



# 2004 BUDGET

AS RECOMMENDED BY THE MANAGER

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October 14, 2003

**William F. McLaughlin**  
President of Council

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**OFFICE OF THE MANAGER  
BOROUGH OF CHAMBERSBURG  
100 SOUTH SECOND STREET  
CHAMBERSBURG PA 17201**

October 14, 2003

*Given the complexity of today's corporate and governmental strategies, the simplicity of the following tribal wisdom of the Dakota Indians is somewhat refreshing: "When you discover you are riding a dead horse, the best strategy is to dismount."*

To the Mayor and Town Council of the Borough of Chambersburg:

I am pleased to submit for your review and consideration the 2004 Budget for the Borough of Chambersburg. In accordance with the Code of the Borough of Chambersburg, Chapter 50, the Borough Manager is responsible for preparing and submitting to Town Council a budget for the next fiscal year with an explanatory budget message. I think the budget document clearly sets forth the challenges which this governing body and our community face as we begin a third century as a Borough government.

The year 2003 has been one of celebration and achievement. Thanks to the efforts of the Celebration Committee headed by Mayor Newcomer and Ms. Sherry Tarquino, the Borough marked the 200<sup>th</sup> Anniversary of the Incorporation of the Borough of Chambersburg with the return of the Christmas tree and new banners in the downtown, banners and flags on public buildings, the sale of memorabilia and even a float in the parade marking the 100<sup>th</sup> Anniversary of the Franklin Fire Company. We will continue to remember our history by our efforts to restore the Borough Hall clock tower to its early 20<sup>th</sup> century appearance. The achievements by the Borough as well as the community have been significant. We have continued our ambitious Public Works Program which will result in the overlay of a significant number of streets and alleys. We will place into service our 23 megawatt Orchard Park Generating Station by November 1, 2003. We will have reached agreements and accepted grants which allow us to move forward with the design and construction of Norland Avenue (and the accompanying utility infrastructure) which will facilitate the development of the Gabler tract. We also have made some major policy decisions with regard to the disposition of the Chambersburg Municipal Airport and the condition of sidewalks and curbs in the Borough. Others also have had significant achievements especially with regard to the revitalization of Downtown Chambersburg. The Chambersburg Area Chamber of Commerce (and its affiliates) have completed the Capitol Theatre Center resulting in the preservation of the 1927 historic theatre as well as bringing many of the cultural organizations in Chambersburg under one roof. The Chamber also has begun the construction of its new office complex/Chambersburg Heritage Center on Lincoln Way East at Memorial Square. The result will be a \$3.5 million investment in the downtown designed to enhance local tourism. Moreover, Noelker and Hull have begun construction of their new \$1.1 million office building which will be bridged to their existing office building. It is expected that in 2004 the Borough will complete the Chambers Fort Park/Montgomery Alley project along with the rail trail which will provide significant public amenities in the area adjacent to the Falling Spring and Conococheague Creeks. We also expect the King Street United Brethren Church to begin their \$4 million education building on East King Street in the summer of 2004.

The above reflects the continuing public and private effort to maintain a viable community. We must stay focused on our efforts to maintain a sound fiscal operation by continuing with the following: intermunicipal cooperation (participation in the Franklin County COG as well as the Franklin County Emergency Service Alliance); entrepreneurial approach (opportunities for off system sales of electricity as well as additional off system sales of water); and prudent management of our fiscal affairs. However, we can not do it alone. We must rely on the private sector to continue development of the commercial parks such as Chambers-5, Progress Park and Fifth Avenue. We also must rely on the private sector to continue the strong housing development in Laurich Meadows, Enclave, Nicholson Square and Maple Run.

The budget presentation will provide an explanation of each major appropriation and some revenue categories of the general fund as well as a brief summary of each of the enterprise funds and the internal service funds. There are a number of fiscal impacts that are spread throughout the 2004 budget. **First**, with regard to personnel allocations (see chart), the total number of authorized positions is scheduled to be 185 positions. This reflects an increase of one (1) position over the total number of positions authorized in the 2003 budget. In the spring of 2003 Town Council authorized the additional stationary diesel mechanic position so that this employee would be available to learn as the new electric generating station was being constructed. Though the total number of authorized positions will not be impacted, there have been some changes to the allocations within the categories which will be discussed later in this budget document. **Second**, the budget includes the following pay increases. The AFSCME Bargaining Unit employees as well as the Police Officers will receive a 3% pay increase. The Firefighters will receive \$1,000 per firefighter plus 3%. The Nonbargaining employees will receive step increases in accordance with their new pay plan. **Third**, we will see a 20% increase in our health insurance cost resulting in a premium approaching \$1.5 million in 2004 (without any changes in benefits). **Fourth**, for the seventh straight year we are budgeting for state aid to cover much of the 2004 municipal financial obligation for the Borough's pension funds. However, the Borough monies required for the pension funds in 2004 is almost four times what was required in 2003. Additionally, we forecast that the Borough monies required to meet our pension obligations in 2005 would be at least triple what they are in 2004. **Fifth**, for the seventh straight year there are no universal transfers to the Self-Insurance (including unemployment compensation) and Workers' Compensation Funds. However, due to extraordinary losses in certain departments, there are targeted transfers to the Workers' Compensation Fund from the Electric, Recreation, Fire and Ambulance Departments in 2004.

It should be noted that while the total budget is \$85,037,219, the 2004 net budget (net appropriations) is \$48,152,350 as compared to \$57,373,585 in 2003, \$40,306,975 in 2002, \$36,710,975 in 2001, \$38,072,775 in 2000, \$40,681,845 in 1999 and \$45,019,371 in 1998.

Respectfully,

Eric W. Oyer,

*Eric W. Oyer*

Borough Manager

# GENERAL FUND

## REVENUES

While many state and local governments find their revenues declining, we find our revenues just about flat over the past three years. When we compare the 2004 budget to the 2003 budget, we see our revenues increasing about 2.3% with operating income being up 1.7% while interfund transfers are up 3.7%. However, when you compare actual revenues for 2002 with the projected revenues for 2003 and the budgeted revenues for 2004, you see essentially no change as exhibited in the graph below. In spite of continuing development in the Borough, we have budgeted for no growth in real estate tax revenue due to continuing tax assessment and tax exemption appeals. The no growth figure may be an optimistic estimate if Menno Haven were to be successful in their tax exemption appeal with regard to their independent living units. Menno Haven's annual real estate tax payment to the Borough is a little over \$47,000 a year. Ignoring the potential back tax payments if Menno Haven were to be successful, the loss of the Menno Haven tax revenue would equate to about a 1/3 of a mill of tax per year. With essentially no growth in our real estate tax revenue, our transfers from other departments into the General Fund now exceed our real estate tax (current year) revenue. While this fact reflects our efforts to avoid a real estate tax increase over the last 14 years (see table below), it also raises a cautionary note in terms of our ability to sustain or increase this level of transfers going forward. While not as significant as our real estate taxes or interfund transfers, it should be noted that the decline in interest income has had an effect upon the General Fund just as it has had on all of our funds. Two years ago we were earning more than three times what we earn today on our general government investments.

**Table**  
**REAL ESTATE TAX MILLAGE HISTORY**

| <b>YEAR</b> | <b>BOROUGH</b> | <b>COUNTY*</b> | <b>SCHOOL</b>  | <b>TOTAL</b>    |
|-------------|----------------|----------------|----------------|-----------------|
| 2003        | 12.2***        | 14.75          | 58.33          | 85.28           |
| 2002        | 12.2           | 14.75          | 56.79          | 83.74           |
| 2001        | 12.2           | 10.3           | 54.3           | 76.8            |
| 2000        | 30.5 (12.2)**  | 25.75 (10.3)** | 129.5 (51.8)** | 185.75 (74.3)** |
| 1999        | 30.5           | 23.0           | 127.5          | 181.0           |
| 1998        | 30.5           | 23.0           | 123.5          | 177.0           |
| 1997        | 30.5           | 23.0           | 120.5          | 174.0           |
| 1996        | 30.5           | 18.0           | 116.0          | 164.5           |
| 1995        | 30.5           | 18.0           | 116.0          | 164.5           |
| 1994        | 30.5           | 17.0           | 113.0          | 160.5           |
| 1993        | 30.5           | 15.5           | 104.5          | 150.5           |
| 1992        | 30.5           | 15.5           | 97.5           | 143.5           |
| 1991        | 30.5           | 15.5           | 92.5           | 138.5           |
| 1990        | 30.5           | 14.0           | 83.0           | 127.5           |

\*Includes library support of 0.6 mills

\*\*Rates after change from 40% to 100% Pre-Determined Ratio (PDR)

\*\*\*Borough represents 14.3% of the total millage

The preceding Table indicates that effective January 1, 2001 the Franklin County Board of Commissioners changed the Pre-Determined Ratio (PDR) from 40% to 100%. The PDR is the percentage of existing market value for tax purposes based on the most recent assessment. However, the assessed value of properties in the County still remains at 1961

values. The table also indicates that the Borough has not changed its real estate tax rate for fourteen (14) years. During this same period inflation as measured by the Consumer Price Index for All Urban Consumers (CPI-U) has increased over 40%.

The table below shows that real estate tax revenues have essentially gone flat in the 2002-2004 time period. This reflects the slowing of construction in the Borough as well as the impact of the demolition of buildings and successful assessment appeals.

**Table**

**REAL ESTATE TAX REVENUES 1990-2003**

| YEAR | TAXABLE ASSESSMENT | TOTAL REVENUE      | % GROWTH     | % CPI-U    | ALL CONSTRUCTION VALUE |
|------|--------------------|--------------------|--------------|------------|------------------------|
| 1990 | \$ 49,183,600      | \$1,456,589        | 8.0          | 6.1        | \$43,833,244           |
| 1991 | 51,621,500         | 1,493,141          | 2.5          | 3.1        | 10,588,060             |
| 1992 | 53,986,660         | 1,580,447          | 5.8          | 2.9        | 31,996,459             |
| 1993 | 54,841,270         | 1,607,951          | 1.9          | 2.7        | 19,404,709             |
| 1994 | 55,256,660         | 1,613,600          | 0.2          | 2.7        | 22,145,058             |
| 1995 | 55,766,400         | 1,626,116          | 0.8          | 2.5        | 13,564,465             |
| 1996 | 56,904,460         | 1,661,128          | 2.2          | 3.3        | 23,119,181             |
| 1997 | 57,514,670         | 1,667,494          | 0.4          | 1.7        | 20,333,317             |
| 1998 | 57,565,860         | 1,696,045          | 1.7          | 1.6        | 18,818,237             |
| 1999 | 58,351,860         | 1,705,895          | 0.6          | 2.7        | 25,073,925             |
| 2000 | 58,964,040         | 1,734,260          | 1.7          | 3.4        | 22,802,726             |
| 2001 | 152,687,000*       | 1,811,866          | 4.5          | 1.6        | 15,306,064             |
| 2002 | 154,920,000        | 1,810,581          | - 0.1        | 2.4        | 18,889,459             |
| 2003 | 156,452,500 (EST.) | 1,816,000 (EST.)   | + 0.3 (EST.) | 2.0 (EST.) | 14,429,558 (THRU 9/03) |
| 2004 | 156,452,500 (EST.) | 1,816,000 (BUDGET) | 0.0 (BUDGET) | 2.0 (EST)  |                        |

\*This reflects the taxable assessment based on 100% PDR. Through January, 2004 the taxable assessment is subject to further adjustment due to interim and supplemental taxes as well as the results of assessment appeals.

## GENERAL FUND

### APPROPRIATIONS

#### POLICE DEPARTMENT

The Police Department has the largest appropriation in the General Fund with a 2004 budget of \$2,884,425, an increase of 4.6% over the 2003 budget. The department's budget represents 35.2% of the 2004 General Fund appropriations. The increase is reflected primarily in the following cost categories: transportation (\$147,000); health insurance (\$275,500); and payroll (\$1,762,575). In fact, personnel (payroll and related) costs represent 88.7% of the department's budget. Over the past six years the department's capital budget has been supported primarily by the Local Law Enforcement Block Grants (LLEBG). With the Borough's match (approximately 10% of the local project expenditures), the department has expended almost \$490,000 for new programs, personnel and equipment. The authorized expenditures to date are as follows:

|   |              |
|---|--------------|
| Vehicle Computer Equipment                              | \$ 16,400.00 |
| Surveillance Equipment                                  | 41,100.00    |
| In Car Video/Audio Systems                              | 22,700.00    |
| Police Computer Printer                                 | 2,600.00     |
| Equipment - Crime Scene Vehicle                         | 1,000.00     |
| Portable Radios and Equipment                           | 28,500.00    |
| Tactical Team Phone                                     | 4,000.00     |
| Police Patrol Vehicle                                   | 29,000.00    |
| K-9 Body Armor  | 3,000.00     |
| Digital Cameras   | 1,000.00     |
| Police Bicycles   | 2,500.00     |
| Personal Computers                                      | 22,400.00    |
| Training Center Improvements                            | 8,000.00     |
| In-car video systems                                    | 7,130.00     |
| Laptop Computers  | 18,575.00    |
| Computer Software                                       | 18,850.00    |
| Computer Hardware for AS400                             | 3,071.00     |
| Computer Network Cabling                                | 3,974.00     |
| Photoquality Computer Printer                           | 1,500.00     |
| Police Investigation Recording Equip.                   | 6,100.00     |
| Radio, Radio Boxes & Lighting Equip.                    | 8,000.00     |
| Evidence Drying Cabinet OSHA Cert.                      | 8,840.00     |
| Ductless Forensic Work Station                          | 5,300.00     |
| Shield for the Tactical Team                            | 8,100.00     |
| Video Pole Camera for Tactical Team                     | 3,500.00     |
| Undercover Wire Equipment                               | 2,000.00     |
| Two-year lease (2) motorcycles                          | 6,240.00     |
| Operation & Maintenance motorcycles                     | 8,000.00     |
| Firearms Training Equipment                             | 50,000.00    |
| Live Scan Fingerprint Station                           | 38,200.00    |
| Four (4) laptop computers                               | 17,204.00    |
| Police Body Armor                                       | 32,500.00    |
| Fire Police Vehicle                                     | 10,000.00    |
| C-PIN Photo System and 1 <sup>st</sup> year maintenance | 14,350.00    |
| Heat Sensitive Infrared Imaging System                  | 9,000.00     |
| Lease and maintenance for two motorcycles (2 years)     | 9,000.00     |

|                                      |                     |
|--------------------------------------|---------------------|
| Computer upgrades                    | 7,500.00            |
| Mobile traffic speed display trailer | 7,100.00            |
| Total                                | <b>\$490,000.00</b> |

The above numbers clearly reflect the benefit of the Block Grant Program to the Police Department, the community, and the General Fund. The 2004 budget contains a Borough match of \$3,800 for the 2003 Local Law Enforcement Block Grant (\$34,011). With the approximate \$38,000 in monies to be spent only on new programs, personnel and equipment, the department will make a recommendation to the LLEBG Advisory Board on October 21, 2003. The department will then bring the recommendation of the Advisory Board to Town Council. At that point Town Council will be approving the 2004 Police Capital.

In 2004 the Department will continue its drug enforcement efforts. It will continue to assist the Franklin County Drug Task Force with its heroine initiative activities as well as again contribute \$5,525 towards three (3) county detectives for drug prosecution. The Department's Crime Impact Team will continue to focus on illegal drug activity in the Borough. Additionally, the Department will continue its drug education efforts through the DARE (Drug Abuse Resistance Education) Program for the Chambersburg Area School District (CASD) at the Middle School level. The Department has nine (9) specially trained officers to teach students alternative lifestyles to drug abuse. The CASD reimburses the Borough for the cost of this drug education program. The Borough also has worked cooperatively with the CASD to provide a police presence at the high school on a daily basis. This program may be expanded to the junior high school. In addition to the school district, the Borough also provides special police assistance to the Franklin County Housing Authority, The Chambersburg Mall and several other school districts in the area. In 2004 the Department will see a significant change with the retirement of three veteran officers – Sergeant Manns, Corporal Kean and Patrol Officer North. Five (5) officers are currently completing their police academy training in anticipation of these retirements as well as providing an additional officer to the force. In 2003 Town Council amended the Code of the Borough of Chambersburg, Chapter 67, to provide for a 31<sup>st</sup> officer. That 31<sup>st</sup> officer is to be utilized in a manner which would result in a reduction of the overtime costs of the Department.

### **FIRE, AMBULANCE (EMS) AND FIRE CODE DEPARTMENTS**

These combined departments under the direction of the Emergency Services Chief (ESC) have the second largest 2004 appropriation category in the General Fund. The combined 2004 budget for these three departments is \$2,106,725, an increase of 12.4% as compared to the 2003 budget. The department's budget represents 25.7% of the General Fund appropriations. The personnel (payroll and related) costs for these departments represent 64.8% of their budgets. For the first time the combined payroll of these departments will be in excess of \$1 million. This payroll number reflects the results of the Firefighter's arbitration award as well as the creation of an Assistant Chief's position. With the hiring of a new chief in the latter part of 2003, Chief Dubbs will become the Department's first career assistant chief with emphasis on an improved emergency management preparation as well as a better fire code enforcement program. The Department needs to place much greater emphasis on the fire code enforcement program in order to prevent fires. However, fire

suppression will not take a back seat with Town Council's investment in two new state of the art Pierce Pumpers to be delivered over the next two years. The Department also will add the Police Department Dodge Durango to its vehicle complement, the Durango becoming the vehicle for the assistant chief. Over 15% of the Department's budget (\$318,100) will be allocated for transportation costs in 2004. The only capital work in these departments in 2004 will be the resurfacing of the engine room floor in Headquarter's Station at a cost of approximately \$25,000. These departments will make transfers to the Workers' Compensation Fund in the amount of \$25,000 to support losses over the last couple of years. While much of the discussion has focused on fire activities, the EMS function is important to the health and safety of the community as well as the fiscal health of the General Fund. The Ambulance Department is expected to generate in excess of \$450,000 in revenue, representing approximately 9% of the General Fund operating income. With the Borough providing EMS on a regional basis, it demonstrates the value of intermunicipal cooperation.

**HIGHWAY, TRAFFIC AND STREET LIGHTING DEPARTMENTS**

These departments deal with the traveling public with a combined 2004 budget of \$1,218,750, an increase of 2.3% over the 2003 budget. These departments represent 14.9% of the 2004 General Fund budget. The modest increase in these departments is attributable primarily to the increased maintenance costs for line painting and traffic signals as well as the increased energy costs for both traffic signals and street lighting. On the other hand, even though we increased our expenditures for the overlay of streets and alleys, we were able to keep our operating costs below the 2003 budget primarily by transferring the hand mowing and weed control expenditures to the Sanitation Fund. We also expect that by discontinuing the Construction Department as an Internal Service Fund that we will be able to further reduce the costs of the Highway Department. We will continue our ambitious \$2.45 million five year (2002-2006) public works capital program in order to make significant improvement in the streets and alleys of the Borough. Anticipating greater proceeds from the sale of the Airport and the need for Self-Insurance monies to support the operations of the General Fund, we have modified the funding strategy for the public works capital program:

|             |                         |           |                        |
|-------------|-------------------------|-----------|------------------------|
| <u>2002</u> | Liquid Fuels (State)    | \$200,000 |                        |
|             | Self-Insurance          | 200,000   |                        |
|             | Airport Capital         | 30,000    | \$ 430,000 - completed |
| <br>        |                         |           |                        |
| <u>2003</u> | Liquid Fuels (State)    | \$200,000 |                        |
|             | Self-Insurance          | 200,000   | \$ 400,000 - completed |
| <br>        |                         |           |                        |
| <u>2004</u> | Liquid Fuels (State)    | \$200,000 |                        |
|             | General Capital Reserve | 200,000   | \$ 400,000 – budgeted  |
| <br>        |                         |           |                        |
| <u>2005</u> | Liquid Fuels (State)    | \$200,000 |                        |
|             | Proceeds (Airport Sale) | 400,000   | \$ 600,000             |

|             |                         |           |                    |
|-------------|-------------------------|-----------|--------------------|
| <u>2006</u> | Liquid Fuels (State)    | \$200,000 |                    |
|             | Proceeds (Airport Sale) | 420,000   | \$ 620,000         |
|             | <b>Total</b>            |           | <b>\$2,450,000</b> |

With the ability to get some projects done with alternative funding sources (i.e. Community Development Block Grant monies) and add to proposed projects within the same budget amounts, we have made some revisions to the public works projects for 2004 and 2005. The following is the revised multi-year capital program for your consideration.

**TABLE**

**PUBLIC WORKS PROJECTS**

**2002 ACCOMPLISHMENTS**

A. **RECONSTRUCTION OF STREETS**

East Washington Street  
(Second Street to Third Street)

B. **OVERLAY OF STREETS**

Progress Road

Eisenhower Drive

Broad Street

North Seventh Street

South Fourth Street  
(Catherine Street to Washington Street)

South Sixth Street  
(Lincoln Way to Catherine Street)

North Street  
(Broad Street to the terminus)

C. **OVERLAY OF ALLEYS**

Delaware Court  
(Pennsylvania Avenue to Norland Avenue)

Rutherford Court  
(Fourth Street to Seventh Street)

Smith Alley  
(Harrison Avenue to Second Street)

Riddle Court  
(Vine Street to Commerce Street)

Cambridge Court  
(Hudson to Ohio Avenues)

Morrow Place

(Alley north of College Avenue parallel to Edgar and Wilson Avenues)

Jaguar Court  
(1<sup>st</sup> alley north of McKinley Street between Brumbaugh and Stouffer Avenues)

Meridan Court  
(Alley parallel to Park and Ramsey Avenues between Scotland and Wilson Avenues)

Dupont Court  
(Alley parallel to 6<sup>th</sup> and 7<sup>th</sup> Streets from Montgomery Alley to East King Street)

D. **BRIDGES**

Grant Street (replace deck)

E. **STORMWATER DRAINAGE**

Martin Avenue (at Hood Street)

**PUBLIC WORKS PROJECTS**

**2003 ACCOMPLISHMENTS**

A. **OVERLAY OF STREETS**

Coldbrook Avenue  
(McKinley Street to Wayne Avenue)

Hood Street  
(Lincoln Way to Commerce Street)

Orchard Drive  
(Long Lane to Stanley Avenue)

Grandview Avenue  
(Franklin Street to King Street)

Long Lane

B. **OVERLAY OF ALLEYS**

Taylor, Pine and Pierce Courts

Taft & Filmore Courts

Goshen Court

Monroe Court

Calvert Court

Rosemont Court

Ruthrauff Court

Prescott Court

Swan Court

McKinley Court



|   |                  |
|---|------------------|
| Fifth Avenue<br>(Grant Street to Rotz Lumber) | \$ 70,000        |
| Kennedy Street                                | <u>\$ 35,000</u> |
| <b>Total for 2005 projects</b>                | <b>\$535,000</b> |

**PUBLIC WORKS PROJECTS – 2006**

|   |                  |
|---|------------------|
| <b>A. <u>CONSTRUCTION OF STREETS</u></b>              |                  |
| Hudson Avenue<br>(Alexander Avenue to Edgar Avenue)   | \$100,000        |
| Ohio Avenue<br>(Edgar Avenue to Philadelphia Avenue)  | \$ 50,000        |
| Horst Avenue<br>(Wilson Avenue to Edgar Avenue)       | \$ 50,000        |
| <b>B. <u>OVERLAY OF STREETS</u></b>                   |                  |
| Mill Road<br>(Also construct shoulder and guard rail) | \$130,000        |
| King Street<br>(Hospital eastward to end)             | \$ 40,000        |
| Duncan Avenue   | \$ 40,000        |
| Wolf Avenue   | \$ 40,000        |
| Third Street<br>(Lincoln Way to King Street)          | \$ 40,000        |
| Mt. Moriah Street                                     | \$ 25,000        |
| Edglea Drive  | \$ 60,000        |
| Elm Avenue  | <u>\$ 30,000</u> |
| <b>Total for 2006 projects</b>                        | <b>\$605,000</b> |

The Highway Department budget continues to reflect the impact of Governmental Accounting Standards Board (GASB) No. 34 on our accounting system. We have projected that we will not use approximately \$150,000 specifically budgeted for the overlay of streets and alleys in 2003. However, in order to preserve those dollars for 2004 street and alley projects, we will transfer those monies to the General Capital Reserve. It should be noted that the 2004 Traffic budget continues the \$30,000 transfer to the General Capital Reserve (Traffic section) for traffic signal construction and replacement. At this time we anticipate the replacement of the signals at Norland and Scotland Avenues in 2004 and the signalization of Norland and Edgar Avenues in 2005. We also will proceed with our signal controller replacement program at a cost of \$100,000 during 2004. It also should be noted that we intend to replace the mast lighting poles in the downtown which will be funded from the General Capital Reserve (Street Lighting) in 2004. This work will be supported by

continuing the annual transfer of \$15,000 from the Street Lighting budget to the General Capital Reserve Fund.

## **RECREATION DEPARTMENT**

The Recreation Department, the fourth largest General Fund appropriation category, has a 2004 budget of \$913,000, an increase of 5.4% over the 2003 budget. The department represents 11.1% of the 2004 General Fund budget. The increases in the Recreation budget are being driven primarily by maintenance costs and Workers' Compensation expenses. The appropriations which have increased significantly are in the maintenance of the Municipal Park, the Recreation Center and other areas and facilities. Since it is absolutely necessary to maintain these facilities, these escalating maintenance costs raise concern about the acquisition of more recreation land in areas such as the Gabler tract, Nicholson Square and the Nitterhouse tract. Additionally, it is not beyond expectation that the Department would maintain both the Chambers Fort Park and the Rail Trail. Under this scenario one can readily envision a \$1 million Recreation Department budget. It should be noted that 54.7% of the 2004 Recreation budget is attributable to personnel (payroll and related) costs. Moreover, it is necessary for the Department to transfer \$25,000 to the Workers' Compensation Fund to cover departmental losses in that fund. The following is the department's Capital Budget for 2004:

### **Table**

#### **2004 RECREATION CAPITAL**

|  |                 |
|--|-----------------|
| Tennis Courts at Memorial Park (partial funding) | \$10,000        |
| Bleachers at Henninger Field (partial funding)   | \$10,000        |
| Basketball Court in Municipal Pool area          | \$10,000        |
| <b>Total</b>                                     | <b>\$30,000</b> |

In 2004 the Department will continue to provide the lead with regard to three (3) studies: Recreation Comprehensive Plan, Pool Feasibility Study and the DEP Conococheague Study in relation to the rail trail.

## **GENERAL ADMINISTRATIVE DEPARTMENT**

The General Administrative Department has the fifth largest appropriation for the 2004 General Fund. This department represents 7.4% of the General Fund budget. The department budget for 2004 is \$607,300, an increase of 6.6% over the 2003 budget. This increase is attributable primarily to the increased expenses of the Administrative Services (Finance) Department which represents almost 50% of this department's budget. The Administrative Services Department budget will be discussed later in this presentation. The General Administrative Department contains the overhead of all the General Fund departments as well as salaries for elected officials and tax collection expenses. It is from this department that we finance special services such as our Annual Report to the community. This department continues a very modest transfer to the General Capital Reserve (General Administrative section) to be used for physical improvements to the second floor of Borough Hall as well as the replacement of office equipment.

## **PLANNING, ZONING AND CODES DEPARTMENTS**

The combined 2004 budget of the Planning, Zoning and Codes (Building, Property Maintenance and Health) Departments is \$374,400, an increase of 2.7% over the 2003 budget. These departments represent 4.6% of the 2004 General Fund budget. While the Property Maintenance Code expenditures did not increase in 2004, the modest increase in these budgets came primarily in the Building Code budget. That budget reflects the retirement of Mr. David Holstay, the Borough's Building Code Official since 1987. It is appropriate that we bring in a new official to train for a period of time prior to Mr. Holstay's retirement. It should be noted that Mr. Holstay has been the Borough's Building Code Official during a period of tremendous growth for the Borough. In the 14 year period from 1990 through 2003, we expect the value of construction in the Borough to be in excess of \$300 million. Mr. Holstay's final year also will be quite busy. Through September of this year we have issued permits for more than 110 housing units. That is more permits for housing units than the last two years combined through the same period.

## **MISCELLANEOUS AND AIRPORT DEPARTMENTS**

The combined budget for these departments in 2004 is \$95,500, a decrease of 45% over the 2003 budget. These departments represent 1.2% of the 2004 General Fund budget. This significant decrease in 2004 is due primarily to there being no money budgeted for the Chambersburg Transit Authority as well as only \$8,000 budgeted for the closeout of the Borough's operation of the Chambersburg Municipal Airport. Contained in the maintenance of landscaped areas is the continuation of the facelift to Memorial Square as well as the payments to DCI for maintaining public areas in the downtown. The notable 2004 appropriations are as follows:

|                                      |          |
|--------------------------------------|----------|
| Civic Purposes                       | \$ 5,000 |
| Shade Tree Commission                | \$10,000 |
| Emergency Management                 | \$10,000 |
| Fair Housing                         | \$ 1,000 |
| PA Rainbow Region Vacation Bureau    | \$ 1,800 |
| 21 <sup>st</sup> Century Partnership | \$ 4,500 |
| Maintenance of Landscaped Areas      | \$45,000 |
| Airport                              | \$ 8,000 |

## **CASH BALANCE**

When one puts together the revenues (\$6,946,100) and the appropriations (\$8,200,100), the result is a deficit of \$1,254,000 in the 2004 General Fund. Though we have been fortunate over the last 14 years to have sufficient cash on hand to balance the upcoming budget, this will not be the case in 2004 since we have projected a cash balance of only \$959,374 at the end of 2003. This means that we not only need additional cash to balance the proposed 2004 General Fund budget, we also need cash to comply with the Mayor and Town Council's policy that the General Fund budget maintain an unreserved, undesignated fund balance between 10% - 15% of that year's total appropriations. Combining the application of Council's policy (\$820,000) with the 2003 cash balance shortfall (\$294,329), the requirement for additional General Fund revenue would be in excess of \$1.1 million or

the equivalent of 7.5 mills of real estate tax. That being the case, I recommend that Town Council change its policy in that the General Fund budget would maintain an unreserved, undesignated fund balance of not less than 5% of that year's total appropriations. Additionally, I recommend that the real estate tax rate be increased by 4.8 mills which would result in a real estate tax rate of 17 mills for 2004.

In the preparation of the 2001 budget I suggested a slight increase in the real estate tax rate. At the time Town Council indicated that it would not consider an increase in the real estate tax rate until the Borough had exhausted its cash reserves which could be applied to balancing the budget. While that was a very reasonable position, I indicated that the light at the end of the Borough's fiscal tunnel was not that of relief, but that of a freight train that carried a heavy fiscal burden. That train has arrived. Let's look at what brought it to the station. Using the year 2000 (the last year we did not have to use cash reserves to cover our expenditures) as a base year, this is what has occurred fiscally for the period 2001-2004. General Fund revenue (including transfer) has increased 11.3%. While the General Fund expenditures have increased 36.7%. In the major expenditure categories, the increases have been as follows:

|                                  |   |          |
|----------------------------------|---|----------|
| Fire/Ambulance/Fire Code         | - | \$38.2%  |
| Police                           | - | 35.6%    |
| Highways/Traffic/Street Lighting | - | \$34.4%* |
| Recreation                       | - | 33.5%    |

\* about 2/3 of this increase is attributable to our ambitious streets and alleys improvement program.

Moreover, the makeup of these major expenditure categories is significant. With the exception of Highways/Traffic/Street Lighting, personnel (payroll and related) costs dominate the major expenditure categories. **Thus, any significant reduction in expenditures would include a reduction in personnel and resulting reduction in service to our community.**

## ENTERPRISE FUNDS

The Borough has six Enterprise Funds (Electric, Gas, Water, Sewer, Sanitation and Parking). These funds are supported by revenues generated from charges to the users for services rendered. The funds are not supported by tax dollars or transfers from other funds. The established charges (rates) which determine the revenues for these funds can be adjusted at anytime throughout the year. Only the 2004 Sewer Fund budget is presented with a rate increase (15%). However, in 2004 the Electric Rate Structure as well as the Purchased Power Adjustment must be changed in order to reflect the changes which have occurred with deregulation and our new wholesale power supply contract with Detroit Edison Energy Trading (DTE).

As has been noted before, the citizens of the Borough benefit greatly from the Borough owning and operating its own Electric, Gas, Water and Sewer Systems. Both the individual customers of these systems as well as the community as a whole have benefited from these Borough utility operations. Generally, the result has been lower costs to our customers as well as contributions to the General Fund which have supplanted real estate taxes.

### ELECTRIC



Orchard Park Generating Station

The mission of the department is as follows: "The Chambersburg Electric Department will provide to our customers viable energy products and services that are safe, reliable and competitively priced. The Electric Department will produce economic and other benefits for the Borough, its citizens, its employees and its customers while operating in a professional and courteous manner within a structure of local accountability and local control." The Chambersburg

Electric Department is the largest municipal electric utility in Pennsylvania. Of the 35 municipal electrics in Pennsylvania, Chambersburg is the only one with

generation capabilities. Knowing that generation capabilities enable the Borough to better control the cost of energy to its customers as well as improve system reliability, Town Council authorized the installation of an additional 23 megawatts of generation which has become known as the Orchard Park Generating Station. With the Generating Station (in the Chambers 5-Business Park) moving toward substantial completion, it could become a system resource as early as November 1, 2003. We expect the operation of the Orchard Park Generating Station to have a positive effect on our customers' electric bills in 2004. The debt service on the Generating Station will be in excess of \$1.5 million in 2004. The construction of the Generating Station is not the only factor which has added to the cost of the Electric Department doing business in 2003 as well as going forward. Deregulation of the electric industry and the administration of the new power supply contract with DTE have added significantly to the department's workload as well as the cost of doing business. With the cost variables to the power supply being both numerous and unpredictable, our customers have experienced energy prices and cost volatility like they have never seen before. Given the substantial impact on our customers, we have made efforts to reduce that impact which we expect to result in Electric Fund losses in excess of \$1 million in 2003. Thus, it is absolutely

Electric  
\$150K  
contribution to  
S.D.

Gas  
\$250K  
contribution to  
S.D.

Nov. 1 - Come on line

\$1.5 mil debt service in FY04

\$1 mil open loss in FY03 Electric operations

No transfers to electric capital reserve.

No debt service in gas.  
No ~~price~~ rate increase

necessary that we change our electric rate structure as well as modify our purchased power adjustment formula in 2004 so that our auditors are not making comments similar to those made by the auditors for Allegheny Energy indicating that there was substantial doubt about Allegheny Energy's ability to continue as an ongoing concern. Clearly, the deregulation of the electric industry has been another deregulatory effort which has not benefited our customers. The Electric Department will contribute \$750,000 to the General Fund in the year 2004. Of that amount \$700,000 will go for General Fund operations and \$50,000 will support community development. The contribution of \$750,000 represents 4.6% of the 2004 projected revenue for the sale of electricity. Below is a table showing much of the Department's capital work for 2004.



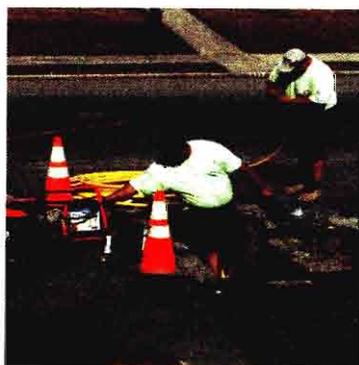
Lineworker Charles Piper

### Table

#### 2004 Electric Capital

|  |                  |
|--|------------------|
| Install security system at power plant                             | \$ 30,000        |
| Relocate Gabler Tract transmission/distribution facilities         | \$ 50,000        |
| Install switches for underground development                       | \$ 90,000        |
| Install distribution transformers                                  | \$ 90,000        |
| Install U.G. Cable for commercial and residential development      | \$100,000        |
| Construct alternate feed to Hospital from 12KV source              | \$ 50,000        |
| Remove aerial facilities for Central Ave./Montgomery Alley Project | \$155,000        |
| Install enhancements to substations and SCADA system               | \$ 50,000        |
| Install improvements to distribution system                        | \$120,000        |
| Install SCADA for downtown underground system                      | \$ 20,000        |
| Reconductor feeder cable along I-81                                | \$ 65,000        |
| Install transformer breaker 960 park substation                    | \$ 20,000        |
| Begin voltage conversion Rustic Hill/Geyer Dr. area                | \$ 55,000        |
| Relocate facilities at Wayne Ave./Orchard Dr.                      | \$ 50,000        |
| <b>Total</b>   | <b>\$945,000</b> |

#### GAS



Gas Technicians Rob Roberts and Terry Stine keep ahead of public works projects

The mission of the department is as follows: "The Chambersburg Gas Department will provide our customers with prompt, professional service; a reliable and safe system with reasonable and stable rates. We exist to generate benefits for the community we serve." To that end, the department continues to be successful by providing a safe natural gas utility, gas rates significantly lower than the local private gas systems, service that is second to none and contributions to the General Fund to offset Borough property taxes. Though the department has not had a rate increase since January 1995, it has had to pass on the Borough's higher wholesale gas cost over the last few years. Much like electric, the gas industry predicts generally increasing natural gas prices as well as

continued price volatility. A recent quote in City Gate News (newsletter from the Municipal Gas Authority of Georgia) reads as follows: "The natural gas industry is in the midst of unprecedented times. It seems the only surety within the industry's business environment is the inevitability of change: changing prices, changing regulation, changing energy companies, changing supply/demand, changing financial requirements and (most importantly) changing customer attitudes". In an effort to obtain some price stability, the Gas Department will work with the Municipal Gas Authority of Georgia (MGAG) on an extension of our current gas supply and capacity management contract as well as consider a prepaid gas agreement with MGAG in order to lock in supply and better pricing for the future. Just as it has in 2003, the department will make a considerable investment in terms of replacing gas mains and services to stay ahead of the public works projects. The Gas Department remains debt free and does not propose any rate changes for 2004. The department will contribute \$300,000 to the General Fund operations in 2004. The \$300,000 General Fund contribution represents 3.9% of the expected revenues from the sale of gas in 2004. Highlights of the department's planned 2004 capital program are shown on the table below.



Lead Dispatcher Barb Peter provides call information to Lead Lineworker Dave Brown

**Table  
2004 Gas Capital\***

|   |                  |
|---|------------------|
| Replace gas main and services on W. King and Glen Sts.  | \$ 81,900        |
| Replace gas main on W. King St. at Conococheague Bridge   | \$ 13,000        |
| Replace gas main and services on Burkhart Ave.  | \$ 78,000        |
| Replace gas main and services on Oak St.  | \$ 19,500        |
| Replace gas main and services on Elder St.  | \$ 23,400        |
| Eliminate 10 psi system, including eliminating Reservoir St. Regulator pit and replacing Hood St. regulator pit | \$ 50,000        |
| Construct new garage at Franklin and W. Queen Sts.  | \$ 70,000        |
| Miscellaneous new development mains and services  | \$ 35,000        |
| Miscellaneous replacement or retirement of services   | \$ 50,000        |
| <b>Total</b>  | <b>\$420,800</b> |

\*List does not include all capital work

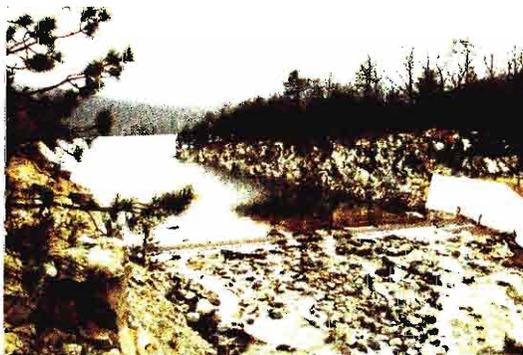
**WATER**



The mission of the department is as follows: "The Chambersburg Water Department will provide its customers with the best quality of water possible at a reasonable price. The department does this by protecting the watershed, treating the water using the best available technology and delivering the water through a gravity-fed

Water Plant Supervisor Jim Kampstra discusses the operation of the clarifiers with Operator Michelle Fries

transmission and distribution system at adequate pressure and volume.” Chambersburg is known for its excellent water quality and supply. The supply originates from an 18.5 square mile watershed in the Michaux State Forest and is stored in two reservoirs containing up to 2.2 billion gallons of water. Studies have indicated and recent droughts have demonstrated that the Long Pine Reservoir and the yield from the feed streams can meet the current water needs of the Borough as well as those projected needs through 2030. Thus, the Borough’s consulting engineers for water, Gannett Fleming, continue the design work for the breach of the Birch Run Dam as required by the PA Department of Environmental Protection (DEP). In 2004 we will also begin design work for the breach of the Siloam Dam to be funded by State grant monies. We will continue our negotiations with DEP on the renewal of our water allocation permit. Once the conservation release has been finalized under the water allocation permit, we will than know the amount of excess capacity that could be made available to others such as the Bear Valley Joint Authority to meet their water resource needs. At the same time it may be of value to investigate a regional source of water supply with a number of other municipalities. In 2004 the department hopes to complete the 2 million gallon storage tank which began in 2003. At this time the construction continues to be delayed as the result of radio waves from adjacent radio towers which have created an unsafe working condition for the contractor’s employees. The department also will invest considerable time and money in the distribution system. With the phase out of the Construction Department and the Water Department’s emphasis on the distribution system, it has acquired an additional employee to assist with the distribution system upgrades. While the department does have some debt service as the result of a 20 year Pennvest loan, the debt service is rather small compared to the Electric and Sewer Departments since the Water Department was fortunate to obtain significant federal grants for its \$8.8 million water system improvement program. Though water sales have declined in 2003, the department is not proposing any rate change for 2004. The department’s 2004 capital program appears in the following table.



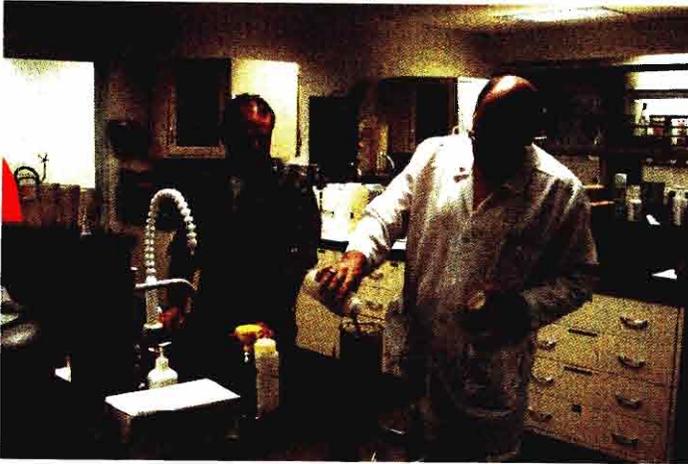
Long Pine Run Dam spillway (Summer 03)

**Table**  
**2004 WATER CAPITAL**

|  |                    |
|--|--------------------|
| <b><u>Plant</u></b>  |                    |
| Paint clarifiers   | \$ 40,000          |
| <b><u>Transmission</u></b>                                 |                    |
| Complete construction of the 2 million gallon storage tank | \$1,100,000        |
| <b><u>Distribution</u></b>                                 |                    |
| Purchase Leak Detection Correlater                         | \$ 40,000          |
| <b>Total</b>   | <b>\$1,180,000</b> |

1590 mte mardse

## SEWER



Wastewater Plant Supervisor Ron Kelly and Lab Chief Mike Stewart sample plant influent

The mission of the department is as follows: "The Chambersburg Sewer Department will provide residences, businesses and industries with sanitary sewer service at the lowest possible costs. The wastewater shall be collected and treated to meet or exceed state permit requirements for the protection of the public health and the environment." The Borough owns and operates a state of the art wastewater treatment plant to provide service to not only the Borough of Chambersburg but also the Townships of Guilford, Greene and Hamilton. The plant can treat up to 6.8 mgd average daily flow and up to 17 mgd peak flow. The plant's Biochemical Oxygen Demand (BOD)

capacity of up to 21,000 pounds per day is now greatly utilized, making Chambersburg an attractive location for food processing industries. Like the water plant, the wastewater plant continues to be a quality operation. With the plant in good condition (excepting the secondary digester cover which needs to be replaced), the department will invest considerable time and money in improvements to the collection system. With the phase out of the Construction Department, the Sewer Department has acquired an additional employee to work at upgrading the sewage collection system. The department is emphasizing the upgrade of the collection system in an effort to stay ahead of the public works projects as well as reduce the system's infiltration/inflow. The department continues its efforts to obtain federal and state monies to provide for the extension of the collection system into the Mill Road area. The department does not intend at this time to upgrade its sludge from Class B to Class A due to the significant investment and the unclear benefits of such an investment. While an April 2002 Natural Research Council report confirmed that there is no scientific evidence that land application has adversely affected the public health, the Borough will closely monitor the continuing regulatory studies of biosolids application. Moreover, DEP may require the Borough to upgrade the treatment plant in the future to provide for total nitrogen reduction. With the passage of the 2003/2004 State budget, the state reimbursement under Act 339 to the Sewer Department was deleted. The elimination of these state monies has resulted in a net loss to the department of \$160,000 per year. Thus, the anticipated rate increase of 10% in 2004 will have to be increased to 15%. Moreover, due to that lost revenue as well as declining sales in 2003, it is anticipated that the department will have to budget another 15% rate increase in 2005. Even with the 15% rate increase in 2004, the department is expected to only have about one-fifth of the cash



Water & Sewer Assistant to the Superintendent Elwood Sord discusses work plans with Water and Sewer Maintenance Workers John Carter, Don Rotz, Rick Yeager and George Jones

reserves that it should have on hand as a rule of thumb. The following table sets forth the modest capital program for the Sewer Department.

**Table**

**2004 Sewer Capital**

**Plant** (40% Borough cost - remainder Townships)

|   |           |
|---|-----------|
| Install new Secondary Digester cover and other upgrades | \$380,000 |
| Install mixer on the sludge holding tank                | \$ 30,000 |

**Collection**

|  |                  |
|--|------------------|
| Replace pressure sewer in the Chambers-5 Business Park   | \$ 90,000        |
| Install new pumping station controls, dialer and flow meter on Pennsylvania Avenue Pumping Station | \$ 25,000        |
| Purchase sewer open channel flow meter device  | \$ 7,500         |
| <b>Total</b>   | <b>\$532,500</b> |

**SANITATION**



Sweeper Operator Larry Miley

The mission of the Sanitation Department is to keep the Borough sanitary and clean. It does so in accordance with Pennsylvania Solid Waste Act 97 and Pennsylvania Recycling Act 101. The Sanitation Department (and the Parking Department) are different from the other enterprise funds in that they are not capital intensive. In carrying out its mission, the department not only collects municipal solid waste from residential properties weekly and recyclables

on a monthly basis, it also supervises a contract to collect solid waste by containers from commercial and industrial establishments. The department collects solid waste from

downtown public containers as well as provides for leaf collection and composting, bulky item collection and disposal, and Christmas tree collection and chipping. The department collects and disposes of approximately 12,300 tons of refuse, 300 tons of bulky items and about 600 tons of recyclables annually. The department also performs the task of sweeping streets and alleys. In 2004 we will move hand mowing and weed control (\$53,000) from the Highway Department of the General Fund to the Sanitation Fund. We took a similar action back in 1996 when we moved the street and alley cleaning (\$107,000) from the Highway Department of General Fund to the Sanitation Fund. These actions have been part of a series of actions to reduce the costs in the General Fund in an effort to keep the real estate taxes as low as possible. Faced with the expiration of contracts for landfill disposal and the collection of commercial waste at the end of 2003,



Truck Driver/Crew Leader Archie Kirkpatrick at IESI Landfill

we have received proposals on disposal fees. In 2003 we are paying \$32.50 per ton for the disposal of refuse at IESI Blue Ridge Landfill in Scotland, PA. On September 22, 2003, IESI provided us with the lowest proposal with regard to the disposal of refuse over a five (5) year period. We will recommend to Town Council that they approve the following disposal rates (price per ton) with IESI: 2004- \$35.75 (+10%); 2005-\$37.00 (+3.5%); 2006-\$38.00 (+2.7%); 2007-\$39.50(+3.95%); and 2008-\$39.50 (0%). These rates could be higher should the County and/or the State decide to impose additional fees as the State did in 2003 to support the State's Growing Greener Program. Moreover, we will receive bids on October 20, 2003 for the collection of refuse in the Borough. We will compare those bids to our residential collection costs as well as assess their impact on the collection of container waste. At this time we do not intend to recommend an increase in our Sanitation rates (for 2004) which have been at \$8.50 per month (residential rate) since 1993.

## **PARKING**

The Parking Department is responsible for the operation, maintenance and improvements of the metered parking facilities in the downtown area. At this time these facilities have almost 1,100 meters. Although we expect parking revenues to be down approximately 8% in 2003, the department's 2003 expenditures are under control and are expected to remain so in 2004. Thus, we do not intend to recommend raising meter rates in 2004. With revenues dropping in 2003, we will transfer \$36,000 in 2004 from Parking Capital Reserve to the operating fund in order to finance our parking meter replacement program which runs approximately \$18,000 per year. The replacing of mechanical meters with electronic meters helps to reduce maintenance costs and complaints resulting from malfunctions. The parking meter rates have remained unchanged since 1997.



Sweeping of Shoppers Parking Lot

## INTERNAL SERVICE FUNDS

Over the years the Borough budget has contained seven (7) Internal Service Funds which are designed to provide specific services to the General and Enterprise Funds. These service funds have been as follows: Stores, Motor Equipment, Construction, Engineering, Self Insurance, Workers' Compensation and Administrative Services. The 2004 budget will contain six (6) Internal Service Funds since the Construction Department will be phased out as of the end of 2003. Since these Internal Service Funds exist solely for the purpose of providing service for other funds and derive their revenue from charges for services rendered, I will provide only a limited review of these funds.

### ADMINISTRATIVE SERVICES



Assistant Finance Director Cas Rzomp and Staff Accountant Linda Goodman discuss GASB #34 reporting

Administrative Services is the largest of the Internal Service Fund in terms of both personnel and appropriations. Administrative Services is synonymous with the Finance Department. The Finance Department is responsible for the complete financial, utility meter reading and parking meter operations of the Borough as well as the operation and maintenance of Borough Hall. The proposed 2004 budget is \$1,883,450, an increase of 9.5% over the 2003 budget. With 19 nonbargaining employees in this department, the implementation of the new Nonbargaining Personnel Pay Schedules has probably had the greatest single impact on this department. However, like all Internal Service

Departments, this department derives its revenue from the departments it serves (for example, 20% of this department's expenses are allocated to the General Fund and appear in the General Administrative Department of the General Fund as previously noted). Clearly, the greatest single challenge for this department in 2004 will be the implementation of GASB 34 which requires a new reporting model to be used for the Borough's audit of its 2003 financial records.

### MOTOR EQUIPMENT

In terms of appropriations, the Motor Equipment Department is the second largest Internal Service Fund. The department currently manages a rolling stock of over 120 vehicles. Because of the size of the rolling stock, we added an attendant position to the Motor Equipment Department in 2003 in conjunction with the phase out of the Construction Department. The vehicle upkeep and capital outlay account for over 75% of this department's budget. The department's 2004 vehicle purchase/replacement schedule is reflected in the table below. The department will contribute \$50,000 to the General Fund in 2004.



Motor Equipment Attendant Gary Flythe operates tow truck

**Table**

**2004 MOTOR EQUIPMENT CAPITAL**

|   |                 |
|---|-----------------|
| <b><u>Electric Department</u></b>   |                 |
| Replace Vehicle #583 being a 1995 Jeep Cherokee with a new compact 2004 pickup                                | \$ 20,000       |
| <br>  |                 |
| <b><u>Gas Department</u></b>  |                 |
| Replace Vehicle #109 being a 1991 Chevrolet Lumina with Vehicle #423 from the Construction Department         | \$ 4,500        |
| <br>  |                 |
| <b><u>Highway Department</u></b>  |                 |
| Replace Vehicle #423 being a 1994 Chevrolet Pickup with a new 2004 Compact 4 x 4 Pickup                       | \$ 20,000       |
| Replace Vehicle #40 being a 1990 GMC Utility Truck with a new 2004 Utility Truck                              | \$ 27,000       |
| Replace Vehicle #839 being a 1988 GMC Utility Truck with a new 2004 Utility Truck                             | \$ 30,000       |
| <br>  |                 |
| <b><u>Water and Sewer Department</u></b>  |                 |
| Replace Vehicle #351 being a 1993 Ford Utility Truck with a new 2004 4 x 4 Pickup                             | \$ 25,000       |
| Keep Vehicle #351 in the department as an additional vehicle.   | -----           |
| <br>  |                 |
| <b><u>Police Department</u></b>   |                 |
| Replace Vehicle #891 being a 1998 Ford Crown Victoria with new 2004 unmarked Sedan                            | \$ 20,000       |
| Replace Vehicle #175 being a 2001 Dodge Durango with a new 2004 4 x 4 SUV                                     | \$ 30,000       |
| Keep Vehicle #891 in the department as an additional vehicle.   | -----           |
| <br>  |                 |
| <b><u>Fire Department</u></b>   |                 |
| Replace Engine 1-5 (#773) being a 1977 Hendrickson Pumper with a new 2004 1500 GPM Pumper                     | \$355,000       |
| Transfer Vehicle #175 being 2001 Dodge Durango into Fire Dept.  | \$ 10,000       |
| Keep Vehicle # 501 being a 1995 Jeep Cherokee in the department as an Additional vehicle                      | -----           |
| <br>  |                 |
| <b><u>Recreation Department</u></b>   |                 |
| Replace Vehicle #505 being a 1995 E-Z Go Golf Cart with a new 2004 4 x 2 Utility Vehicle (John Deere Gator)   | \$ 7,000        |
| Replace Vehicle #754 being a 1997 Kawasaki Golf Cart with a new 2004 6 x 4 Utility Vehicle (John Deere Gator) | <u>\$ 9,000</u> |
| Total   | \$557,500       |

## STORES



Stores Utility Person Brad Peyton moves inventory

The Stores Department (Warehouse) is responsible for the purchase, storage and disbursement of approximately \$1,000,000 worth of inventory. Approximately half of this inventory is turned over each year. The Warehouse inventory is used to support the construction and maintenance functions of the Borough utilities. The inventory kept at the Warehouse enables the Borough utility departments to rapidly respond to emergencies and anticipate project needs without waiting for essential items to

be ordered and delivered. The efficient purchasing procedures practiced by the Stores Department provide significant cost savings to the Borough.

Over the last two years the Stores Department and its user departments worked cooperatively to reduce the inventory by disposing of outdated inventory as well as changing the ordering limitations.

## ENGINEERING

The Engineering Department is responsible for furnishing civil engineering, surveying, drafting, utility location and GIS services to other departments. It maintains records and drawings of streets, utilities and properties owned by the Borough. The department designs and inspects the public works projects and provides inspection of curbs and sidewalks done by private contractors. Town Council's new policy with regard to sidewalks and curbs should add to the department's workload. The department continues to develop and maintain a Geographic Information System (GIS) for the Borough. In 2003 the department upgraded its GIS computer operation for one-fourth the original cost but with eight times the memory and five times the processing speed. Presently that system is about 75%

complete. GIS now puts information at our fingertips, information which at one time took hours or even days to retrieve. If the Borough is required to have a NPDES (National Pollutants Discharge Elimination System) Permit for the points of discharge to the Borough's storm sewer system, the Engineering Department will be responsible for that program. The Engineering Department will contribute \$25,000 to the General Fund in 2004.



GIS Manager Chris Bain operates the Smartboard

## CONSTRUCTION

As has been noted previously in this budget presentation, the Construction Department will be phased out by the end of 2003. This department had its origin when the Borough was involved in the construction of new streets. Over time its primary responsibility became that of maintenance and repair for various departments. Over the past few years its primary task of providing personnel and equipment to utilities in emergency situations had diminished significantly with the Gas and Water/Sewer Departments developing their own emergency

response capabilities. With Motor Equipment and Water/Sewer requesting additional personnel, it was time to do an analysis of the Construction Department utilization. While the figures varied depending upon the time period analyzed, in general it was determined that the Construction Department was spending approximately 50% of its time in the General Fund and another 30% of its time in the Sanitation Fund. Given the fact that the payroll of the eight (8) employees in the Construction Department carried a 90% markup, it seemed cost effective to phase out the department and move the employees to areas of our operation where they would be better utilized. Thus, one (1) employee was transferred to the Motor Equipment Department, two (2) employees were transferred to the Water/Sewer Department and five (5) employees were transferred to the Highway Department. However, since the Highway Department employees carried out functions in both the Highway and Sanitation Departments, their pay and benefits were distributed between those two (2) departments. It is anticipated that the Construction Department will have approximately \$215,000 in cash at the end of 2003. This cash will be transferred to the General Capital Reserve (Highways) for future street and alley improvements. It is interesting to note that in 1970 the Sanitation Department had thirteen (13) employees, the Construction Department had sixteen (16) employees and the Highway Department had eight (8) employees for a total of 37. At the end of 2003 the Sanitation Department will have seven (7) employees, the Construction Department will have no employees and the Highway Department will have six (6) employees for a total of 13.

### **SELF INSURANCE AND WORKERS' COMPENSATION**

As noted in the introduction, we will not be making universal transfers to these two funds in 2004 due to our general good experience and actuarial soundness of these funds. These funds exist for the purpose of funding risk which the Borough does not transfer to commercial insurance carriers or insurance pools. The Workers' Compensation Fund underwrites the risks to the Borough resulting from job-related injury or illness to its employees. The fund's exposure is limited by a Specific Excess Workers' Compensation Policy with a million dollar limit and a retention of \$350,000. The Borough's Workers' Compensation Self-Insurance Program is subject to State regulation and certified annually by the Pennsylvania Department of Labor and Industry, Bureau of Workers' Compensation. We project the cash balance to be



Borough Secretary Tannie Mickey and Human Resources Management Specialist Sherry Tarquino discuss claims

about \$730,000 by the end of 2004. Due to their departmental losses the Fire, Ambulance, Recreation and Electric Departments will make contributions to this fund in 2004. The Self Insurance Fund underwrites the risks to the Borough in areas of general liability, errors and omissions, and unemployment compensation. Anticipating good experience in these risk areas into the future, we scheduled increasing this fund's support of the General Fund to \$450,000 per year from 2002 through

2005. However, we have had to re-evaluate this level of support based on interest rates that are at a 45-year low and the need for continuing support of the General Fund's operations. Thus, in 2004 we will

reduce the Self Insurance Fund's transfer to the General Fund to \$250,000 per year. Both the Self Insurance and Workers' Compensation Funds are subject to independent actuarial

review on an annual basis to ensure their viability. As is usually noted in the report, the Borough retains losses in the General Liability area on an unlimited basis so that one large claim could conceivably increase the fund's projected liability by many multiples of the current reserve amount. Should this occur, the transfer from the Self-Insurance Fund to the General Fund may be substantially reduced or eliminated. That transfer in the 2004 budget is the equivalent of approximately 1 2/3 mills of real estate tax.

## CONCLUSION



Southwest quadrant of Memorial Square

The Chambersburg municipal operation is large, varied and complex. Of the 21 municipalities in Franklin County, Chambersburg is the largest, having about one-seventh of the County's total population. However, the Borough's revenues and expenditures represent about 60% of the total revenues and expenditures for the 21 Franklin County municipalities. Moreover, Chambersburg is the only community in Pennsylvania to own and operate four utilities.

While the size of the operation makes the budgeting process a major challenge, the preparation of the 2004 budget was especially difficult due to the shrinking options to financing

municipal services without increasing the burden to pay on our residents and customers.

However, we are bringing the following array of programs which will have a very positive impact on the community in 2004:

- Downtown Revitalization Projects
  - Chambersburg Rail Trail
  - Chambers Fort Park/Montgomery Alley Improvements
- Continuing Investment in Public Safety
- Ambitious Street and Alley Improvement Program
- Replacement of Traffic Signals and Street Lights
- Improve Fire Code Inspection Program
- Systematic Inspection of Rental Properties
- Rehabilitation of Owner-Occupied Housing
- First Time Homeowners Program
- Numerous Electric Distribution System Improvements
- Major Gas Main Replacements and Extensions
- Major Water and Sewer System Improvements
- Parking Meter Replacement Program
- Motor Equipment Purchase/Replacement Program
- Geographic Information System

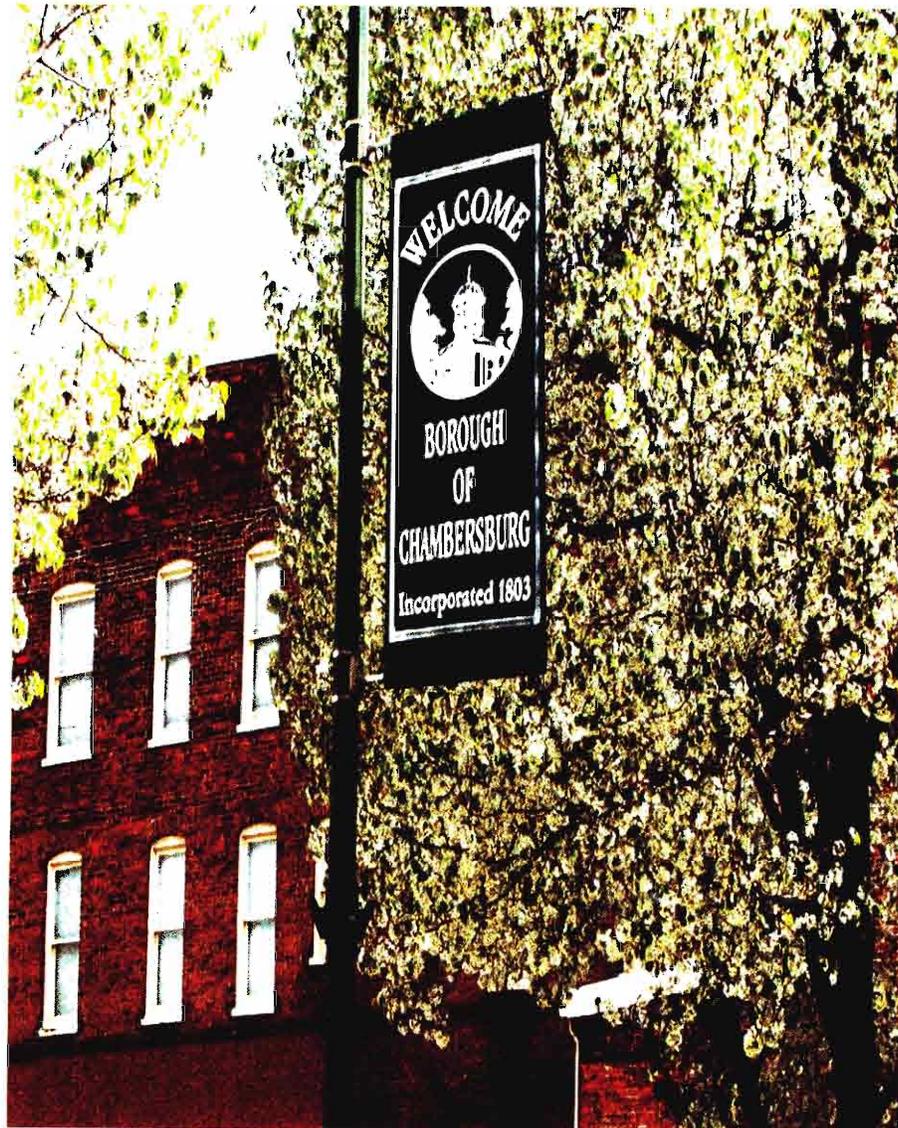
I encourage the Mayor and Town Council to review this 2004 Budget presentation carefully since it will serve as our financial, policy and operations guide to continue the Borough's tradition of sound fiscal management. Please keep in mind the following dates which you have set in order to meet our legal obligations with regard to the adoption of a budget:

Adoption of the preliminary budget and  
publication of the Notice of Public Inspection      October 28, 2003

Adoption of the Final Budget and  
enactment of the Tax Ordinance

December 9, 2003

I want to thank the department heads and their staffs for their dedication and hard work throughout the year and their special efforts in the preparation of their budgets. I offer a special thanks to the Director of Finance (Cleveland Forrester), his executive secretary (Janine Shoap), the Borough Secretary (Tannie Mickey), the Assistant Borough Secretary (Jamia Wright) and the Engineering Technician (Brian Fogal) for their significant efforts in the preparation of the Borough's 2004 Budget.



New welcome banners in the downtown

2004 Estimated Revenues

| Department/Fund                              | Receipts         | Interfund       |               | Transfers | Total Cash 01-Jan-04 | 2004 Budget      | 2003 Budget      |
|--|------------------|-----------------|---------------|-----------|----------------------|------------------|------------------|
|  |                  | Operating Funds | Reserve Funds |           |                      |                  |                  |
| General Operating Fund:                      | 2,495,000        |                 |               |           |                      | 2,495,000        | 1,750,000        |
| Real Estate Taxes - Current Year             | 41,000           |                 |               |           |                      | 41,000           | 38,000           |
| Real Estate Taxes - Prior Year               |                  |                 |               |           |                      | 0                | 0                |
| Special Purpose Tax - Current Year           |                  |                 |               |           |                      | 0                | 0                |
| Bond Tax - Prior Year                        |                  |                 |               |           |                      | 0                | 0                |
| Special Purpose Tax - Prior Years            |                  |                 |               |           |                      | 0                | 0                |
| Tax Liens                                    | 51,000           |                 |               |           |                      | 51,000           | 50,000           |
| Deed Transfer Tax                            | 185,000          |                 |               |           |                      | 185,000          | 185,000          |
| E. I. & N. P. Tax (Wage)                     | 1,190,000        |                 |               |           |                      | 1,190,000        | 1,150,000        |
| Grant in Lieu of Taxes                       | 5,000            |                 |               |           |                      | 5,000            | 5,000            |
| Federal Receipts                             |                  |                 |               |           |                      | 0                | 0                |
| State Inter-Governmental Transfers           | 335,000          |                 |               |           |                      | 335,000          | 323,500          |
| Merchandising & Jobbing                      | 100,000          |                 |               |           |                      | 100,000          | 110,000          |
| State Sales Tax                              | 2,000            |                 |               |           |                      | 2,000            | 2,500            |
| Occupational Privilege Tax                   | 100,000          |                 |               |           |                      | 100,000          | 95,000           |
| Interest Income                              | 50,000           |                 |               |           |                      | 50,000           | 40,000           |
| Police Fines And Costs                       | 100,000          |                 |               |           |                      | 100,000          | 100,000          |
| Police Escorts                               |                  |                 |               |           |                      | 0                | 0                |
| False Police & Fire Calls                    | 10,000           |                 |               |           |                      | 10,000           | 2,000            |
| Other Police Department Receipts             | 10,000           |                 |               |           |                      | 10,000           | 20,000           |
| Property Maintenance Code Violation Fines    | 2,000            |                 |               |           |                      | 2,000            | 2,000            |
| Recreation Department Receipts               | 260,000          |                 |               |           |                      | 260,000          | 285,000          |
| Recreation Vending, Concession & Consignment | 60,000           |                 |               |           |                      | 60,000           | 65,000           |
| Property Maintenance Fees                    | 40,000           |                 |               |           |                      | 40,000           | 35,000           |
| Planning-Subdivision Review Charges          | 3,000            |                 |               |           |                      | 3,000            | 2,500            |
| Fire Code Permits                            | 2,000            |                 |               |           |                      | 2,000            | 2,000            |
| Zoning Permits                               | 4,000            |                 |               |           |                      | 4,000            | 4,000            |
| Building Permits                             | 20,000           |                 |               |           |                      | 20,000           | 20,000           |
| Health Dept. - Licenses & Permits            | 5,000            |                 |               |           |                      | 5,000            | 5,500            |
| Contributions for Ambulance Service          | 25,000           |                 |               |           |                      | 25,000           | 15,000           |
| Ambulance Service Receipts                   | 340,000          |                 |               |           |                      | 340,000          | 320,000          |
| Ambulance Club Membership Fees               | 90,000           |                 |               |           |                      | 90,000           | 85,000           |
| Residential Parking Permits                  | 100              |                 |               |           |                      | 100              | 500              |
| Airport Rentals                              |                  |                 |               |           |                      | 0                | 20,000           |
| School Crossing Guards                       | 30,000           |                 |               |           |                      | 30,000           | 30,000           |
| Cable T. V. Franchise                        | 200,000          |                 |               |           |                      | 200,000          | 180,000          |
| Refunds                                      | 20,000           |                 |               |           |                      | 20,000           | 25,000           |
| Property Rentals                             | 10,000           |                 |               |           |                      | 10,000           | 11,000           |
| Contributions from Private Sources           | 1,000            |                 |               |           |                      | 1,000            | 1,000            |
| Miscellaneous                                | 5,000            |                 |               |           |                      | 5,000            | 5,000            |
| Sale of Property                             |                  |                 |               |           |                      | 0                | 100              |
| <b>Total General Fund Receipts</b>           | <b>5,791,100</b> | <b>0</b>        | <b>0</b>      | <b>0</b>  | <b>0</b>             | <b>5,791,100</b> | <b>4,984,600</b> |

2004 Estimated Revenues

| Department/Fund | Receipts | Interfund       |               | Transfers | Total Cash 01-Jan-04 | 2004 Budget | 2003 Budget |
|-----------------|----------|-----------------|---------------|-----------|----------------------|-------------|-------------|
|                 |          | Operating Funds | Reserve Funds |           |                      |             |             |

Transfers:

|                                |  |  |  |  |  |         |         |
|--------------------------------|--|--|--|--|--|---------|---------|
| From - Other Funds             |  |  |  |  |  | 250,000 | 450,000 |
| From - Electric Department     |  |  |  |  |  | 700,000 | 677,500 |
| From - Water Department        |  |  |  |  |  | 50,000  | 50,000  |
| From - Gas Department          |  |  |  |  |  | 300,000 | 250,000 |
| From - Liquid Fuels Fund       |  |  |  |  |  | 300,000 | 290,000 |
| From - General Capital Reserve |  |  |  |  |  | 200,000 | 0       |
| From - Engineering Department  |  |  |  |  |  | 25,000  | 30,000  |
| From - Construction Department |  |  |  |  |  | 0       | 30,000  |
| From - Motor Equipment         |  |  |  |  |  | 50,000  | 30,000  |

|  |           |           |   |         |         |           |           |
|--|-----------|-----------|---|---------|---------|-----------|-----------|
| Total Transfers  | 0         | 1,875,000 | 0 | 0       | 0       | 1,875,000 | 1,807,500 |
| Total Receipts and Transfers                             | 5,791,100 | 1,875,000 | 0 | 0       | 0       | 7,666,100 | 6,792,100 |
| Cash Balance - January 1                                 |           |           |   | 959,374 | 959,374 | 959,374   | 1,754,069 |
| Total General Fund Receipts, Transfers and Cash Balances | 5,791,100 | 1,875,000 | 0 | 959,374 | 959,374 | 8,625,474 | 8,546,169 |



2004 Estimated Revenues

| Department\Fund                      | Interfund       |               | Transfers | Total Cash 01-Jan-04 | 2004 Budget | 2003 Budget |
|--------------------------------------|-----------------|---------------|-----------|----------------------|-------------|-------------|
|                                      | Operating Funds | Reserve Funds |           |                      |             |             |
| General Capital Reserve Fund         |                 |               |           |                      |             |             |
| Income:                              |                 |               |           |                      |             |             |
| Federal Grants                       |                 |               |           |                      | 0           | 0           |
| State Grants                         |                 |               |           |                      | 0           | 0           |
| Contributions in Aid of Construction |                 |               |           |                      | 0           | 0           |
| Citizens' Contributions              | 1,000           |               |           |                      | 1,000       | 1,000       |
| Other Receipts                       | 25,000          |               |           |                      | 25,000      | 70,000      |
| Interest Income                      | 30,000          |               |           |                      | 30,000      | 40,000      |
| Total Income                         | 56,000          | 0             | 0         | 0                    | 56,000      | 111,000     |

Transfers

|                                    |         |         |   |           |           |           |
|------------------------------------|---------|---------|---|-----------|-----------|-----------|
| General & Administrative           | 35,000  |         |   |           | 35,000    | 55,000    |
| Highway Department                 | 0       |         |   |           | 0         | 100,000   |
| Fire                               | 25,000  |         |   |           | 25,000    | 15,000    |
| Police                             | 0       |         |   |           | 0         | 0         |
| Recreation                         | 30,000  |         |   |           | 30,000    | 93,500    |
| Planning                           | 0       |         |   |           | 0         | 0         |
| Zoning                             | 0       |         |   |           | 0         | 0         |
| Building                           | 0       |         |   |           | 0         | 0         |
| Housing                            | 0       |         |   |           | 0         | 0         |
| Health                             | 0       |         |   |           | 0         | 0         |
| Ambulance                          | 0       |         |   |           | 0         | 0         |
| Parking & Traffic                  | 30,000  |         |   |           | 30,000    | 30,000    |
| Street Lighting                    | 15,000  |         |   |           | 15,000    | 15,000    |
| Airport                            | 0       |         |   |           | 0         | 0         |
| Fire Code                          | 3,000   |         |   |           | 3,000     | 3,000     |
| Community Development              | 0       |         |   |           | 0         | 0         |
| Others                             | 50,000  |         |   |           | 50,000    | 50,000    |
| Total Transfers                    | 188,000 | 0       | 0 | 0         | 188,000   | 361,500   |
| Total Income and Transfers         | 56,000  | 188,000 | 0 | 0         | 244,000   | 472,500   |
| Cash Balance                       |         |         |   | 2,574,088 | 2,574,088 | 2,342,238 |
| Total General Capital Reserve Fund | 56,000  | 188,000 | 0 | 2,574,088 | 2,818,088 | 2,814,738 |

2004 Budget Appropriations

| Department/Fund  | Operating Expenses | Capital Outlay | Interfund    |               | Transfers |   | Total Estimated Expenditures | Cash Balance 31-Dec-04 | 2004 Budget | 2003 Budget |
|--|--------------------|----------------|--------------|---------------|-----------|---|------------------------------|------------------------|-------------|-------------|
|  |                    |                | Debt Service | Reserve Other | a         | b |                              |                        |             |             |
| General Capital Reserve Fund:                          |                    |                |              |               |           |   |                              |                        |             |             |
| General & Administrative                               |                    | 30,000         |              |               |           |   | 30,000                       | 30,000                 | 30,000      | 95,000      |
| Highway Department                                     |                    | 27,000         |              |               | 200,000   | b | 227,000                      | 227,000                | 227,000     | 100,000     |
| Fire Department  |                    | 30,000         |              |               |           |   | 30,000                       | 30,000                 | 30,000      | 15,000      |
| Police Department                                      |                    | 0              |              |               |           |   | 0                            | 0                      | 0           | 0           |
| Recreation Department                                  |                    | 30,000         |              |               |           |   | 30,000                       | 30,000                 | 30,000      | 93,500      |
| Planning Department                                    |                    | 0              |              |               |           |   | 0                            | 0                      | 0           | 0           |
| Zoning Department                                      |                    | 0              |              |               |           |   | 0                            | 0                      | 0           | 0           |
| Building Code  |                    | 0              |              |               |           |   | 0                            | 0                      | 0           | 0           |
| Maintenance Code                                       |                    | 0              |              |               |           |   | 0                            | 0                      | 0           | 0           |
| Health Department                                      |                    | 0              |              |               |           |   | 0                            | 0                      | 0           | 0           |
| Ambulance  |                    | 0              |              |               |           |   | 0                            | 0                      | 0           | 0           |
| Traffic  |                    | 180,000        |              |               |           |   | 180,000                      | 180,000                | 180,000     | 200,000     |
| Street Lighting  |                    | 50,000         |              |               |           |   | 50,000                       | 50,000                 | 50,000      | 50,000      |
| Fire Code  |                    | 0              |              |               |           |   | 0                            | 0                      | 0           | 0           |
| Airport  |                    | 0              |              |               |           |   | 0                            | 0                      | 0           | 0           |
| Community Development                                  |                    | 50,000         |              |               |           |   | 50,000                       | 50,000                 | 50,000      | 100,000     |
| =====  |                    |                |              |               |           |   |                              |                        |             |             |
| Total Expenditures                                     | 0                  | 397,000        | 0            | 200,000       |           |   | 597,000                      | 0                      | 597,000     | 653,500     |
| =====  |                    |                |              |               |           |   |                              |                        |             |             |
| Cash Balance   |                    |                |              |               |           |   |                              | 2,221,088              | 2,221,088   | 2,161,238   |
| =====  |                    |                |              |               |           |   |                              |                        |             |             |
| Total General Capital Reserve Fund Exp. & Cash Balance | 0                  | 397,000        | 0            | 200,000       |           |   | 597,000                      | 2,221,088              | 2,818,088   | 2,814,738   |
| =====  |                    |                |              |               |           |   |                              |                        |             |             |

2004 Estimated Revenues

| Department/Fund                                | Interfund             |                    |                  | Transfers | Total<br>Cash<br>01-Jan-04 | 2004<br>Budget    | 2003<br>Budget    |
|--|-----------------------|--------------------|------------------|-----------|----------------------------|-------------------|-------------------|
|  | Operating<br>Receipts | Operating<br>Funds | Reserve<br>Funds |           |                            |                   |                   |
| <b>General Borough - Debt Service</b>          |                       |                    |                  |           |                            |                   |                   |
| Debt Service Fund No. 9                        |                       | 0                  |                  |           | 0                          | 0                 | 0                 |
| Bond & Coupon Account                          |                       | 0                  |                  |           | 0                          | 0                 | 0                 |
| <b>General Borough - Debt Service Totals</b>   | <b>0</b>              | <b>0</b>           | <b>0</b>         | <b>0</b>  | <b>0</b>                   | <b>0</b>          | <b>0</b>          |
| <b>Other General Fund:</b>                     |                       |                    |                  |           |                            |                   |                   |
| Special Revenue Fund                           | 6,705,000             | 9,800              |                  |           | 2,507                      | 6,717,307         | 1,792,250         |
| Liquid Fuels Tax                               | 297,000               |                    |                  |           | 233,813                    | 530,813           | 502,127           |
| Surplus Operating Fund                         | 800                   |                    |                  |           | 2,310                      | 3,110             | 2,710             |
| <b>Other General Fund</b>                      | <b>7,002,800</b>      | <b>9,800</b>       | <b>0</b>         | <b>0</b>  | <b>238,630</b>             | <b>7,251,230</b>  | <b>2,297,087</b>  |
| <b>Total All General Funds</b>                 | <b>12,849,900</b>     | <b>2,072,800</b>   | <b>0</b>         | <b>0</b>  | <b>3,772,092</b>           | <b>18,694,792</b> | <b>13,657,994</b> |
| <b>Trust and Agency Funds:</b>                 |                       |                    |                  |           |                            |                   |                   |
| Trust Funds & Utility Deposits                 | 175,000               |                    |                  |           | 433,065                    | 608,065           | 834,315           |
| Citizens' Reward Fund                          | 600                   |                    |                  |           | 8,388                      | 8,988             | 8,488             |
| Payroll Fund                                   | 8,230,000             |                    |                  |           | 4,367                      | 8,234,367         | 7,979,367         |
| Barg. & Admin. Emp. Pension Fund               | 91,737                |                    |                  |           | 0                          | 91,737            | 68,814            |
| Firemen's Pension Fund                         | 35,053                |                    |                  |           | 0                          | 35,053            | 19,611            |
| Police Officers' Pension Fund                  | 210,531               |                    |                  |           | 0                          | 210,531           | 215,297           |
| Sister City Fund                               | 300                   |                    |                  |           | 16,193                     | 16,493            | 16,243            |
| Project H.E.A.T.                               | 5,025                 |                    |                  |           | 972                        | 5,997             | 8,497             |
| <b>Total Trust &amp; Agency Funds</b>          | <b>8,748,246</b>      | <b>0</b>           | <b>0</b>         | <b>0</b>  | <b>462,985</b>             | <b>9,211,231</b>  | <b>9,150,632</b>  |
| <b>Total General, Trust &amp; Agency Funds</b> | <b>21,598,146</b>     | <b>2,072,800</b>   | <b>0</b>         | <b>0</b>  | <b>4,235,077</b>           | <b>27,906,023</b> | <b>22,808,626</b> |

2004 Budget Appropriations

| Department/Fund                     | Operating Expenses | Capital Outlay | Interfund    |               | Transfers |            | Total Estimated Expenditures | Cash Balance 31-Dec-04 | 2004 Budget | 2003 Budget |
|-------------------------------------|--------------------|----------------|--------------|---------------|-----------|------------|------------------------------|------------------------|-------------|-------------|
|                                     |                    |                | Debt Service | Reserve Other | a         | b          |                              |                        |             |             |
| General Borough - Debt Service      |                    |                |              |               |           |            |                              |                        |             |             |
| Debt Service Fund No. 9             | 0                  |                |              |               |           |            |                              | 0                      | 0           | 0           |
| Bond & Coupon Account               |                    |                |              |               |           |            |                              | 0                      | 0           | 0           |
| =====                               |                    |                |              |               |           |            |                              |                        |             |             |
| Total General Borough Debt Serv     | 0                  | 0              | 0            | 0             | 0         | 0          | 0                            | 0                      | 0           | 0           |
| Other General Fund:                 |                    |                |              |               |           |            |                              |                        |             |             |
| Special Revenue Fund                | 6,705,000          | 0              | 0            | 0             | 0         | 6,705,000  | 12,307                       | 6,717,307              | 1,792,250   |             |
| Liquid Fuels Tax                    | 0                  |                | 0            | 300,000       | b         | 300,000    | 230,813                      | 530,813                | 502,127     |             |
| Surplus Operating Fund              | 800                |                | 0            | 0             | b         | 800        | 2,310                        | 3,110                  | 2,710       |             |
| =====                               |                    |                |              |               |           |            |                              |                        |             |             |
| Total Other General Funds           | 6,705,800          | 0              | 0            | 300,000       |           | 7,005,800  | 245,430                      | 7,251,230              | 2,297,087   |             |
| =====                               |                    |                |              |               |           |            |                              |                        |             |             |
| Totals - All General Funds          | 14,738,100         | 397,000        | 0            | 667,800       |           | 15,802,900 | 2,891,892                    | 18,694,792             | 13,667,994  |             |
| =====                               |                    |                |              |               |           |            |                              |                        |             |             |
| Trust and Agency Funds:             |                    |                |              |               |           |            |                              |                        |             |             |
| Trust Funds & Utility Deposits      | 180,400            |                |              |               |           | 180,400    | 427,665                      | 608,065                | 834,315     |             |
| Citizens Reward Fund                | 800                |                |              |               |           | 800        | 8,188                        | 8,988                  | 8,488       |             |
| Payroll Fund                        | 8,220,800          |                |              |               |           | 8,220,800  | 13,567                       | 8,234,367              | 7,979,367   |             |
| Barg. & Admin. Emp. Pension Fd      | 91,737             |                |              |               |           | 91,737     | 0                            | 91,737                 | 68,814      |             |
| Firemen's Pension Fund              | 35,053             |                |              |               |           | 35,053     | 0                            | 35,053                 | 19,611      |             |
| Police Officers' Pension Fund       | 210,531            |                |              |               |           | 210,531    | 0                            | 210,531                | 215,297     |             |
| Sister City Fund                    | 350                |                |              |               |           | 350        | 16,143                       | 16,493                 | 16,243      |             |
| Project H.E.A.T.                    | 5,000              |                |              |               |           | 5,000      | 997                          | 5,997                  | 8,497       |             |
| =====                               |                    |                |              |               |           |            |                              |                        |             |             |
| Total Trust & Agency Funds          | 8,744,671          | 0              | 0            | 0             | 0         | 8,744,671  | 466,560                      | 9,211,231              | 9,150,632   |             |
| =====                               |                    |                |              |               |           |            |                              |                        |             |             |
| Total General, Trust & Agency Funds | 23,482,771         | 397,000        | 0            | 667,800       |           | 24,547,571 | 3,358,452                    | 27,906,023             | 22,808,626  |             |
| =====                               |                    |                |              |               |           |            |                              |                        |             |             |

2004 Estimated Revenues

| Department/Fund                               | Interfund             |                    | Transfers        |          | Total<br>Cash<br>01-Jan-04 | 2004<br>Budget    | 2003<br>Budget    |
|---|-----------------------|--------------------|------------------|----------|----------------------------|-------------------|-------------------|
|   | Operating<br>Receipts | Operating<br>Funds | Reserve<br>Funds |          |                            |                   |                   |
| Enterprise Operating Funds                    |                       |                    |                  |          |                            |                   |                   |
| Electric Department                           | 16,630,300            |                    |                  |          | 456,825                    | 17,087,125        | 16,510,125        |
| Gas Department                                | 7,933,000             |                    |                  |          | 340,264                    | 8,273,264         | 6,855,414         |
| Water Department                              | 2,341,800             |                    |                  |          | 648,152                    | 2,989,952         | 3,178,492         |
| Sewer Department                              | 3,038,900             |                    |                  |          | 196,274                    | 3,235,174         | 3,445,074         |
| Sanitation Department                         | 1,434,550             |                    |                  |          | 575,846                    | 2,010,396         | 2,062,296         |
| Parking Department                            | 139,650               | 36,000             |                  |          | 14,902                     | 190,552           | 183,802           |
| <b>Total Enterprise Operating Funds</b>       | <b>31,518,200</b>     | <b>36,000</b>      | <b>0</b>         | <b>0</b> | <b>2,232,263</b>           | <b>33,786,463</b> | <b>32,235,203</b> |
| Enterprise Capital Reserve Funds              |                       |                    |                  |          |                            |                   |                   |
| Electric Capital Reserve                      | 190,000               | 0                  |                  |          | 2,372,537                  | 2,562,537         | 16,573,337        |
| Gas Capital Reserve                           | 13,000                | 450,000            |                  |          | 791,335                    | 1,254,335         | 1,192,185         |
| Water Capital Reserve                         | 75,000                | 100,000            |                  |          | 4,282,095                  | 4,457,095         | 7,119,744         |
| Sewer Capital Reserve                         | 283,000               | 0                  |                  |          | 1,490,052                  | 1,773,052         | 1,823,052         |
| Sanitation Capital Reserve                    | 34,400                | 0                  |                  |          | 314,893                    | 349,293           | 356,493           |
| Parking Capital Reserve                       | 2,500                 | 0                  |                  |          | 189,365                    | 191,865           | 189,515           |
| <b>Total Enterprise Capital Reserve Funds</b> | <b>597,900</b>        | <b>550,000</b>     | <b>0</b>         | <b>0</b> | <b>9,440,277</b>           | <b>10,588,177</b> | <b>27,254,326</b> |
| Enterprise Debt Service Funds                 |                       |                    |                  |          |                            |                   |                   |
| Total Enterprise Debt Service Funds           | 0                     | 0                  | 0                | 0        | 0                          | 0                 | 0                 |
| <b>Total - All Enterprise Funds</b>           | <b>32,116,100</b>     | <b>586,000</b>     | <b>0</b>         | <b>0</b> | <b>11,672,540</b>          | <b>44,374,640</b> | <b>59,489,529</b> |

2004 Budget Appropriations

| Department/Fund                               | Interfund          |                  | Transfers    |                        | Total Estimated Expenditures | Cash Balance 31-Dec-04 | 2004 Budget       | 2003 Budget       |
|---|--------------------|------------------|--------------|------------------------|------------------------------|------------------------|-------------------|-------------------|
|   | Operating Expenses | Capital Outlay   | Debt Service | Reserve Other          |                              |                        |                   |                   |
| Enterprise Operating Funds                    |                    |                  |              |                        |                              |                        |                   |                   |
| Electric Department                           | 15,917,800         |                  |              | 0 a<br>800,000 b       | 16,717,800                   | 369,325                | 17,087,125        | 16,510,125        |
| Gas Department                                | 7,108,550          |                  |              | 450,000 a<br>300,000 b | 7,858,550                    | 414,714                | 8,273,264         | 6,855,414         |
| Water Department                              | 1,968,850          |                  |              | 100,000 a<br>50,000 b  | 2,118,850                    | 871,102                | 2,989,952         | 3,178,492         |
| Sewer Department                              | 2,921,900          |                  |              | 0 a<br>0 b             | 2,921,900                    | 313,274                | 3,235,174         | 3,445,074         |
| Sanitation Department                         | 1,718,750          |                  |              | 0 a<br>0 b             | 1,718,750                    | 291,646                | 2,010,396         | 2,062,296         |
| Parking Department                            | 163,900            |                  |              | 0 a<br>0 b             | 163,900                      | 26,652                 | 190,552           | 183,802           |
| <b>Total Enterprise Operating Funds</b>       | <b>29,799,750</b>  | <b>0</b>         | <b>0</b>     | <b>1,700,000</b>       | <b>31,499,750</b>            | <b>2,286,713</b>       | <b>33,786,463</b> | <b>32,235,203</b> |
| Enterprise Capital Reserve Funds              |                    |                  |              |                        |                              |                        |                   |                   |
| Electric Capital Reserve                      |                    | 949,000          |              |                        | 949,000                      | 1,613,537              | 2,562,537         | 16,573,337        |
| Gas Capital Reserve                           |                    | 455,800          |              |                        | 455,800                      | 798,535                | 1,254,335         | 1,192,185         |
| Water Capital Reserve                         |                    | 1,280,500        |              |                        | 1,280,500                    | 3,176,595              | 4,457,095         | 7,119,744         |
| Sewer Capital Reserve                         |                    | 489,000          |              |                        | 489,000                      | 1,284,052              | 1,773,052         | 1,823,052         |
| Sanitation Capital Reserve                    |                    | 44,000           |              |                        | 44,000                       | 305,293                | 349,293           | 356,493           |
| Parking Capital Reserve                       |                    | 0                |              | 36,000                 | 36,000                       | 155,865                | 191,865           | 189,515           |
| <b>Total Enterprise Capital Reserve Funds</b> | <b>0</b>           | <b>3,218,300</b> | <b>0</b>     | <b>36,000</b>          | <b>3,254,300</b>             | <b>7,333,877</b>       | <b>10,588,177</b> | <b>27,254,326</b> |
| Enterprise Debt Service Funds                 |                    |                  |              |                        |                              |                        |                   |                   |
| Total Enterprise Debt Service Funds           | 0                  | 0                | 0            | 0                      | 0                            | 0                      | 0                 | 0                 |
| <b>Total - All Enterprise Funds</b>           | <b>29,799,750</b>  | <b>3,218,300</b> | <b>0</b>     | <b>1,736,000</b>       | <b>34,754,050</b>            | <b>9,620,590</b>       | <b>44,374,640</b> | <b>59,489,529</b> |

2004 Estimated Revenues

| Department/Fund                | Receipts  | Interfund       |               | Transfers | Total Cash 01-Jan-04 | 2004 Budget | 2003 Budget |
|--------------------------------|-----------|-----------------|---------------|-----------|----------------------|-------------|-------------|
|                                |           | Operating Funds | Reserve Funds |           |                      |             |             |
| <b>Internal Service Funds:</b> |           |                 |               |           |                      |             |             |
| Stores                         | 616,300   |                 |               |           | 259,614              | 875,914     | 850,464     |
| Motor Equipment                | 994,150   |                 |               |           | 3,405,595            | 4,399,745   | 4,455,259   |
| Construction                   | 0         |                 |               |           | 0                    | 0           | 434,737     |
| Engineering                    | 133,300   |                 |               |           | 114,318              | 247,618     | 249,318     |
| Workers Compensation Fund      | 11,750    | 100,000         |               |           | 783,351              | 895,101     | 965,001     |
| Administrative Services        | 1,883,450 |                 |               |           | 0                    | 1,883,450   | 1,719,950   |
| Self-Insurance Fund            | 45,150    |                 |               |           | 4,409,578            | 4,454,728   | 4,903,778   |

|                                     |                   |                  |          |                   |                   |                   |
|-------------------------------------|-------------------|------------------|----------|-------------------|-------------------|-------------------|
| <b>Total Internal Service Funds</b> | <b>3,684,100</b>  | <b>100,000</b>   | <b>0</b> | <b>8,972,456</b>  | <b>12,756,556</b> | <b>13,578,507</b> |
| <b>Totals All Borough Funds</b>     | <b>57,398,346</b> | <b>2,758,800</b> | <b>0</b> | <b>24,880,073</b> | <b>85,037,219</b> | <b>95,876,662</b> |

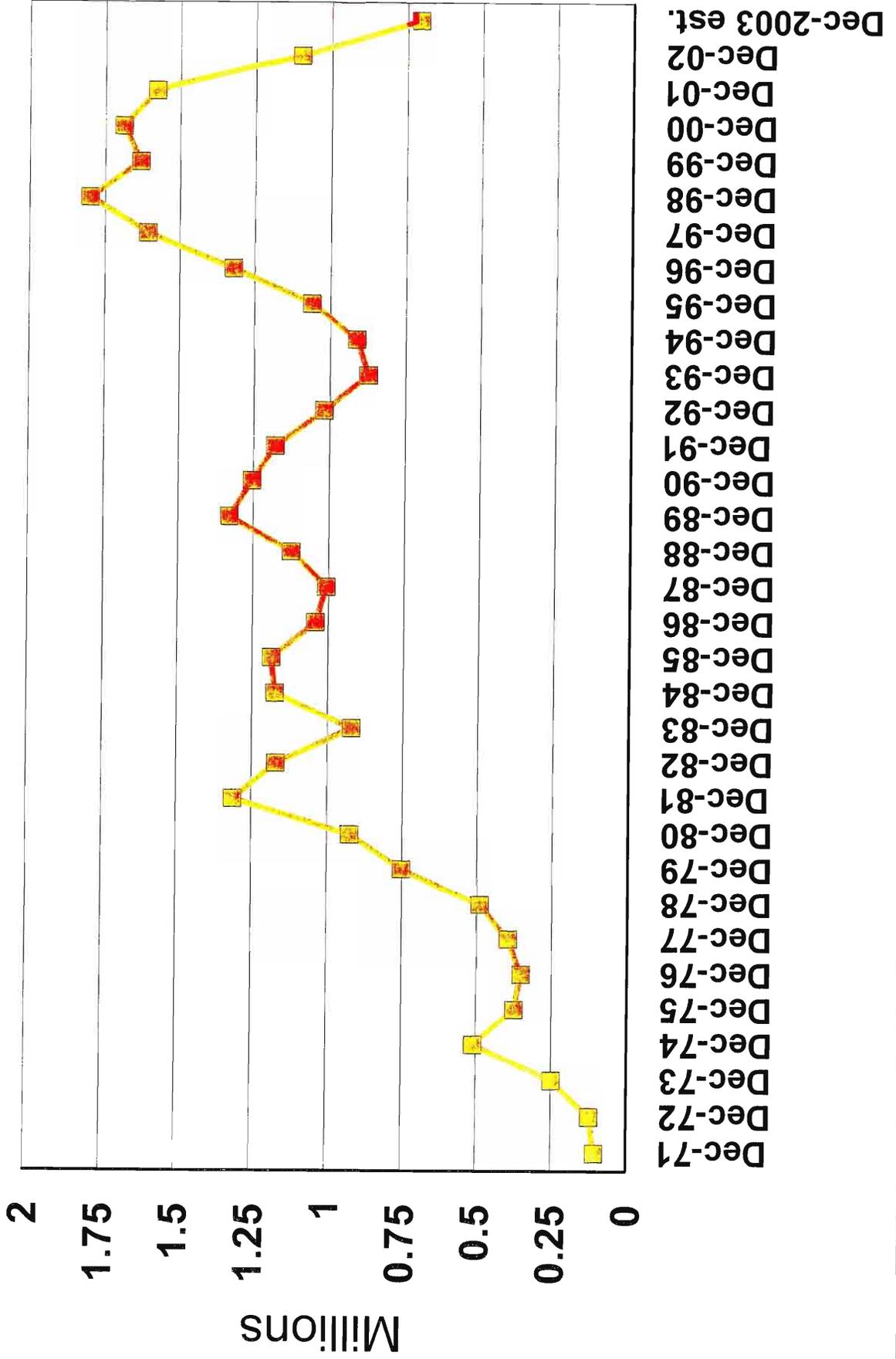
2004 Budget Appropriations

| Department/Fund           | Operating Expenses | Capital Outlay | Interfund    |       | Transfers |       | Total Estimated Expenditures | Cash 31-Dec-04 | 2004 Budget | 2003 Budget |
|---------------------------|--------------------|----------------|--------------|-------|-----------|-------|------------------------------|----------------|-------------|-------------|
|                           |                    |                | Debt Service | Other | Reserve   | Other |                              |                |             |             |
| Internal Service Funds:   |                    |                |              |       |           |       |                              |                |             |             |
| Stores                    | 621,300            | 0              |              |       |           |       | 621,300                      | 254,614        | 875,914     | 850,464     |
| Motor Equipment           | 637,300            | 569,500        |              |       | 50,000    | b     | 1,256,800                    | 3,142,945      | 4,399,745   | 4,455,259   |
| Construction              | 0                  | 0              |              | 0     | 0         | b     | 0                            | 0              | 0           | 434,737     |
| Engineering               | 126,500            | 15,000         |              |       | 25,000    | b     | 166,500                      | 81,118         | 247,618     | 249,318     |
| Workers Compensation Fund | 175,450            |                |              |       |           |       | 175,450                      | 719,651        | 895,101     | 965,001     |
| Administrative Services   | 1,853,450          |                |              |       | 30,000    | a     | 1,883,450                    | 0              | 1,883,450   | 1,719,950   |
| Self Insurance Fund       | 14,250             |                |              |       | 250,000   | b     | 264,250                      | 4,190,478      | 4,454,728   | 4,903,778   |

|                              |            |           |   |   |           |  |            |            |            |            |
|------------------------------|------------|-----------|---|---|-----------|--|------------|------------|------------|------------|
| Total Internal Service Funds | 3,428,250  | 584,500   | 0 | 0 | 355,000   |  | 4,367,750  | 8,388,806  | 12,756,556 | 13,578,507 |
| Total - All Borough Funds    | 56,710,771 | 4,199,800 | 0 | 0 | 2,758,800 |  | 63,669,371 | 21,367,848 | 85,037,219 | 95,876,662 |

# BOROUGH OF CHAMBERSBURG

## Annual Interest Earned - All Funds

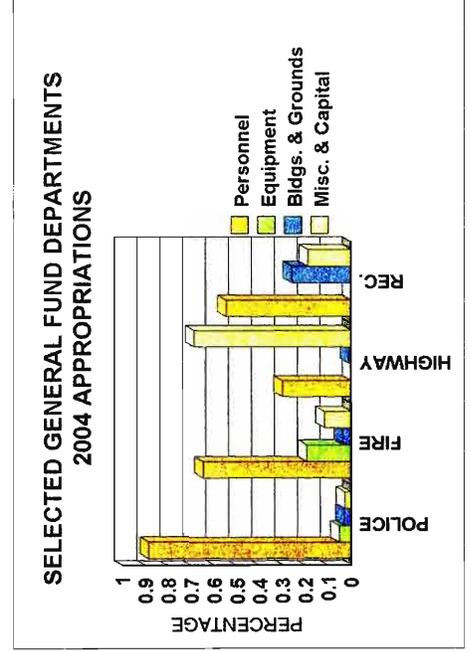
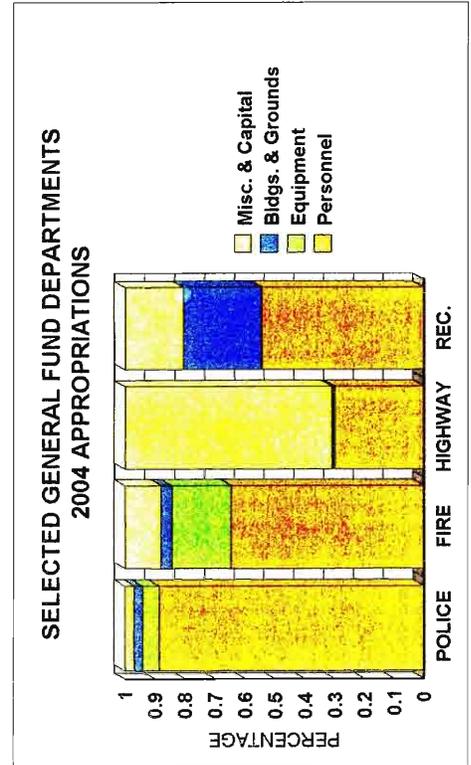


## SELECTED GENERAL FUND DEPARTMENTS 2004 APPROPRIATIONS

|                  | POLICE        | FIRE<br>AMBULANCE<br>& FIRE CODE | HIGHWAY<br>TRAFFIC<br>& ST. LIGHTING | REC.          | TOTALS        |
|------------------|---------------|----------------------------------|--------------------------------------|---------------|---------------|
| Personnel        | 88.7%         | 64.8%                            | 30.1%                                | 54.7%         | 67.3%         |
| Equipment        | 5.4%          | 19.5%                            | 0.2%                                 | 0.2%          | 8.0%          |
| Bldgs. & Grounds | 3.1%          | 3.8%                             | 0.9%                                 | 26.0%         | 5.9%          |
| Misc. & Capital  | 2.8%          | 11.9%                            | 68.9%                                | 19.2%         | 18.8%         |
| <b>TOTALS</b>    | <b>100.0%</b> | <b>100.0%</b>                    | <b>100.0%</b>                        | <b>100.0%</b> | <b>100.0%</b> |

|                  | POLICE           | FIRE<br>AMBULANCE<br>& FIRE CODE | HIGHWAY<br>TRAFFIC<br>& ST. LIGHTING | REC.           | TOTALS           |
|------------------|------------------|----------------------------------|--------------------------------------|----------------|------------------|
| Personnel        | 2,558,275        | 1,364,225                        | 363,950                              | 499,200        | 4,785,650        |
| Equipment        | 155,000          | 411,100                          | 2,000                                | 1,500          | 569,600          |
| Bldgs. & Grounds | 89,500           | 80,600                           | 10,450                               | 237,300        | 417,850          |
| Misc. & Capital  | 81,650           | 250,800                          | 832,200                              | 175,000        | 1,339,650        |
| <b>TOTALS</b>    | <b>2,884,425</b> | <b>2,106,725</b>                 | <b>1,208,600</b>                     | <b>913,000</b> | <b>7,112,750</b> |



BOROUGH OF CHAMBERSBURG  
PERSONNEL ALLOCATIONS (REGULAR POSITIONS)

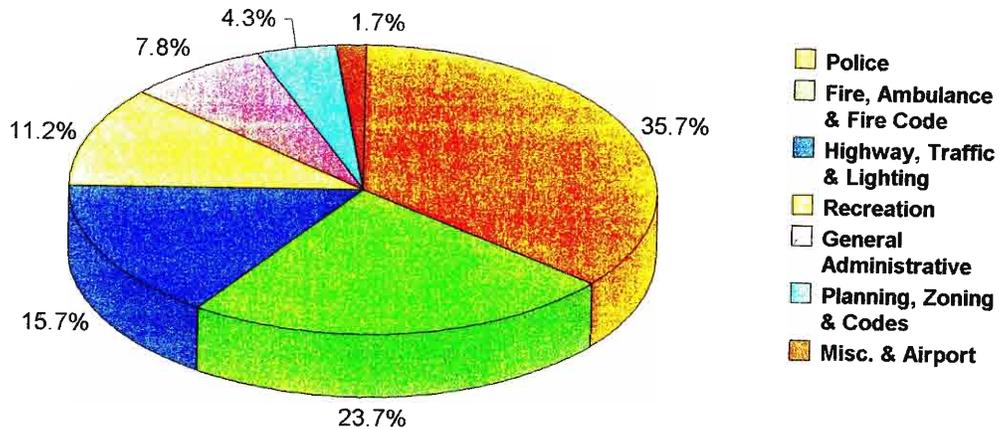
| CATEGORY       | 1991  | 1992  | 1993  | 1994  | 1995  | 1996  | 1997  | 1998  | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|------|------|------|------|------|------|
| Administration | 13    | 13    | 13    | 13    | 13    | 13    | 13    | 13    | 14   | 14   | 15   | 15   | 15   | 16   |
| Secretarial    | 8.5   | 8.5   | 9     | 9     | 9     | 9     | 9     | 10    | 10   | 10   | 11   | 11   | 11   | 11   |
| Finance        | 24    | 24    | 24    | 24    | 24    | 24    | 24    | 24    | 24   | 25   | 26   | 26   | 24   | 24   |
| Electric       | 15    | 15    | 15    | 15    | 15    | 15    | 16    | 16    | 16   | 16   | 16   | 16   | 16   | 17   |
| Gas            | 14    | 14    | 14    | 14    | 14    | 14    | 13    | 13    | 13   | 13   | 13   | 13   | 14   | 14   |
| Water/Sewer    | 22    | 22    | 22    | 22    | 22    | 22    | 22    | 22    | 22   | 22   | 23   | 23   | 23   | 25   |
| Public Works   | 22    | 22    | 22    | 22    | 22    | 22    | 22    | 22    | 23   | 23   | 24   | 24   | 24   | 22   |
| Fire/Ambulance | 18    | 18    | 18    | 18    | 18    | 18    | 18    | 18    | 18   | 18   | 18   | 21   | 18   | 18   |
| Police         | 25    | 25    | 25    | 25    | 29    | 29    | 29    | 29    | 29   | 29   | 29   | 29   | 30   | 30   |
| Recreation     | 4     | 4     | 4.5   | 4.5   | 4.5   | 4.5   | 4.5   | 3.5   | 4    | 4    | 4    | 4    | 4    | 4    |
| Codes          | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3    | 3    | 4    | 5    | 5    | 4    |
| Totals         | 168.5 | 168.5 | 169.5 | 169.5 | 173.5 | 173.5 | 173.5 | 173.5 | 176  | 177  | 183  | 187  | 184  | 185  |

NOTES: 1. The Fire Code Enforcement position budgeted in 2003 was upgraded to the Asst. Emergency Services Chief, an administrative position for 2004

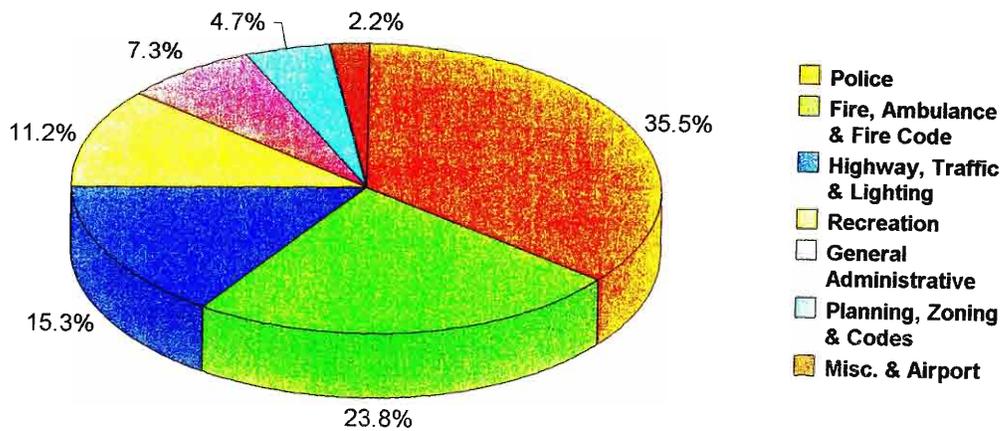
2. With the phase out of the Construction Department, 2 public works positions went to the Water and Sewer Department

3. With the construction of the Orchard Park Generating Station, an additional position (Stationary Diesel Mechanic) was added to the Electric Department

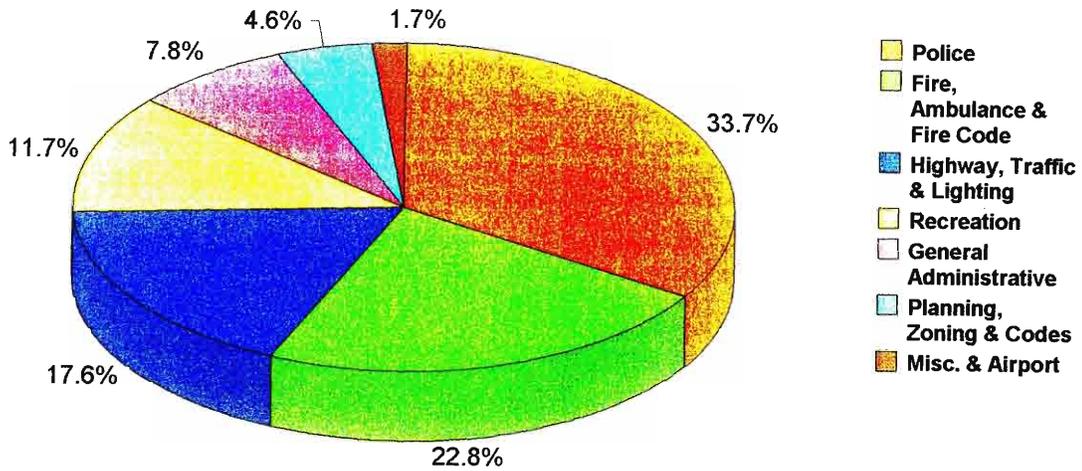
## BOROUGH OF CHAMBERSBURG General Fund Estimated Expenditures 2003



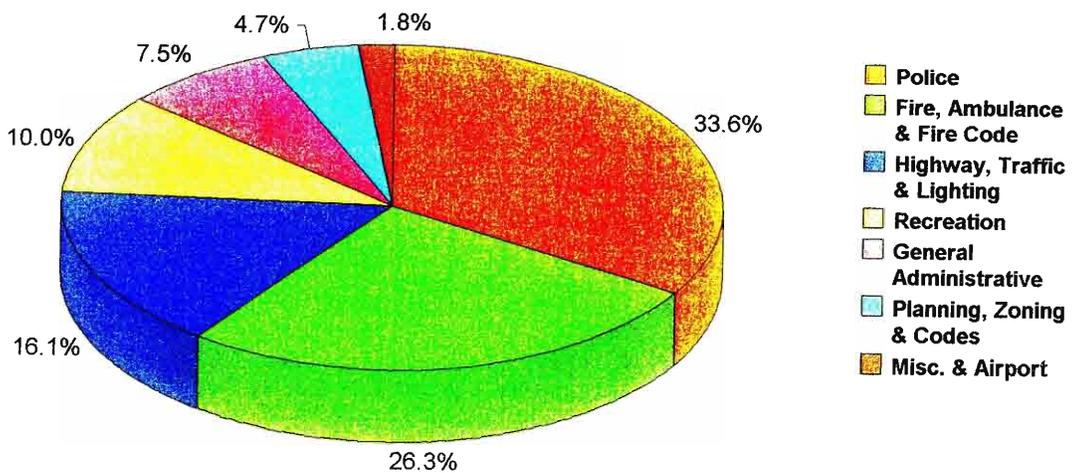
## BOROUGH OF CHAMBERSBURG General Fund Appropriations 2003



## BOROUGH OF CHAMBERSBURG General Fund Actual Expenditures 2002

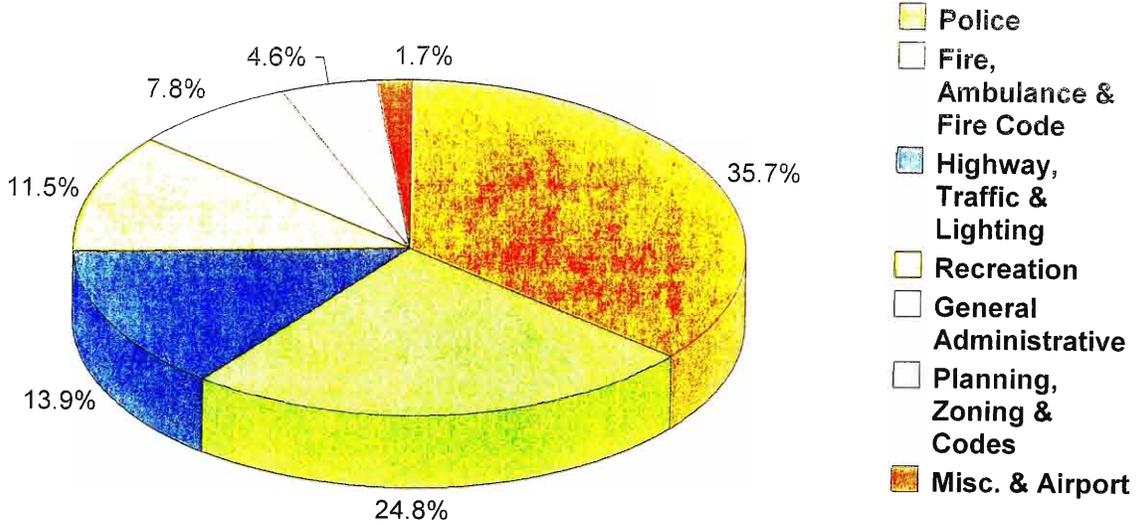


## BOROUGH OF CHAMBERSBURG General Fund Appropriations 2002



# BOROUGH OF CHAMBERSBURG

## General Fund Actual Expenditures 2001



# BOROUGH OF CHAMBERSBURG

## General Fund Actual Expenditures 2000

