28,086)</u>	<u>545,241</u>
<b>Cash flows from investing activities:</b>			
Interest and dividends received	<u>11,516</u>	<u>138,081</u>	<u>252,255</u>
Net cash provided (used) by investing activities	<u>11,516</u>	<u>138,081</u>	<u>252,255</u>
Net increase (decrease) in cash and cash equivalents	<u>14,408</u>	<u>( 230,409)</u>	<u>791,341</u>
Cash and cash equivalents - beginning of the year	<u>270,175</u>	<u>2,855,675</u>	<u>4,208,310</u>
Cash and cash equivalents - end of the year	<u>\$ 284,583</u>	<u>\$ 2,625,266</u>	<u>\$ 4,999,651</u>
<b>Reconciliation of income from operations to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ 88,020	( \$ 11,246)	( \$ 5,974)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization expense	1,199	512,129	0
Miscellaneous nonoperating income	987	47,840	0
(Increase) decrease in:			
Accounts receivable	( 844)	1,583	0
Inventories	12,810	( 13,474)	0
Prepaid expenses	( 1)	( 1,964)	0
Increase (decrease) in:			
Accounts payable and accrued expenses	( 101,765)	2,648	( 181)
Net cash provided (used) by operating activities	<u>\$ 406</u>	<u>\$ 537,516</u>	<u>( \$ 6,155)</u>

<b>Engineering Fund</b>	<b>Worker's Compensation Fund</b>	<b>Administrative Services Fund</b>	<b>Total</b>
\$ 159,226	\$ 0	\$ 1,914,032	\$ 3,631,676
( 28,497)	( 250,636)	( 490,192)	( 1,380,843)
( 120,843)	( 22,864)	( 1,405,920)	( 1,964,760)
<u>9,886</u>	<u>( 273,500)</u>	<u>17,920</u>	<u>286,073</u>
( 10,000)	0	0	( 707,462)
0	0	0	( 188,048)
<u>0</u>	<u>0</u>	<u>0</u>	<u>7,590</u>
<u>( 10,000)</u>	<u>0</u>	<u>0</u>	<u>( 887,920)</u>
0	210,000	0	227,910
( 25,000)	0	( 40,000)	( 115,000)
0	0	0	545,241
<u>1,138</u>	<u>0</u>	<u>22,080</u>	<u>29,708</u>
<u>( 23,862)</u>	<u>210,000</u>	<u>( 17,920)</u>	<u>687,859</u>
<u>7,531</u>	<u>32,526</u>	<u>0</u>	<u>441,909</u>
<u>7,531</u>	<u>32,526</u>	<u>0</u>	<u>441,909</u>
<u>( 16,445)</u>	<u>( 30,974)</u>	<u>0</u>	<u>527,921</u>
<u>164,191</u>	<u>685,958</u>	<u>0</u>	<u>8,184,309</u>
<u>\$ 147,746</u>	<u>\$ 654,984</u>	<u>\$ 0</u>	<u>\$ 8,712,230</u>
\$ 5,121	( \$ 418,102)	( \$ 10,264)	( \$ 352,445)
5,456	0	0	518,784
0	0	0	48,827
( 3,668)	0	4,073	1,144
0	0	0	( 664)
0	0	0	( 1,965)
<u>2,977</u>	<u>144,602</u>	<u>24,111</u>	<u>72,392</u>
<u>\$ 9,886</u>	<u>( \$ 273,500)</u>	<u>\$ 17,920</u>	<u>\$ 286,073</u>

## ***TRUST AND AGENCY FUNDS***

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

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

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

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

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

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

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

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

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

**BOROUGH OF CHAMBERSBURG**

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
PENSION TRUST FUNDS  
December 31, 2007**

	<b>Firemen's Pension Fund</b>	<b>Police Pension Fund</b>	<b>Bargaining and Administrative Employees Pension Fund</b>	<b>Total Pension Trust Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 131,955	\$ 258,794	\$ 486,041	\$ 876,790
Mutual funds - U.S. Securities	825,545	1,763,797	3,873,127	6,462,469
Mutual funds - Corporate bonds	421,430	901,775	1,907,415	3,230,620
Mutual funds - Stocks	2,139,030	4,553,273	9,680,267	16,372,570
Mutual funds - Real estate securities	93,498	199,759	419,024	712,281
Total assets	<u>\$ 3,611,458</u>	<u>\$ 7,677,398</u>	<u>\$ 16,365,874</u>	<u>\$ 27,654,730</u>
<b>NET ASSETS</b>				
Held in trust for benefits and other purposes	<u>\$ 3,611,458</u>	<u>\$ 7,677,398</u>	<u>\$ 16,365,874</u>	<u>\$ 27,654,730</u>

**BOROUGH OF CHAMBERSBURG**

**COMBINING STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS  
PENSION TRUST FUNDS  
Year Ended December 31, 2007**

	<b>Firemen's Pension Fund</b>	<b>Police Pension Fund</b>	<b>Bargaining and Administrative Employees Pension Fund</b>	<b>Total Pension Trust Funds</b>
<b>ADDITIONS</b>				
Contributions				
Employer - contributions	\$ 131,129	\$ 454,641	\$ 438,129	\$ 1,023,899
Total contributions	<u>131,129</u>	<u>454,641</u>	<u>438,129</u>	<u>1,023,899</u>
Investment income:				
Net appreciation (depreciation) in fair value of investments and gains (loss) on sale of investments	17,882	33,011	94,243	145,136
Interest, dividends and other	<u>95,744</u>	<u>201,368</u>	<u>439,952</u>	<u>737,064</u>
Total net investment income	<u>113,626</u>	<u>234,379</u>	<u>534,195</u>	<u>882,200</u>
Total additions	<u>244,755</u>	<u>689,020</u>	<u>972,324</u>	<u>1,906,099</u>
<b>DEDUCTIONS</b>				
Benefits	179,021	361,219	765,608	1,305,848
Administrative expenses	<u>702</u>	<u>1,423</u>	<u>4,073</u>	<u>6,198</u>
Total deductions	<u>179,723</u>	<u>362,642</u>	<u>769,681</u>	<u>1,312,046</u>
Change in net assets	65,032	326,378	202,643	594,053
Net assets - beginning	<u>3,546,426</u>	<u>7,351,020</u>	<u>16,163,231</u>	<u>27,060,677</u>
Net assets - ending	<u>\$ 3,611,458</u>	<u>\$ 7,677,398</u>	<u>\$ 16,365,874</u>	<u>\$ 27,654,730</u>



**BOROUGH OF CHAMBERSBURG**

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
PRIVATE PURPOSE TRUST FUNDS  
December 31, 2007**

	<b>Citizen's Reward Fund</b>	<b>Sister City Fund</b>	<b>Project Heat Fund</b>	<b>Total Private Purpose Trust Funds</b>
<b>ASSETS</b>				
Cash and equity in pooled cash and investments	\$ 10,127	\$ 21,377	\$ 12,605	\$ 44,109
Other receivables	47	0	0	47
Total assets	<u>\$ 10,174</u>	<u>\$ 21,377</u>	<u>\$ 12,605</u>	<u>\$ 44,156</u>
 <b>NET ASSETS</b>				
Held in trust for other purposes	<u>\$ 10,174</u>	<u>\$ 21,377</u>	<u>\$ 12,605</u>	<u>\$ 44,156</u>

**BOROUGH OF CHAMBERSBURG**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PRIVATE PURPOSE TRUST FUNDS  
For the Year Ended December 31, 2007**

	<b>Citizen's Reward Fund</b>	<b>Sister City Fund</b>	<b>Project Heat Fund</b>	<b>Total Private Purpose Trust Funds</b>
<b>ADDITIONS</b>				
Interest earnings	\$ 496	\$ 1,018	\$ 515	\$ 2,029
Contributions - public	300	0	7,315	7,615
Other revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total additions	<u>796</u>	<u>1,018</u>	<u>7,830</u>	<u>9,644</u>
<b>DEDUCTIONS</b>				
Payments to sister city committee	0	0	0	0
Administrative expense	0	0	11,522	11,522
Miscellaneous expense	<u>0</u>	<u>80</u>	<u>0</u>	<u>80</u>
Total deductions	<u>0</u>	<u>80</u>	<u>11,522</u>	<u>11,602</u>
Change in net assets	796	938	( 3,692)	( 1,958)
Net assets, beginning	<u>9,378</u>	<u>20,439</u>	<u>16,297</u>	<u>46,114</u>
Net assets, ending	<u>\$ 10,174</u>	<u>\$ 21,377</u>	<u>\$ 12,605</u>	<u>\$ 44,156</u>

# BOROUGH OF CHAMBERSBURG

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS December 31, 2007

	Balance 6/30/06	Additions	Deductions	Balance 6/30/07
<b><u>Payroll Clearing Fund</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 0	\$ 10,056,563	\$ 10,056,563	\$ 0
Other receivables	2,879	0	2,879	0
Due from other funds	0	0	0	0
Total assets	<u>\$ 2,879</u>	<u>\$ 10,056,563</u>	<u>\$ 10,059,442</u>	<u>\$ 0</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 2,879	\$ 0	\$ 2,879	\$ 0
Due to Fire Chief's Association	0	0	0	0
Withholdings	0	417,060	417,060	0
Total liabilities	<u>\$ 2,879</u>	<u>\$ 417,060</u>	<u>\$ 419,939</u>	<u>\$ 0</u>
 <b><u>Consumer Deposit Fund</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 714,379	291,864	205,923	\$ 800,320
Other receivables	1,845	36,429	34,967	3,307
Due from other funds	0	0	0	0
Total assets	<u>\$ 716,224</u>	<u>\$ 328,293</u>	<u>\$ 240,890</u>	<u>\$ 803,627</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 0	0	0	\$ 0
Due to Fire Chief's Association	3,463	2,273	3,463	2,273
Consumer deposits	712,761	293,410	204,817	801,354
Total liabilities	<u>\$ 716,224</u>	<u>\$ 295,683</u>	<u>\$ 208,280</u>	<u>\$ 803,627</u>
 <b><u>Total - All Agency Funds</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 714,379	\$ 10,348,427	\$ 10,262,486	\$ 800,320
Other receivables	4,724	36,429	37,846	3,307
Due from other funds	0	0	0	0
Total assets	<u>\$ 719,103</u>	<u>\$ 10,384,856</u>	<u>\$ 10,300,332</u>	<u>\$ 803,627</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 2,879	\$ 0	\$ 2,879	\$ 0
Due to Fire Chief's Association	3,463	2,273	3,463	2,273
Withholdings	0	417,060	417,060	0
Consumer deposits	712,761	293,410	204,817	801,354
Total liabilities	<u>\$ 719,103</u>	<u>\$ 712,743</u>	<u>\$ 628,219</u>	<u>\$ 803,627</u>

**BOROUGH OF CHAMBERSBURG**

**STATEMENT OF REAL ESTATE TAXES RECEIVABLE - GENERAL FUND  
YEAR ENDED DECEMBER 31, 2007**

	<b>General Purpose</b>
Assessed valuation of real property	\$ 171,357,770
Add: Additions	5,610,777
Less: Reductions and exonerations	<u>75,330</u>
Adjusted assessment	176,893,217
Tax rate	<u>20</u> mills
Total tax levied	3,537,864
Add: Penalties	7,646
Less: Discounts	( 61,441)
Collections	<u>( 3,330,907)</u>
2007 taxes receivable - December 31, 2007	153,162
Prior years' taxes	<u>27,405</u>
Total taxes receivable - December 31, 2007	<u><u>\$ 180,567</u></u>



**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 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, 2007, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated June 13, 2008. 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.

**Internal Control Over Financial Reporting**

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of Chambersburg's financial statements are free of 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 determination of financial statement amounts. 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*.

We noted certain matters that we reported to management of the Borough of Chambersburg in a separate letter dated June 13, 2008.

This report is intended solely for the information and use of management, the Mayor, and Borough Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Smith Elliott Kearns & Company, LLC*

Chambersburg, Pennsylvania  
June 13, 2008



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

We have audited the compliance of the Borough of Chambersburg with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2007. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the Borough of Chambersburg's management. Our responsibility is to express an opinion on the Borough of Chambersburg's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Borough of Chambersburg's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Borough of Chambersburg's compliance with those requirements.

In our opinion, the Borough of Chambersburg complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2007.

**Internal Control Over Compliance**

The management of the Borough of Chambersburg is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Borough of Chambersburg's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Chambersburg's internal control over compliance.



To the Mayor and Borough Council  
Borough of Chambersburg

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Mayor and Borough Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Smith Elliott Kearns & Company, LLC*

Chambersburg, Pennsylvania  
June 13, 2008



**Borough of Chambersburg**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2007**

Grantor Program Title	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at December 31, 2006	Revenue Recognized	Expenditures Recognized	Accrued or (Deferred) Revenue at December 31, 2007
<b>U.S. Department of Housing and Urban Development Program:</b>									
<u>Passed-through the PA. Dept. of Community and Economic Development</u>									
Community Development Block Grant	14.228	22-762-0132	January 1, 2002 - December 31, 2002	\$ 319,785	\$ 145,881	\$ 80,441	\$ 65,440	\$ 65,440	\$ 0
Community Development Block Grant	14.228	C000003299	January 1, 2003 - December 31, 2003	324,060	33,133	19,667	49,920	49,920	36,454
Community Development Block Grant	14.228	C0000010440	January 1, 2004 - December 31, 2004	331,992	142,376	84,148	62,542	62,542	4,314
Community Development Block Grant	14.228	C000014702	January 1, 2005 - December 31, 2005	305,376	49,383	1,932	51,207	51,207	3,756
Community Development Block Grant	14.228	C000022662	January 1, 2006 - December 31, 2006	267,016	28,522	5,617	30,296	30,296	7,391
Community Development Block Grant	14.228	C000029556	January 1, 2007 - December 31, 2007	262,610	0	0	0	0	0
HOME Grant	14.239	C000026927	January 1, 2006 - December 31, 2006	350,000	55,585	0	67,040	67,040	11,455
Franklin County Home Grant	14.239	C000026927	January 1, 2007 - December 31, 2007	40,000	40,000	0	0	0	( 40,000)
<b>Total U.S. Department of HUD</b>					<u>494,880</u>	<u>191,805</u>	<u>326,445</u>	<u>326,445</u>	<u>23,370</u>
<b>U.S. Department of Justice</b>									
Justice Assitance Grant	16.738	2005F2706PADJ	January 1, 2005 - December 31, 2005	17,500	17,500	0	17,500	17,500	0
Justice Assitance Grant	16.738	2006F2706PADJ	January 1, 2006 - December 31, 2006	10,474	10,474	0	10,474	10,474	0
Justice Assitance Grant	16.738	2007CKWX0219	January 1, 2007 - December 31, 2007	16,222	16,222	0	14,432	14,432	( 1,790)
<b>Total U.S. Department of Justice</b>					<u>44,196</u>	<u>0</u>	<u>42,406</u>	<u>42,406</u>	<u>( 1,790)</u>
<b>U.S. Environmental Protection Agency</b>									
Environmental Protection Agency	66.606	C-429955-01	January 1, 2001 - December 31, 2009	3,362,800	279,800	66,443	353,520	353,520	140,163
<b>Total U.S. Environmental Protection Agency</b>					<u>279,800</u>	<u>66,443</u>	<u>353,520</u>	<u>353,520</u>	<u>140,163</u>
<b>U.S. Department of Homeland Security</b>									
Firefighters	97.044	EMW-2005-FG-08074	January 1, 2005 - December 31, 2005	202,231	195,750	181,364	14,386	14,386	0
<b>Total U.S. Department of Homeland Security</b>					<u>195,750</u>	<u>181,364</u>	<u>14,386</u>	<u>14,386</u>	<u>0</u>
<b>U.S. Department of Transportation</b>									
<u>Passed-through PA Department of Transportation</u>									
Transportation Enhancement Project	20.205	088001A	January 1, 2005 - December 31, 2005	631,000	18,000	18,000	0	0	0
Transportation Enhancement Project	20.205	087982-A-B	January 1, 2006 - December 31, 2006	3,050,199	2,457,868	231,718	2,539,122	2,539,122	312,972
Transportation Enhancement Project	20.205	88648	January 1, 2006 - December 31, 2006	690,000	523,819	496,274	27,545	27,545	0
<b>Total U.S. Department of Transportation</b>					<u>2,999,687</u>	<u>745,992</u>	<u>2,566,667</u>	<u>2,566,667</u>	<u>312,972</u>
<b>Total Expenditure of Federal Awards</b>					<u>\$ 4,014,313</u>	<u>\$ 1,185,604</u>	<u>\$ 3,303,424</u>	<u>\$ 3,303,424</u>	<u>\$ 474,715</u>

**BOROUGH OF CHAMBERSBURG**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2005**

**Note 1. General**

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

**Note 2. 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.

**Note 3. Relationship to Financial Statements**

Expenditures of Federal Awards are reported in the Borough's financial statements as follows:

Special Revenue Funds	
Transportation Enhancement Project Program	\$ 2,566,667
Community Development Block Grant	259,405
HOME Grant	67,040
Justice Assistance Grant	42,406
Firefighters	14,386
Water Fund	
Environmental Protection Agency	353,520
Total	<u>\$ 3,303,424</u>

**Note 4. Determination of Major Programs**

Transportation Enhancement Project Program	20.205	\$ 2,566,667 *	77.7%
Community Development Block Grant	14.228	259,405	7.9%
HOME Grant	14.239	67,040	2.0%
Firefighters	97.044	14,386	0.4%
Environmental Protection Agency	66.606	353,520	10.7%
Justice Assistance Grant	16.592	42,406	1.3%
Total federal expenditures		<u>\$ 3,303,424</u>	100.0%

\* Selected for testing as major program.

**BOROUGH OF CHAMBERSBURG  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2007**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes        X   No

**Federal Awards**

Internal control over major program:

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

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

- Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133? \_\_\_\_\_ Yes        X   No

Identification of the major programs:

CFDA Number(s)	Name of Federal Program
20.205	Transportation Enhancement Project

Dollar threshold used to distinguish between type A and type B programs \$ 300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes        X   No

**BOROUGH OF CHAMBERSBURG**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**December 31, 2007**

**Section II - Financial Statement Findings**

A. Significant deficiencies in Internal Control

None Noted

B. Compliance Findings

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

**Section III - Federal Award Findings and Questioned Costs**

A. Significant Deficiencies in Internal Control

None Noted.

B. Compliance Findings

There were no findings relating to the major federal awards as required to be reported in accordance with Section .510(a) of OMB Circular A-133.

**BOROUGH OF CHAMBERSBURG**  
**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**December 31, 2007**

*Condition:* In the previous year, accounts payable were materially understated at year end (before audit adjustments).

*Status:* This has been corrected in the current year and accounts payable were properly recorded.



# Statistical Section

## STATISTICAL SECTION

This section of the Borough of Chambersburg's comprehensive annual financial report presents detailed information as a context for the understanding what the information in the financial statements, note disclosures, and required supplementary information says about the municipality's overall financial health.

### **Contents**

### **Page(s)**

#### **Financial Trends**

**84-90**

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

#### **Revenue Capacity**

**91-96**

These schedules contain information to help the reader assess the municipality's most significant local revenues sources, the property tax, and the earned income tax.

#### **Debt Capacity**

**97-101**

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.

#### **Demographic and Economic Information**

**102-103**

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

#### **Operating Information**

**104-106**

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.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The borough implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that 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 Assets by Component	Schedule 1
Changes in Net Assets	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 Assets By Component  
Last Five Years  
*(accrual basis of accounting)*

	2007	2006	2005	2004	2003
<b>Governmental Activities</b>					
Invested in capital Assets, Net of related debt	\$20,030,556	\$16,422,498	\$13,745,073	\$9,509,524	\$9,782,731
Restricted	786,100	392,808	613,697	690,381	476,545
Unrestricted	10,030,131	9,157,620	8,434,228	7,735,631	7,225,502
<b>Total governmental activities net assets</b>	<b>30,846,787</b>	<b>25,972,926</b>	<b>22,792,998</b>	<b>17,935,536</b>	<b>17,484,778</b>
<b>Business - Type activities</b>					
Invested in capital Assets, Net of related debt	69,516,503	67,563,288	63,674,212	58,883,260	59,029,207
Restricted					
Unrestricted	31,862,509	23,049,503	23,219,395	20,207,662	20,613,389
<b>Total business -- type activities net assets</b>	<b>101,379,012</b>	<b>90,612,791</b>	<b>86,893,607</b>	<b>79,090,922</b>	<b>79,642,596</b>
<b>Primary Government</b>					
Invested in capital Assets, Net of related debt	89,547,059	83,985,786	77,419,285	68,392,784	\$68,811,938
Restricted	786,100	392,808	613,697	690,381	476,545
Unrestricted	41,892,640	32,207,123	31,653,623	27,943,293	27,838,891
<b>Total primary government net assets</b>	<b>\$132,225,799</b>	<b>\$116,585,717</b>	<b>\$109,686,605</b>	<b>\$97,026,458</b>	<b>\$97,127,374</b>

As per GASB statement number 44, we are reporting government - wide information retroactively to 2003, which is the year of implementation of GASB statement number 34.

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

	2007	2006	2005	2004	2003
<b>Expenses</b>					
<b>Governmental Activities:</b>					
General Government	\$1,466,517	\$1,043,354	\$935,002	\$927,800	\$978,195
Public Safety	7,032,498	6,349,063	5,848,946	5,392,779	5,168,838
Public Services	542,993	1,852,946	876,150	1,472,316	1,409,781
Parks and Recreation	1,237,341	1,019,986	1,019,864	951,250	920,904
Community Development	579,662	467,084	142,451	374,668	434,341
<b>Total governmental activities expenses</b>	<b>10,859,011</b>	<b>10,732,433</b>	<b>8,822,413</b>	<b>9,118,813</b>	<b>8,912,059</b>
<b>Business - Type activities</b>					
Electric	17,036,148	18,523,367	13,715,436	16,542,623	17,457,025
Gas	9,804,046	10,084,205	10,454,000	8,774,060	8,070,655
Water	2,775,409	2,495,541	2,440,826	2,346,858	2,058,695
Sewer	4,435,959	4,165,673	4,002,632	3,910,354	3,722,403
Sanitation	1,900,908	1,875,660	1,791,125	1,745,817	1,557,641
Parking	146,970	164,675	180,746	160,206	167,957
<b>Total business-type activities expense</b>	<b>36,099,440</b>	<b>37,309,121</b>	<b>32,584,765</b>	<b>33,479,918</b>	<b>33,034,376</b>
<b>Total primary government expenses</b>	<b>46,958,451</b>	<b>48,041,554</b>	<b>41,407,178</b>	<b>42,598,731</b>	<b>41,946,435</b>
<b>Program Revenues</b>					
<b>Governmental Activities:</b>					
Charges for Services					
General Government	445,288	491,696	350,807	354,012	307,750
Public Safety	1,270,041	1,119,281	947,182	881,110	885,563
Public Services	10,406	32,156	26,408	35,720	32,351
Parks and Recreation	388,699	366,255	347,757	312,298	314,206
Community Development					
Operating Grants and Contributions	1,488,749	1,200,413	1,403,640	778,856	497,816
Capital Grants and Contributions	2,994,098	2,921,896	4,844,308	693,018	663,615
<b>Total governmental activities program revenues</b>	<b>6,597,281</b>	<b>6,131,697</b>	<b>7,920,102</b>	<b>3,055,014</b>	<b>2,701,301</b>
<b>Business - Type activities</b>					
Charges for Services					
Electric	23,374,049	19,731,687	17,329,059	16,534,958	17,270,856
Gas	10,111,337	10,295,262	11,611,918	9,065,105	8,470,100
Water	3,879,178	3,472,734	3,107,143	2,752,040	2,459,217
Sewer	4,027,596	3,796,020	3,578,237	3,248,861	2,705,203
Sanitation	2,026,588	1,938,838	1,907,319	1,394,234	1,404,794
Parking	145,400	154,740	137,451	132,753	129,007
Operating Grants and Contributions	482,632	178,031	149,268	336,985	65,850
Capital Grants and Contributions	2,537,794	1,481,518	1,678,368	110,623	128,639
<b>Total business-type activities program revenues</b>	<b>46,584,574</b>	<b>41,048,830</b>	<b>39,498,763</b>	<b>33,575,559</b>	<b>32,633,666</b>
<b>Total primary government program revenues</b>	<b>\$53,181,855</b>	<b>\$47,180,527</b>	<b>\$47,418,865</b>	<b>\$36,630,573</b>	<b>\$35,334,967</b>

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

	2007	2006	2005	2004	2003
<b>Net (Expense)/Revenue</b>					

Governmental Activities:	(\$4,261,730)	(\$4,600,736)	(\$902,311)	(\$6,063,799)	(\$6,210,758)
Business - Type activities	10,485,134	3,739,709	6,913,998	95,641	(400,710)
Total business-type activities net expense	6,223,404	(861,027)	6,011,687	(5,968,158)	(6,611,468)
=====					
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes					
Property taxes	3,486,845	2,810,388	2,731,777	2,656,031	1,887,536
Real estate transfer taxes	816,051	674,435	718,074	535,193	292,501
Earned Income taxes	1,568,769	1,629,180	1,428,130	1,052,001	1,468,683
Local services tax	1,165,990	1,111,662	875,067		
Occupation privilege tax				113,974	107,555
Payments in lieu of taxes	10,565	10,452	5,549	9,897	11,038
Gain on sale of assets			287	698,566	
Unrestricted contributions and grants	3,926	26,935	99,584	8,903	3,096
Investment earnings	518,979	437,046	245,268	112,490	85,591
Miscellaneous income	125,626	32,651			107,949
Transfers	1,117,180	1,047,915	-343,963	1,326,605	1,528,990
Total governmental activities	8,813,931	7,780,664	5,759,773	6,513,660	5,492,939
Business - Type activities					
Investment earnings	1,180,310	951,240	544,724	300,121	470,996
Miscellaneous income	217,957	104,600		28,862	134,991
Transfers	(1,117,180)	(1,047,912)	343,963	(1,326,605)	(1,528,990)
Extraordinary Items	0	(316,751)			
Total business-type activities	281,087	(308,823)	888,687	(997,622)	(923,003)
Total primary government	9,095,018	7,471,841	6,648,460	5,516,038	4,569,936
Change in Net Assets					
Governmental Activities:	4,552,201	3,179,928	4,857,462	449,861	(717,819)
Business - Type activities	10,766,221	3,430,886	7,802,685	(901,981)	(1,323,713)
Total primary government change in net assets	\$15,318,422	\$6,610,814	\$12,660,147	(\$452,120)	(\$2,041,532)
=====					

As per GASB statement number 44, we are reporting government - wide information retroactively to 2003, which is the year of implementation of GASB statement number 34.

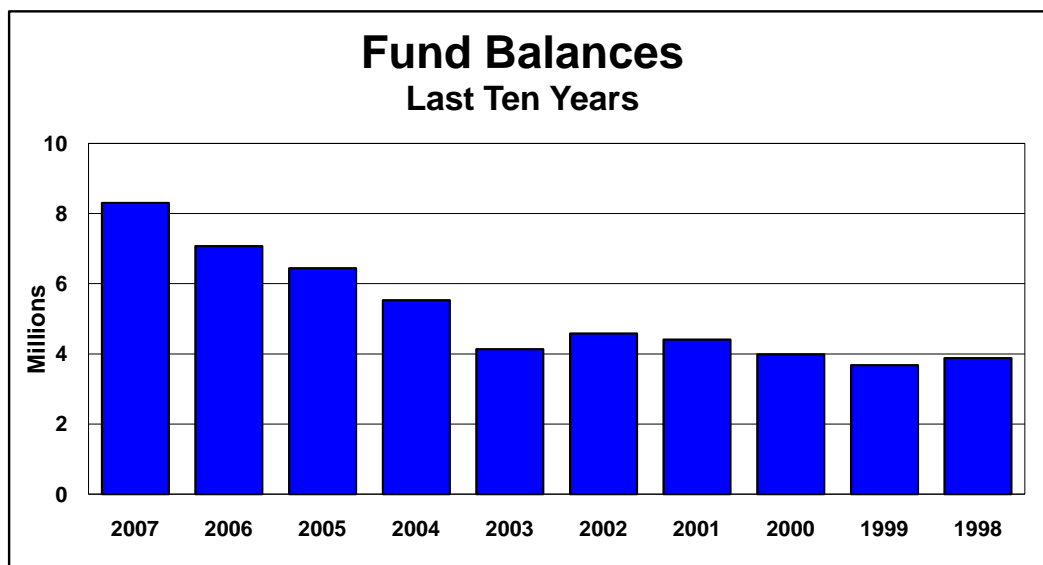
The net assets beginning balance for 2004 is \$351,204 more than the ending balance for 2003 due to prior period adjustments.

The net assets beginning balance for 2007 is \$246,660 more than the ending balance for 2006 due to prior period adjustments.

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

	2007	2006	2005	2004
General Fund				
Reserved	\$ 0	\$ 0	\$ 51,625	\$ 0
Unreserved	3,057,235	3,002,526	2,444,085	1,780,615
Total general fund	3,057,235	3,002,526	2,495,710	1,780,615
All Other Governmental Funds				
Reserved	482,736	334,814	438,199	3,534,247
Unreserved, reported in:				
Special revenue funds	455,558	89,893	234,642	0
Capital reserve funds	4,309,406	3,647,518	3,271,894	0
Liquid FuelsTax Fund	0	0	0	211,065
Total all other governmental funds	5,247,700	4,072,225	3,944,735	3,745,312
Total Governmental Funds	\$8,304,935	\$7,074,751	\$6,440,445	\$5,525,927

2003	2002	2001	2000	1999	1998
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1,270,767	1,744,610	2,009,489	1,973,089	1,709,598	1,878,696
1,270,767	1,744,610	2,009,489	1,973,089	1,709,598	1,878,696
2,631,946	2,609,362	2,196,853	1,843,579	1,765,399	1,847,038
0	223,878	196,564	174,288	206,494	149,917
0	0	0	0	0	0
234,484	0	0	0	0	0
2,866,430	2,833,240	2,393,417	2,017,867	1,971,893	1,996,955
\$4,137,197	\$4,577,850	\$4,402,906	\$3,990,956	\$3,681,491	\$3,875,651



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

	2007	2006	2005	2004
<b>REVENUES</b>				
Real estate taxes	\$3,496,353	\$2,812,617	\$2,699,852	\$2,652,016
Local enabling taxes	3,720,794	3,378,559	2,990,956	1,924,194
Licenses and permits	283,832	327,849	12,216	11,708
Fines and forfeits	134,912	124,607	104,554	105,994
Interest and rents	433,095	340,051	169,742	89,142
Intergovernmental revenue	4,128,114	2,963,293	5,390,700	1,441,099
Program income	0	0	34,413	25,307
Departmental charges for service	1,609,239	1,429,528	1,257,871	1,149,657
Miscellaneous	286,146	406,735	333,743	297,662
Public contributions	0	0	99,584	8,903
<b>Total revenues</b>	<b>14,092,485</b>	<b>11,783,239</b>	<b>13,093,631</b>	<b>7,705,682</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General and administrative	885,772	888,809	776,287	670,380
Public safety				
Police	3,998,185	3,745,351	3,273,532	3,005,234
Fire	1,804,011	1,703,609	1,369,481	1,250,482
Fire code	0	0	93,158	86,156
Building regulation, planning, and zoning	454,234	359,499	295,959	318,144
General health and ambulance service	770,771	798,504	771,723	709,344
Public service				
Highway	962,915	2,553,405	2,845,568	918,701
Parking, traffic control, and transit system	476,549	718,504	186,535	194,161
Street lighting	0	0	189,927	146,879
Airport	0	0	0	12,018
Parks and recreation	1,189,479	1,058,650	1,668,362	1,050,717
Community Development	2,765,619	661,039	0	0
Capital projects	0	0	0	0
Housing rehabilitation grants/loans	0	0	124,857	63,373
Miscellaneous	638,818	332,789	271,288	330,588
Debt service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<b>Total expenditures</b>	<b>13,946,353</b>	<b>12,820,159</b>	<b>11,866,677</b>	<b>8,756,177</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>146,132</b>	<b>-1,036,920</b>	<b>1,226,954</b>	<b>-1,050,495</b>
<b>OTHER FINANCING SOURCES (Uses)</b>				
Preceeds from sale of assets	0	0	0	790,084
Refunds of prior yr's expenditure	0	0	0	0
Interfund transfers in (out)	1,084,052	1,671,226	-312,436	1,419,435
<b>Total other financing sources (uses)</b>	<b>1,084,052</b>	<b>1,671,226</b>	<b>-312,436</b>	<b>2,209,519</b>
<b>Net Change in Fund Balances</b> sources over expenditures and other uses	<b>\$1,230,184</b>	<b>\$634,306</b>	<b>\$914,518</b>	<b>\$1,159,024</b>
 Debt service as a percentage of non-capital expenditures	 00.0%	 00.0%	 00.0%	 00.0%
Debt service as a percentage of total expenditures	0.000%	0.000%	0.000%	0.000%

2003	2002	2001	2000	1999	1998
\$1,881,006	\$1,855,932	\$1,846,212	\$1,802,441	\$1,774,640	\$1,759,932
1,605,864	1,586,560	1,471,774	1,469,773	1,343,652	1,603,941
34,513	35,484	202,026	218,116	174,158	193,980
88,254	104,470	106,988	118,534	111,346	124,753
92,430	173,062	329,584	320,037	199,802	286,205
1,108,781	2,174,208	1,401,347	911,962	2,027,261	1,000,117
22,358	23,096	16,753	13,642	21,809	1,669
1,138,276	1,098,262	1,006,262	1,020,353	995,129	1,028,439
361,831	386,150	271,754	91,009	100,298	137,229
3,096	3,291	8,574	65,402	56,303	46,840
6,336,409	7,440,515	6,661,274	6,031,269	6,804,398	6,183,105
745,387	585,697	560,504	484,065	544,136	492,389
2,864,984	2,507,338	2,405,722	2,250,654	2,314,987	2,030,662
1,211,412	966,566	977,622	938,553	941,176	867,728
33,244	30,948	25,833	24,356	24,757	23,501
306,258	316,259	278,088	189,089	194,513	270,799
783,605	654,624	600,397	612,638	573,923	580,596
899,830	504,055	322,048	312,886	343,395	268,252
304,996	126,852	159,001	138,012	125,982	125,848
171,531	113,357	118,408	116,421	112,532	132,315
47,246	19,276	29,833	22,393	19,259	22,222
1,024,020	2,058,250	1,302,051	907,509	1,700,833	747,506
0	0	0	0	0	0
0	524,743	582,046	667,730	788,319	766,248
89,548	216,793	193,872	172,324	168,554	208,412
331,284	228,698	64,427	54,368	75,828	22,620
0	0	0	0	0	130,000
0	0	0	0	0	3,445
8,813,345	8,853,456	7,619,852	6,890,998	7,928,194	6,692,543
-2,476,936	-1,412,941	-958,578	-859,729	-1,123,796	-509,438
0	0	0	0	0	0
0	0	0	0	0	250,118
1,810,283	1,587,885	1,370,528	1,169,194	929,639	1,152,926
1,810,283	1,587,885	1,370,528	1,169,194	929,639	1,403,044
-\$666,653	\$174,944	\$411,950	\$309,465	-\$194,157	\$893,606
00.0%	00.0%	00.0%	00.0%	00.0%	2.252%
0.000%	0.000%	0.000%	0.000%	0.000%	1.994%

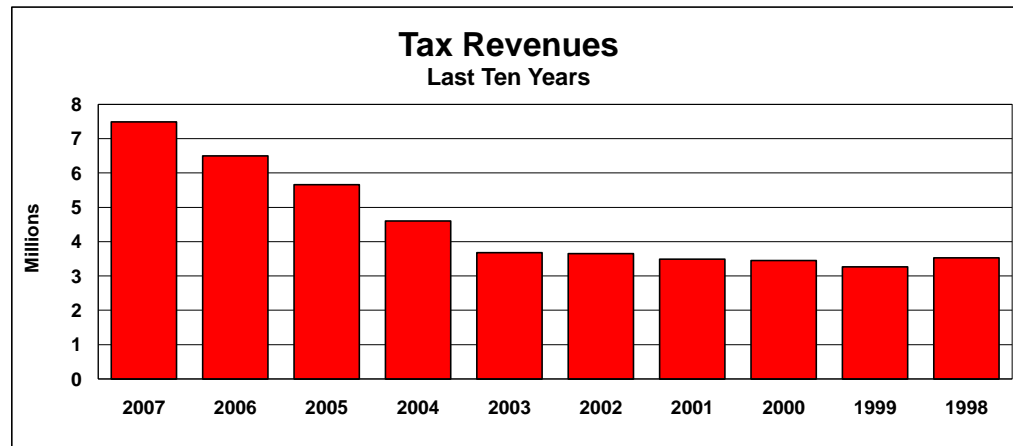
**Schedule 5**  
Borough of Chambersburg, PA  
Program Revenues by Function  
Last Five Years  
*(accrual basis of accounting)*

	2007	2006	2005	2004	2003
Function/Program					
Governmental activities:					
General government	\$3,764,057	\$1,399,348	\$1,000,257	\$761,020	\$566,667
Public Safety	1,364,935	1,655,801	995,819	954,758	997,471
Public Services	1,015,251	2,180,286	4,740,355	343,978	344,479
Parks and recreation	422,506	393,682	347,757	312,298	314,206
Community development	30,532	502,580	835,914	682,960	478,478
Subtotal governmental activities	6,597,281	6,131,697	7,920,102	3,055,014	2,701,301
Business-type activities					
Electric	23,787,570	20,634,722	17,714,633	16,639,896	17,341,849
Gas	10,129,533	10,496,579	11,707,046	9,109,242	8,475,849
Water	4,407,194	3,759,890	3,903,315	2,870,600	2,513,010
Sewer	6,050,383	4,025,793	4,092,000	3,340,542	2,735,592
Sanitation	2,062,631	1,974,758	1,942,027	1,477,450	1,437,698
Parking	147,263	157,088	139,742	137,829	129,668
Subtotal business type activities	46,584,574	41,048,830	39,498,763	33,575,559	32,633,666
Total primary government	\$53,181,855	\$47,180,527	\$47,418,865	\$36,630,573	\$35,334,967



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

Fiscal Year	Real Estate	Real Estate Transfer	Earned Income	Occupational Privilege	Emergency & Municipal Services	Cable TV Franchise Fees	Payments in Lieu of Taxes	Total
2007	\$3,496,353	\$816,051	\$1,728,188		\$1,165,990	\$269,553	\$10,565	\$7,486,700
2006	\$2,812,617	\$674,435	\$1,582,009		\$1,111,662	\$308,267	\$10,452	\$6,499,442
2005 (1)	2,699,853	718,074	1,148,766		875,067	209,203	5,549	5,656,512
2004	2,652,016	535,173	1,085,130	113,974		206,943	9,897	4,603,133
2003	1,881,006	292,501	1,194,770	107,555		193,935	11,038	3,680,805
2002	1,855,932	286,133	1,187,482	112,945		201,313	8,721	3,652,526
2001	1,846,212	215,868	1,155,673	100,233		165,695	4,263	3,487,944
2000	1,802,441	238,170	1,130,040	101,562		174,495	4,314	3,451,022
1999	1,774,640	197,967	1,049,053	96,610		141,815	4,876	3,264,961
1998	1,759,932	463,729	1,041,286	98,915		160,131	5,619	3,529,612



(1) Beginning in 2005, occupational privilege tax (OPT) was eliminated and replaced with emergency and municipal services tax (EMST)

## **Revenue Capacity**

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

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

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

	Direct Debt	<-----Overlapping Debt----->	
Tax Year	Borough of Chambersburg	Chambersburg Area Sch Dist	Franklin County
2007	20.00	76.91	21.75
2006	17.00	70.68	21.75
2005	17.00	67.00	20.75
2004	12.20	62.53	16.75
2003	12.20	58.33	14.75
2002	12.20	56.79	14.75
2001 (1)	12.20	51.80	11.90
2000	30.50	129.50	27.25
1999	30.50	127.50	24.50
1998	30.50	123.50	24.50

(1) As of January, 2001, the assessed value on all real property was changed from 40% to 100% of market value. For the years that apply, amounts shown in this schedule have been converted to reflect 100% market value for comparison purposes.

Sources: Borough of Chambersburg Comprehensive Annual Report  
 Chambersburg Area School District Comprehensive Annual 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
2007	\$321,620	\$90,319,950	\$69,027,550	\$10,645,490	\$1,151,680	\$50,764,330	\$222,230,620	\$171,466,290	20.00
2006	\$331,460	\$87,762,230	\$64,269,630	\$9,698,490	\$2,111,770	\$50,389,070	\$214,562,650	\$164,173,580	17.00
2005	319,440	85,328,290	63,225,610	9,698,490	2,025,380	50,528,540	211,125,750	160,597,210	17.00
2004	388,360	83,479,750	61,341,400	9,730,290	1,864,130	51,884,030	208,687,960	156,803,930	12.20
2003	389,190	82,231,740	61,670,330	10,200,230	1,816,060	50,489,080	206,796,630	156,307,550	12.20
2002	425,700	80,787,460	61,169,280	10,274,500	1,711,990	49,861,470	204,230,400	154,368,930	12.20
2001 (1)	425,610	79,187,740	58,131,620	10,527,990	1,782,000	49,215,420	199,270,380	150,054,960	12.20
2000	170,240	31,158,960	22,372,000	4,546,350	716,490	19,382,870	78,346,910	58,964,040	30.50
1999	173,310	30,783,920	22,196,910	4,504,230	693,490	19,295,520	77,647,380	58,351,860	30.50
1998	176,870	30,235,960	21,879,610	4,698,470	574,950	19,266,330	76,832,190	57,565,860	30.50

(1) As of January 1, 2001, the assessed value on all real property was changed from 40% to 100% of market value. For the years that apply, amounts shown in this schedule have been converted to reflect 100% of market value for comparison purposes.

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

**Schedule 9**  
Borough of Chambersburg, PA  
Principal Taxpayers  
12/31/2007 and 12/31/1998

**December 31, 2007**

Taxpayer	Estimated Actual Values of Real Property (1)	Rank	Percentage of Assessed Valuation
Menno-Haven, Inc	\$5,979,450	1	3.49%
Chbg Health Srv/Chbg Hospital	5,510,570	2	3.21%
American Real Estate	2,340,650	3	1.37%
Wilsey/Holsum-Ventura Food LLC	2,219,730	4	1.29%
ProLogis	1,780,100	5	1.04%
Wayne Avenue LLC	1,613,350	7	0.94%
Tanya K. Nitterhouse	1,493,100	6	0.87%
Chambersburg Cold Storage	1,491,010	8	0.87%
Chbg Area Development Corp	1,342,910	9	0.78%
Chambersburg Business Park	1,150,980	10	0.67%
 Total	 \$24,921,850 =====		 14.53% =====
 Total Taxable Assessed Valuation	 \$171,466,290 =====		

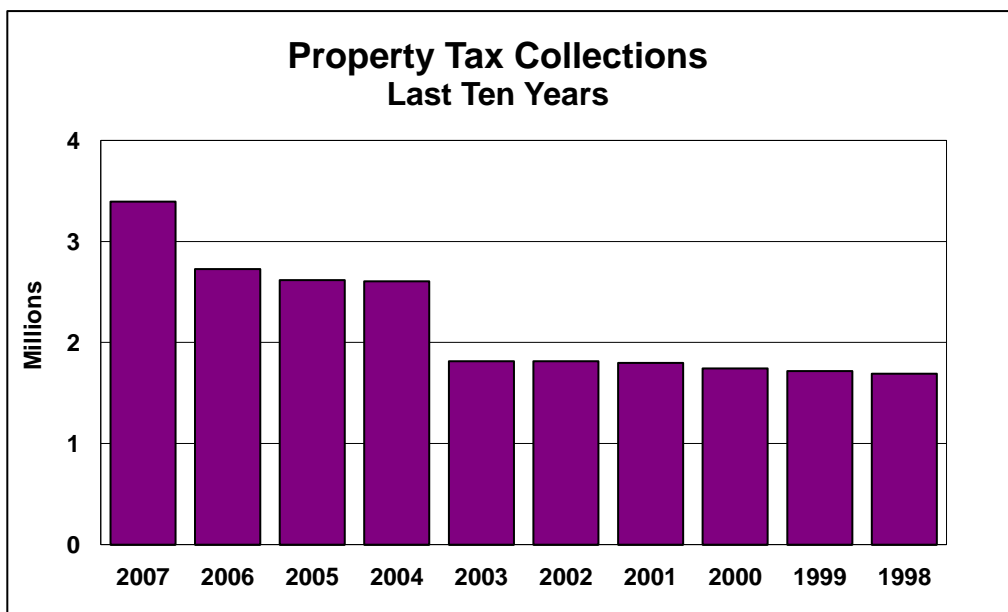
**December 31, 1998**

Taxpayer	Estimated Actual Values of Real Property (1)	Rank	Percentage of Assessed Valuation
Menno-Haven, Inc	\$1,214,610	1	2.11%
Franklin Properties	744,900	2	1.29%
Tanya K. Nitterhouse	738,830	3	1.28%
Chbg Area Development Corp	666,030	4	1.16%
Chbg Health Srv/Chbg Hospital	379,290	5	0.66%
Knouse Foods	368,810	6	0.64%
T B Woods	333,880	7	0.58%
F&M Trust Co.	331,010	8	0.58%
Chambersburg Trust Co.	272,160	9	0.47%
Valley Bank & Trust Co.	263,590	10	0.46%
 Total	 \$5,313,110 =====		 9.23% =====
 Total Taxable Assessed Valuation	 \$57,565,860 =====		

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

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

Fiscal Year Ended Dec 31,	Taxes Levied for the Fiscal Year	Collections within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007 (2)	\$3,524,433	\$3,327,598	94.42%	\$63,824	\$3,391,422	96.23%
2006	\$2,842,065	\$2,689,089	94.62%	\$36,837	\$2,725,926	95.91%
2005	2,760,042	2,611,898	94.63%	4,758	2,616,656	94.80%
2004 (1)	2,685,963	2,546,557	94.81%	56,402	2,602,959	96.91%
2003	1,908,826	1,811,273	94.89%	1,298	1,812,571	94.96%
2002	1,890,019	1,772,981	93.81%	40,240	1,813,221	95.94%
2001	1,862,783	1,758,268	94.39%	37,600	1,795,868	96.41%
2000	1,801,792	1,688,415	93.71%	53,599	1,742,014	96.68%
1999	1,785,165	1,669,166	93.50%	45,845	1,715,011	96.07%
1998	1,765,447	1,653,201	93.64%	36,729	1,689,930	95.72%



(1) The borough's property tax mill rate increased from 12.2 to 17.0, an increase of 40%

(2) The borough's property tax mill rate increased from 17.0 to 20.0, an increase of 17.64%

Source: Borough of Chambersburg Finance Department

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

Fiscal Year	Tax Rate	Total Earned Income Tax Collected	Refunds	Net Earned Income Tax Collected
2007	1.00%	\$1,769,463	\$41,275	\$1,728,188
2006	1.00%	\$1,589,052	\$38,543	\$1,550,509
2005	1.00%	1,359,818	31,052	1,328,766
2004	1.00%	1,258,254	20,624	1,237,630
2003	1.00%	1,286,751	18,481	1,268,270
2002	1.00%	1,208,561	21,079	1,187,482
2001	1.00%	1,173,833	18,160	1,155,673
2000	1.00%	1,145,690	15,649	1,130,041
1999	1.00%	1,063,838	14,785	1,049,053
1998	1.00%	1,054,010	12,724	1,041,286

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

Income Range	Number of tax filers									
	2007 (1)	2006	2005	2004	2003	2002	2001	2000	1999	1998
> \$1,000,000		0	0	0	0	0	0	0	0	0
\$500,000 - \$999,999		15	12	11	7	7	3	0	1	4
\$200,000 - \$499,000		34	32	34	33	31	34	26	26	26
\$100,000 - \$199,000		132	116	101	81	65	70	71	66	59
\$50,000 - \$99,000		1008	924	853	779	729	650	601	534	490
<\$50,000		7344	7377	7353	7475	7643	7763	7880	7977	8000
Total		8533	8461	8352	8375	8475	8520	8578	8604	8579

% of total earned income taxes paid										
Income Range										
> \$1,000,000		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$500,000 - \$999,999		3.42%	3.11%	2.67%	1.70%	1.74%	1.00%	0.00%	0.28%	1.08%
\$200,000 - \$499,000		3.86%	3.91%	4.16%	4.45%	4.01%	4.58%	4.67%	4.02%	4.03%
\$100,000 - \$199,000		6.64%	6.06%	5.63%	4.74%	4.14%	4.62%	4.68%	4.55%	4.12%
\$50,000 - \$99,000		25.64%	24.76%	23.78%	22.75%	21.68%	19.39%	18.37%	17.06%	15.77%
<\$50,000		60.44%	62.16%	63.76%	66.36%	68.43%	70.41%	72.28%	74.09%	75.00%
Total		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Total Personal Income	\$255,114,215	\$243,248,314	\$230,882,085	\$218,802,655	\$215,724,254	\$210,913,115	\$206,321,246	\$197,422,457	\$194,450,352
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Source: Chambersburg Area Wage Tax Office

(1) Information for year ended 12/31/2007 not yet available



## **Debt Capacity**

These schedules present 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  
Ratios of Outstanding Debt by Type  
Last Ten Years

Governmental Activities (1)		Business Type Activities (1)						
Fiscal Year	General Obligation Bonds	Electric Department General Obligation Bonds	Waste Water Treatment Plant General Obligation Bonds	Water Treatment Plant Water Revenue Notes Payable (2)	Waste Water Municipal Authority Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2007	0	\$17,240,000	\$4,340,000	\$2,556,619		\$24,136,619	6.971%	\$1,344
2006	0	\$17,550,000	\$4,715,000	\$2,732,990		\$24,997,990	7.220%	\$1,392
2005	0	18,355,000	4,720,000	4,200,000		27,275,000	7.877%	1,519
2004	0	19,140,000	5,440,000	4,371,675		28,951,675	8.361%	1,612
2003	0	19,900,000	5,300,000	4,400,000		29,600,000	8.549%	1,648
2002	0	19,900,000	5,575,000	4,400,000		29,875,000	8.628%	1,663
2001	0		5,835,000			5,835,000	1.685%	325
2000	0		6,090,000			6,090,000	1.759%	339
1999	0		6,335,000			6,335,000	2.986%	381
1998	0		6,150,000		2,155,000	8,305,000	3.915%	499

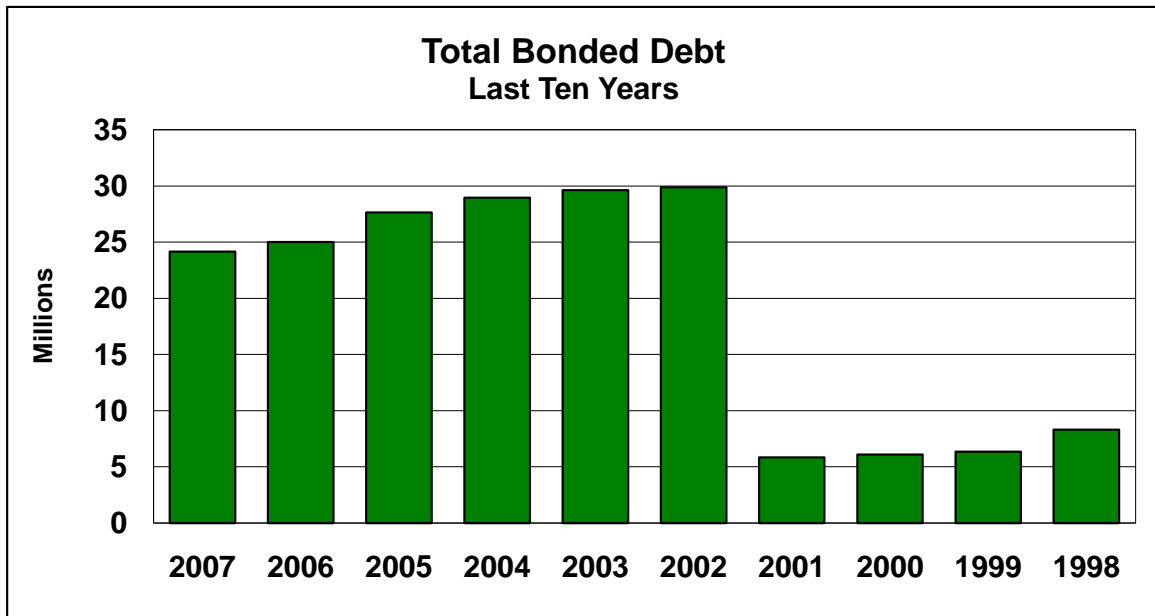
(1) Details regarding the Borough's outstanding debt can be found in the Note 5 in the current financial statements.

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

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

General Bonded Debt Outstanding

	Net Non- electoral debt	Lease rental debt	Total Primary Government	% of Assessed Valuation	Debt per Capita
2007	\$24,136,619	\$0	\$24,136,619	14.08%	\$1,344
2006	24,997,990	0	24,997,990	15.23%	1,392
2005	27,634,228	0	27,634,228	18.35%	1,539
2004	28,951,675	0	28,951,675	18.46%	1,612
2003	29,600,000	0	29,600,000	18.94%	1,648
2002	29,875,000	0	29,875,000	19.35%	1,663
2001 (1)	5,835,000	0	5,835,000	3.89%	325
2000	6,090,000	0	6,090,000	10.33%	341
1999	6,335,000	0	6,335,000	10.86%	381
1998	8,305,000	0	8,305,000	14.43%	499



(1) As of January 1, 2001, the assessed value on all real property was changed from 40% to 100% of market value. For the years that apply, amounts shown in this schedule have been converted to reflect 100% of market value .

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

=====					
General Bonded Debt Outstanding					
	Three year ave revenue borrowing base	Legal debt limit	Total Debt Applicable to limit	Legal Debt margin (1)	Legal Debt margin %
-----					
2007	54,371,026	135,927,564	24,136,619	111,790,945	82.24%
2006	49,400,865	123,502,163	24,997,990	98,504,173	79.76%
2005	44,163,564	110,408,911	27,634,228	82,774,683	74.97%
2004	40,676,773	101,691,932	28,951,675	72,740,257	71.53%
2003	38,208,010	95,520,026	29,600,000	65,920,026	69.01%
2002	37,361,931	93,404,827	29,875,000	63,529,827	68.02%
2001	37,528,820	93,822,049	5,835,000	87,987,049	93.78%
2000	25,253,770	63,134,426	6,090,000	57,044,426	90.35%
1999	26,431,118	66,077,795	6,335,000	59,742,795	90.41%
1998	24,696,104	61,740,261	8,305,000	53,435,261	86.55%

**(1) Legal Debt Margin: (12/31/2006)**

a	Average revenues past 3 yrs	54,371,026 (\$163,113,077) / 3
b	Legal debt limit (2.5 time average rev)	135,927,564
c	Debt outstanding @ 12/31/2007	-24,136,619
	Legal Debt Margin (b-c)	<b>\$111,790,945</b>

**Schedule 16**  
 Borough of Chambersburg, PA  
 Computation of Direct and Overlapping Debt  
 December 31, 2007

Jurisdiction	Total Debt Outstanding	Estimated Percentage Applicable (a)	Amount Applicable To Borough of Chbg
<b>Direct</b>			
Borough of Chambersburg (Governmental Activities)	0		0
<b>Overlapping</b>			
Chambersburg School Dist	\$70,088,518	26.9070%	\$18,858,719
County of Franklin	44,589,000	13.1868%	5,879,874
<i>Total Overlapping Debt</i>	114,677,518		24,738,593
<b>Total</b>	<b>\$114,677,518</b>		<b>\$24,738,593</b>

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

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

(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.

**Schedule 17**  
 Borough of Chambersburg  
 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	
2007	\$3,879,178	\$2,673,401	\$1,205,777	\$213,118	\$66,696	4.31
2006	\$3,472,734	\$2,495,541	\$977,193	\$218,998	\$60,816	3.49
2005	3,107,143	2,440,826	666,317	213,595	66,220	2.38
2004	2,752,040	2,346,858	405,182	42,531	109,955	2.66
2003	2,449,629	1,967,482	482,147	0	110,044	4.38
2002	2,374,647	2,174,670	199,977	0	77,948	2.57
2001	2,235,914	1,914,605	321,309	0	0	N/A
2000	1,963,094	1,721,458	241,636	0	0	N/A
1999	2,051,301	1,657,264	394,037	0	0	N/A
1998	2,023,525	1,612,532	410,993	0	0	N/A

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

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

## **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

Year	Population (2)	Per Capita Personal Income (2)	Per Capita Household Income (2)	Median Household Income (2)	Median Age (2)	Educational Attainment Bachelor's Degree or higher (2)
2007	17,961	\$19,278	\$41,641	\$32,336	40	17.90%
2006	17,961	\$19,278	\$41,641	\$32,336	40	17.90%
2005	17,961	19,278	41,641	32,336	40	17.90%
2004	17,969	19,278	41,641	32,336	40	17.90%
2003	17,864	19,278	41,641	32,336	40	17.90%
2002	17,836	19,278	41,641	32,336	40	17.90%
2001 (1)	17,812	19,278	41,641	32,336	40	17.90%
2000	17,862	19,278	41,641	32,336	40	17.90%
1999	16,647	12,744	27,910	23,565	38.7	15.70%
1998	16,647	12,744	27,910	23,565	38.7	15.70%

(1) As of January 1, 2001, the assessed value of all real property was changed from 40% to 100 % of market value. For the years that apply, amounts shown in this schedule have been converted to reflect 100% market value for comparison purposes.

(2) United States Census Bureau

(3) Franklin County Assessor's Office

(4) Chambersburg Area Wage Tax Office

(5) Information for year ended 12/31/2007 not yet available



School Enrollment (2)	Unemployment Rate (2)	Median Value of Residential Property (2)	Total Assessed Property Value (3)	Total Personal Income (4)	
3,635	3.90%	\$86,500	\$171,466,290	(5)	
3,635	3.90%	\$86,500	\$164,173,580	\$255,114,215	
3,635	3.90%	86,500	160,597,230	\$243,248,314	
3,635	3.90%	86,500	156,803,930	\$230,882,085	
3,635	3.90%	86,500	156,307,550	\$218,802,655	
3,635	3.90%	86,500	154,368,930	\$215,724,254	
3,635	3.90%	86,500	150,054,960	\$210,913,115	
3,635	3.90%	86,500	58,964,040	\$206,321,246	
2,770	4.20%	64,600	58,351,860	\$197,422,457	
2,770	4.20%	64,600	57,565,860	\$194,450,352	

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

2007				1998		
Employer	Employees	Rank	Percentage of Total Borough Employment	Employees	Rank	Percentage of Total Borough Employment
Summit Health Services	2,972	1	12.36%	1,264	1	6.38%
Chambersburg School District	1,087	2	4.52%	888	2	4.48%
County of Franklin	930	3	3.87%	714	3	3.61%
Menno Haven, Inc	551	4	2.29%	505	4	2.55%
K-Mart Regional Specialty Center	400	5	1.66%	-----		-----
Ventura Foods	391	6	1.63%	249	6	1.26%
T.B. Woods, Inc	340	7	1.41%	499	5	2.52%
Staples Direct	325	8	1.35%	-----		-----
Farmers & Merchants Trust Co.	260	9	1.08%	(1)		-----
Nursery Supplies	250	10	1.04%	-----		-----
Borough of Chambersburg	198	11	0.82%	173	7	0.87%
Knouse Foods	160	12	0.67%	(1)		-----
Patriot Federal Credit Union	132	13	0.55%	112	9	0.57%
Public Opinion Newspaper	105	14	0.44%	120	8	0.61%
Nitterhouse Masonry Products	102	15	0.42%	81	10	0.41%
-----						
Total	8,203		34.11%	4,605		23.26%
=====						
Total Employees	24,050			19,800		
=====						

Source: Franklin County Area Development Corp.  
Chambersburg Area Wage Tax Office

(1) Information not available

## **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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>Function/program</b>										
<b>General Government:</b>										
Administration	4	4	4	4	4	4	4	3	3	3
MIS	5	5	5	4	4	4	4	3	3	3
Finance	22	22	22	22	22	24	24	24	23	22
Public Information	0	0	0	0	0	0	0	0	0	0
<b>Community Development:</b>										
Economic Develop/Planning	2	1	1	1	1	1	1	1	1	1
Inspections	4	4	4	5	6	6	5	4	4	4
<b>Public Works:</b>										
Administration	2	2	2	2	2	2	2	2	2	2
Maintenance/Labor	25	22	22	22	24	24	24	23	23	22
<b>Human Services:</b>										
	0	0	0	0	0	0	0	0	0	0
<b>Public Safety:</b>										
Police Officers	33	30	30	30	30	29	29	29	29	29
Police Civilians	4	4	4	4	4	4	4	4	4	4
Fire	21	21	18	18	18	21	18	18	18	18
Fire Civilians	3	3	3	3	2	2	2	2	2	2
911	0	0	0	0	0	0	0	0	0	0
<b>Recreation:</b>										
Management	5	5	5	5	5	5	5	5	5	4.5
Seasonal	0	0	0	0	0	0	0	0	0	0
Pool	0	0	0	0	0	0	0	0	0	0
Tennis	0	0	0	0	0	0	0	0	0	0
Park	0	0	0	0	0	0	0	0	0	0
<b>Utilities (5):</b>										
Administration	14	14	14	14	14	14	14	13	13	13
Maintenance/Operations										
Electric Department	19	19	19	17	16	16	16	16	16	16
Gas Department	8	8	8	8	8	7	7	7	7	7
Water Department	11	11	11	11	10	10	10	9	9	9
Waste Water Treat. Plant	15	15	15	14	13	13	13	13	13	13
Parking Department	1	1	1	1	1	1	1	1	1	1
<b>Totals</b>	<b>198</b>	<b>191</b>	<b>188</b>	<b>185</b>	<b>184</b>	<b>187</b>	<b>183</b>	<b>177</b>	<b>176</b>	<b>173.5</b>

Source: Borough of Chambersburg Human Resources Department

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

	2007	2006	2005	2004	2003
<b>Function/program</b>					
General Government:					
Lien Letter & Tax Certification Requests	42	41	45	49	56
Community Development					
Building Permits Issued	463	338	277	101	191
Estimated Value of Construction	\$60,752,500	\$55,624,200	\$32,147,498	\$17,768,938	\$18,787,722
Occupancy Permits Issued	68	44	53	17	10
Number of Planning Commission Agenda Items	52	59	62	39	24
Public Works:					
Roads Resurfaced (linear feet)	14,500	28,200	8,900	4,800	11,600
Roads Reconstructed (linear feet)		2,200	0	5,870	700
Tons of Snow Melting Salt Used	546	150	100	250	275
Recreation:					
Pool Attendance	33,224	34,491	37,513	31,854	33,061
Number of utilization events (2)	1,130	2,068	1,936	1,905	1,930
Number of consumers served	73,002	79,783	80,030	77,227	80,839
Number of seasonal programs	77	92	86	95	90
Police:					
Calls for Service	14,698	14,564	14,298	13,762	12,873
Total Arrests	1,000	978	1,031	1,392	969
Part I Offenses Reported (major offenses)	1,337	1,187	1,020	1,096	922
Part I Offenses cleared (Percentage)	32.2%	27.5%	36.7%	28.6%	26.7%
Part II Offenses Reported (Major offenses)	2,042	2,129	1,837	2,045	1,640
Part II Offenses cleared (Percentage)	38.5%	36.1%	39.3%	32.1%	31.3%
DUI Arrests	153	151	146	119	75
Fire:					
Total Number of Responses	1,216	1,219	1,246	1,037	725
Responses Involving Loss	3	0	2	5	4
Structure Fires	31	(1)	19	16	14
Volunteer Hours	86,342	112,414	87,807	81,905	84,762
False Alarms/False Calls	144	205	225	324	241
Total Calls For Assistance	4,769	4,543	4,856	(1)	(1)
Utilities:					
<i>Electric Department</i>					
Units Billed (kwh)	298,904,180	280,162,497	270,674,464	263,990,940	254,497,955
Billed Revenue	\$22,832,498	\$19,350,942	\$16,909,558	\$16,419,739	\$16,785,427
<i>Gas Department</i>					
Units Billed (100 Cu. Ft.)	9,263,225	8,764,951	9,408,519	9,778,613	10,084,543
Billed Revenue	\$9,931,409	\$11,161,166	\$10,926,767	\$8,814,262	\$8,356,282
<i>Water Department</i>					
Units Billed (10 Cu. Ft.)	14,666,433	14,922,136	14,738,824	13,881,565	12,989,941
Billed Revenue	\$2,824,616	\$2,805,748	\$2,590,999	\$2,382,552	\$2,276,402
<i>Waste Water Treatment Plant</i>					
Units Billed (10 Cu. Ft.)	22,945,608	21,063,582	25,142,782	24,349,957	23,162,292
Billed Revenue	\$3,579,563	\$3,289,890	\$3,375,059	\$3,061,013	\$2,595,252
<i>Sanitation Department</i>					
Units Billed (Cu. Yds.)	154,436	143,248	139,650	140,090	141,257
Billed Revenue	\$1,974,698	\$1,891,367	\$1,856,212	\$1,347,760	\$1,362,011

(1) Info not available

(2) Recreation center usage only.

2002	2001	2000	1999	1998
49	38	37	39	27
221	195	220	218	225
\$18,889,459	\$15,306,064	\$22,802,725	\$25,073,725	\$18,818,237
6	5	7	5	3
44	54	55	30	28
10,300	3,600	0	700	950
600	600	3,000	500	1,000
125	125	150	175	100
46,586	36,131	32,360	44,060	34,680
1,634	1,733	1,471	(1)	(1)
77,540	75,629	76,447	(1)	(1)
90	81	60		
14,289	16,304	11,879	12,646	13,296
665	1,203	691	776	880
952	1,065	1,027	1,163	1,217
25.2%	24.6%	(1)	(1)	(1)
1,946	21,202	2,086	2,255	2,487
28.3%	2.8%	(1)	(1)	(1)
94	98	96	110	89
766	720	(1)	(1)	(1)
7	5	9	2	2
135,051	145,528	136,396	424,467	1,621,090
299	265	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)
253,386,353	250,886,958	252,819,642	245,203,653	261,770,745
\$12,761,569	\$13,568,627	\$13,958,596	\$13,601,204	\$14,164,529
8,708,675	9,462,917	9,755,191	9,587,647	8,932,084
\$6,998,000	\$7,715,720	\$5,776,620	\$5,023,669	\$4,897,756
13,100,816	13,323,535	12,801,422	14,110,060	14,040,487
\$2,286,907	\$2,139,079	\$1,901,988	\$1,973,470	\$1,973,414
17,330,483	18,813,519	19,635,973	19,502,544	22,847,124
\$2,269,712	\$2,228,802	\$2,190,242	\$2,275,268	\$2,471,371
139,337	142,442	138,543	136,063	132,846
\$1,346,109	\$1,354,893	\$1,336,296	\$1,323,086	\$1,300,468

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

	2007	2006	2005	2004
<b>Function/program</b>				
General Government:				
Square Footage Occupied	16,571	16,571	16,571	16,571
Inspection Vehicles	2	2	2	2
Other Departmental Vehicles	5	5	5	6
Public Works:				
Number of Traffic Signals	35	35	35	35
Street Lights	1,500	1,500	1,500	1,500
Vehicles	11	11	11	13
Recreation:				
Number of Parks	16	16	14	13
Acerage of Park Lands	81	81	78	71
Recreation Centers	1	1	1	1
Recreation Center Square Footage	20,154	20,154	20,154	20,154
Tennis Courts	10	10	12	12
Ball Fields	4	4	5	5
Vehicles	3	3	3	2
Public Safety:				
Square Footage of Fire/Ambulance Dept	9,526	9,526	9,526	9,526
Square Footage of Police Department	10,726	10,726	10,726	10,726
Fire Vehicles/Ambulances	9	9	10	12
Police Vehicles	13	13	13	14
Utilities				
<i>Electric Department</i>				
Value of Plant in Service	\$60,902,232	\$57,912,422	\$61,554,987	\$38,721,722
Vehicles	9	8	8	8
<i>Gas Department</i>				
Value of Plant in Service	\$10,752,079	\$10,336,655	\$9,708,207	\$9,145,687
Vehicles	9	9	7	7
<i>Water Department</i>				
Value of Plant in Service	\$26,063,089	\$25,506,678	\$26,361,376	\$20,567,285
Vehicles	7	7	7	7
<i>Wastewater Treatment Department</i>				
Value of Plant in Service	\$38,578,161	\$36,284,115	\$36,574,119	\$36,087,251
Vehicles	6	6	6	6
<i>Sanitation Department</i>				
Value of Plant in Service	\$498,893	\$465,795	\$473,423	\$475,825
Vehicles	7	7	8	6

(1) Information not currently available

2003	2002	2001	2000	1999	1998
16,571	16,571	16,571	16,571	16,571	16,571
3	3	3	3	3	2
5	6	5	3	3	2
35	35	34	33	32	31
1,500	1,500	1,500	1,500	1,500	1,500
13	12	12	14	13	13
12	12	12	12	12	12
70	70	70	68	68	68
1	1	1	1	1	1
20,154	20,154	20,154	20,154	20,154	20,154
12	12	12	12	(1)	(1)
5	5	5	5	(1)	(1)
2	3	3	2	2	2
9,526	9,526	9,526	9,526	9,526	9,526
10,726	10,726	10,726	10,726	10,726	10,726
11	11	11	11	11	11
12	11	11	12	11	11
\$38,353,769	\$37,929,660	\$33,129,754	\$32,061,631	\$28,634,363	\$27,108,161
9	8	8	10	8	8
\$8,901,920	\$8,223,042	\$7,485,579	\$6,967,273	\$6,627,816	\$5,903,005
7	7	6	6	6	6
\$16,955,244	\$15,731,162	\$15,578,933	\$15,372,063	\$15,181,099	\$14,218,188
7	7	6	4	4	4
\$36,035,703	\$17,420,031	\$17,356,632	\$17,185,394	\$17,051,178	\$18,692,349
6	6	5	4	4	4
\$472,381	\$474,481	\$485,589	\$479,427	\$457,653	\$442,913
6	6	6	6	6	6