Borough of Chambersburg Pennsylvania

Annual Comprehensive Financial Report

For the Year Ended December 31, 2025

Borough of Chambersburg
Pennsylvania

Annual Comprehensive Financial Report

For the Year Ended December 31, 2025

Prepared by the Department of Finance

CONTENTS

I. INTRODUCTORY SECTION (UNAUDITED)

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

II. FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT 1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) 5 - 18
BASIC FINANCIAL STATEMENTS
Government-wide Financial Statements
Statement of net position 19
Statement of activities 20

Fund Financial Statements
Balance sheet – governmental funds 21
Reconciliation of governmental funds balance sheet to the statement of net position 22
Statement of revenues, expenditures, and changes in fund balance – governmental funds 23
Reconciliation of statement of revenues, expenditures, and changes in fund balance of governmental funds to the statement of activities 24
Statement of net position - proprietary funds 25
Statement of revenues, expenses, and changes in fund net position – proprietary funds 26
Statement of cash flows - proprietary funds 27
Statement of fiduciary net position 28
Statement of changes in fiduciary net position 29
Notes to Financial Statements 30 - 79

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
Schedule of changes in the Borough's net pension liability and related ratios – pension trust funds 80 - 82
Schedule of Borough contributions – pension trust funds 83
Schedule of investment returns – pension trust funds 84
Schedule of changes in the Borough's total OPEB liability and related ratios 85
Budgetary comparison schedule – general fund 86

OTHER SUPPLEMENTARY INFORMATION - COMBINING AND INDIVIDUAL NONMAJOR FUND FINANCIAL STATEMENTS AND SCHEDULES

Other Governmental Funds 87
Combining balance sheet – other governmental funds 88
Combining statement of revenues, expenditures, and changes in fund balances – other governmental funds 89
Budgetary comparison schedule – capital reserve fund 90
Budgetary comparison schedule – special revenue fund – grant programs 91
Budgetary comparison schedule – special revenue fund – liquid fuels 92
Budgetary comparison schedule – special revenue fund – fire tax fund 93
Budgetary comparison schedule – special revenue fund – police station bond tax fund 94
Budgetary comparison schedule – special revenue fund – public works campus tax fund 95
Budgetary comparison schedule – special revenue fund – recreation bond tax fund 96
Budgetary comparison schedule – special revenue fund – citizen's reward fund 97

CONTENTS (CONTINUED)

Other Enterprise Funds 98
Combining statement of net position – other enterprise funds 99
Combining statement of revenues, expenses, and changes in net position – other enterprise funds 100
Combining statement of cash flows – other enterprise funds 101
Internal Service Funds 102
Combining statement of net position - internal service funds 103
Combining statement of revenues, expenses, and changes in fund net position - internal service funds 104
Combining statement of cash flows – internal service funds 105 - 106

Trust Funds 107
Combining statement of fiduciary net position – pension trust funds 108
Combining statement of changes in fiduciary net position – pension trust funds 109

Schedule of Taxes Receivable 110

III. STATISTICAL SECTION (UNAUDITED)

Schedule 1 - Net position by component 111
Schedule 2 - Changes in net position 112 - 113
Schedule 3 - Fund balances – governmental funds 114
Schedule 4 - Changes in fund balances - governmental funds 115
Schedule 5 - Program revenues by function 116
Schedule 6 - Tax revenues by source – governmental funds 117
Schedule 7 - Property tax rates – direct and overlapping governments 118
Schedule 8 - Assessed value and actual value of taxable property 119
Schedule 9 - Principal taxpayers 120
Schedule 10 - Property tax levies and collections 121
Schedule 11 - Municipal earned income tax revenue base and collections 122
Schedule 12 - Earned income tax statistics 123
Schedule 13 - Ratios of outstanding debt by type 124
Schedule 14 - Ratios of general bonded debt outstanding 125
Schedule 15 - Legal debt margin information 126
Schedule 16 - Computation of direct and overlapping debt 127
Schedule 17 - Demographic and economic statistics 128
Schedule 18 - Principal employers 129
Schedule 19 - Full-time equivalent municipal employees by function/program 130
Schedule 20 - Operating indicators by function/program 131
Schedule 21 - Capital asset statistics by function/program 132

IV. SINGLE AUDIT SECTION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 133

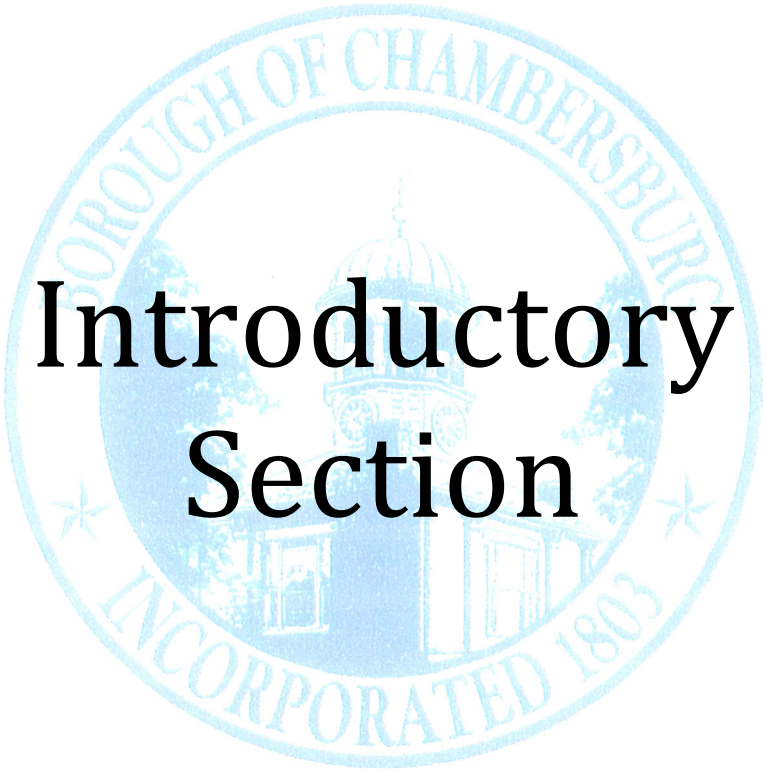
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 134

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* 135 - 136

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE* 137 - 139

SCHEDULE OF FINDINGS AND QUESTIONED COSTS 140 - 145

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 146



Introductory Section

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Borough of Chambersburg
Pennsylvania

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

Borough of Chambersburg

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

Letter of Transmittal for 2025 Annual Comprehensive Financial Report

June 30, 2026

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

The Annual Comprehensive Financial Report of the Borough of Chambersburg for the year ended December 31, 2025, is hereby submitted for your review. This report represents the commitment of the Borough of Chambersburg to adhere to nationally recognized standards of excellence in financial reporting.

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

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

Please review the Management's Discussion and Analysis (MD&A) which is located in the Financial Section of the Annual Comprehensive Financial Report. The MD&A is management's analysis of the municipality's financial position based on currently known facts as of the date of the auditor's report. It is required to precede the financial statements and provide the following analysis:

- Management's analysis of the organization's financial position and results of operations.
- Comparison of current year assets, liabilities, revenues and expenses to the prior year.
- Explanation of significant changes in fund based financial results and budgetary information.
- Description of capital asset and long-term debt activity during the year.
- Description of currently known facts, decisions or circumstances expected to have a significant effect on the future overall financial activities of the municipality.

THE BOROUGH OF CHAMBERSBURG

General Information

The Borough of Chambersburg, one of the earliest permanent settlements west of the Susquehanna River, was founded in 1764 by Benjamin Chambers on land granted to him by the Penn Proprietors. Chambersburg was incorporated as a Borough by an Act of the State Legislature on March 1, 1803. It is located on Interstate 81 in the south-central region of Pennsylvania and is the county seat of Franklin County. The Borough covers an area of 6.58 square miles and lies approximately 50 miles southwest of Harrisburg, 25 miles west of Gettysburg, and 22 miles north of Hagerstown, Maryland. It is the historic and commercial center of the region characterized by varied small and medium industrial enterprises, a rich agricultural area, and residential growth.

According to the U.S. Bureau of the Census, the Borough's population increased from 20,268 to 21,903, between 2010 and 2020, an increase of 8.06 percent during the period.

Municipal Services and Facilities

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

The Borough is unique in Pennsylvania in that it owns and operates electric, gas, water, wastewater, sanitation, storm sewer, parking facilities and an aquatics center. The Borough is the largest municipal electric system, and the only electricity producing, consumer-owned, system in the Commonwealth of Pennsylvania. The Chambersburg Electric Department has been in service to the citizens of Chambersburg since 1893 and the Borough's Gas Department has been providing municipal natural gas since 1946. On August 20, 1875, the citizens of Chambersburg voted in favor of a bond issue to construct a water system, and sewer service was initiated on August 1, 1912.

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

Governmental Organization

The Act of Incorporation in 1803 provided for "the Burgess and Town Council of the Borough of Chambersburg as the one body politic and corporate in law". The title Burgess was changed to Mayor in 1961. The Mayor is elected at large every four years. His/her duties are outlined in the Borough Code and include the oversight of the Police Department. The Mayor votes on actions being considered by Town Council only to break tie votes.

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

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

The Director of Finance, who is appointed by the Borough Manager, is the Chief Financial Officer of the Borough. In the Borough of Chambersburg, the role of the Director of Finance and that of the Borough Treasurer – who is appointed by Town Council – are filled by the same individual, who exercises the powers granted to the Borough Treasurer position under the laws of the Commonwealth of Pennsylvania. As such, the Director of Finance is charged with the responsibility of receiving, disbursing, and maintaining custody of all funds of the Borough, and serves as the Pension Funds Chief Administrative Officer. The Director of Finance advises the Borough Manager and Town Council concerning financial matters and assists the Borough Manager in the preparation of the annual budget.

Departmental Highlight – Finance Department

Each year, we spotlight one of the Borough's many departments by reviewing the selected department's history, activities, and accomplishments. Last year's report focused on the Sanitation Department. This year's report highlights the Finance Department. The Finance Department was formed and recognized as part of the Administrative Service internal service fund in 1980. In 2006, the Finance department was housed in City Hall on the first floor and was made up of a team of about 19 staff. Today, there are about 30 staff. The larger Finance Department is made up of smaller teams including: Accounting; Utility Billing; Customer Service and Collections; Meter Reading; and Parking Enforcement (in conjunction with the Borough Manager's Office). Utility Billing returned to Finance in 2025.

The Finance Department is methodically updating its software to improve efficiency and enable better data collection and reporting for internal and external users. In 2025, the most notable and largest development in the Finance Department was the implementation of the Customer Portal. The Customer Portal was developed to provide customers with greater access and visibility to their utility account and allow more commonly used and newer payment methods to be accepted. To date, over 30% of Borough utility accounts are processed through the Customer Portal.

The Customer Service team has expanded since 2006, and within the last year, the department has reached full staffing levels. The Customer Service team provides many services to the Borough of Chambersburg residents. The most recent project completed by the team was the transition from the PETE program to the customer portal's auto-pay system. The customer portal has increased efficiency and accuracy for the customer service staff. The steering committee continues to work on enhancements to the portal, including exploring the implementation of e-billing.

The Meter Reading team, consisting of five technicians, begins the utility billing process by visiting each property in the Borough to collect meter readings. Most of the gas and electrical meters require a manual read; however, 1,400 AMI water meters are in place currently and 1,000 water meters are being installed yearly to allow for remote reading throughout the Borough. Additionally, with new housing developments being built, the number of meters on a route has increased significantly.

The Accounting team provides many functions to the Borough such as accounts payable, accounts receivable, ambulance billing, collections and tenants' rights, treasury management, accounting (including numerous assets), budgeting, and reporting. A Treasury Accountant position was developed in 2025. This position is responsible for day-to-day bank reconciliations and grant and debt tracking, among other duties.

Economic Environment - Historical

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

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

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

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

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

Economic Environment - Today

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

The 10 largest employers operating in the Borough in 2025 were:

EMPLOYER	PRIMARY BUSINESS	AVERAGE NUMBER OF EMPLOYEES
Wellspan Health	Health Care	3,600
Chambersburg School District	Public Education	1,230
Franklin County Government	Government	680
Ventura Foods	Food Packaging	665
Menno Haven, Inc	Retirement Community	660
Keystone Health	Health Care	610
Global Data Consultants	Information Technology Solutions	280
Borough of Chambersburg	Municipal Government	274
Regal/Rexnard (formerly TB Woods, Inc.)	Power Transmission Equipment	220
Knouse Foods	Food Packaging	148

The Borough of Chambersburg is considered the employment center for the region. Between 2,000 and 28,000 people work in the Borough on a daily basis.

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

EMPLOYER	PRIMARY BUSINESS
Letterkenny Army Depot/Tenants	Repair Military Vehicles and Missiles
Walmart	Retail
Target Distribution Center	Distribution Warehousing
Ulta Beauty	Distribution Center
Martins Famous Pastry Shoppe, Inc.	Potato Bread and Rolls

FINANCIAL INFORMATION

Borough management has taken the initiative to prepare an Annual Comprehensive Financial Report starting with fiscal year ending December 31, 2004, and each year thereafter. The Annual Comprehensive Financial Report (ACFR) provides readers of our financial statements with much additional information relating to the financial condition of the Borough of Chambersburg. Among these include information regarding our local taxpayers, employers, and a plethora of similar information encompassing the past ten years. We are honored and pleased that our efforts have resulted in our receiving the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for each year an Annual Comprehensive Financial Report has been prepared. We are again cognizant of the implications of our continuing to strive for such a prestigious award and will continue to pursue it. With this award, we have been designated as having attained the "highest standards in governmental accounting and financial reporting".

Accounting/Budgetary Control System

Internal Controls. To provide reasonable assurance of the reliability of the information underlying the Borough of Chambersburg's financial statements, management of the Borough is responsible for the establishment and maintenance of an internal control system that provides reasonable, but not absolute, assurance that:

1. The Borough's assets are protected against loss and unauthorized use or disposition: and
2. Adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America

The concept of reasonable assurance recognizes that:

1. The cost of control should not exceed the benefits likely to be derived; and
2. The valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the Borough is responsible for ensuring that adequate controls are in place to ensure and document compliance with applicable laws and regulations related to these programs.

Budgetary Controls. Town Council approves an annual budget for all funds and approves subsequent adjustments to that budget as needed. The "legal level of control" is the level of detail as approved by Council in its appropriation actions and ordinances. Total expenditures and encumbrances cannot exceed the amount approved by Council at the legal level of control. Legal level of control for the Borough is based on departmental level.

A purchasing control system is maintained which generally requires that an applicable appropriation be controlled through the issuance of encumbrances, authorized purchase orders and work orders before a purchase may be made or a contract executed.

Long Term Financial Planning

The Borough of Chambersburg Capital Improvements Plan is a five-year plan reflecting the programming and prioritization of capital improvement needs beginning in the current year. The plan is not a budget, but rather a multi-year approach to capital improvements planning and analysis. The plan incorporates projects and proposals that may, in final analysis, not receive funding, or that may be programmed for a future year.

The plan defines capital projects accordingly:

- A project related to a capital asset according to the Capital Asset Policy adopted by Town Council.
- A project that adds value or useful life to a capital asset.
- A project involving buildings, facilities, land or easements as long as title does not expire in less than twenty-one years.
- A project involving buildings, facilities, land or easements as long as the useful life of such is twenty years or greater and the fair market value is greater than $ 10,000.
- A project involving technology, vehicles or equipment as long as the useful life of such is two years or greater and the fair market value is greater than $ 10,000.

Capital improvement needs for a particular fiscal year are budgeted in a variety of accounts due to the complexity of the Borough budget. Regardless of their placement in the budget, projects require the approval of Town Council in scheduling and appropriation. Should the project be approved in a future budget, the recommended funding source will be set. As such, the plan is subject to change as Town Council adjusts spending limits going forward.

CHANGES IN FINANCIAL POLICIES

The Borough of Chambersburg adopted new accounting guidance, Government Accounting Standards Board ("GASB") Statement No. 96, Subscription-Based Information Technology Arrangements, as of January 1, 2023 and GASB Statement No. 100, Accounting Changes and Error Corrections, GASB Statement No. 101, Compensated Absences, as of January 1, 2024 and GASB Statement No. 102, Certain Risk Disclosures, as of January 1, 2025.

INDEPENDENT AUDIT

The independent accounting firm, Smith Elliott Kearns & Company, LLC, audited the basic financial statements of the Borough of Chambersburg for fiscal year 2025. The financial statements have received an unmodified opinion indicating that, in all material respects, the Borough's basic financial statements are presented fairly and in conformity with accounting principles generally accepted in the United States of America. Auditing standards generally accepted in the United States of America were used by the auditors in conducting the engagement.

ACKNOWLEDGMENTS

The preparation of this Annual Comprehensive Financial Report would not have been possible without the consistently meticulous hard work of every member of the Accounting Department, including Michelle Amsley – Accounting Supervisor, Anita Laman – Staff Accountant, Kathy Jo Bard – Finance Department Secretary, Stephanie Glover – Treasury Accountant, Jennifer Rutan – Accounts Receivable Clerk, and Chris Roberts – Accounts Payable Clerk. This effort requires a significant investment of time and resources on behalf of many, above and beyond their routine responsibilities.

Appreciation is also due to the Department Heads, Assistant Department Heads, Departmental Secretaries, employees of the various departments of the Borough, and our auditors Smith Elliott Kearns & Company, LLC, for their dedicated efforts in assisting in the preparation of this report.

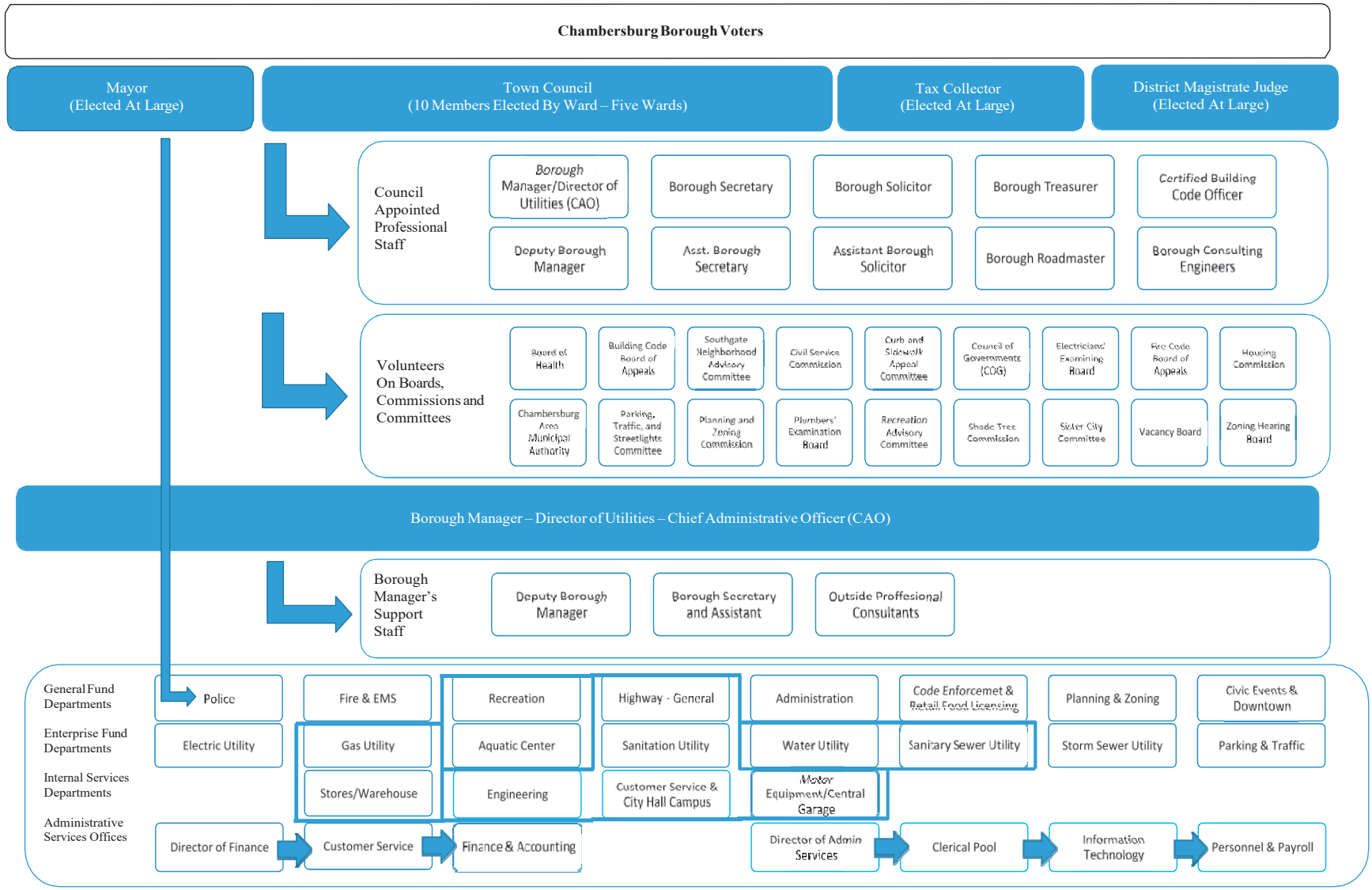
Specifically, I would like to express appreciation to Borough Manager, Jeffrey Stonehill, who has shown consistent confidence and support of the Finance Department.

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

Respectfully submitted,

Eric J. Day, CPA
Acting Director of Finance/Acting Borough Treasurer

Chambersburg Organizational Chart 2025



2025 ROSTER
MAYOR AND MEMBERS OF TOWN COUNCIL
OF THE BOROUGH OF CHAMBERSBURG, PENNSYLVANIA

MAYOR

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2021-2025
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All Borough Staff and Elected Officials can be reached at 717 264 5151; Borough Secretary's Office

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

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AS OF DECEMBER 31, 2025

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Financial Section

SEK CPAs & ADVISORS | Guidance You Can Count On.

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Borough of Chambersburg, Pennsylvania, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Borough of Chambersburg, Pennsylvania's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Borough of Chambersburg, Pennsylvania, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Chambersburg, Pennsylvania's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Chambersburg, Pennsylvania's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 18, the schedules related to the pension and OPEB liabilities on pages 80 through 85, and budgetary comparison information on page 86 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Chambersburg, Pennsylvania's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2026 on our consideration of the Borough of Chambersburg, Pennsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Chambersburg, Pennsylvania's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Chambersburg, Pennsylvania's internal control over financial reporting and compliance.

Chambersburg, Pennsylvania
June 30, 2026

The management of the Borough of Chambersburg provides the following information as an introduction, overview, and analysis of the Borough's financial statements for the year ended December 31, 2025. Readers should also review the basic financial statements and related footnotes on pages 19 – 79 to further enhance their understanding of the Borough's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can first understand the Borough of Chambersburg as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial conditions.

The Statement of Net Position and Statement of Activities (referred to collectively as the government-wide statements) provide information about the activities as an entire operating entity, presenting both an aggregate view of the Borough's finances and a longer-term view of those assets and liabilities. Major fund statements provide the next level of detail. Governmental funds statements tell how services were financed in the short-term as well as what dollars remain for future spending. Proprietary funds statements are prepared on the same basis as the government-wide statements.

Reporting on the Borough of Chambersburg as a Whole

Statement of Net Position and Statement of Activities

These government-wide statements answer the question "How did the Borough, as a whole, perform financially during 2025?" They are prepared on the accrual basis of accounting, in much the same way as a private enterprise, which includes all assets and liabilities and takes into account all of the reporting year's revenues and expenses, regardless of when the cash was received or paid. This report also includes financial data for the Borough's discretely presented component unit, the Chambersburg Area Municipal Authority, which provides conduit financing for local organizations and serves to further economic development in the community through various projects.

- **The Statement of Net Position**. This statement (page 19) reports all assets and liabilities of the Borough as of December 31, 2025. The difference between total assets plus deferred outflow of resources and total liabilities plus deferred inflows of resources is reported as "net position". Increases in net position generally indicate an improvement in financial standing while decreases may indicate a deterioration of financial position.

- **The Statement of Activities**. This statement (page 20) serves the purpose of the traditional income statement. It provides consolidated reporting of the results of all activities of the Borough for the year ended December 31, 2025. Changes in net position are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed. The Statement of Activities displays the expense of the Borough's various programs net of related revenues, as well as a separate presentation of revenues available for general purposes.

A more detailed explanation of these statements is found in Note 1 on pages 30 - 47 in the Notes to the Financial Statements.

Reporting on the Borough of Chambersburg's Most Significant Funds

Fund Financial Statements

These statements provide the financial position and results of operations of the Borough's major funds. A fund is an accounting entity created to account for a specific activity or purpose. Major funds of the Borough of Chambersburg are the General Fund, Electric Fund, Gas Fund, Water Fund, Wastewater Fund, and Swimming Pool Fund. The creation of some funds is mandated by law, while others are created by management to demonstrate financial compliance with budgetary or legal requirements. Funds are classified into three broad categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds**. Governmental funds are used to account for "governmental-type" activities. Unlike the government-wide financial statements, governmental fund statements use a "flow of financial resources" measurement focus. That is to say, the operating statement of a governmental fund attempts to answer the question "Are there more or less resources that can be spent in the near future as a result of events and transactions of the reporting period?" Increases in spendable resources are reported in the operating statement as "revenues" or "other financing sources." Decreases in spendable resources are reported as "expenditures" or "other financing uses." We describe the differences between governmental funds and governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) in reconciliations presented on pages 22 and 24.

  The Borough of Chambersburg maintains separate governmental funds. The governmental fund financial statements on pages 21 through 23 separately display the governmental funds considered to be major funds. All other governmental funds - the "non-major" funds - are combined into a single column. Detailed financial data for each of the non-major governmental funds is provided in combining statements in the supplementary information section of this report.

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

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

  The Borough of Chambersburg's Electric, Gas, Water, Wastewater, Swimming Pool and Storm sewer Funds are all considered to be major funds and are displayed separately in the proprietary fund statements on pages 25 through 27. The Borough has two other proprietary funds, Sanitation and Parking, Traffic & Street Lights, the activities of which are combined into one column for non-major funds.

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

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

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

  Fiduciary fund statements are on pages 28 - 29 of this report.

Other Information

Notes to the Basic Financial Statements

The notes provide additional and explanatory data. They are an integral part of the basic financial statements.

Required Supplementary Information

In addition to the basic financial statements and notes, this report also contains required supplementary information (RSI). RSI includes schedules of pension information, OPEB required schedule of funding progress and budgetary schedules for the General Fund and grant programs fund. This data is on pages 80 through 86 of this report.

The Borough of Chambersburg as a Whole

The following table presents condensed information on net position as of December 31, 2025 and 2024.

Net Position
December 31, 2025 and 2024

	2025 Governmental Activities	2024 Governmental Activities (Restated)	2025 Business-Type Activities	2024 Business-Type Activities	2025 Total	2024 Total (Restated)
Assets						
Current and other assets	$ 21,278,788	$ 23,034,054	$ 87,131,810	$ 69,879,278	$ 108,410,598	$ 92,913,332
Capital assets	37,678,970	35,122,538	160,846,805	155,357,518	198,525,775	190,480,056
Noncurrent receivables	941,950	1,213,243	1,202,173	1,286,294	2,144,123	2,499,537
Total assets	59,899,708	59,369,835	249,180,788	226,523,090	309,080,496	285,892,925
Deferred Outflows of Resources						
Deferred outflows related to pension liability	1,986,770	1,635,909	1,359,510	963,817	3,346,280	2,599,726
Deferred outflows related to OPEB liability	224,202	256,801	43,698	56,159	267,900	312,960
Total deferred outflows of resources	2,210,972	1,892,710	1,403,208	1,019,976	3,614,180	2,912,686
Liabilities						
Current liabilities	2,550,357	2,472,792	11,177,092	8,973,002	13,727,449	11,445,794
Other liabilities	20,738,812	21,383,840	58,005,806	54,470,304	78,744,618	75,854,144
Total liabilities	23,289,169	23,856,632	69,182,898	63,443,306	92,472,067	87,299,938
Deferred Inflows of Resources						
Deferred inflows related to pension liability	3,480,509	735,242	3,716,827	1,857,173	7,197,336	2,592,415
Deferred inflows related to OPEB liability	2,197,053	1,629,596	1,149,626	1,160,339	3,346,679	2,789,935
Deferred inflows related to lessor transactions	914,276	1,180,300	1,175,562	1,280,278	2,089,838	2,460,578
Deferred inflows related to bond refunding	16,991	18,049	48,978	52,047	65,969	70,096
Total deferred inflows of resources	6,608,829	3,563,187	6,090,993	4,349,837	12,699,822	7,913,024
Net Position:						
Net investment in capital assets	25,236,109	25,013,177	113,771,254	113,081,399	139,007,363	138,094,576
Restricted	9,752,504	10,834,138	-	-	9,752,504	10,834,138
Unrestricted	(2,775,931)	(2,004,589)	61,538,851	46,668,524	58,762,920	44,663,935
Total net position	$ 32,212,682	$ 33,842,726	$ 175,310,105	$ 159,749,923	$ 207,522,787	$ 193,592,649

In total, combined net position equaled $207.52 million as of December 31, 2025.

The following tables present condensed information on the changes in net position for the years ended December 31, 2025, and 2024, respectively.

Changes in Net Position
Year Ended December 31, 2025

	Governmental Activities	Business-Type Activities	Total Activities
Revenues			
Program revenues:			
Charges for services	$ 5,032,605	$ 74,304,523	$ 79,337,128
Operating grants and contributions	3,639,471	2,231,956	5,871,427
Capital grants and contributions	241,051	334,807	575,858
General revenues:			
Property taxes, levied for general purposes	5,818,844	-	5,818,844
Property taxes, levied for specific purposes	1,831,719	-	1,831,719
Real estate transfer tax	465,866	-	465,866
Earned income tax	3,420,092	-	3,420,092
Local services tax	833,631	-	833,631
Other taxes	33,806	-	33,806
Unrestricted investment earnings (loss)	854,727	3,332,293	4,187,020
Miscellaneous income	90,725	111,303	202,028
Total revenues	$ 22,262,537	$ 80,314,882	$ 102,577,419
Expenses			
General government	$ 2,693,503	$ -	$ 2,693,503
Public safety	15,029,679	-	15,029,679
Public works	2,896,754	-	2,896,754
Community development	566,046	-	566,046
Culture and recreation	1,756,879	-	1,756,879
Interest expense and debt issuance costs	195,716	-	195,716
Electric	-	30,314,542	30,314,542
Gas	-	8,468,148	8,468,148
Water	-	6,982,466	6,982,466
Sewer	-	10,023,052	10,023,052
Swimming Pool	-	1,317,476	1,317,476
Sanitation	-	5,403,950	5,403,950
Parking, Traffic & Street Lights	-	1,668,343	1,668,343
Storm Sewer	-	1,330,727	1,330,727
Total expenses	23,138,577	65,508,704	88,647,281
Excess before transfers	(876,040)	14,806,178	13,930,138
Transfers	(754,004)	754,004	-
Change in net position	(1,630,044)	15,560,182	13,930,138
Net position - beginning, as previously restated	33,656,992	159,749,923	193,406,915
Restatements (see Note 17)	185,734	-	185,734
Net position - beginning, as restated	33,842,726	159,749,923	193,592,649
Net position - ending	$ 32,212,682	$ 175,310,105	$ 207,522,787

Changes in Net Position
Year Ended December 31, 2024

	Governmental Activities	Business-Type Activities	Total Activities
Revenues	**(as restated)**		
Program revenues:			
Charges for services	$ 4,986,088	$ 64,517,205	$ 69,503,293
Operating grants and contributions	2,754,187	2,187,577	4,941,764
Capital grants and contributions	3,424,734	1,019,588	4,444,322
General revenues:			
Property taxes, levied for general purposes	5,335,576	-	5,335,576
Property taxes, levied for specific purposes	1,600,945	-	1,600,945
Real estate transfer tax	672,512	-	672,512
Earned income tax	3,170,150	-	3,170,150
Local services tax	809,186	-	809,186
Other taxes	106,632	-	106,632
Unrestricted investment earnings (loss)	801,702	2,510,787	3,312,489
Miscellaneous income	67,170	107,303	174,473
Total revenues	$ 23,728,882	$ 70,342,460	$ 94,071,342
Expenses			
General government	$ 2,431,877	$ -	$ 2,431,877
Public safety	13,996,901	-	13,996,901
Public works	2,562,015	-	2,562,015
Community development	802,611	-	802,611
Culture and recreation (also interest expense)	1,798,527	-	1,798,527
Interest expense and debt issuance costs	202,497	-	202,497
Electric	-	30,097,257	30,097,257
Gas	-	7,660,636	7,660,636
Water	-	5,819,771	5,819,771
Sewer	-	9,864,857	9,864,857
Swimming Pool	-	1,213,887	1,213,887
Sanitation	-	4,691,347	4,691,347
Parking, Traffic and Street Lights	-	1,782,261	1,782,261
Storm Sewer	-	1,314,850	1,314,850
Total expenses	21,794,428	62,444,866	84,239,294
Excess before transfers	1,934,454	7,897,594	9,832,048
Transfer of capital assets	-	-	-
Transfers	4,194,990	(4,194,990)	-
Change in net position	6,129,444	3,702,604	9,832,048
Net position - beginning, as previously reported	27,957,797	156,208,580	184,166,377
Restatements	(244,515)	(161,261)	(405,776)
Net position - beginning, as restated	27,713,282	156,047,319	183,760,601
Net position - ending	$ 33,842,726	$ 159,749,923	$ 193,592,649

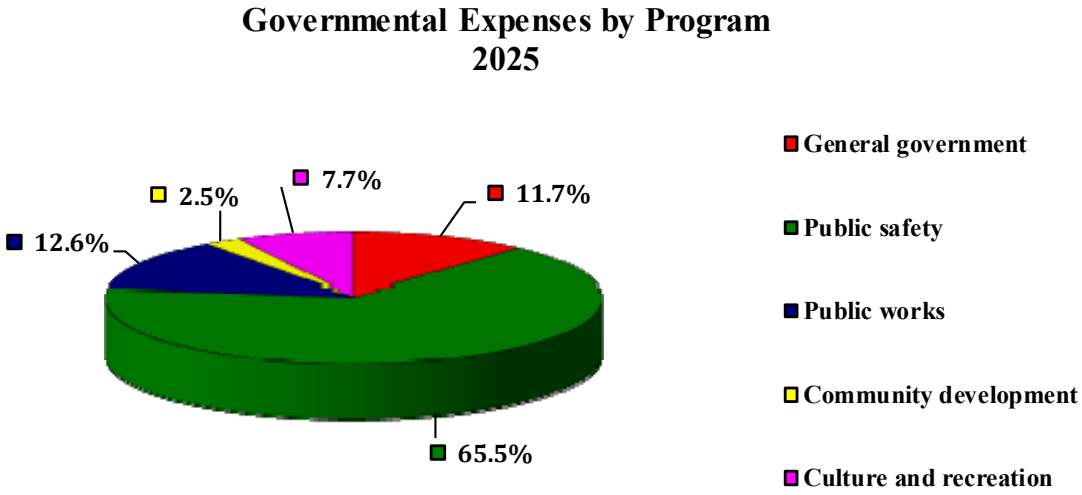
Net position increased $ 13.93 million in 2025 for Total Activities compared to an increase of $ 9.65 million in 2024. This is a $ 4.28 million increase in overall performance for 2025 as compared to 2024 and is the result of an increase in total revenues of $ 8.69 million, and an increase in expenses of $ 4.41 million. Of the $8.69 million increase in Total Activities revenues, $ 9.83 million resulted from an increase in revenue from charges for services, primarily as a result of multiple utility rate increases and $ 3.18 million resulted from a decrease in the amount of grant funds received as compared to the prior year. The $ 4.41 million increase in Total Activities expenses is primarily driven by an increase from the Gas Utility of purchased gas by about $ 1.26 million.

Transfers from Business-Type Activities to Governmental Activities contain $ 2.94 million in transfers considered Payments in Lieu of Gross Receipts Tax from the Electric and Gas Departments to the General Fund. This is designed to mimic the payments that would be required of those utilities if they were subjected to a gross receipts tax. Additionally, there was a $3.20 million transfer of RACP funds from Governmental Activities to Business-Type Activities to help with the cost of the Public Works Campus.

Governmental Activities

The Borough's largest governmental activities revenue source: property taxes, increased by $ 714,042 or 23.5%. This change was primarily the result of an increase to the tax levy from 25.0 to 27.0 mils and the introduction for Public Works Campus Bond Tax at 1.0 mil. The Earned Income Tax increased by $ 249,942 or 7.9% and the Local Services Tax increased by $ 24,445 or 3.0%. These results are generally indicative of positive economic activity within the Borough in 2025. Following macro real estate market trends, real estate transfer taxes decreased by $ 206,646 or 30.7% with 434 sales in 2025 as compared to 492 sales in 2024 which is a sign of the housing market slowing down.

Expenses of governmental activities break down as follows:



Total governmental expenses for 2025 were $ 23.14 million, up $ 1.35 million or 6.2% from the $ 21.79 million in 2024. General government made up 11.6% of the total governmental expenses. Public safety, which consisted primarily of police, fire, and ambulance services, comprised 65.5%. Public works expenses, which include street overlaying and repairs, were 12.5%. Community development comprised 2.4% of total expenses. Leisure time activities represented by culture and recreation expenses were 8.4% of the total.

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

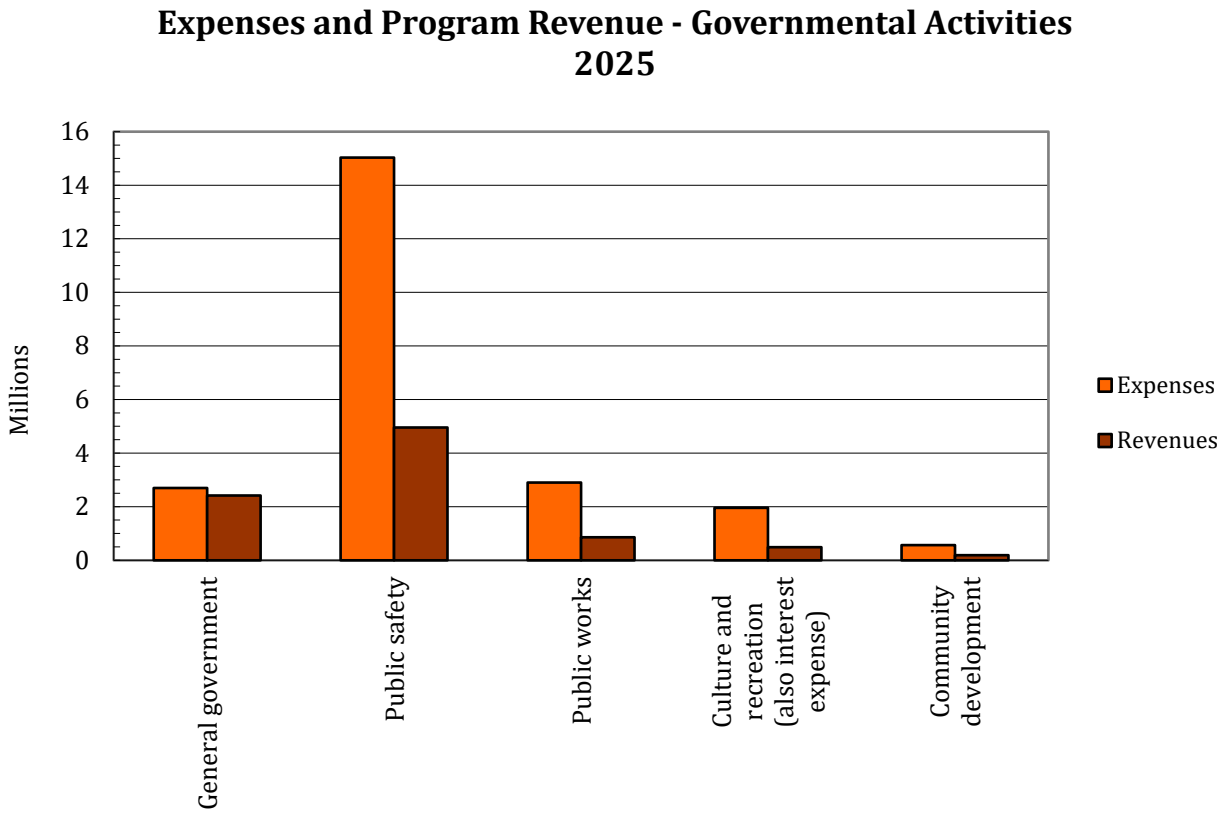
The following tables and graph summarize the net cost of each program:

Expenses and Program Revenue - Governmental Activities
For Year Ended December 31, 2025

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities					
General government	$ 2,693,503	$ 721,957	$ 50,754	$ -	$ (1,920,792)
Public safety	15,029,679	4,038,695	1,682,726	202,051	(9,106,207)
Public works	2,896,754	2,435	673,792	39,000	(2,181,527)
Culture and recreation (also interest expense)	1,756,879	269,518	598,560	-	(888,801)
Community development	566,046	-	633,639	-	67,593
Total Governmental Activities	$ 22,942,861	$ 5,032,605	$ 3,639,471	$ 241,051	$ (14,029,734)

Expenses and Program Revenue - Governmental Activities
For Year Ended December 31, 2024 (as restated)

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities					
General government	$ 2,431,877	$ 789,465	$ 49,325	$ 185,734	$ (1,407,353)
Public safety	13,996,901	3,919,379	1,382,430	3,200,000	(5,495,092.0)
Public works	2,562,015	2,240	667,467	39,000	(1,853,308.0)
Culture and recreation (also interest expense)	2,001,024	275,004	132,211	-	(1,593,809.0)
Community development	802,611	-	522,754	-	(279,857)
Total Governmental Activities	$ 21,794,428	$ 4,986,088	$ 2,754,187	$ 3,424,734	$ (10,629,419)



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

Business-Type Activities

Electric Department 2025 net revenue exceeded 2024 by $ 3.26 million due to an increase in revenues without a corresponding increase to expenses. Service revenues increased by 10.0% primarily due to a rate increase in September. Electric Department expenses increased by 0.7% due primarily to an increase in the run time from the generation plants. The Borough has a diversified energy portfolio through sourcing and internal power generation. From 2021 to 2023, Electric net position decreased $ 5.38 million due to increasing costs outpacing revenue. The 2024 results recovered roughly half of that decrease and the 2025 results recovered the remaining amount.

Gas Department 2025 net revenue exceeded 2024 by $ 3.63 million. Service revenues increased by 55.5% largely associated to an 81.8% increase in the utility rate which was primarily driven by the purchase gas adjustment ("PGA") which is the variable component of the utility rate. The variable rate component has a direct correlation with the purchase price of gas so as gas prices increase, the PGA is reduced. The fixed rate component of the utility rate increased by 8.0%. Gas Department expenses otherwise increased 10.5% primarily due to an increase in price for purchased gas. The Gas Department does have inventory reserves established so that gas supply can be purchased when prices are lower which helps to smooth price changes for customers rather than purchasing gas supply at spot prices.

Water Department 2025 net revenue was lower than 2024 by $ 1.33 million. Service revenues increased by 6.6% due primarily to a $0.02 per unit and ready-to-serve charge increase. Water Department expenses increased by 20.0% primarily due to an increase in distribution system and general and administrative expenses.

Wastewater Department 2025 net revenue exceeded 2024 by $ 352,500. Service revenues increased by 7.9%, primarily driven by a 11.5% utility rate increase in January. Wastewater Department expenses minimally increased by 1.6%.

Swimming Pool 2025 net revenue fell short of 2024 by $ 143,697. Service revenues decreased by 5.1% primarily due to an increase in inclement weather days. Swimming Pool expenses increased by 8.5% primarily due to increased staffing levels and maintenance costs with an aging pool.

Sanitation Department 2025 net revenue fell slightly short of 2024 by $ 48,998 as revenues increased largely in correlation with expenses. Service revenues increased by 14.1% due to a $ 4 per month increase, equating to roughly 14.29% for the average home. Sanitation expenses increased by 15.2% due to increases across the board, from collection and disposal operations to administration.

Parking, Traffic & Street Lights Department 2025 net revenue exceeded 2024 by $ 73,080 as revenues outpaced expenses. Service revenues decreased by 16.4% but were offset by a $ 12,895 increase in grant funding. Parking, Traffic & Street Lights Department expenses decreased by 6.4%.

Storm Sewer Department 2025 net revenue exceeded 2024 by $ 268,643 as expenses outpaced revenues. Service revenues increased by 21.8% primarily due to a $ 1 per ERU per month fee increase. Storm Sewer expenses increased by 1.2% as the department stabilizes operations.

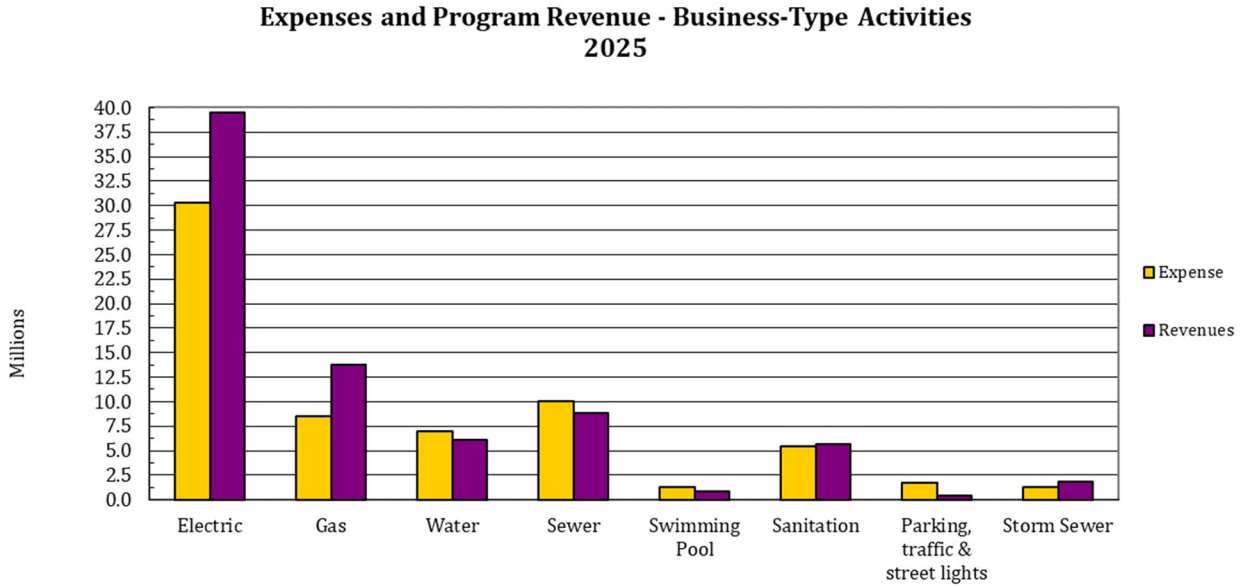
The following table and graph summarize the expenses and program revenues for business-type activities:

Expenses and Program Revenue - Business-Type Activities
For Year Ended December 31, 2025

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Electric	$ 30,314,542	$ 39,376,771	$ 91,483	$ -	$ 9,153,712
Gas	8,468,148	12,042,862	1,773,539	-	5,348,253
Water	6,982,466	6,020,136	57,566	15,080	(889,684)
Sewer	10,023,052	8,596,678	61,482	140,374	(1,224,518)
Swimming Pool	1,317,476	830,558	5,482	-	(481,436)
Sanitation	5,403,950	5,593,534	67,569	-	257,153
Parking, traffic & st. lights	1,668,343	216,206	12,962	179,353	(1,259,822)
Storm Sewer	1,330,727	1,627,778	161,873	-	458,924
Total business-type activities	$ 65,508,704	$ 74,304,523	$ 2,231,956	$ 334,807	$ 11,362,582

Expenses and Program Revenue - Business-Type Activities
For Year Ended December 31, 2024

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Electric	$ 30,097,257	$ 35,787,919	$ 171,039	$ 33,008	$ 5,894,709
Gas	7,660,636	7,742,780	1,632,879	-	1,715,023
Water	5,819,771	5,646,632	46,683	565,455	438,999
Sewer	9,864,857	7,969,122	64,050	254,667	(1,577,018)
Swimming Pool	1,213,887	875,280	868	-	(337,739)
Sanitation	4,691,347	4,900,338	97,160	-	306,151
Parking, traffic & st. lights	1,782,261	258,547	24,354	166,458	(1,332,902)
Storm Sewer	1,314,850	1,336,587	150,544	-	172,281
Total business-type activities	$ 62,444,866	$ 64,517,205	$ 2,187,577	$ 1,019,588	$ 5,279,504



Individual Funds Summary and Analysis

Governmental funds focus on spendable resources and near-term inflows and outflows of those resources. As such, fund balance is generally a good indicator of net resources available for spending at the end of the fiscal year, subject to any stated restrictions on its use.

The combined fund balances of the Borough's governmental funds as of December 31, 2025 were $ 12.98 million, as compared to $ 13.85 million as of December 31, 2024. The General Fund is the primary operating fund of the Borough of Chambersburg, accounting for such activities as police and fire protection, ambulance services, highways, parks and recreation, and general governmental services. The General fund balance shrank slightly from 2024 to 2025 with a decrease from $ 3.38 million to $ 2.65 million, respectively, due to increased spending across all areas such as Highway, Police, Fire, Code Enforcement, and Community Development.

Budget Variations

The General Fund 2025 budget was balanced with revenues equaling expenditures. Operations for the Borough's General Fund resulted in an overall negative net change in fund balance of $ 731,000 for the year ended December 31, 2025. Actual expenditures exceeded total revenues by $ 1.81 million with an offset from net inter-fund transfers of $1.08 million.

The 2025 revenue budget variance was favorable $ 950,896 or 5.7%. There were two primary drivers: 1) by Earned Income Tax exceeded budget roughly $ 517 thousand and 2) Ambulance Service Revenue exceeded budget roughly $196 thousand.

The 2025 expenditures budget variance was favorable $ 826,889 or 4.1%. The Administrative Services budget to actual was favorable and, at year end, there was an unbudgeted Council approved transfer of $ 2.50 million to the General Capital Reserve Fund.

Changes in Revenue and Expenditure Levels

General Fund 2025 net change in fund balance (***ncfb***) was less than 2024 by $1.82 million. In 2025, the Borough finished the year with a negative ***ncfb*** of $ 731,000 compared to a positive ***ncfb*** of $ 1.09 for 2024. Excess (deficiency) of revenues over expenditures improved slightly in 2024 with the bulk of the ***ncfb*** driven by changes in transfers between funds. Council again chose to transfer part of the unbudgeted surplus out into the General Capital Reserve Fund. For 2025 this was done in the amount of $ 2.50 million, similar to the $0.80 million transfer made in 2024.

In the absence of transfers to and from other departments, the General Fund would have ended 2025 with a negative ***ncfb*** of $1.81 million which compares to a negative ***ncfb*** of $1.94 million in 2024.

Changes in Fund Balance

The fund balance in the General Fund decreased by $ 731,000 in 2025. Total expenditures of $ 19.50 million exceeded total revenues of $ 17.68 million by $ 1.82 million, while net Other Financing Sources of $1.08 million helped to lessen the negative change in fund balance for the General Fund.

The combined fund balance of Other Governmental Funds slightly decreased by $ 140,571 in 2025. While revenues exceeded expenses, operating revenues decreased by 19.8% and operating expenses increased by 35.3%. Additionally, there was a $ 3.20 million transfer from the General Capital Reserve and a year-end transfer of $ 2.50 million to the General Capital Reserve.

The 2025 change in net position for the Enterprise Funds increased by of $ 10.33 million as compared to a decrease of $ 3.00 million in 2024. Enterprise Funds operating revenues increased by $ 9.15 million or 13.5%. Operating expenses also increased by $ 3.06 million or 4.9%.

The change in net position of the Electric Department was an increase of $ 6.28 million or 15.9%. From 2021 to 2023, Electric net position decreased $5.38 million due to increasing costs outpacing revenue. The 2024 results recovered roughly half of that decrease and the 2025 results recovered the remaining half. The change in net position for the Gas Department was an increase of $ 4.48 million or 22.4%. This was primarily driven by an increase to fixed component of the utility rate in January 2025 and the PGA adjusting with the price of gas. The change in net position of the Water Department was a decrease of $ 762,505 or 3.6%. Distribution system costs were the primary driver of the increase in operating expenses while the $ 0.02 per unit increase helped to offset it. The change in net position for the Wastewater Department was a decrease of $ 1.38 million or 3.1%, a decrease from 2024 primarily due to an increase in collection and disposal costs. The change in net position of the Swimming Pool was a slight increase of $ 31,836 or 4.5% as the relatively new fund continues to minimally grow in net position. The change in net position of the Storm Sewer Department was an increase of $ 947,681 or 12.8% largely due to a $ 1.00 per ERU per month rate increase. The Other Enterprise Funds, consisting of the Sanitation Department and Parking, Traffic and Street Lights, saw change in net position decrease $ 731,886 or 2.2%, an improvement from 2024.

The change in net position of the Internal Service Funds was an increase of $ 4.92 million or 19.7%, compared to an increase of $ 2.39 million or 10.6% in 2024. Year-over-year, operating revenues decreased by $ 888,988 or 6.4%, while operating expenses increased $ 1.73 million or 11.8%. Current year incoming transfers exceeded outgoing transfers by $ 5.43 million. Positive change in net position continues to be driven primarily by Motor Equipment as vehicle rentals include building towards anticipated replacement equity. Additionally, the Public Works Campus Fund received a $ 3.20 million transfer from the General Capital Reserve to help with the cost of the campus.

Capital Asset and Debt Administration

Capital Asset Activity

In 2025, Chambersburg Borough continued its ambitious multi-year plan to provide its residents, businesses, patrons, and visitors with top-notch infrastructure accommodations, via significant upgrades, by utilizing accumulated reserves in utility funds and special accounts, and financing partnerships with state and federal agencies.

The primary driver of Government Funds capital asset activity was generated by the Highway Department. The Borough continued its street improvement projects with the Engineering Department administering construction contracts for various street projects, including Full Depth Reclamation and/or Mill and Overlay for portions of Chambers Fort Park Pedestrian Bridge Redecking, Kennedy Street Bridge Improvements, Coldbrook Avenue, Orchard Drive, Martin Avenue, Rosewood Court, Garfield Street, Water Street, Duke Alley, East Ludwig Avenue, Independence Court, Rosemont Court, Seaton Court, Pomeroy Court, Wood Alley and permanent restoration of utility-related surface openings on Borough Streets and State Routes.

Capital asset activity in 2025 for Enterprise Funds was driven largely by the Gas Department with a grant funded project currently in progress and the Storm Sewer Department with completed projects funded by both a bond issuance and grant awards.

Since 2000 the Gas Department has replaced 22 of 26 miles of cast iron pipes. With the assistance a U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration Natural Gas Distribution Safety and Modernization Grant, the Gas Department continued its work towards replacing the last remaining miles of cast iron pipes. The Department was awarded Phase I in 2023 and Phase II in 2024 for but was not awarded Phase III. Phase I began 2024 and Phase II began in 2025, contributing the bulk of the Enterprise Funds increase in construction in progress.

In 2025, the Storm Sewer Department completed the North Fourth Street Box, Clippinger Alley Box culvert repair, Conococheague Creek, and other street projects and improvements. Design has been completed for the Southgate Shopping Center and designs have been started for the South Fifth Street, Industrial Drive, South Franklin Street, Chambers Fort Park, and Conococheague Creek Floodplain Mitigation projects.

The Internal Service Funds capital asset activity for 2025 was primarily driven by the Public Works Campus Fund. The construction of the Public Works Campus started in 2025 and is planned to be finished in 2027 with part of the campus planning to open near the end of 2026. A 2025 bond was issued to fund the construction of the campus.

Additional detail on the capital asset activity for the year ended December 31, 2025 is presented in the Notes to the Basic Financial Statements in Note 5.

Debt

A summary of outstanding debt at December 31, 2025 and 2024, respectively, is as follows:

	December 31, 2025	December 31, 2024
General Obligation Bonds, Notes Lease, Subscription Payables		
Governmental activities	$ 12,771,240	$ 10,238,251
Business-type activities	54,733,361	49,408,569
Total outstanding debt	$ 67,504,601	$ 59,646,820

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

Contacting the Borough's Management

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

BOROUGH OF CHAMBERSBURG
Statement of Net Position
December 31, 2025

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	Chambersburg Area Municipal Authority
ASSETS				
Current assets				
Cash and equity in pooled cash and investments	$ 18,169,480	$ 72,825,843	$ 90,995,323	$ 49,186
Receivables, net	2,499,972	10,308,506	12,808,478	-
Inventories	400,319	3,231,902	3,632,221	-
Prepaid expenses	209,017	765,559	974,576	-
Total current assets	21,278,788	87,131,810	108,410,598	49,186
Noncurrent assets				
Noncurrent receivables	941,950	1,202,173	2,144,123	-
Capital assets not being depreciated				
Land	1,663,230	5,046,552	6,709,782	2,756,708
Construction in progress	3,830,290	14,883,013	18,713,303	-
Capital assets net of accumulated depreciation/amortization				
Utility plant in service	-	107,027,892	107,027,892	-
Land improvements	1,096,030	10,360,337	11,456,367	36,362
Buildings and improvements	11,311,737	11,585,351	22,897,088	334,334
Machinery, equipment and furniture	3,230,842	7,527,671	10,758,513	-
Infrastructure	16,473,246	-	16,473,246	-
Right-to-use asset - land	-	4,221,205	4,221,205	-
Right-to-use asset - equipment	11,833	-	11,833	-
Right-to-use asset - IT subscriptions	61,762	194,784	256,546	-
Total capital assets	37,678,970	160,846,805	198,525,775	3,127,404
Total noncurrent assets	38,620,920	162,048,978	200,669,898	3,127,404
Total assets	59,899,708	249,180,788	309,080,496	3,176,590
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources	2,210,972	1,403,208	3,614,180	-
Total deferred outflows of resources	2,210,972	1,403,208	3,614,180	-
Total assets and deferred outflows of resources	$ 62,110,680	$ 250,583,996	$ 312,694,676	$ 3,176,590
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	$ 863,927	$ 5,854,979	$ 6,718,906	$ -
Unearned revenues	641,102	34,971	676,073	-
Customer deposits	-	1,997,031	1,997,031	-
Long-term liabilities: Due within one year				
Bonds, notes, leases and IT subscription payable	422,190	2,246,157	2,668,347	-
Compensated absences	522,296	736,262	1,258,558	-
Liability for self-insured losses	90,302	296,594	386,896	-
OPEB liability -current	10,540	11,098	21,638	-
Total current liabilities	2,550,357	11,177,092	13,727,449	-
Noncurrent liabilities				
Long-term liabilities: Due in more than one year				
Bonds, notes, leases and IT subscription payable	12,349,050	52,487,204	64,836,254	-
Compensated absences	516,495	631,307	1,147,802	-
Net pension liability	6,919,088	4,761,729	11,680,817	-
OPEB liability	954,179	125,566	1,079,745	-
Total noncurrent liabilities	20,738,812	58,005,806	78,744,618	-
Total liabilities	23,289,169	69,182,898	92,472,067	-
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources	6,608,829	6,090,993	12,699,822	-
Total deferred inflows of resources	6,608,829	6,090,993	12,699,822	-
NET POSITION				
Net investment in capital assets	25,236,109	113,771,254	139,007,363	3,127,404
Restricted for future capital projects	8,614,711	-	8,614,711	-
Restricted for specific future expenditures	1,137,793	-	1,137,793	-
Unrestricted	(2,775,931)	61,538,851	58,762,920	49,186
Total net position	32,212,682	175,310,105	207,522,787	3,176,590
Total liabilities, deferred inflows of resources, and net position	$ 62,110,680	$ 250,583,996	$ 312,694,676	$ 3,176,590

BOROUGH OF CHAMBERSBURG
Statement of Activities
Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Discretely Presented Component Unit: Chambersburg Area Municipal Authority
PRIMARY GOVERNMENT								
Governmental activities								
General government	$ 2,693,503	$ 721,957	$ 50,754	$ -	$ (1,920,792)	$ -	$ (1,920,792)	$ -
Public safety	15,029,679	4,038,695	1,682,726	202,051	(9,106,207)	-	(9,106,207)	-
Public works	2,896,754	2,435	673,792	39,000	(2,181,527)	-	(2,181,527)	-
Culture and recreation	1,756,879	269,518	598,560	-	(888,801)	-	(888,801)	-
Community development	566,046	-	633,639	-	67,593	-	67,593	-
Interest expense and debt issuance costs	195,716	-	-	-	(195,716)	-	(195,716)	-
Total governmental activities	23,138,577	5,032,605	3,639,471	241,051	(14,225,450)	-	(14,225,450)	-
Business-type activities								
Electric	30,314,542	39,376,771	91,483	-	-	9,153,712	9,153,712	-
Gas	8,468,148	12,042,862	1,773,539	-	-	5,348,253	5,348,253	-
Water	6,982,466	6,020,136	57,566	15,080	-	(889,684)	(889,684)	-
Sewer	10,023,052	8,596,678	61,482	140,374	-	(1,224,518)	(1,224,518)	-
Swimming pool	1,317,476	830,558	5,482	-	-	(481,436)	(481,436)	-
Sanitation	5,403,950	5,593,534	67,569	-	-	257,153	257,153	-
Parking, traffic and street lights	1,668,343	216,206	12,962	179,353	-	(1,259,822)	(1,259,822)	-
Storm sewer	1,330,727	1,627,778	161,873	-	-	458,924	458,924	-
Total business-type activities	65,508,704	74,304,523	2,231,956	334,807	-	11,362,582	11,362,582	-
Total primary government	$ 88,647,281	$ 79,337,128	$ 5,871,427	$ 575,858	$ (14,225,450)	$ 11,362,582	$ (2,862,868)	$ -
DISCRETELY PRESENTED COMPONENT UNIT								
Chambersburg Area Municipal Authority	$ 210,459	$ -	$ -	$ -	$ -	$ -	$ -	$ (210,459)
General revenues								
Taxes:								
Property taxes, levied for general purposes					$ 5,818,844	$ -	$ 5,818,844	$ -
Property taxes, levied for specific purposes					1,831,719	-	1,831,719	-
Real estate transfer tax					465,866	-	465,866	-
Earned income tax					3,420,092	-	3,420,092	-
Local services tax					833,631	-	833,631	-
Payments in lieu of taxes					33,806	-	33,806	-
Unrestricted investment earnings					854,727	3,332,293	4,187,020	5
Miscellaneous income					90,725	111,303	202,028	-
Total general revenues					13,349,410	3,443,596	16,793,006	5
Transfers					(754,004)	754,004	-	-
Change in net position					(1,630,044)	15,560,182	13,930,138	(210,454)
Net position - beginning, as previously reported					33,656,992	159,749,923	193,406,915	3,387,044
Restatement - error correction					185,734	-	185,734	-
Net position - beginning, as restated					33,842,726	159,749,923	193,592,649	3,387,044
Net position - ending					$ 32,212,682	$ 175,310,105	$ 207,522,787	$ 3,176,590

BOROUGH OF CHAMBERSBURG
Balance Sheet - Governmental Funds
December 31, 2025

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and equity in pooled cash and investments	$ 2,554,779	$ 9,980,895	$ 12,535,674
Due from other funds	1,481	-	1,481
Taxes receivable, net	310,628	95,994	406,622
Receivable from other governments	1,111,813	186,641	1,298,454
Other receivables, net	1,424,810	202,728	1,627,538
Prepaid expense	35,790	-	35,790
Total assets	$ 5,439,301	$ 10,466,258	$ 15,905,559
LIABILITIES			
Accounts payable	$ 697,974	$ 7,663	$ 705,637
Due to other funds	-	1,481	1,481
Due to other governments	36,629	-	36,629
Other payables	6,658	-	6,658
Unearned revenue	95,150	8,698	103,848
Accrued wages, benefits and withholdings	155,188	-	155,188
Total liabilities	991,599	17,842	1,009,441
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources	1,794,144	123,153	1,917,297
Total deferred inflows of resources	1,794,144	123,153	1,917,297
FUND BALANCES			
Nonspendable	35,790	-	35,790
Restricted	-	10,325,263	10,325,263
Unassigned	2,617,768	-	2,617,768
Total fund balances	2,653,558	10,325,263	12,978,821
Total liabilities, deferred inflows of resources, and fund balances	$ 5,439,301	$ 10,466,258	$ 15,905,559

BOROUGH OF CHAMBERSBURG
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2025

Total fund balance - governmental funds		$ 12,978,821
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		
Cost of assets	59,171,834	
Accumulated depreciation/amortization	(28,830,377)	
		30,341,457
Tax and grant receivables will be collected in the future, but are not available soon enough to pay for the current period's expenditures, and therefore are not recorded in the fund financial statement.		1,003,021
Long-term liabilities are not due and payable in the current period and are not included in the fund balance sheet, but are included in the governmental activities of the Statement of Net Position. Long-term liabilities and related deferred inflows and outflows of resources consist of:		
Bonds payable, net of premium	(7,663,361)	
Deferred charge on bond refunding	(16,991)	
Accrued interest	(65,537)	
Compensated absences	(914,746)	
Net pension liability	(6,390,318)	
Deferred outflows related to pension liability	1,829,428	
Deferred inflows related to pension liability	(3,072,291)	
OPEB liability	(949,543)	
Deferred outflows related to OPEB liability	218,584	
Deferred inflows related to OPEB liability	(2,069,934)	
Lease obligations	(6,776)	
IT subscriptions	(1,975)	
		(19,103,460)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, motor equipment, engineering, administrative, and others, to individual funds. A portion of these assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in the governmental activities and are allocated based on the usage of those funds by the governmental funds.		6,992,843
Total net position - governmental activities		$ 32,212,682

BOROUGH OF CHAMBERSBURG
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
Year Ended December 31, 2025

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	$ 10,566,808	$ 1,825,718	$ 12,392,526
Licenses and permits	414,259	-	414,259
Fines and forfeits	106,806	-	106,806
Interest earnings and unrealized investment gains	297,684	256,438	554,122
Intergovernmental	1,689,773	2,457,335	4,147,108
Charges for services	4,337,952	-	4,337,952
Miscellaneous	267,356	185,276	452,632
Total revenues	17,680,638	4,724,767	22,405,405
EXPENDITURES			
General government	2,010,783	30,603	2,041,386
Public safety			
Police department	6,679,748	418,083	7,097,831
Emergency services	6,316,934	31,107	6,348,041
Planning and zoning	991,010	-	991,010
Public works			
Highways	1,705,150	1,060,861	2,766,011
Culture and recreation	1,418,970	640,880	2,059,850
Community development	372,458	551,922	924,380
Debt service	-	483,684	483,684
Miscellaneous	-	1,804	1,804
Total expenditures	19,495,053	3,218,944	22,713,997
Excess (deficiency) of revenues over expenditures	(1,814,415)	1,505,823	(308,592)
OTHER FINANCING SOURCES (USES)			
Transfers in	3,845,096	3,496,718	7,341,814
Transfers out	(2,761,767)	(5,143,112)	(7,904,879)
Total other financing sources and uses	1,083,329	(1,646,394)	(563,065)
Net change in fund balances	(731,086)	(140,571)	(871,657)
Fund balances - beginning	3,384,644	10,465,834	13,850,478
Fund balances - ending	$ 2,653,558	$ 10,325,263	$ 12,978,821

BOROUGH OF CHAMBERSBURG
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
Year Ended December 31, 2025

Net change in fund balances - total governmental funds:		$ (871,657)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which depreciation/amortization expense differs from capital outlays in the period.		
Depreciation/amortization expense	(1,907,751)	
Capital outlays	1,633,358	
		(274,393)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.		(444,233)
The repayment of principal of long term obligations consumes the current financial resources of governmental funds. Also, governmental funds report prepaid bond insurance, bond premiums, and other similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Activity for IT subscription liabilities	209	
Activity for lease liabilities	(2,905)	
Repayment of long-term obligations	270,920	
Amortization of bond premium and other costs	19,153	
		287,377
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. This is the difference between the amount incurred and the amount paid of:		
OPEB liability and related deferred outflows and inflows	(9,205)	
Net pension liability and related deferred outflows and inflows	(70,989)	
Compensated absences	60,980	
		(19,214)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		(307,924)
Change in net position - governmental activities		$ (1,630,044)

BOROUGH OF CHAMBERSBURG
Statement of Net Position - Proprietary Funds
December 31, 2025

	Enterprise Funds								
	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Swimming Pool Fund	Storm Sewer Fund	Other Enterprise Funds	Total	Internal Service Funds
ASSETS									
Current assets									
Cash and equity in pooled cash and investments	$ 15,619,046	$ 5,140,211	$ 7,877,802	$ 12,063,725	$ 727,599	$ 8,746,036	$ 4,147,242	$ 54,321,661	$ 24,137,988
Accounts receivable, net	4,155,264	2,133,898	605,102	1,581,674	3,233	72,799	329,666	8,881,636	7,210
Receivables from other governments	-	680,439	15,080	-	-	24,827	22,171	742,517	-
Lease receivables - current	72,156	-	-	-	-	-	12,325	84,481	-
Other receivables	69,026	23,002	36,353	55,949	-	38,679	18,915	241,924	461,117
Inventories	1,221,223	489,445	108,021	98,370	-	-	-	1,917,059	1,715,162
Prepaid expenses	93,457	14,792	26,519	40,968	-	-	5,760	181,496	742,189
Total current assets	21,230,172	8,481,787	8,668,877	13,840,686	730,832	8,882,341	4,536,079	66,370,774	27,063,666
Noncurrent assets									
Capital assets not being depreciated:									
Land	464,369	37,716	384,488	205,531	-	-	1,276,158	2,368,262	3,493,726
Construction in progress	941,272	2,581,677	459,025	659,095	-	1,194,311	301,455	6,136,835	11,409,050
Capital assets being depreciated:									
Buildings and system	3,313,266	337,021	325,347	554,483	-	-	1,887,897	6,418,014	10,449,048
Improvements other than buildings	81,350	2,860	420,481	103,839	8,545,673	4,723,643	1,778,474	15,656,320	24,356
Machinery and equipment	1,187,339	602,801	782,188	855,264	-	-	1,402,848	4,830,440	16,633,913
Utility plant in service	86,661,292	22,740,997	29,341,177	90,474,392	-	2,602,503	7,391,484	239,211,845	-
Right-to-use asset - land	4,788,521	-	-	-	-	-	-	4,788,521	-
Right-to-use asset - IT subscriptions	-	-	-	-	-	-	-	-	406,220
Less accumulated depreciation and amortization	(54,109,008)	(7,726,020)	(12,305,435)	(57,571,157)	(2,110,300)	(2,190,517)	(6,650,983)	(142,663,420)	(10,978,812)
Total capital assets	43,328,401	18,577,052	19,407,271	35,281,447	6,435,373	6,329,940	7,387,333	136,746,817	31,437,501
Lease receivables	722,934	-	-	-	-	-	479,239	1,202,173	-
Total noncurrent assets	44,051,335	18,577,052	19,407,271	35,281,447	6,435,373	6,329,940	7,866,572	137,948,990	31,437,501
Total assets	65,281,507	27,058,839	28,076,148	49,122,133	7,166,205	15,212,281	12,402,651	204,319,764	58,501,167
DEFERRED OUTFLOWS OF RESOURCES									
Deferred outflows of resources	245,402	102,648	131,295	163,920	21,716	32,777	170,207	867,965	698,203
Total deferred outflows of resources	245,402	102,648	131,295	163,920	21,716	32,777	170,207	867,965	698,203
Total assets and deferred outflows of resources	$ 65,526,909	$ 27,161,487	$ 28,207,443	$ 49,286,053	$ 7,187,921	$ 15,245,058	$ 12,572,858	$ 205,187,729	$ 59,199,370
LIABILITIES									
Current liabilities									
Accounts payable and accrued expenses	$ 2,093,619	$ 1,164,587	$ 516,265	$ 285,997	$ 27,207	282,413	$ 68,600	$ 4,438,688	$ 1,848,894
Unearned revenue	10,393	24,578	-	-	-	-	-	34,971	-
Customer deposits	1,138,307	639,050	99,852	119,822	-	-	-	1,997,031	-
Compensated absences - current	194,088	61,256	63,588	112,400	2,141	10,840	52,869	497,182	311,871
Liability for self insured losses - current	-	-	-	-	-	-	-	-	386,896
Bonds, IT subscription, notes, leases payable - current	617,680	-	316,738	295,170	331,842	171,493	121,261	1,854,184	511,313
OPEB liability - current	2,111	883	1,130	1,410	53	223	1,240	7,050	5,281
Total current liabilities	4,056,198	1,890,354	997,573	814,799	361,243	464,969	243,970	8,829,106	3,064,255
Noncurrent liabilities									
Compensated absences	217,074	40,356	66,226	102,987	306	5,371	30,642	462,962	219,599
Net pension liability	905,734	378,858	484,586	604,998	22,908	95,742	532,163	3,024,989	2,265,510
OPEB liability	23,884	9,990	12,778	15,954	604	2,525	14,034	79,769	59,740
Bonds, IT subscription, notes, leases payable	12,879,970	-	5,864,999	3,241,516	5,989,314	6,197,571	1,942,670	36,116,040	21,335,851
Total noncurrent liabilities	14,026,662	429,204	6,428,589	3,965,455	6,013,132	6,301,209	2,519,509	39,683,760	23,880,700
Total liabilities	18,082,860	2,319,558	7,426,162	4,780,254	6,374,375	6,766,178	2,763,479	48,512,866	26,944,955
DEFERRED INFLOWS OF RESOURCES									
Deferred inflows of resources	1,634,246	394,277	510,537	625,939	71,833	95,521	1,000,331	4,332,684	2,293,646
Total deferred inflows of resources	1,634,246	394,277	510,537	625,939	71,833	95,521	1,000,331	4,332,684	2,293,646
NET POSITION									
Net investment in capital assets	30,255,977	18,551,070	13,225,459	31,683,356	65,239	4,749,248	7,287,813	105,818,162	10,394,199
Unrestricted	15,553,826	5,896,582	7,045,285	12,196,504	676,474	3,634,111	1,521,235	46,524,017	19,566,570
Total net position	45,809,803	24,447,652	20,270,744	43,879,860	741,713	8,383,359	8,809,048	152,342,179	29,960,769
Total liabilities, deferred inflows of resources, and net position	$ 65,526,909	$ 27,161,487	$ 28,207,443	$ 49,286,053	$ 7,187,921	$ 15,245,058	$ 12,572,858	$ 205,187,729	$ 59,199,370
			Some amounts reported for business-type activities in the statement of net position are different because certain internal service funds' assets and liabilities are included with business-type activities.					22,967,926	
			Net position of business-type activities					$ 175,310,105	

BOROUGH OF CHAMBERSBURG
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
Year Ended December 31, 2025

	Enterprise Funds									
	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Swimming Pool Fund	(Formerly -Major) Sanitation Fund	Storm Sewer Fund	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES										
Charges for services	$ 37,013,406	$ 11,978,354	$ 5,644,184	$ 8,418,035	$ 830,555	$ -	$ 1,618,678	$ 5,644,532	$ 71,147,744	$ 14,784,834
Miscellaneous	2,145,991	62,489	220,240	44,898	16,492	-	4,638	169,582	2,664,330	60,763
Total operating revenues	39,159,397	12,040,843	5,864,424	8,462,933	847,047	-	1,623,316	5,814,114	73,812,074	14,845,597
OPERATING EXPENSES										
Production, gathering, treatment and transmission	6,760,134	782,263	3,692,996	4,328,341	-	-	-	-	15,563,734	-
Operation and maintenance	-	-	-	-	976,451	-	-	1,033,819	2,010,270	10,850,136
Collection and disposal	-	-	-	1,263,763	-	-	254,473	4,152,745	5,670,981	-
Purchase of energy for sale	16,990,737	5,020,866	-	-	-	-	-	-	22,011,603	-
Customer accounting and administrative	3,184,700	1,870,038	1,600,582	1,807,581	-	-	647,579	849,605	9,960,085	2,124,298
Claim payments and special services	-	-	-	-	-	-	-	-	-	1,698,581
Increase (decrease) in expected unpaid losses	-	-	-	-	-	-	-	-	-	20,954
Depreciation and amortization	2,493,495	504,983	1,271,529	2,343,432	197,996	-	135,981	743,254	7,690,670	1,699,107
Total operating expenses	29,429,066	8,178,150	6,565,107	9,743,117	1,174,447	-	1,038,033	6,779,423	62,907,343	16,393,076
Operating income (loss)	9,730,331	3,862,693	(700,683)	(1,280,184)	(327,400)	-	585,283	(965,309)	10,904,731	(1,547,479)
NONOPERATING REVENUES (EXPENSES)										
Connection fees	-	-	125,137	133,745	-	-	-	-	258,882	-
Interest earnings and unrealized investment gains (losses)	495,628	178,585	311,160	505,334	35,099	-	650,730	168,423	2,344,959	1,287,938
Gain (loss) on sale of assets	-	(6,504)	5,039	-	-	-		-	(1,465)	57,654
Reimbursement of prior year expense	-	-	-	-	-	-		-	-	176,354
Other nonoperating expenses	(46,869)	(46,870)	(29,880)	-	-	-	-	-	(123,619)	-
Other nonoperating revenues	242,131	2,019	37,254	28,566	-	-	5,041	22,320	337,331	3,261
Intergovernmental revenues	91,483	1,773,539	57,566	61,482	5,482	-	161,873	80,531	2,231,956	434,066
Interest expense and debt issuance costs	(403,203)	-	(194,708)	(64,672)	(126,116)	-	(249,886)	(58,588)	(1,097,173)	(913,010)
Total nonoperating revenues (expenses)	379,170	1,900,769	311,568	664,455	(85,535)	-	567,758	212,686	3,950,871	1,046,263
Income (loss) before contributions and transfers	10,109,501	5,763,462	(389,115)	(615,729)	(412,935)	-	1,153,041	(752,623)	14,855,602	(501,216)
Capital contributions and grants	-	-	15,080	140,374	-	-	-	179,353	334,807	-
Transfers in	10,000	13,500	-	-	450,516	-	-	2,023,141	2,497,157	6,769,078
Transfers out	(3,836,910)	(1,295,645)	(388,470)	(909,040)	(5,745)	-	(205,360)	(717,985)	(7,359,155)	(1,344,015)
Change in net position	6,282,591	4,481,317	(762,505)	(1,384,395)	31,836	-	947,681	731,886	10,328,411	4,923,847
Total net position - beginning, as previously reported	39,527,212	19,966,335	21,033,249	45,264,255	709,877	1,792,079	7,435,678	6,285,083	142,013,768	25,036,922
Adjustment - changes from major fund to nonmajor fund	-	-	-	-	-	(1,792,079)	-	1,792,079	-	-
Total net position - beginning, as restated	39,527,212	19,966,335	21,033,249	45,264,255	709,877	-	7,435,678	8,077,162	142,013,768	25,036,922
Total net position - ending	$ 45,809,803	$ 24,447,652	$ 20,270,744	$ 43,879,860	$ 741,713	$ -	$ 8,383,359	$ 8,809,048	$ 152,342,179	$ 29,960,769

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities	5,231,771
Change in net position of business-type activities	$ 15,560,182

BOROUGH OF CHAMBERSBURG
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2025

	Enterprise Funds								
	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Swimming Pool Fund	Storm Sewer Fund	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:									
Receipts from customers	$ 38,243,518	$ 10,974,062	$ 5,736,522	$ 8,213,173	$ 845,987	$ 1,593,620	$ 5,795,932	$ 71,402,814	$ -
Receipts from interfund services provided	-	-	-	-	-		-	-	14,856,581
Payments to suppliers	(23,458,094)	(6,411,240)	(3,227,139)	(4,991,289)	(464,154)	(501,627)	(4,109,272)	(43,162,815)	(7,383,753)
Payments to and on behalf of employees	(3,705,766)	(1,191,553)	(1,761,211)	(2,223,006)	(516,238)	(255,681)	(1,773,427)	(11,426,882)	(7,850,943)
Refund received for health insurance	-	-	-	-	-	-	-	-	163,924
Net cash provided (used) by operating activities	11,079,658	3,371,269	748,172	998,878	(134,405)	836,312	(86,767)	16,813,117	(214,191)
Cash flows from capital and related financing activities:									
Purchase of capital assets	(723,229)	(1,689,953)	(90,797)	(146,247)	-	(1,335,280)	(179,190)	(4,164,696)	(12,611,350)
Proceeds from debt	-	-	-	-	-	-	-	-	10,201,365
Proceeds from sale of assets	-	-	-	-	-	-	-	-	91,012
Proceeds from tap fees	-	-	125,137	133,745	-	-	-	258,882	-
Transfer from other funds for debt service	-	-	-	-	450,516	-	-	450,516	-
Grants received	-	-	-	-	-	-	203,983	203,983	-
Principal paid on capital debt	(446,781)	-	(270,617)	(284,778)	(304,080)	(6,690)	(108,422)	(1,421,368)	(354,789)
Interest and fiscal charges paid on debt and IT subscriptions	(447,911)	-	(235,575)	(71,883)	(146,436)	(311,837)	(69,644)	(1,283,286)	(695,577)
Principal paid on leases and IT subscriptions	(103,017)	-	-	-	-	-	-	(103,017)	(46,321)
Proceeds from lessor transactions	144,233	-	-	-	-	-	32,055	176,288	6,769,078
Net cash provided (used) by capital and related financing activities	(1,576,705)	(1,689,953)	(471,852)	(369,163)	-	(1,653,807)	(121,218)	(5,882,698)	(3,415,660)
Cash flows from non-capital financing activities:									
Transfer from other funds	10,000	13,500	-	-	-	-	1,836,186	1,859,686	6,769,078
Transfer to other funds	(3,836,910)	(1,295,645)	(388,470)	(909,040)	(5,745)	(205,360)	(717,985)	(7,359,155)	(1,157,060)
Grants received	91,483	1,649,963	57,566	61,482	5,482	161,873	80,531	2,108,380	434,066
Net cash provided (used) by non-capital financing activities	(3,735,427)	367,818	(330,904)	(847,558)	(263)	(43,487)	1,198,732	(3,391,089)	6,046,084
Cash flows from investing activities:									
Interest and dividends received	229,595	82,662	150,366	248,070	18,257	460,052	82,338	1,271,340	837,079
Net cash provided (used) by investing activities	229,595	82,662	150,366	248,070	18,257	460,052	82,338	1,271,340	837,079
Net increase (decrease) in cash and cash equivalents	5,997,121	2,131,796	95,782	30,227	(116,411)	(400,930)	1,073,085	8,810,670	3,253,312
Increase (decrease) in fair value of investments (*)	204,018	78,232	145,255	241,169	16,842	169,010	71,013	925,539	403,876
Total increase (decrease) in cash and cash equivalents	6,201,139	2,210,028	241,037	271,396	(99,569)	(231,920)	1,144,098	9,736,209	3,657,188
Cash and equity in pooled cash and investments - beginning of the year	9,417,907	2,930,183	7,636,765	11,792,329	827,168	8,977,956	3,003,144	44,585,452	20,480,800
Cash and equity in pooled cash and investments - end of the year	$ 15,619,046	$ 5,140,211	$ 7,877,802	$ 12,063,725	$ 727,599	$ 8,746,036	$ 4,147,242	$ 54,321,661	$ 24,137,988
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:									
Operating income (loss)	$ 9,730,331	$ 3,862,693	$ (700,683)	$ (1,280,184)	$ (327,400)	$ 585,283	$ (965,309)	$ 10,904,731	$ (1,547,479)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:									
Depreciation and amortization expense	2,493,495	504,983	1,271,529	2,343,432	197,996	135,981	743,254	7,690,670	1,699,107
Miscellaneous nonoperating income	95,532	2,019	37,254	28,566	-	5,041	1,682	170,094	3,261
Miscellaneous nonoperating expense	(46,869)	(46,870)	(29,880)	-	-	-	-	(123,619)	-
(Increase) decrease in:									
Accounts receivable	(931,420)	(1,024,284)	(121,062)	(278,326)	(1,060)	(34,737)	(10,826)	(2,401,715)	(4,707)
Lease receivable	-	-	-	-	-	-	11,600	11,600	-
Inventories	52,810	(112,786)	(36,557)	-	-	-	-	(96,533)	14,035
Prepaid expenses	(34,586)	(13,920)	(15,877)	(2,304)	-	-	75	(66,612)	(711,594)
Increase (decrease) in:									
Accounts payable and accrued expenses	137,364	421,281	368,474	132,367	(504)	122,104	(43,416)	1,137,670	130,222
Net pension liability and related deferred outflows and inflows	(257,444)	(134,451)	(10,808)	67,797	(135)	14,414	164,297	(156,330)	57,937
Net OPEB liability and related deferred outflows and inflows	(79,564)	(42,880)	(6,681)	(3,426)	(3,302)	8,226	32,514	(95,113)	(31,327)
Unearned revenue	5,927	3,719	-	-	-	-	-	9,646	-
Customer deposits	(85,918)	(48,235)	(7,537)	(9,044)	-	-	-	(150,734)	-
Deferred inflows- leases	-	-	-	-	-	-	(20,638)	(20,638)	-
Refund received for health insurance	-	-	-	-	-	-	-	-	176,354
Net cash provided (used) by operating activities	$ 11,079,658	$ 3,371,269	$ 748,172	$ 998,878	$ (134,405)	$ 836,312	$ (86,767)	$ 16,813,117	$ (214,191)
Non-cash investing, capital and non-capital financing activities									
Change in accounts payable and retainage related to capital assets	$ (33,184)	$ 5,604	$ (3,321)	$ 3,654	$ -	$ (52,708)	$ (9,615)	$ (89,570)	$ 935,023
Increase (decrease) in fair value of investments (*)	204,018	78,232	145,255	241,169	16,842	169,010	71,013	925,539	403,876

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

BOROUGH OF CHAMBERSBURG
Statement of Fiduciary Net Position
December 31, 2025

	Pension Trust Funds	Private Purpose Trust Funds
ASSETS		
Cash and equity in pooled cash and investments	$ 3,403,837	$ 31,937
Mutual funds - Corporate bonds	20,495,383	-
Mutual funds - Stocks	21,584,882	-
Mutual funds - Real estate securities	19,746,062	-
Total assets	$ 65,230,164	$ 31,937
NET POSITION		
Net position restricted for pensions	$ 65,230,164	$ -
Restricted	-	31,937
Total net position	65,230,164	31,937
Total net position	$ 65,230,164	$ 31,937

BOROUGH OF CHAMBERSBURG
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2025

	Pension Trust Funds	Private Purpose Trust Funds
ADDITIONS		
Contributions		
Employer	$ 2,330,870	$ -
Plan member	1,005,766	-
Private sources	-	3,150
Total contributions	3,336,636	3,150
Investment income		
Net appreciation in fair value of investments and gain on sale of investments	7,100,404	-
Interest, dividends, and other	1,583,122	1,456
Total net investment earnings	8,683,526	1,456
Total additions	12,020,162	4,606
DEDUCTIONS		
Benefits	4,290,062	-
Administrative expenses	139,090	-
Miscellaneous expenses	-	4,143
Total deductions	4,429,152	4,143
Change in net position	7,591,010	463
Net position - beginning	57,639,154	31,474
Net position - ending	$ 65,230,164	$ 31,937

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The financial statements of the Borough of Chambersburg have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

The GASB defines the criteria used to determine the composition of the reporting entity. It requires that the reporting entity include (a) the primary government, (b) organizations for which the primary government is financially accountable, (c) organizations that are fiscally dependent on the primary government and a financial benefit or burden exists, and (d) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and if it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for the governmental organizations that are fiscally dependent on it.

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

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

Based upon the application of these criteria, the following component unit is reported discretely as it does not satisfy the blending criteria of GASB Standards:

> The Chambersburg Area Municipal Authority (the "Authority") is governed by a Board appointed by Borough Council. The Authority provides conduit financing to organizations and purchased a local shopping center for purposes of economic revitalization. As a result of the fact the Authority provides services to outside organizations and not only directly to the Borough, as well as the Borough imposing its will on the Authority by having the ability to appoint, hire, reassign, or dismiss those persons responsible for the day-to-day operations of the Authority, the Authority is included in these financial statements as a discretely presented component unit. Separately issued financial statements of the Authority can be obtained by contacting management of the Borough.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

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

Governmental Funds

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

The Borough reports the following major governmental funds:

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

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

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

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

Grant Programs Fund is used to account for the proceeds of specific revenue sources from grants used to finance specific activities as required by law or administrative regulation obtained by the Borough for the governmental activities.

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

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

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

Public Works Campus Tax Fund is used to account for real estate tax revenue levied to pay for debt service associated with the public works campus project.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the focus of proprietary funds is on the determination of net earnings and capital maintenance. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

The Borough reports the following major enterprise funds:

Electric Department – Provides electric power and related services to the Borough of Chambersburg and all customers, both residential and commercial, throughout the Borough.

Gas Department – Provides natural gas and related services to the Borough of Chambersburg in addition to its residential and commercial customers throughout the Borough and within its proximity.

Water Department – Provides water and related services, including laboratory analyses, to the Borough of Chambersburg, its residents, business establishments and various customers within the proximity of the Borough.

Sewer Department – Provides wastewater treatment services for the Borough of Chambersburg, its residents, commercial establishments and various customers located within the neighboring areas of Greene Township, Guilford Township, Hamilton Township and Letterkenny Township.

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

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

The Borough reports the following non-major enterprise funds:

Parking, Traffic and Street Lights Department – Regulates and controls vehicle parking, traffic and streetlights throughout the Borough of Chambersburg.

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

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

Operating Revenues – Operating revenues are defined as any charge for service or revenue related to the general operations of the respective fund. Operating revenues include activities that have the characteristics of exchange transactions, such as (1) utility billings; (2) penalties and late charges; and (3) other miscellaneous sales.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Proprietary Funds (Continued)

Nonoperating Revenues - Nonoperating revenues include activities that have the characteristics of non-exchange transactions (in which the Borough receives value without directly giving equal value in return), such as contributions and grants, and other revenues that are defined as nonoperating revenues by GASB pronouncements, such as investment earnings. Tap fees are also considered nonoperating since they are charged based on future capacity needs of the system and are not based on an exchange-type transaction.

Internal service funds of a government (which traditionally provide services primarily to other funds of the government) are presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are a combination of the Borough's governmental and enterprise funds, financial statements of internal service funds are allocated based on the usage of those funds and included in the governmental and business-type column when presented at the government-wide level. The costs of these services are allocated to the appropriate functional activity.

The Borough's internal service funds consist of:

Stores Fund – The Stores Department is responsible for the purchase, storage, and disbursal of inventory which is used to support the construction and maintenance functions of the Borough utilities.

Motor Equipment Fund – This fund supports the activities of the Motor Equipment Department which manages a rolling stock of more than 120 vehicles.

Self-insurance Fund – This fund is used for the purpose of funding risk which the Borough does not transfer to commercial insurance carriers or insurance pools.

Engineering Fund –This fund supports the activities of the Engineering Department which is responsible for furnishing engineering, surveying, drafting, and utility location information to other departments. The department also designs and inspects public works projects.

Worker's Compensation – This fund underwrites the risks to the Borough resulting from job-related injury or illness to its employees.

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

Public Works Campus – This fund supports the activities of the Public Works Department.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Fiduciary Fund Types

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: pension trust funds (Firemen's, Police, and Bargaining and Administrative Employees), and private-purpose trust fund (Sister City).

Trust funds are used to account for assets held by the Borough under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Borough's own program.

The Borough's fiduciary funds consist of:

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

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

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

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

Basis of Presentation

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the Borough as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Borough that are governmental and those that are considered business-type activities. The primary government is reported separately from the legally separate discretely presented component unit for which the primary government is financially accountable.

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Borough, and for each function or program of the Borough's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods or services offered by the program and grants and contributions that are restricted to

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

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

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

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

Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets plus deferred outflows of resources less total liabilities and deferred inflows of resources) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific Borough expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as unearned revenues until earned. If time eligibility requirements are not met, a deferred inflow of resources would be recorded. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund, liquid fuels fund, capital reserve, grant program tax funds, and proprietary funds. All annual appropriations lapse at year end and must be reappropriated. Budgets are not revised during the year. Encumbrance accounting is utilized for internal management purposes, but not for financial reporting. The budget is prepared and approved at the departmental level. The departments presented in the Budgetary Comparison Schedules included as required supplementary information represent the legal level of budgetary control.

Use of Estimates

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

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash on hand, demand deposits, and in accordance with GASB pronouncements, each fund's equity in the Borough's investment pool since each fund can deposit or effectively withdraw cash at any time without prior written notice or penalty. Cash and cash equivalents on the Proprietary Funds' cash flow statements are in agreement with the amounts listed on the related statement of net position as "cash and equity in pooled cash and investments".

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

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

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type column of the government-wide statement of net position and in the respective fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Borough maintains a capitalization threshold of $ 10,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest costs related to construction are expensed as incurred.

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

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

	Governmental Activities	Business-Type Activities
Land improvements	10-20 years	10-20 years
Buildings	40-50 years	40-50 years
Machinery and equipment	8-40 years	8-40 years
Utility plant in service	20-50 years	20-50 years
Infrastructure - railroads	25 years	N/A
Infrastructure - highways	25 years	N/A
Infrastructure - other	5-50 years	N/A
Right-to-use asset - land	N/A	1-35 years
Right-to-use asset - equipment	1-3 years	4-25 years
Right-to-use asset - IT subscriptions	1-3 years	1-3 years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

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

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

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

- The Borough uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Borough generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the Borough is reasonably certain to exercise.

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

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

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

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

- The Borough uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subscription-based Information Technology Arrangements

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

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

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

- The Borough uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Borough generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

- The subscription term includes the noncancellable period of the subscription arrangement. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and any renewal provisions that the Borough is reasonably certain to exercise.

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Borough has several items that qualify for reporting in this category, as detailed below.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Borough has several items that qualify for reporting in this category, as detailed below. These amounts will be amortized in future periods.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Disaggregated Deferred Outflows of Resources

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

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources			
OPEB liability	$ 224,202	$ 43,698	$ 267,900
Pension liability	1,986,770	1,359,510	3,346,280
Total deferred outflows of resources	$ 2,210,972	$ 1,403,208	$ 3,614,180

	Enterprise Funds							
	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Swimming Pool Fund	Storm Sewer Fund	Other Enterprise Funds	Total
Deferred outflows of resources								
OPEB liability	$ 6,006	$ 2,512	$ 3,214	$ 4,012	$ 1,815	$ 1,369	$ 6,317	$ 25,245
Pension liability	239,396	100,136	128,081	159,908	19,901	31,408	163,890	842,720
Total deferred outflows of resources	$ 245,402	$ 102,648	$ 131,295	$ 163,920	$ 21,716	$ 32,777	$ 170,207	$ 867,965

	Other Enterprise Funds		
	Parking, Traffic and Street Lights Fund	Sanitation Fund	Total Other Enterprise Funds
Deferred outflows of resources			
OPEB liability	$ 3,624	$ 2,693	$ 6,317
Pension liability	56,457	107,433	163,890
Total deferred outflows of resources	$ 60,081	$ 110,126	$ 170,207

	Internal Service Funds				
	Stores Fund	Motor Equipment Fund	Engineering Fund	Administrative Services Fund	Total Internal Service Funds
Deferred outflows of resources					
OPEB liability	$ 4,627	$ 2,880	$ 5,416	$ 11,148	$ 24,071
Pension liability	75,130	57,016	97,660	444,326	674,132
Total deferred outflows of resources	$ 79,757	$ 59,896	$ 103,076	$ 455,474	$ 698,203

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Disaggregated Deferred Inflows of Resources

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

	Governmental Activities	Business-Type Activities	Total
Deferred inflows of resources			
Bond refunding	$ 16,991	$ 48,978	$ 65,969
Lessor transactions	914,276	1,175,562	2,089,838
OPEB liability	2,197,053	1,149,626	3,346,679
Pension liability	3,480,509	3,716,827	7,197,336
Total deferred inflows of resources	$ 6,608,829	$ 6,090,993	$ 12,699,822

	General Fund	Other Governmental Funds	Total Governmental Funds
Deferred inflows of resources			
Unavailable tax revenue	$ 879,868	$ 60,920	$ 940,788
Lessor transactions	914,276	-	914,276
Unavaliable grant revenue	-	62,233	62,233
Total deferred inflows of resources	$ 1,794,144	$ 123,153	$ 1,917,297

	Special Revenue						
	Capital Reserve Fund	Grant Programs Fund	Fire Tax Fund	Police Station Bond Tax Fund	Recreation Bond Tax Fund	Public Works Campus Tax Fund	Total Other Governmental Funds
Deferred inflows of resources							
Unavailable tax revenue	$ -	$ -	$ 25,079	$ 14,827	$ 15,416	$ 5,598	$ 60,920
Unavailable grant revenue	50,798	11,435	-	-	-	-	62,233
Total deferred inflows of resources	$ 50,798	$ 11,435	$ 25,079	$ 14,827	$ 15,416	$ 5,598	$ 123,153

	Enterprise Funds							
	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Swimming Pool Fund	Storm Sewer Fund	Other Enterprise Funds	Total
Deferred inflows of resources								
Lessor transactions	$ 723,249	$ -	$ -	$ -	$ 48,978	$ -	$ 452,313	$ 1,224,540
OPEB liability	217,100	92,227	118,633	146,884	5,471	22,866	128,926	732,107
Pension liability	693,897	302,050	391,904	479,055	17,384	72,655	419,092	2,376,037
Total deferred inflows of resources	$ 1,634,246	$ 394,277	$ 510,537	$ 625,939	$ 71,833	$ 95,521	$ 1,000,331	$ 4,332,684

	Other Enterprise Funds		
	Parking, Traffic and Street Lights Fund	Sanitation Fund	Total Other Enterprise Funds
Deferred inflows of resources			
Lessor transactions	$ 452,313	$ -	$ 452,313
OPEB liability	30,020	98,906	128,926
Pension liability	95,388	323,704	419,092
Total deferred inflows of resources	$ 577,721	$ 422,610	$ 1,000,331

	Internal Service Funds				
	Stores Fund	Motor Equipment Fund	Engineering Fund	Administrative Services Fund	Total Internal Service Funds
Deferred inflows of resources					
OPEB liability	$ 41,803	$ 37,735	$ 60,040	$ 405,060	$ 544,638
Pension liability	132,829	119,903	190,775	1,305,501	1,749,008
Total deferred inflows of resources	$ 174,632	$ 157,638	$ 250,815	$ 1,710,561	$ 2,293,646

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transactions

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Advances between funds which are not expected to be repaid are accounted for as transfers. Interfund balances and transactions are eliminated in the government-wide financial statements.

Exchange transactions, if any, between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and are shown separately in proprietary funds.

Allowance for Uncollectible Accounts

The Borough provides credit to its customers in the normal course of business. Receivables are generally due thirty days after billed. The Borough provides an allowance for uncollectible accounts equal to the estimated losses based on historical collection experience that will be incurred in the collection of all receivables.

Loans Receivable

Loans receivable on the statement of net position (classified in "other receivables") represent loans made to low-income residents under a revolving loan program funded by the Pennsylvania Department of Community and Economic Development (DCED) and the Federal HOME Program, as well as loan agreements with the Chambersburg Area Development Corporation for the renovation of the Heritage Center funded by DCED and Franklin County Visitor's Bureau for visitor center renovations.

Long-Term Obligations

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

Bond premium and discounts, deferred charge on bond refunding, as well as prepaid bond insurance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. The deferred charge on bond refunding is reported as deferred outflows of resources and amortized over the shorter of the life of the refunded or refunding debt. Prepaid bond insurance costs are reported as an asset and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses (if resulting from a disparity in interest rates) or as debt service expenditures (if resulting from underwriter's fees). Issuance costs (including prepaid bond insurance), whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

In the government-wide financial statements and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets: This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt and accounts payable and retainage payable that are attributable to the acquisition, construction or improvement of these assets reduce this category. *Net Investment in Capital Assets* consists of the following at December 31, 2025:

Government-Wide Activity

	Governmental Activities	Business-Type Activities
Capital assets	$ 37,678,970	$ 160,846,805
Bonds, notes, leases, IT subscription liabilities	(12,771,240)	(54,733,361)
Deferred charge on bond refunding	(16,991)	(48,978)
Accounts and retainage payable related to capital assets	(220,777)	(864,225)
Bond isue costs	(6,612)	(36,817)
Unspent bond proceeds	572,759	8,607,830
Net investment in capital assets	$ 25,236,109	$ 113,771,254

Proprietary Funds

	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Swimming Pool Fund	Sanitation Fund	Parking, Traffic, and Street Lights Fund	Storm Sewer Fund	Total
Capital assets	$ 43,328,401	$ 18,577,052	$ 19,407,271	$ 35,281,447	$ 6,435,373	$ 2,767,516	$ 4,619,817	$ 6,329,940	$ 136,746,817
Bonds, notes, leases, IT subscription liabilities	(13,497,650)	-	(6,181,737)	(3,536,686)	(6,321,156)	(2,063,931)	-	(6,369,064)	(37,970,224)
Deferred charge on bond refunding	-	-	-	-	(48,978)	-	-	-	(48,978)
Bond issue cost	(1,239)	-	-	-	-	-	-	(13,862)	(15,101)
Accounts and retainage payable related to capital assets	(6,582)	(25,982)	(75)	(61,405)	-	-	(42)	(45,000)	(139,086)
Unspent bond proceeds	433,047	-	-	-	-	1,964,453	-	4,847,234	7,244,734
Net investment in capital assets	$ 30,255,977	$ 18,551,070	$ 13,225,459	$ 31,683,356	$ 65,239	$ 2,668,038	$ 4,619,775	$ 4,749,248	$ 105,818,162

Internal Service Funds

	Stores Fund	Motor Equipment Fund	Engineering Fund	Administrative Services Fund	Publick Works Campus Fund	Total
Capital assets	$ 117,758	$ 7,650,391	$ 23,816	$ 9,214,833	$ 14,430,703	$ 31,437,501
Bonds, notes, leases, IT subscription liabilities	-	-	-	(7,393,068)	(14,454,096)	(21,847,164)
Accounts and retainage payable related to capital assets	-	-	-	-	(945,916)	(945,916)
Bond issue cost	-	-	-	-	(28,328)	(28,328)
Unspent bond proceeds	-	-	-	-	1,778,106	1,778,106
Net investment in capital assets	$ 117,758	$ 7,650,391	$ 23,816	$ 1,821,765	$ 780,469	$ 10,394,199

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Restricted: This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Restricted for future capital projects	
Restricted for capital improvements	$ 7,917,848
Restricted for highway improvements/projects	696,863
Total	8,614,711
Restricted for specific future expenditures	
Restricted for fire expenditures	22,099
Restricted for grant expenditures	420,001
Restricted for recreation expenditures	425,229
Restricted for police expenditures	142,877
Restricted for future public works expenditures	115,560
Future police expenses	12,027
Total	1,137,793
Total restricted net position	$ 9,752,504

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

Net Position Flow Assumption

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

Deficit Net Position

The Administrative Services Fund and Engineering Fund, (internal service funds) have deficit net position balances of $ (1,828,785) and $ (279,359) respectively at December 31, 2025.

Fund Balance – Governmental Funds

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

Nonspendable: This classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This classification includes items such as prepaid amounts, inventories, and the long-term portion of loans and notes receivable. This also includes the corpus (or principal) of permanent funds. As of December 31, 2025 the Borough has a nonspendable fund balance of $ 35,790 related to prepaid expenses in the general fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance – Governmental Funds (Continued)

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

Restricted for capital improvements	$	8,490,607
Restricted for citizens reward		12,027
Restricted for fire expenses		22,099
Restricted for police expenses		142,877
Restricted for recreation expenses		425,229
Restricted for highway improvements/projects		696,863
Restricted for public works expenses		115,560
Restricted for grant projects		420,001
	$	10,325,263

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

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

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

Minimum Fund Balance

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Order of Spending Policy

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

Pension Trust Funds

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

Deferred Compensation Plan

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

Compensated Absences

This Statement establishes uniform recognition and measurement criteria for all types of compensated absences, including vacation, sick leave, and other forms of paid time off that are attributable to services already rendered and are more likely than not to be used or otherwise paid.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 101, the Borough recognizes a liability for compensated absences based on the pay rates in effect as of the financial statement date, including applicable salary-related payments such as payroll taxes. The liability is remeasured at each reporting date.

The Borough has adopted a last-in, first-out (LIFO) flow assumption for the use of leave balances. Under this approach, the most recently earned leave is assumed to be used first. This assumption aligns with the Borough's administrative practices and provides a more accurate reflection of the expected settlement value of compensated absences.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

- **Bargaining, Non-Bargaining and Police -** As a wellness incentive, the Borough shall pay to an employee with at least five (5) years of continuous employment with the Borough, a post-separation lump sum payment of 1% of such employee's unused accumulated sick leave for each year that the employee has been employed with the Borough. (Example: An employee who has been employed for 15 years with the Borough would be entitled to 15% of the employee's unused accumulated sick leave, subject to the maximum payment amount set forth below). Such payment shall be based upon the employee's hourly rate at the time of separation. However, any employee who is terminated due to gross neglect, fraud, dishonesty, or willful failure to perform such employee's duties, shall forfeit all rights to such lump sum payment for unused sick leave (the wellness incentive). Additionally, employees shall only be eligible for the wellness incentive if, upon separation, the employee has accumulated at least five hundred (500) hours of sick leave. The maximum amount to be paid to any employee for such wellness incentive is $ 10,000 for police and $ 11,242 for bargaining and non-bargaining employees which is adjusted annually with a COLA factor.
- **Fire -** 15% to 27.5% of accumulated sick leave based on years of service.

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

Other Postemployment Benefits Other Than Pension

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

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

Statement of Cash Flows - Proprietary Funds

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

NOTE 2 DEPOSITS AND INVESTMENTS

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

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough does not have a written policy for custodial credit risk. As of December 31, 2025, the Borough has a bank balance of $ 20,755,530. Of this balance, $ 250,000 is covered by FDIC insurance and the remaining balance of $ 20,505,530 is collateralized by securities held by the pledging financial institution, not in the Borough's name. As of December 31, 2025, the Authority has a bank balance of $ 49,186, all of which is covered by FDIC insurance.

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

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

As of December 31, 2025, the Borough's investments were as follows:

Investment Type	Fair Value	Average Credit Quality Rating
PLGIT/PLGIT Prime	$ 11,745,117	AAAm
PLGIT/PLGIT Class	151,839	AAAm
Government Sponsored Enterprises	47,047,113	AA+
U.S. Treasury Notes	9,530,900	AA+
Money Market Mutual Fund	1,880,753	AAA
Negotiable CD's	1,746,055	Not Rated

Credit Risk – Investments

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

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

Interest Rate Risk – Investments

The following investments are subject to interest rate risk:

		Investment Maturities (in Years)		
	Total Fair Value	Less Than 1	1-5	>5
Government Sponsored Enterprises	$ 47,047,113	$ 24,203,931	$ 13,973,651	$ 8,869,531
Negotiable CD's	1,746,055	1,496,587	249,468	-
U. S. Treasury Notes	9,530,900	751,718	5,791,790	2,987,392

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

Concentrations of Credit Risk – Investments

At December 31, 2025, the following investments were in excess of 5% of the Borough's investments: Federal Home Loan Bank (34%), Federal Farm Credit Banks (22%), U.S. Treasurer Notes (13%) and Federal Home Loan Mortgage Corp (7%).

Policies Followed at PLGIT

Regulatory Oversight

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

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Policies Followed at PLGIT (Continued)

Regulatory Oversight (Continued)

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

Valuation of Investments

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

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

Municipal Pension Plans

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

		Investment Maturities (in Years)		
	Value	N/A	1-5	>5
Corporate Bond Mutual Funds	$ 20,495,383	$ -	$ 3,136,330	$ 17,359,053
Open-End Mutual Funds	21,584,882	21,584,882	-	-
Total	$ 42,080,265	$ 21,584,882	$ 3,136,330	$ 17,359,053

Credit Risk - Pension Plans

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

Rating	Percentage of Total
AAA	54.20%
AA	3.86%
A	16.40%
BBB	21.82%
BB	0.89%
B	0.22%
Below B	0.06%
Not rated	2.55%
	100.00%

Foreign Securities and Currencies Risk - Pension Plans

Foreign securities prices may decline or fluctuate because of economic or political actions of foreign governments or the possibility that foreign currency will fluctuate in value against the U. S. dollar. Included in the $ 26,471,650 of Open-End Mutual Funds shown above are International Mutual Funds with a fair value of $ 6,832,504. The International Mutual Funds may be subject to foreign securities and currencies risk.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Investments – Fair Value Measurements

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

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

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

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

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

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

Money Market Mutual Funds

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

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Investments – Fair Value Measurements

Negotiable Certificates of Deposit

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

Agency Bonds

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

Mutual Funds

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

The following table sets forth, by level within the fair value hierarchy, the financial assets that were accounted for at fair value on a recurring basis as of December 31, 2025:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Negotiable certificates of deposit	$ 1,746,055	$ -	$ 1,746,055	$ -
Money market mutual fund	1,880,753	1,880,753	-	-
U.S. Treasury Notes	9,530,900	9,530,900	-	-
Agency Bonds:				
Federal Farm Credit Banks	15,869,940	-	15,869,940	-
Federal Home Loan Mortgage Corp	4,669,832	-	4,669,832	-
Federal Home Loan Bank	24,853,082	-	24,853,082	-
Federal National Mortgage Association	1,654,259	-	1,654,259	-
Total Agency Bonds	47,047,113	-	47,047,113	-
Mutual funds by type:				
Corporate Bond	20,495,383	20,495,383	-	-
Open-End	21,584,882	21,584,882	-	-
Total mutual funds	42,080,265	42,080,265	-	-
Total investments by fair value category	$ 102,285,086	$ 53,491,918	$ 48,793,168	$ -

NOTE 3 TAXES AND OTHER RECEIVABLES

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

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

Receivables as of December 31, 2025 for the Borough's governmental activities, including the applicable allowances for uncollectible accounts, are as follows:

Real estate	$ 406,622
Earned income tax	1,004,339
Real estate transfer tax	51,360
Ambulance billings	783,529
Loans receivable	168,538
Lease receivables	1,053,897
Other	663,114
Allowance for uncollectible accounts	(689,477)
Receivables - full accrual basis	3,441,922
Allocation of internal service funds receivables not recorded in the governmental fund financial statements	(109,308)
Receivables - modified accrual basis	$ 3,332,614

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

	Governmental Activities	Business-Type Activities	Total
Current receivables, net			
Accounts receivable	$ 322,265	$ 8,887,163	$ 9,209,428
Due from other governments	1,296,148	742,517	2,038,665
Lease receivables	192,465	84,481	276,946
Other receivables	282,472	594,345	876,817
Taxes receivable, net	406,622	-	406,622
Total current receivables	$ 2,499,972	$ 10,308,506	$ 12,808,478
Noncurrent receivables			
Loan receivables	$ 80,518	$ -	$ 80,518
Lease receivables	861,432	1,202,173	2,063,605
Total noncurrent receivables	$ 941,950	$ 1,202,173	$ 2,144,123

NOTE 4 LEASE RECEIVABLE/DEFERRED INFLOW

The Borough has entered into multiple land, building and equipment lease agreements for purposes of parking, retail space and cell tower uses respectively. The leases require monthly or yearly principal and interest payments ranging from $ 614 to $ 35,618 based on interest rates ranging from 0.80% to 2.25%. The following table shows the beginning lease receivable and deferred inflows of resources as well as the reductions in both based on current year lease payments received. The Borough recognized $ 385,934 of lease revenue and $ 45,454 of interest revenue during the year ended December 31, 2025.

Lease Receivable

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-Term Portion
Governmental Activities						
Lease receivable	$ 1,295,512	$ -	$ (241,615)	$ 1,053,897	$ 192,465	$ 861,432
Total lease receivable	$ 1,295,512	$ -	$ (241,615)	$ 1,053,897	$ 192,465	$ 861,432
Business-type Activities						
Lease receivable	$ 1,366,334	$ -	$ (79,680)	$ 1,286,654	$ 84,481	$ 1,202,173
Total lease receivable	$ 1,366,334	$ -	$ (79,680)	$ 1,286,654	$ 84,481	$ 1,202,173

Deferred Inflows - Leases

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities				
Deferred inflows of resource - leases	$ 1,180,300	$ -	$ (266,024)	$ 914,276
Total deferred inflows of resources	$ 1,180,300	$ -	$ (266,024)	$ 914,276
Business-type Activities				
Deferred inflows of resource - leases	$ 1,280,278	$ -	$ (104,716)	$ 1,175,562
Total deferred inflows of resources	$ 1,280,278	$ -	$ (104,716)	$ 1,175,562

NOTE 5 CAPITAL ASSETS

Capital asset activity for the Borough consists of the following for the year ended December 31, 2025:

	Beginning Balance, as restated	Additions	Deletions	Reclassifications	Transfers	Ending Balance
Governmental Activities:						
Cost:						
Capital assets not being depreciated						
Land	$ 727,428	$ 49,221	$ -	$ 117,120	$ 769,461	$ 1,663,230
Construction in progress	1,417,917	4,933,337	(2,734,778)	-	213,814	3,830,290
Capital assets being depreciated/amortized						
Land improvements	4,624,570	119,718	-	68,446	-	4,812,734
Buildings and improvements	16,887,631	315,679	-	42,835	-	17,246,145
Machinery, equipment and furniture	6,651,436	1,012,038	(197,710)	(228,401)	-	7,237,363
Infrastructure - highways	24,797,950	1,037,763	-	-	-	25,835,713
Infrastructure - railroads	2,478,702	-	-	-	-	2,478,702
Infrastructure - other	5,836,996	-	-	-	-	5,836,996
Right-to-use asset - equipment	28,397	-	-	-	-	28,397
Right-to-use asset - IT subscription	40,062	62,416	-	-	-	102,478
Total cost	63,491,089	7,530,172	(2,932,488)	-	983,275	69,072,048
Less accumulated depreciation/amortization:						
Land improvements	(3,374,861)	(272,580)	-	(69,263)	-	(3,716,704)
Buildings and improvements	(5,521,413)	(418,297)	10,421	(5,119)	-	(5,934,408)
Machinery, equipment and furniture	(3,743,590)	(516,815)	179,502	74,382	-	(4,006,521)
Infrastructure - highways	(10,840,165)	(961,263)	-	-	-	(11,801,428)
Infrastructure - railroads	(2,478,700)	-	-	-	-	(2,478,700)
Infrastructure - other	(3,284,344)	(113,693)	-	-	-	(3,398,037)
Right-to-use asset - equipment	(7,099)	(9,465)	-	-	-	(16,564)
Right-to-use asset - IT subscriptions	(15,698)	(25,018)	-	-	-	(40,716)
Total accumulated depreciation/amortization	(29,265,870)	(2,317,131)	189,923	-	-	(31,393,078)
Capital assets, net	$ 34,225,219	$ 5,213,041	$ (2,742,565)	$ -	$ 983,275	$ 37,678,970
Business-Type Activities:						
Cost:						
Capital assets not being depreciated						
Land	$ 5,675,727	$ 140,286	$ -	$ -	$ (769,461)	$ 5,046,552
Construction in progress	7,557,508	14,580,155	(7,040,836)	-	(213,814)	14,883,013
Capital assets being depreciated/amortized						
Utility plant in service	237,384,748	3,349,156	(1,423,737)	(98,320)	-	239,211,847
Land improvements	14,983,430	766,195	(74,635)	-	-	15,674,990
Buildings	14,162,332	234,270	-	31,650	-	14,428,252
Machinery and equipment	15,851,038	2,365,874	(701,756)	66,670	-	17,581,826
Right-to-use asset - land	4,788,521	-	-	-	-	4,788,521
Right-to-use asset - IT subscriptions	114,988	202,858	(8,584)	-	-	309,262
Total cost	300,518,292	21,638,794	(9,249,548)	-	(983,275)	311,924,263
Less accumulated depreciation/amortization:						
Utility plant in service	(126,945,045)	(6,665,331)	1,415,932	10,489	-	(132,183,955)
Land improvements	(4,895,129)	(466,952)	74,635	(27,207)	-	(5,314,653)
Buildings	(2,428,097)	(449,354)	40,570	(6,020)	-	(2,842,901)
Machinery and equipment	(9,522,379)	(1,196,470)	641,956	22,738		(10,054,155)
Right-to-use asset - land	(426,074)	(141,242)	-	-	-	(567,316)
Right-to-use asset - IT subscriptions	(45,141)	(77,921)	8,584	-	-	(114,478)
Total accumulated depreciation/amortization	(144,261,865)	(8,997,270)	2,181,677	-	-	(151,077,458)
Capital assets, net	$ 156,256,427	$ 12,641,524	$ (7,067,871)	$ -	$ (983,275)	$ 160,846,805

NOTE 5 CAPITAL ASSETS (CONTINUED)

	Beginning Balance,	Additions	Deletions	Reclassifications	Transfers	Ending Balance
Discretely Presented Component Unit						
Cost:						
Capital assets not being depreciated						
Land	$ 2,756,708	$ -	$ -	$ -	$ -	$ 2,756,708
Capital assets being depreciated/amortized						
Land improvements	170,364	-	-	-	-	170,364
Buildings	968,660	-	-	-	-	968,660
Total cost	3,895,732	-	-	-	-	3,895,732
Less accumulated depreciation/amortization:						
Land improvements	(97,756)	(36,246)	-	-	-	(134,002)
Buildings	(464,384)	(169,942)	-	-	-	(634,326)
Total accumulated depreciation/amortization	(562,140)	(206,188)	-	-	-	(768,328)
Capital assets, net	$ 3,333,592	$ (206,188)	$ -	$ -	$ -	$ 3,127,404

In 2025, there was a restatement related to capital assets, see Note 17 for more information.

In 2025, there were certain assets that were incorrectly coded within the capital asset classifications. These adjustments are shown in the reclassification column.

In 2025, the Borough created a new Public Works Campus Fund related to the ongoing construction of the new Public Works Campus. As a result of project, the Borough approved transferring capital assets out of the Sanitation Fund and into the new Public Works Campus internal service fund. The transfer of assets is shown in the transfer column and is allocated to the governmental activities and business-type activities through the Internal Service Fund allocation.

See Note 14 for project commitments.

Depreciation/amortization expense for the year ended December 31, 2025 was charged to expense functions, including the internal service fund allocations, as follows:

	Governmental Activities	Business-Type Activities
General government	$ 279,605	$ -
Public safety	505,582	-
Public works	1,190,284	-
Culture and recreation	341,660	-
Electric	-	2,907,219
Gas	-	730,077
Water	-	1,454,846
Sewer	-	2,548,235
Sanitation	-	442,679
Parking, traffic and street lights	-	523,452
Storm Sewer	-	176,737
Swimming Pool	-	214,025
	$ 2,317,131	$ 8,997,270

Internal Service Fund Allocation

The capital asset information shown above for governmental activities and business-type activities includes the allocation of capital assets, accumulated depreciation and current year depreciation expense of internal services funds. This allocation is based on the applicable usage of each internal service fund by the governmental activities (23%) and the business-type activities (77%). These allocations changed in 2025 compared to December 31, 2024, thus the beginning balances do not match the previous year financial statements due to reallocating the beginning balance of the internal service funds using the new allocations.

NOTE 6 DISAGGREGATED ACCOUNTS PAYABLE

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

	Governmental Activities	Business-Type Activities	Total
Accounts payable and accrued expenses			
Accounts payable	$ 586,297	$ 5,183,015	$ 5,769,312
Accrued interest	65,537	493,672	559,209
Accrued wages and withholdings	175,464	178,292	353,756
Due to other governments	36,629	-	36,629
Total accounts payable and accrued expenses	$ 863,927	$ 5,854,979	$ 6,718,906

	Enterprise Funds							
	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Swimming Pool Fund	Storm Sewer Fund	Other Enterprise Funds	Total
Accounts payable and accrued expenses								
Accounts payable	$ 1,968,462	$ 1,150,264	$ 447,374	$ 255,983	$ 5,075	$ 174,392	$ 37,191	$ 4,038,741
Accrued interest	91,337	-	56,193	5,690	21,751	105,968	15,187	296,126
Accrued wages and withholdings	33,820	14,323	12,698	24,324	381	2,053	16,222	103,821
Total accounts payable and accrued expenses	$ 2,093,619	$ 1,164,587	$ 516,265	$ 285,997	$ 27,207	$ 282,413	$ 68,600	$ 4,438,688

	Parking, Traffic and Street Lights Fund	Sanitation Fund	Total Other Enterprise Funds
Accounts payable and accrued expenses			
Accounts payable	$ 16,332	$ 20,859	$ 37,191
Accrued interest	-	15,187	15,187
Accrued wages and withholdings	2,483	13,739	16,222
Total accounts payable and accrued expenses	$ 18,815	$ 49,785	$ 68,600

	Stores Fund	Motor Equipment Fund	Self Insurance Fund	Engineering Fund	Worker's Compensation Fund	Administrative Services Fund	Public Works Campus Fund	Total Internal Service Funds
Accounts payable and accrued expenses								
Accounts payable	$ 3,943	$ 34,262	$ -	$ 22	$ 6,440	$ 121,730	$ 1,206,289	$ 1,372,686
Accrued interest	-	-	-	-	-	-	257,691	257,691
Accrued wages and withholdings	5,015	7,633	1,117	8,376	-	75,004	-	97,145
Arbitrage payable	-	-	-	-	-	-	121,372	121,372
Total accounts payable and accrued expenses	$ 8,958	$ 41,895	$ 1,117	$ 8,398	$ 6,440	$ 196,734	$ 1,585,352	$ 1,848,894

NOTE 7 LONG-TERM LIABILITIES

The changes in long-term liabilities during the year ended December 31, 2025 were as follows:

		Beginning Balance	Additions		Reclassifications	Reductions	Ending Balance	Unamortized Bond Premium and Discount	Current Portion	Long-term Portion
Governmental Activities:										
Bonds										
(F)	Capital Reserve 2022A GO Bond	$ 5,775,000	$ -		$ -	$ -	$ 5,775,000	$ 274,715	$ 13,298	$ 6,036,417
(E)	Recreation Tax 2021A GO Bond	964,832	-		-	(45,920)	918,912	35,493	50,112	904,293
(G)	General Fund 2022B GO Bond	870,000	-		-	(225,000)	645,000	14,241	230,689	428,552
(H)	Public Works 2024 GO Bond	-	-		590,792	(633)	590,159	13,607	16,222	587,544
(J)	Public Works 2025 GO Bond	-	2,332,833		-	-	2,332,833	46,729	3,068	2,376,494
Direct Borrowing										
(A)	Administrative Services 2017 GO Note	1,806,550	-		-	(81,008)	1,725,542	-	82,545	1,642,997
(I)	Public Works 2024 GO Note	-	-		391,425	(1,167)	390,258	-	17,505	372,753
	Lease liabilities	13,336	-		-	(6,560)	6,776	-	6,776	-
	IT subscription liabilities	14,701	-		-	(12,726)	1,975	-	1,975	-
Subtotal - bonds, notes, lease, subscription payables		9,444,419	2,332,833		982,217	(373,014)	12,386,455	384,785	422,190	12,349,050
Liability for self-insured losses		106,708	148,825		-	(165,231)	90,302	-	90,302	-
Compensated absences		1,170,547	(131,756)	*	-	-	1,038,791	-	522,296	516,495
Total long-term liabilities		$ 10,721,674	$ 2,349,902		$ 982,217	$ (538,245)	$ 13,515,548	$ 384,785	$ 1,034,788	$ 12,865,545
Business-Type Activities										
Bonds										
(B)	Electric 2019 GO Bond	$ 7,650,000	$ -		$ -	$ (380,000)	$ 7,270,000	$ 457,957	$ 428,516	$ 7,299,441
(D)	Electric 2021 GO Bond	866,098	-		-	(66,183)	799,915	21,792	68,597	753,110
(H)	Electric 2024 GO Bond	557,989	-		-	(598)	557,391	12,852	15,323	554,920
(E)	Swimming Pool 2021A GO Bond	6,390,168	-		-	(304,080)	6,086,088	235,068	331,842	5,989,314
(C)	Water 2020 GO Bond	5,889,893	-		-	(270,617)	5,619,276	562,461	316,738	5,864,999
(C)	Sanitation 2020 GO Bond	1,510,107	-		-	(69,383)	1,440,724	138,163	80,798	1,498,089
(D)	Sanitation 2021 GO Bond	511,220	-		-	(39,039)	472,181	12,862	40,463	444,580
(H)	Sanitation 2024 GO Bond	2,531,241	-		(2,531,241)	-	-	-	-	-
(D)	Sewer 2021 GO Bond	3,727,679	-		-	(284,778)	3,442,901	93,785	295,170	3,241,516
(H)	Storm sewer 2024 GO Bond	6,245,769	-		-	(6,690)	6,239,079	143,849	171,493	6,211,435
(H)	Public Works 2024 GO Bond	-	-		1,940,449	(2,079)	1,938,370	44,692	53,279	1,929,783
(J)	Public Works 2025 GO Bond	-	7,662,167		-	-	7,662,167	153,481	10,078	7,805,570
Direct Borrowing										
(A)	Administrative Services 2017 GO Note	5,933,595	-		-	(266,069)	5,667,526	-	271,120	5,396,406
(I)	Sanitation 2024 GO Note	1,677,057	-		(1,677,057)	-	-	-	-	-
(I)	Public Works 2024 GO Note	-	-		1,285,632	(3,833)	1,281,799	-	57,496	1,224,303
	Lease liabilities	4,481,999	-		-	(103,017)	4,378,982	-	105,244	4,273,738
	IT subscription liabilities	35,510	-		-	(35,510)	-	-	-	-
Subtotal - bonds, notes, lease, subscription payables		48,008,325	7,662,167		(982,217)	(1,831,876)	52,856,399	1,876,962	2,246,157	52,487,204
Liability for self-insured losses		259,234	438,766		-	(401,406)	296,594	-	296,594	-
Compensated absences		1,413,236	(45,667)	*	-	-	1,367,569	-	736,262	631,307
Total long-term liabilities		$ 49,680,795	$ 8,055,266		$ (982,217)	$ (2,233,282)	$ 54,520,562	$ 1,876,962	$ 3,279,013	$ 53,118,511

* The change in the compensated absences liability is presented as a net change.

In addition to the long-term liabilities listed above, the Borough has a net pension liability and a total OPEB liability. See Note 11 and Note 12 for additional details. The General Fund and the Internal Service Fund have been used in prior years to liquidate the net pension liability and total OPEB liability in the Governmental Activities.

Internal Service Fund Allocation

The liability for self-insured losses and compensated absences information shown above for governmental activities and business-type activities includes the allocation of self-insured losses and compensated absences of internal service funds. This allocation is based on the applicable usage of each internal service fund by the governmental activities (23%) and the business-type activities (77%). These allocations changed in 2025 compared to 2024, thus the beginning balances do not match the previous year financial statements due to reallocating the beginning balance of the internal service funds using the new allocations.

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Bonds and Notes Payable

(A) **General Obligation Notes – Series of 2017 –** On February 17, 2017, the Borough issued a General Obligation Note in the total amount not to exceed $ 9,750,000 to be used for the purpose of financing the design, construction and equipping of a municipal building annex. The funds will be utilized by the Administrative Services Fund, which is an Internal Service Fund; thus, the debt is allocated between the governmental activities and business-type activities. The Note is interest only for 18 months from the date of issuance, with principal and interest due monthly beginning on September 1, 2018. On March 1, 2022, interest rates were modified to a fixed rate of 2% for a 10 year period ending on March 31, 2032. Following the fixed interest rate period, the interest rate will float at 1 minus the corporate tax rate percentage times the U.S. Prime Rate minus 0.25% with a tax-exempt floor rate of 1.98%, and the tax-exempt ceiling rate of 3.5%. The maturity date of the principal is September 1, 2043, based on the loan being fully drawn.

(B) **General Obligation Bonds – Series of 2019 –** On February 25, 2019, the Borough issued General Obligation Bonds in the amount of $ 9,315,000 to be used for the purpose of financing various projects, including improvements to electric generation and supply facilities. The Bond requires semiannual principal and interest payments on October 1 and April 1 of each year beginning October 1, 2019 until paid in full in October 2039. The Bonds have a fixed interest rate of 5% through 2023. Thereafter the interest rate is 4%.

(C) **General Obligation Bonds – Series of 2020 -** On January 13, 2020, the Borough issued General Obligation Bonds, Series of 2020 in the amount of $ 9,050,000 for the purpose of financing various capital projects, including the acquisition of real property for municipal purposes, the addition to the Water Treatment Plant, and various other capital improvement projects. The funds will be utilized by the Water Fund and Sanitation Fund. The Bond requires semiannual interest payments due on April 1, and October 1 of each year, and annual principal payments due on October 1 of each year, beginning October 1, 2020 until paid in full in October 2040. The bonds have a fixed interest rate of 4%.

(D) **General Obligation Bonds – Series of 2021** – On November 30, 2021 the Borough issued General Obligation Bonds, Series of 2021 in the amount of $ 6,230,000 for the purpose of refunding the General Outstanding Note, Series of 2012, refunding General Outstanding Note, Series of 2014, and paying the costs to issue the bonds. The funds will be utilized by the Electric, Sanitation, and Sewer funds. The Bond requires semiannual interest payments due on June 1 and December 1 of each year and annual principal payments due on June 1 of each year, beginning June 1, 2022 until paid in full in June 2039. The Bonds have a fixed interest rate of 2.00% through 2037. Thereafter, the interest rate is 2.05%.

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

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Bonds and Notes Payable (Continued)

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

(G) **General Obligation Bonds – Series of 2022B –** On March 3, 2022, the Borough issued General Obligations Bond Series of 2022 B in the amounts of $ 1,305,000 for the purpose of financing costs related to the purchase, acquisition, and construction of the municipal police station and to pay the related costs of issuing the bond. The Bond requires semiannual interest payments due on March 1 and September 1, with the first payment beginning on September 1, 2022. The Bond requires annual principal payments due on September 1, 2022, until September 2028. The Bond has a fixed interest rate of 2%.

(H) **General Obligation Bonds – Series of 2024** –On May 14, 2024, the Borough issued General Obligations Bonds, Series of 2024 in the amounts of $ 9,335,000 for the purpose of financing costs related to the purchase, acquisition, and construction of the public works facility, improvements to storm sewer facilities and electric facilities, various capital improvement projects and pay the related costs of issuing the bond. The Bond requires semiannual interest payments due on February 1 and August 1, with the first payment beginning February 1, 2025. The Bond requires annual principal payments beginning August 1, 2025, until August 2044. The bonds have fixed interest rates of 4% to 5% through 2028.

The Series of 2024 debt issuance was originally allocated to the Electric, Sanitation and Storm sewer funds. In 2025, the Borough approved reallocating the Sanitation fund's portion to debt to the newly created Public Works Campus Internal Service fund.

(I) **General Obligation Note – Series of 2024 –** On May 2, 2024, the Borough issued General Obligation Note, Series of 2024, in the amount of $ 1,770,000. As of December 31, 2024, the Borough drew on $1,677,057 for the purpose of financing the acquisition of various properties for the purpose of developing a new public works complex and to pay related expenses. The note requires semiannual interest payments due on February 1 and August 1, with the first payment beginning February 1, 2025. The Note requires annual principal payments beginning August 1, 2025, until August 2034. The Note has a fixed interest rate of 6.25%.

The Series of 2024 note issuance was originally allocated to the Sanitation fund. In 2025, the Borough approved reallocating the Sanitation fund's portion to note to the newly created Public Works Campus Internal Service fund.

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Bonds and Notes Payable (Continued)

(J) **General Obligation Bonds – Series of 2025 –** On February 26, 2025, the Borough issued General Obligation Bonds, Series of 2025, in the amount of $ 9,995,000 for the purpose of financing costs related to the planning, designing, engineering, acquiring, constructing, furnishing and equipping the public works facility and pay the related costs of issuing the bond. The Bond requires semiannual interest payments due on February 1 and August 1, with the first payment beginning February 1, 2025. The Bond requires annual principal payments beginning August 1, 2025, until August 2050. The bonds have fixed interest rates of 4% to 5% through 2046.

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

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

Subsequent Event

On January 8, 2026, the Borough issued General Obligation Bonds Series of 2026 in the amount of $ 9,995,000 for the purpose of planning, designing, engineering, acquiring, constructing, furnishing and equipping the new public works campus and to refund the General Obligation Note Series of 2024. The bonds require semiannual interest payments due on February 1 and August 1, with the first payment beginning August 1, 2026. The bonds require annual principal payments beginning August 1, 2027. The bonds have fixed interest rates ranging from 4% to 5%.

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

The following is a schedule by years and in the aggregate of future minimum bond and note principal and interest payments required at December 31, 2025:

	BONDS											
	Electric						Recreation Tax		Swimming Pool		Water	
	Series of 2019 Bond		Series of 2021 Bond		Series of 2024 Bond		Series of 2021A Bond		Series of 2021A Bond		Series of 2020 Bond	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 395,000	$ 290,800	$ 67,032	$ 15,374	$ 14,645	$ 22,920	$ 47,888	$ 19,818	$ 317,112	$ 131,232	$ 278,576	$ 224,772
2027	415,000	275,000	67,880	14,024	15,242	22,188	50,512	17,423	334,488	115,377	290,515	213,628
2028	430,000	258,400	60,244	12,743	15,840	21,426	51,168	16,413	338,832	108,687	302,454	202,008
2029	445,000	241,200	53,456	11,606	16,737	20,634	52,480	15,390	347,520	101,910	314,393	189,910
2030	465,000	223,400	54,304	10,529	17,334	19,798	53,792	14,340	356,208	94,960	326,332	177,334
2031 - 2035	2,625,000	822,000	290,188	35,640	109,984	87,988	283,392	55,208	1,876,608	365,592	1,850,540	679,246
2036 - 2040	2,495,000	254,200	206,811	7,086	188,288	59,044	313,568	25,662	2,076,432	169,938	2,256,466	277,776
2041 - 2045	-	-	-	-	179,321	18,290	66,112	1,325	438,888	8,775	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-	-	-	-
	$ 7,270,000	$ 2,365,000	$ 799,915	$ 107,002	$ 557,391	$ 272,288	$ 918,912	$ 165,579	$ 6,086,088	$ 1,096,471	$ 5,619,276	$ 1,964,674

	BONDS											
	Sanitation				Public Works Campus				Sewer		Stormsewer	
	Series of 2020 Bond		Series of 2021 Bond		Series of 2024 Bond		Series of 2025 Bond		Series of 2021 Bond		Series of 2024 Bon	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 71,424	$ 57,628	$ 39,540	$ 9,068	$ 66,433	$ 103,974	$ 5,000	$ 415,412	$ 288,429	$ 66,151	$ 163,922	$ 256,554
2027	74,485	54,772	40,040	8,273	69,145	100,654	245,000	415,162	292,080	60,346	170,613	248,358
2028	77,546	51,792	35,536	7,517	71,856	97,196	255,000	402,912	259,221	54,833	177,304	239,828
2029	80,607	48,690	31,532	6,846	75,924	93,604	265,000	390,162	230,013	49,940	187,340	230,962
2030	83,668	45,466	32,032	6,210	78,635	89,806	280,000	376,912	233,664	45,303	194,030	221,596
2031 - 2035	474,459	174,154	171,172	21,022	498,927	399,142	1,630,000	1,677,160	1,248,642	153,350	1,231,088	984,870
2036 - 2040	578,534	71,222	122,329	4,180	854,142	267,848	1,975,000	1,321,560	890,852	30,493	2,107,572	660,908
2041 - 2045	-	-	-	-	813,467	82,972	2,405,000	893,760	-	-	2,007,210	204,738
2046 - 2050	-	-	-	-	-	-	2,935,000	369,545	-	-	-	-
	$ 1,440,724	$ 503,724	$ 472,181	$ 63,116	$ 2,528,529	$ 1,235,196	$ 9,995,000	$ 6,262,585	$ 3,442,901	$ 460,416	$ 6,239,079	$ 3,047,814

	BONDS						DIRECT BORROWING					
	Capital Reserve		General Fund		Total			Internal Service	Public Works Campus		Total	
	Series of 2022 A Bond		Series of 2022 B Bond					Series of 2017 Note	Series of 2024 Note			
	Principal	Interest	Principal	Interest	Principal	Interest		Principal	Interest	Principal	Interest	Principal	Interest
2026	$ -	$ 173,250	$ 230,000	$ 12,900	$ 1,985,001	$ 1,799,853	2026	$ 353,666	$ 147,242	$ 75,000	$ 104,504	$ 428,666	$ 251,746
2027	-	173,250	235,000	8,300	2,300,000	1,726,755	2027	360,284	140,016	169,000	99,816	529,284	239,832
2028	60,000	173,250	180,000	3,600	2,315,001	1,650,605	2028	367,283	133,017	180,000	89,254	547,283	222,271
2029	245,000	171,450	-	-	2,345,002	1,572,304	2029	375,175	125,124	191,000	78,004	566,175	203,128
2030	250,000	164,100	-	-	2,424,999	1,489,754	2030	382,854	117,445	203,000	66,066	585,854	183,511
2031 - 2035	1,370,000	703,050	-	-	13,660,000	6,158,422	2031 - 2035	1,941,393	721,937	854,057	129,325	2,795,450	851,262
2036 - 2040	1,600,000	484,500	-	-	15,664,994	3,634,417	2036 - 2040	2,261,860	455,414	-	-	2,261,860	455,414
2041 - 2045	1,460,000	205,800	-	-	7,369,998	1,415,660	2041 - 2045	1,350,553	68,369	-	-	1,350,553	68,369
2046 - 2050	790,000	35,700	-	-	3,725,000	405,245	2046 - 2050	-	-	-	-	-	-
	$ 5,775,000	$ 2,284,350	$ 645,000	$ 24,800	$ 51,789,996	$ 19,853,015		$ 7,393,068	$ 1,908,564	$ 1,672,057	$ 566,969	$ 9,065,125	$ 2,475,533

NOTE 8 LEASE LIABILITY

The Borough has entered noncancelable leases for the use of land in conjunction with contracts for the purchase of solar energy. In addition, the Borough leases and various equipment. The leases require monthly or yearly principal and interest payments ranging from $ 583 to $ 101,609 based on interest rates ranging from 2.00% to 3.25%. The associated right-to-use assets are disclosed in the Capital Asset Footnote. The amounts of maturities for all of the lease liabilities are as follows:

	Governmental			Business-type		
Year ended December 31:	Principal	Interest	Total	Principal	Interest	Total
2026	$ 6,776	$ 224	$ 7,000	$ 105,244	$ 95,120	$ 200,364
2027	-	-	-	107,518	92,845	200,363
2028	-	-	-	109,843	90,521	200,364
2029	-	-	-	112,218	88,146	200,364
2030	-	-	-	114,644	85,719	200,363
2031 - 2035	-	-	-	611,505	390,313	1,001,818
2036 - 2040	-	-	-	680,585	321,233	1,001,818
2041 - 2045	-	-	-	757,511	244,307	1,001,818
2046 - 2050	-	-	-	843,179	158,639	1,001,818
2051 - 2055	-	-	-	838,619	63,230	901,849
2056 - 2060	-	-	-	98,116	2,282	100,398
	$ 6,776	$ 224	$ 7,000	$ 4,378,982	$ 1,632,355	$ 6,011,337

NOTE 9 IT SUBSCRIPTION LIABILITY

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

	Governmental			Business-type		
Year ended December 31:	Principal	Interest	Total	Principal	Interest	Total
2026	$ 1,975	$ 61	$ 2,036	$ -	$ -	$ -
	$ 1,975	$ 61	$ 2,036	$ -	$ -	$ -

NOTE 10 INTERFUND ACTIVITY

Interfund receivables and payables consist of the following at December 31, 2025:

	Due From	Due To
Major governmental funds		
General Fund	$ 1,481	$ -
Special revenue grant programs	-	1,481
	$ 1,481	$ 1,481

Interfund receivables and payables represents the grant programs fund draw on the pooled cash fund utilized by the Borough.

NOTE 10 INTERFUND ACTIVITY (CONTINUED)

Interfund transfers consisted of the following during 2025:

	Transfers In	Transfers Out
Major governmental funds		
General fund	$ 3,845,096	$ 2,761,767
Nonmajor governmental funds		
Capital reserve	3,496,718	3,200,000
Public works campus tax	-	97,158
Recreation bond tax	-	450,516
Special revenue grant programs	-	14,688
Special revenue fire tax	-	666,782
Special revenue liquid fuels	-	713,968
Total nonmajor governmental funds	3,496,718	5,143,112
Major proprietary funds		
Electric	10,000	3,836,910
Gas	13,500	1,295,645
Water	-	388,470
Sewer	-	909,040
Swimming Pool	450,516	5,745
Storm sewer	-	205,360
Total major proprietary funds	474,016	6,641,170
Nonmajor proprietary funds		
Parking, traffic and street lights	1,343,290	2,655
Sanitation	679,851	715,330
Total nonmajor proprietary funds	2,023,141	717,985
Internal service funds		
Stores	913,500	16,080
Motor equipment	1,095,629	657,570
Self insurance	97,450	-
Engineering	185,000	90,390
Worker's compensation	632,185	-
Administrative services	-	289,705
Public works campus	3,845,314	290,270
Total internal service funds	6,769,078	1,344,015
Total	$ 16,608,049	$ 16,608,049

NOTE 10 INTERFUND ACTIVITY (CONTINUED)

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

- Transfers to the General Fund for contributions towards general operations.
- Transfers to the Self Insurance Fund and Workers Compensation Fund to establish reserves for future claims.
- Transfers from tax funds to other funds for debt service and capital purchases.
- Transfer to capital reserve fund to establish reserves for future capital improvements.
- Transfer of debt proceeds to capital reserve fund to be used for capital improvements.
- Transfers of capital assets and debt proceeds to create new Public Campus Works internal service fund

NOTE 11 PENSION PLANS

Summary of Significant Accounting Policies

Plan Description

The Borough sponsors three single-employer defined benefit retirement plans which cover Bargaining and Administrative Employees, Police Officers and Paid Firemen. Plan provisions are established by municipal ordinance with the authority for municipal contributions required by Act 205 of the Commonwealth.

Plan Membership

At December 31, 2025, the participation in each plan is as follows:

	Bargaining and Administrative Employees	Police	Firemen
Participants:			
Retirees and beneficiaries	106	37	18
Vested former members	21	1	1
Active employees	148	38	34
Total	275	76	53

NOTE 11 PENSION PLANS (CONTINUED)

Summary of Significant Accounting Policies

Benefits Provided

All regular full-time and certain part-time employees are eligible to participate in the plans. Benefits vest after ten years of service for Bargaining and Administrative Employees, and twelve years of service for Paid Firemen and Police Officers. Bargaining and Administrative Employees are eligible for normal retirement after attaining age sixty-three and ten years of service. Eligibility for normal retirement under the Police Officers and Paid Firemen plans is attained at age fifty and completion of twenty-five years of service. Benefits under the Bargaining and Administrative Employees plan are based on 1.5% of average monthly pay times the number of years of service not to exceed thirty-five years. Average monthly pay is based on the three years of highest pay out of the last five years of employment. Benefits under the Police Officers and Paid Firemen pensions are based on 50% of average monthly pay during the last thirty-six months and the average monthly pay of the three highest years of compensation, respectively. In addition, police officers receive a service increment equal to $ 100 per month for members who complete 26 or more years of benefit service. The Bargaining and Administrative Employees Plan, Paid Firemen and Police Officers plan also include a disability benefit and survivor benefits. If a police member retires on or after January 1, 2000, or a fireman retires on or after January 1, 2008, an annual cost-of-living adjustment is made to his pension equal to the percentage increase in the Consumer Price Index for the preceding calendar year, with a maximum total cost-of-living increase of 30%, and a maximum pension benefit of 75% of the salary used for computing the initial retirement benefit.

Financial Reports

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

Contributions

The Bargaining and Administrative Employees plan requires employee contributions of 6.0%. The Police Officers plan requires employee contributions of 5%. The Firemen plan requires employee contributions of 5%. The Borough is required to contribute the remaining amounts necessary to fund the plans, using the actuarial basis specified by the plan. The average contribution rate was 7.45% of annual payroll for the Bargaining and Administrative Employees, 26.26% of annual payroll for the Police Officers, and 22.77% of annual payroll for the Paid Firemen. The employer contributions for 2025 were $ 848,755 for the Bargaining and Administrative Employees, $ 803,101 for the Police Officers, and $ 684,939 for the Paid Firemen.

Act 205 of the Commonwealth requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). The MMO calculation is based upon the biennial actuarial valuation also required by Act 205. Employees are not required to contribute under Act 205; such contributions are subject to collective bargaining. The Commonwealth allocates foreign fire and casualty premiums to assist in pension funding. Any financial requirement above the Commonwealth allocation must be funded by the Borough.

Administrative costs, including investment services, custodial trustee and actuarial services are charged to the appropriate plan and funded from investment earnings.

NOTE 11 PENSION PLANS (CONTINUED)

Investments

Method Used to Value Investments

Investments are reported at fair value. Short term investments are reported at cost, which approximates fair value. Fair value is determined by quoted market price.

Rate of Return

For the year ended December 31, 2025, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense was 15.4% for the bargaining and administrative plan, 15.1% police officers plan, and 14.7% paid firemen plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

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

On December 31, 2025 the Borough reported a liability of $ 11,680,817 in the Statement of Net Position. The net pension liability was measured as of December 31, 2025, and the total pension liability was determined by rolling forward liabilities from an actuarial valuation as of January 1, 2025. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. For the year ended December 31, 2025, the Borough recognized pension expense of $ 2,308,515. This included pension expense of $ 813,887 for the Bargaining and Administrative Employees, $ 815,023 for the Police Officers, and $ 679,605 for the Paid Firemen.

The following details the changes in total pension liability, the plan fiduciary net position, and the net pension liability, for the year ended December 31, 2025:

Bargaining and Administrative Employees

	Increase (Decrease)			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)	Plan Fiduciary Net Position as a % of Total Pension Liability
Balances as of December 31, 2024	$ 37,425,975	$ 29,725,363	$ 7,700,612	79.42%
Changes for the year:				
Service cost	835,963	-	835,963	
Interest	2,999,838	-	2,999,838	
Contributions - employer	-	848,755	(848,755)	
Contributions - employee	-	685,087	(685,087)	
Net investment income	-	4,475,704	(4,475,704)	
Change in experience	326,670	-	326,670	
Benefit payments, including refunds of member contributions	(2,183,624)	(2,183,624)	-	
Administrative expenses	-	(20,227)	20,227	
Net changes	1,978,847	3,805,695	(1,826,848)	
Balances as of December 31, 2025	$ 39,404,822	$ 33,531,058	$ 5,873,764	85.09%

NOTE 11 PENSION PLANS (CONTINUED)

Net Pension Liability (Continued)

Police

	Increase (Decrease)			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)	Plan Fiduciary Net Position as a % of Total Pension Liability
Balances as of December 31, 2024	$ 20,876,622	$ 16,476,711	$ 4,399,911	78.92%
Changes for the year:				
Service cost	425,136	-	425,136	
Interest	1,665,295	-	1,665,295	
Contributions - employer	-	803,101	(803,101)	
Contributions - employee	-	185,186	(185,186)	
Net investment income	-	2,449,201	(2,449,201)	
Change in experience	247,512		247,512	
Benefit payments, including refunds of member contributions	(1,468,204)	(1,468,204)	-	
Administrative expenses	-	(19,563)	19,563	
Net changes	869,739	1,949,721	(1,079,982)	
Balances as of December 31, 2025	$ 21,746,361	$ 18,426,432	$ 3,319,929	84.73%

Firemen

	Increase (Decrease)			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)	Plan Fiduciary Net Position as a % of Total Pension Liability
Balances as of December 31, 2024	$ 14,903,143	$ 11,437,078	$ 3,466,065	76.74%
Changes for the year:				
Service cost	305,754	-	305,754	
Interest	1,191,212	-	1,191,212	
Contributions - employer	-	684,939	(684,939)	
Contributions - employee	-	134,243	(134,243)	
Net investment income	-	1,689,117	(1,689,117)	
Change in experience	3,040	-	3,040	
Benefit payments, including refunds of member contributions	(643,351)	(643,351)	-	
Administrative expenses	-	(29,352)	29,352	
Net changes	856,655	1,835,596	(978,941)	
Balances as of December 31, 2025	$ 15,759,798	$ 13,272,674	$ 2,487,124	84.22%

NOTE 11 PENSION PLANS (CONTINUED)

Deferred Outflows/Inflows of Resources

At December 31, 2025 the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Bargaining and Administrative Employees		Police		Firemen		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 290,373	$ 1,806,252	$ 241,490	$ 43,429	$ 250,734	$ 188,922	$ 782,597	$ 2,038,603
Net difference between projected and actual earnings on pension plan investments	1,262,127	2,651,108	733,297	1,448,950	449,744	940,160	2,445,168	5,040,218
Changes in proportions - governmental activities/ business-type activities	118,515	118,515	-	-	-	-	118,515	118,515
	$ 1,671,015	$ 4,575,875	$ 974,787	$ 1,492,379	$ 700,478	$ 1,129,082	$ 3,346,280	$ 7,197,336

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

	Bargaining and Administrative Employees	Police	Firemen	Total
Year ended December 31:				
2026	$ 178,000	$ 319,287	$ 285,368	$ 782,655
2027	(1,084,126)	(421,201)	(237,337)	(1,742,664)
2028	(741,662)	(280,705)	(230,188)	(1,252,555)
2029	(606,076)	(205,690)	(184,824)	(996,590)
2030	(181,218)	35,359	(31,149)	(177,008)
Thereafter	(469,778)	35,358	(30,474)	(464,894)
	$ (2,904,860)	$ (517,592)	$ (428,604)	$ (3,851,056)

Actuarial Methods and Assumptions

The total pension liability in the January 1, 2025 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	5.00% (average, including inflation)
Investment rate of return	8.00% (including inflation)
Postretirement cost of living increases	3.00% (except B&A, which is N/A)

Valuation Date

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

The actuarial assumptions used in the January 1, 2025 valuation were based on an actual experience study for the period January 1, 2023 through December 31, 2024.

NOTE 11 PENSION PLANS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. The pension plans' policy in regard to the allocation of invested assets is established and may be amended by the investment committee. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of December 31, 2025 are summarized in the table below and is applicable to all three plans:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45.50%	5.50% - 7.50%
International equity	16.50%	4.50% - 6.50%
Fixed income	30.00%	1.00% - 3.00%
Real estate	3.00%	4.50% - 6.50%
Cash	5.00%	0.00% -1.00%

Discount Rate

The discount rate used to measure the total pension liability was 8.00% for all three plans. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as an amortization of the unfunded liability.

Sensitivity of the Net Pension Liability to Changes to the Discount Rate

The following represents the net pension liability of the Borough, calculated using the discount rate of 8.00%, as well as what the Borough's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) and 1 percentage point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Bargaining and Administrative Employees	$ 9,937,329	$ 5,873,764	$ 2,375,278
Police Plan	5,777,646	3,319,929	1,249,545
Firemen Plan	4,323,335	2,487,124	945,920
	$ 20,038,310	$ 11,680,817	$ 4,570,743

NOTE 11 PENSION PLANS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Financial Statements

The following are financial statements as of December 31, 2025 for the individual pension plans maintained by the Borough:

	Firemen Pension Fund	Police Pension Fund	Bargaining and Administrative Employees Pension Fund	Total Pension Trust Funds
ASSETS				
Cash and cash equivalents	$ 1,020,675	$ 1,040,398	$ 1,342,764	$ 3,403,837
Mutual funds - Corporate bonds	4,110,898	5,726,568	10,657,917	20,495,383
Mutual funds - Stocks	4,262,362	6,083,914	11,238,606	21,584,882
Mutual funds - Real estate securities	3,878,739	5,575,552	10,291,771	19,746,062
Total assets	$ 13,272,674	$ 18,426,432	$ 33,531,058	$ 65,230,164
NET POSITION				
Net position restricted for pensions	$ 13,272,674	$ 18,426,432	$ 33,531,058	$ 65,230,164
Total liabilities and net position	$ 13,272,674	$ 18,426,432	$ 33,531,058	$ 65,230,164

	Firemen Pension Fund	Police Pension Fund	Bargaining and Administrative Employees Pension Fund	Total Pension Trust Funds
ADDITIONS				
Contributions				
Employer	$ 679,014	$ 803,101	$ 848,755	$ 2,330,870
Plan member	135,493	185,187	685,086	1,005,766
Total contributions	814,507	988,288	1,533,841	3,336,636
Investment income				
Net appreciation in fair value of investments and gains on sale of investments	1,379,411	2,023,727	3,697,266	7,100,404
Interest, dividends and other	323,515	445,768	813,839	1,583,122
Total net investment earnings	1,702,926	2,469,495	4,511,105	8,683,526
Total additions	2,517,433	3,457,783	6,044,946	12,020,162
DEDUCTIONS				
Benefits	640,555	1,468,156	2,181,351	4,290,062
Administrative expenses	41,284	39,906	57,900	139,090
Total deductions	681,839	1,508,062	2,239,251	4,429,152
Change in net position	1,835,594	1,949,721	3,805,695	7,591,010
Net position - beginning	11,437,080	16,476,711	29,725,363	57,639,154
Net position - ending	$ 13,272,674	$ 18,426,432	$ 33,531,058	$ 65,230,164

Payables to the Pension Plan

As of December 31, 2025, the Borough had no payables to the pension plan.

NOTE 11 PENSION PLANS (CONTINUED)

Defined Contribution Plan

Effective January 1, 2016, the Borough amended the pension plan for non-uniform employees to add a defined contribution provision. If hired on or before January 1, 2023, to participate in the defined contribution plan, employees (or new hires who have completed their probationary period), must elect to participate. Once a participant elects to participate in the defined contribution plan, the election is irrevocable, and the participant shall remain in the defined contribution plan until terminated. If hired after January 1, 2023, an employee who elects to participate under the defined contribution provisions of the plan will become enrolled with a start date of the date of the conversion. Other than an initial contribution for those participants with less than 12 years of service, there are no required employee contributions to the defined contribution plan. An employee may make voluntary contributions. Employer contributions are made on an annual basis in the amount of $ 4,900 for full-time defined contribution employees and $ 2,450 for part-time defined contribution employees. Contributions to the defined contribution plan amounted to $ 293,132 for 2025.

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

The Borough has a healthcare plan for retired employees, which is a single employer defined benefit healthcare plan administered by the Borough. The plan provides medical, prescription drug, and vision coverage for both the retiree and spouse. Retirees opting to participate are asked to pay a premium that is less than the Borough's actual cost to provide health care coverage to retirees. The premium amount retirees pay is a blended rate for covering both active and retired Plan members and amounts to 102% of the Borough's current blended premium rate. The fact that the blended rate that the retirees pay is less than the actual cost of covering retired members and their beneficiaries results in what is known as an "implicit rate subsidy" by the Borough, which gives rise to the other postemployment benefit (OPEB).

Because the Plan consists solely of the Borough's decision to provide OPEB through the payment of the implied subsidy by extending medical benefits to retirees at the above-mentioned blended rate, no stand-alone financial report is available. The Plan is not included in the financial report of another entity. The coverage shall discontinue if the retiree obtains employment where medical coverage is provided, the retiree's spouse insurance coverage covers the retiree, or the retiree qualifies for Medicare coverage.

Eligibility

An employee of the Borough shall be eligible for coverage upon retirement after completion of 20 years of service. The spouse of the retiree may be included in the coverage.

Funding Policy

The Borough funds Plan liabilities on a "pay-as-you-go" basis and has not established an OPEB trust fund to accumulate assets to fund Plan obligations. The Borough has no statutory or contractual obligation to fund the Plan and only does so at the Borough's discretion. The Borough funds the implicit rate subsidy through the payment of health insurance premiums.

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Plan Membership

Membership in the Borough's plan consisted of the following at January 1, 2025, the date of the latest actuarial valuation:

	Bargaining and Administrative	Police	Firemen	Total
Active participants	186	36	27	249
Retired partiants	1	-	-	1
Total	187	36	27	250

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

The Borough's total OPEB liability was measured as of January 1, 2025 using an actuarial valuation based on census information as of January 1, 2025. The plan has no assets that are accumulated in a trust that meets the criteria established in GASB Statement No. 75. At December 31, 2025, the Borough reported a total OPEB liability of $ 1,101,383.

The table below summarizes the OPEB liability and OPEB expense:

	Total OPEB Liability	OPEB Expense (Benefit)
Bargaining and administrative	$ 168,580	$ (120,212)
Police	564,121	10,832
Firemen	368,682	13,782
	$ 1,101,383	$ (95,598)

Changes in the Total OPEB Liability

	Total OPEB Liability			
	Bargaining and Administrative	Police	Firemen	Total
Beginning Balance	$ 278,730	$ 880,226	$ 661,466	$ 1,820,422
Changes for the year:				
Service cost	18,481	66,743	48,531	133,755
Interest	11,398	37,827	28,213	77,438
Differences between expected and actual experiences	(11,094)	(37,908)	(112,647)	(161,649)
Changes in assumptions	(106,322)	(380,385)	(248,239)	(734,946)
Benefit payments	(22,613)	(2,382)	(8,642)	(33,637)
Net changes	(110,150)	(316,105)	(292,784)	(719,039)
Ending Balance	$ 168,580	$ 564,121	$ 368,682	$ 1,101,383

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Changes in the Total OPEB Liability

At December 31, 2025, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB:

	Bargaining and Administrative Employees		Police		Firemen		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 1,247,833	$ -	$ 570,949	$ -	$ 496,710	$ -	$ 2,315,492
Changes in assumptions	25,260	154,964	118,246	519,702	88,524	342,289	232,030	1,016,955
Changes in proportions - governmental activities/ business-type activities	14,232	14,232	-	-	-	-	14,232	14,232
Benefit payments/contributions subsequent to the measurement date	13,691	-	-	-	7,947	-	21,638	-
	$ 53,183	$ 1,417,029	$ 118,246	$ 1,090,651	$ 96,471	$ 838,999	$ 267,900	$ 3,346,679

The amount of $ 21,638 is reported as deferred outflows of resources related to OPEB resulting from Borough benefit payments/contributions subsequent to the measurement date but before the end of the Borough's reporting period and will be recognized as a reduction in the total OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

	Bargaining and Administrative Employees	Police	Firemen	Total
Year ended December 31:				
2026	$ (150,088)	$ (93,741)	$ (62,962)	$ (306,791)
2027	(150,088)	(93,741)	(62,962)	(306,791)
2028	(150,088)	(93,741)	(62,962)	(306,791)
2029	(150,088)	(93,741)	(62,962)	(306,791)
2030	(150,088)	(93,741)	(62,962)	(306,791)
Thereafter	(627,097)	(503,700)	(435,665)	(1,566,462)
Total	$ (1,377,537)	$ (972,405)	$ (750,475)	$ (3,100,417)

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Actuarial Methods and Assumptions

The total OPEB liability as of December 31, 2025, was determined by an actuarial valuation as of January 1, 2025, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Cost Method	Entry age normal
Investment Rate of Return	4.28% - S&P Municipal Bond 20 Year High Grade Rate Index
Salary	An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, annual salary increases are assumed to be 5.0%.
Mortality	IRS 2017 Static Combined Table for Small Plans
Percentage of Eligible Employees Electing Coverage in Plan	It is assumed that upon retirement, 15% elect coverage. It is assumed that if coverage is deferred, 0% will elect coverage at a future date.
Health Care Cost Trend Rate	7% in 2025 with 0.5% decrease per year until 5.5% in 2028. Rates gradually decrease from 5.4% in 2029 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
Per Capita Claims Cost	The per capita cost for medical and prescription drugs is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. The resulting costs for the Police Officers and Firefighters range from $ 4,975 to $ 27,103 for males and from $ 11,200 to $ 25,262 for females; and for the Bargaining and Administrative employees range from $ 3,331 to $ 18,150 for males and from $ 7,500 to $ 16,917 for females.

Discount Rate

A discount rate of 4.28%, which represents the S&P Municipal Bond 20 Year High Grade Rate Index at January 1, 2025, was applied to all projected benefit payments to measure the total OPEB liability.

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

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

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

	1% Decrease 3.28%	Current Discount Rate 4.28%	1% Increase 5.28%
Bargaining and administrative	$ 178,326	$ 168,580	$ 159,228
Police	633,979	564,121	501,822
Fire	409,219	368,682	332,559
	$ 1,221,524	$ 1,101,383	$ 993,609

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

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

	1% Decrease	Healthcare Cost Trend	1% Increase
Bargaining and administrative	$ 154,006	$ 168,580	$ 185,645
Police	481,093	564,121	663,580
Firemen	321,774	368,682	425,145
	$ 956,873	$ 1,101,383	$ 1,274,370

Payables to the OPEB Plan

As of December 31, 2025, the Borough had no amounts payable to the OPEB plan.

NOTE 13 RISK MANAGEMENT

The Borough is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has established a Self-Insurance Fund and a Workmen's Compensation Fund (internal service funds), respectively, to account for and finance its uninsured risks of loss. The Self-Insurance Fund services all general liability, medical, directors' and officers' liability, and unemployment compensation claims for risk of loss. The Workmen's Compensation Fund provides coverage up to a maximum of $ 500,000 for each worker's compensation claim. The Borough has purchased workmen's compensation insurance for claims in excess of coverage provided by the Fund, and also has purchased vehicle insurance and employee bonding coverage. Settlements have not exceeded insurance coverage for each of the past three years.

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

NOTE 13 RISK MANAGEMENT (CONTINUED)

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

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

	2025			
	Liability Beginning	Current Year Claims and Changes in Estimates	Claim Payments	Liability Ending
Self-insurance fund	$ 55,815	$ 1,317,632	$ (1,323,460)	$ 49,987
Workers' compensation fund	310,127	401,903	(375,121)	336,909

	2024			
	Liability Beginning	Current Year Claims and Changes in Estimates	Claim Payments	Liability Ending
Self-insurance fund	$ 62,477	$ 1,238,617	$ (1,245,279)	$ 55,815
Workers' compensation fund	303,471	436,997	(430,341)	310,127

The Borough is part of the Pennsylvania Municipal Health Insurance Cooperative (PMHIC). This trust consists of a group of municipalities that have pooled their interests together in order to establish a self-funded medical insurance plan in order to better control insurance rates. The Borough pays a premium to PMHIC that consists of a portion for actual claim expenses, administrative costs, reinsurance costs and a reserve account. At year end, the actual claims of the Borough are reviewed, and the reserve account is used to fund any excess claims for the Borough over premiums paid during the year. If any funds remain in the reserve account, 15% of the total reserve balance could possibly be used to fund claim overages for the trust. A reinsurance policy is used to pay any additional excess claims. Therefore, the expense recognized by the Borough is limited to the premiums paid during the year. Any potential refund of the reserve account is calculated and received by the Borough several months after year end. Total payments by the Borough to PMHIC during the year were $ 6,815,277 During 2025, the Borough received $ 354,690 from PMHIC as a refund for prior premiums paid.

NOTE 14 COMMITMENTS

Projects

The Borough has open construction related commitments as of December 31, 2025 as follows:

Project Description	Electric	Public Works Campus	Sanitation	Total Comittments
Construction	$ 295,631	$ 11,289,709	$ 1,045,965	$ 12,631,305
Totals	$ 295,631	$ 11,289,709	$ 1,045,965	$ 12,631,305

Subsequent Events

In 2026, the Borough approved several construction contracts related to future water and wastewater construction projects. The total estimated amounts of these commitments are $ 2,038,115.

Gas Supply Contract

The Borough has a Gas Supply Contract with the Municipal Gas Authority of Georgia ("MGAG") through December 31, 2040. Under the terms of the contract, the Borough is obligated to pay MGAG the costs of gas supplies provided to the Borough and costs allocated to the Borough under the Annual Authority Budget and Project Cost Projections based on the Borough's indemnity share percentage. The annual price paid by the Borough to MGAG is intended to cover the Borough's share of aforementioned costs of MGAG, including scheduled debt service costs. In addition, the Authority is obligated not to suspend or discontinue any payments provided in the contract, until all obligations of the Authority for the furtherance of providing services to the Borough, have been fully paid. As of December 31, 2025, The Borough is contingently liable for the respective indemnity share of MGAG's debt in the amount of $ 771,468.

NOTE 15 CONDUIT DEBT OBLIGATIONS

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

As of December 31, 2025 outstanding note balances under conduit debt arrangements were as follows:

Wilson College	$ 32,300,000
Coyle Free Library	2,395,362

NOTE 16 CONTINGENCIES

The Borough is subject to real estate tax assessment appeals on an ongoing basis. If tax appeals are successful, the result is a loss of tax revenue to the Borough. It is anticipated that any material loss of tax revenue on individual tax appeals will be offset with additional revenues from other properties or other sources of revenue and would not create a financial hardship to the Borough.

The Borough is involved with various lawsuits in the normal course of operations. In most cases, management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. Management believes that losses resulting from these matters, if any, would be substantially covered under the Borough's professional liability insurance policy and would not have a material effect on the financial position of the Borough.

NOTE 17 RESTATEMENTS

During the year ended December 31, 2025, the Borough had a change within the financial reporting entity, which saw the Sanitation fund being presented as non-major in the current year.

During the year ended December 31, 2025, the Borough had a restatement for a correction due to an error in recording donated capital in the prior year. Construction in progress and Donated capital were understated by $ 185,734 in the Governmental Activities.

As of December 31, 2025, the Borough had the following restatements:

	Governmental Activities
Net position, as previously reported - December 31, 2024	$ 33,656,992
Error correction	185,734
Net position, as restated - December 31, 2024	$ 33,842,726
Change in net position, as previously reported - December 31, 2024	$ 5,943,710
Error correction	185,734
Change in net position, as restated - December 31, 2024	$ 6,129,444

REQUIRED SUPPLEMENTARY INFORMATION

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

	Bargaining and Administrative									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	$ 835,963	$ 847,760	$ 783,400	$ 838,021	$ 791,184	$ 708,303	$ 674,574	$ 706,701	$ 673,049	$ 599,855
Interest	2,999,838	2,844,417	2,710,235	2,627,962	2,503,957	2,404,053	2,293,277	2,236,377	2,130,695	2,003,723
Benefit changes	-	-	1,523,897	-	-	-	-	-	-	-
Differences in expected and actual experience	326,670	-	(2,121,789)	-	(246,248)	-	(630,039)	-	(950,893)	-
Changes in assumptions	-	-	-	-	-	-	-	-	1,338,876	-
Benefit payments, including refunds of member contributions	(2,183,624)	(1,940,389)	(1,809,279)	(1,797,595)	(1,768,180)	(1,630,521)	(1,604,895)	(1,534,429)	(1,498,326)	(1,456,871)
Net change in total pension liability	1,978,847	1,751,788	1,086,464	1,668,388	1,280,713	1,481,835	732,917	1,408,649	1,693,401	1,146,707
Total pension liability - beginning	37,425,975	35,674,187	34,587,723	32,919,335	31,638,622	30,156,787	29,423,870	28,015,221	26,321,820	25,175,113
Total pension liability - ending	39,404,822	37,425,975	35,674,187	34,587,723	32,919,335	31,638,622	30,156,787	29,423,870	28,015,221	26,321,820
Plan fiduciary net position										
Contributions - employer	848,755	881,440	872,504	832,796	852,497	818,752	790,605	588,100	641,491	727,254
Contributions - employee	685,087	731,757	693,464	637,859	628,306	646,823	573,617	544,244	490,416	395,820
Net investment income	4,475,704	2,842,801	3,287,876	(4,035,173)	3,179,565	2,838,707	3,470,476	(1,363,327)	2,478,738	1,660,559
Benefit payments, including refunds of member contributions	(2,183,624)	(1,940,389)	(1,809,279)	(1,797,595)	(1,768,180)	(1,630,521)	(1,604,895)	(1,534,429)	(1,498,326)	(1,456,871)
Administrative expenses	(20,227)	(16,675)	(18,650)	(12,000)	(22,600)	(40,062)	(14,402)	(24,200)	-	(34,206)
Net change in plan fiduciary net position	3,805,695	2,498,934	3,025,915	(4,374,113)	2,869,588	2,633,699	3,215,401	(1,789,612)	2,112,319	1,292,556
Plan fiduciary net position - beginning	29,725,363	27,226,429	24,200,514	28,574,627	25,705,039	23,071,340	19,855,939	21,645,551	19,533,232	18,240,676
Plan fiduciary net position - ending	$ 33,531,058	$ 29,725,363	$ 27,226,429	$ 24,200,514	$ 28,574,627	$ 25,705,039	$ 23,071,340	$ 19,855,939	$ 21,645,551	$ 19,533,232
Borough's net pension liability	$ 5,873,764	$ 7,700,612	$ 8,447,758	$ 10,387,206	$ 4,344,708	$ 5,933,583	$ 7,085,447	$ 9,567,931	$ 6,369,670	$ 6,788,588
Plan fiduciary net position as a percentage of the total pension liability	85.09%	79.42%	76.33%	69.96%	86.80%	81.25%	76.50%	67.48%	77.26%	74.21%
Covered payroll	$ 11,397,583	$ 11,725,056	$ 12,091,516	$ 11,065,997	$ 10,245,357	$ 10,927,744	$ 9,981,412	$ 9,329,734	$ 8,932,704	$ 8,975,023
Net pension liability as a percentage of covered payroll	51.54%	65.68%	69.87%	93.87%	42.41%	54.30%	70.99%	102.55%	71.31%	75.64%

Notes

Assumption changes:

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

Changes in benefit terms:

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

Effective January 1, 2023, Normal retirement age for Bargaining and Administrative plan was decreased to age 63. Vesting occurs upon completion of 10 years of vesting service.

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

	Police									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	$ 425,136	$ 458,132	$ 393,521	$ 364,345	$ 345,733	$ 373,770	$ 355,971	$ 360,774	$ 343,594	$ 363,426
Interest	1,665,295	1,595,431	1,544,725	1,498,256	1,445,074	1,386,018	1,331,639	1,275,351	1,224,345	1,134,506
Benefit changes	-	-	-	-	-	-	-	-	-	-
Differences in expected and actual experience	247,512	-	(76,001)	-	77,510	-	57,526	-	15,785	-
Changes in assumptions	-	-	-	-	-	-	-	-	472,617	-
Benefit payments, including refunds of member contributions	(1,468,204)	(1,349,943)	(1,319,078)	(1,195,900)	(1,090,728)	(1,051,405)	(999,917)	(970,587)	(924,511)	(762,502)
Net change in total pension liability	869,739	703,620	543,167	666,701	777,589	708,383	745,219	665,538	1,131,830	735,430
Total pension liability - beginning	20,876,622	20,173,002	19,629,835	18,963,134	18,185,545	17,477,162	16,731,943	16,066,405	14,934,575	14,199,145
Total pension liability - ending	21,746,361	20,876,622	20,173,002	19,629,835	18,963,134	18,185,545	17,477,162	16,731,943	16,066,405	14,934,575
Plan fiduciary net position										
Contributions - employer	803,101	714,084	744,542	680,435	690,371	615,582	599,096	514,380	505,579	509,013
Contributions - employee	185,186	186,065	119,341	118,301	106,657	117,321	106,974	105,082	94,940	103,248
Net investment income	2,449,201	1,585,631	1,856,854	(2,346,284)	1,853,420	1,659,087	2,096,525	(827,347)	1,518,697	1,011,059
Benefit payments, including refunds of member contributions	(1,468,204)	(1,349,943)	(1,319,078)	(1,195,900)	(1,090,728)	(1,051,405)	(999,917)	(970,587)	(924,511)	(762,502)
Administrative expenses	(19,563)	(9,750)	(12,500)	(9,100)	(14,800)	(25,664)	(8,300)	(15,400)	-	(8,200)
Net change in plan fiduciary net position	1,949,721	1,126,087	1,389,159	(2,752,548)	1,544,920	1,314,921	1,794,378	(1,193,872)	1,194,705	852,618
Plan fiduciary net position - beginning	16,476,711	15,350,624	13,961,465	16,714,013	15,169,093	13,854,172	12,059,794	13,253,666	12,058,961	11,206,343
Plan fiduciary net position - ending	$ 18,426,432	$ 16,476,711	$ 15,350,624	$ 13,961,465	$ 16,714,013	$ 15,169,093	$ 13,854,172	$ 12,059,794	$ 13,253,666	$ 12,058,961
Borough's net pension liability	$ 3,319,929	$ 4,399,911	$ 4,822,378	$ 5,668,370	$ 2,249,121	$ 3,016,452	$ 3,622,990	$ 4,672,149	$ 2,812,739	$ 2,875,614
Plan fiduciary net position as a percentage of the total pension liability	84.73%	78.92%	76.12%	71.12%	88.14%	83.41%	79.27%	72.08%	82.49%	80.75%
Covered payroll	$ 3,058,835	$ 2,905,827	$ 2,812,947	$ 2,566,906	$ 2,592,275	$ 2,363,039	$ 2,451,633	$ 2,318,880	$ 2,288,652	$ 2,384,793
Net pension liability as a percentage of covered payroll	108.54%	151.42%	171.44%	220.82%	86.76%	127.65%	147.78%	201.48%	122.90%	120.58%

Notes

Assumption changes:

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

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

	Firemen									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	$ 305,754	$ 347,055	$ 317,447	$ 310,846	$ 296,813	$ 286,637	$ 272,988	$ 220,967	$ 210,445	$ 186,435
Interest	1,191,212	1,125,642	1,057,401	997,093	930,958	817,554	753,303	652,898	607,259	561,371
Benefit changes	-	-	188,583	-	-	-	-	-	76,888	-
Differences in expected and actual experience	3,040	-	(283,383)	-	612,745	-	583,695	-	(274,630)	-
Changes in assumptions	-	-	-	-	-	-	-	-	249,908	-
Benefit payments, including refunds of member contributions	(643,351)	(588,476)	(498,947)	(444,249)	(387,613)	(231,499)	(242,115)	(266,906)	(248,583)	(252,187)
Net change in total pension liability	856,655	884,221	781,101	863,690	1,452,903	872,692	1,367,871	606,959	621,287	495,619
Total pension liability - beginning	14,903,143	14,018,922	13,237,821	12,374,131	10,921,227	10,048,535	8,680,664	8,073,705	7,452,418	6,956,799
Total pension liability - ending	15,759,798	14,903,143	14,018,922	13,237,821	12,374,131	10,921,227	10,048,535	8,680,664	8,073,705	7,452,418
Plan fiduciary net position										
Contributions - employer	684,939	594,373	586,209	491,078	492,055	382,766	370,371	296,801	289,652	286,496
Contributions - employee	134,243	167,506	124,922	127,882	176,522	129,166	114,283	111,255	88,617	81,310
Net investment income	1,689,117	1,051,989	1,187,944	(1,434,736)	1,092,684	954,728	1,101,994	(428,422)	718,183	462,584
Benefit payments, including refunds of member contributions	(643,351)	(588,476)	(498,947)	(444,249)	(387,613)	(231,499)	(242,115)	(266,906)	(248,583)	(252,187)
Administrative expenses	(29,352)	(7,925)	(4,600)	(6,100)	(14,100)	(17,634)	(6,700)	(11,800)	(3,241)	(4,600)
Net change in plan fiduciary net position	1,835,596	1,217,467	1,395,528	(1,266,125)	1,359,548	1,217,527	1,337,833	(299,072)	844,628	573,603
Plan fiduciary net position - beginning	11,437,078	10,219,611	8,824,083	10,090,208	8,730,659	7,513,132	6,175,299	6,474,371	5,629,743	5,056,140
Plan fiduciary net position - ending	$ 13,272,674	$ 11,437,078	$ 10,219,611	$ 8,824,083	$ 10,090,208	$ 8,730,659	$ 7,513,132	$ 6,175,299	$ 6,474,371	$ 5,629,743
Borough's net pension liability	$ 2,487,124	$ 3,466,065	$ 3,799,313	$ 4,413,738	$ 2,283,923	$ 2,190,568	$ 2,535,403	$ 2,505,365	$ 1,599,334	$ 1,822,675
Plan fiduciary net position as a percentage of the total pension liability	84.22%	76.74%	72.91%	66.66%	81.54%	79.94%	74.77%	71.14%	80.19%	75.54%
Covered payroll	$ 3,008,583	$ 2,594,135	$ 2,565,714	$ 2,621,614	$ 2,701,307	$ 2,720,122	$ 2,285,719	$ 2,340,947	$ 1,875,428	$ 1,642,257
Net pension liability as a percentage of covered payroll	82.67%	133.61%	148.08%	168.36%	84.55%	80.53%	110.92%	107.02%	85.28%	110.99%

Notes

Assumption changes:

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

Changes in benefit terms:

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

Effective January 1, 2023, disability retirement provisions have been added to the Firemen's plan.

BOROUGH OF CHAMBERSBURG
Pension Trust Funds
Schedule of Borough Contributions

Bargaining and Administrative

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 848,755	$ 881,440	$ 872,504	$ 832,796	$ 852,497	$ 804,359	$ 790,605	$ 588,100	$ 641,491	$ 727,254
Contributions in relation to the actuarially determined contribution	848,755	881,440	872,504	832,796	852,497	818,752	790,605	588,100	641,491	727,254
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ (14,393)	$ -	$ -	$ -	$ -
Covered payroll	$ 11,397,583	$ 11,725,056	$ 12,091,516	$ 11,065,997	$ 10,245,357	$ 10,927,744	$ 9,981,412	$ 9,329,734	$ 8,932,704	$ 8,975,023
Contributions as a percentage of covered payroll	7.45%	7.52%	7.22%	7.53%	8.32%	7.49%	7.92%	6.30%	7.18%	8.10%

Police

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 803,101	$ 714,084	$ 744,542	$ 680,435	$ 690,371	$ 598,082	$ 599,096	$ 514,380	$ 505,579	$ 509,013
Contributions in relation to the actuarially determined contribution	803,101	714,084	744,542	680,435	690,371	615,582	599,096	514,380	505,579	509,013
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ (17,500)	$ -	$ -	$ -	$ -
Covered payroll	$ 3,058,835	$ 2,905,827	$ 2,812,947	$ 2,566,906	$ 2,592,275	$ 2,363,039	$ 2,451,633	$ 2,318,880	$ 2,288,652	$ 2,384,793
Contributions as a percentage of covered payroll	26.26%	24.57%	26.47%	26.51%	26.63%	26.05%	24.44%	22.18%	22.09%	21.34%

Firemen

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 679,014	$ 594,373	$ 586,209	$ 491,078	$ 492,055	$ 382,766	$ 370,371	$ 296,801	$ 289,652	$ 286,496
Contributions in relation to the actuarially determined contribution	684,939	594,373	586,209	491,078	492,055	382,766	370,371	296,801	289,652	286,496
Contribution deficiency (excess)	$ (5,925)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,008,583	$ 2,594,135	$ 2,565,714	$ 2,621,614	$ 2,701,307	$ 2,720,122	$ 2,285,719	$ 2,340,947	$ 1,875,428	$ 1,642,257
Contributions as a percentage of covered payroll	22.77%	22.91%	22.85%	18.73%	18.22%	14.07%	16.20%	12.68%	15.44%	17.45%

Notes

Valuation date:

Actuarially determined contributions rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates including changes in actuarial assumptions:

Actuarial valuation date	1/1/2025
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Amortization period	Bargaining and administrative - 7 years Police - 8 years Firemen - 7 years
Asset valuation method	The actuarial value of assets from the prior valuation report (reduced for benefits paid and increased for contributions) is projected forward at an artificial investment return of 7.00% (interest rate assumption minus 1%) with a corridor of 80% to 120% of market value.
Inflation	3.00%
Salary increases	5.00%
Investment rate of return	8.00%
Retirement age	General - Attainment of Age 63 and completion of 10 years of vesting service Police - Attainment of Age 53 and completion of 25 years of vesting service Firemen - Attainment of age 50 and completion of 25 years of vesting service
Mortality	Mortality rates were based on the IRS 2017 Static Combined Table for Small Plans. Incorporated into the table are rates for annuitants projected 7 years and rates for non-annuitants projected 15 years using Scale AA to reflect mortality improvements.

BOROUGH OF CHAMBERSBURG
Pension Trust Funds
Schedule of Investment Returns

Annual money-weighted rate of return, net of investment expense	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Bargaining and Administrative	15.4%	10.5%	13.7%	(14.3%)	12.5%	13.1%	17.8%	(6.3%)	13.1%	9.4%
Police	15.1%	10.5%	13.5%	(14.4%)	12.5%	12.8%	17.9%	(6.3%)	13.1%	9.3%
Firemen	14.7%	10.2%	13.2%	(14.2%)	12.5%	12.1%	17.9%	(6.3%)	13.1%	9.6%

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

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	$ 133,755	$ 118,668	$ 687,266	$ 681,508	$ 605,426	$ 547,532	$ 566,033	$ 506,544
Interest	77,438	72,466	88,125	63,476	111,510	98,982	101,444	96,399
Differences between expected and actual experience	(161,649)	-	(1,355,621)	-	(966,528)	-	(1,050,103)	-
Changes in assumptions	(734,946)	-	(267,118)	(50,326)	101,388	59,519	(25,620)	13,388
Changes of benefit terms	-	74,840	(766,839)	-	-	-	-	-
Benefit payments	(33,637)	(17,958)	(93,469)	(48,045)	(73,015)	(50,431)	(80,600)	(44,178)
Net changes	(719,039)	248,016	(1,707,656)	646,613	(221,219)	655,602	(488,846)	572,153
Total OPEB liability - beginning	1,820,422	1,572,406	3,280,062	2,633,449	2,854,668	2,199,066	2,687,912	2,115,759
Total OPEB liability - ending	$ 1,101,383	$ 1,820,422	$ 1,572,406	$ 3,280,062	$ 2,633,449	$ 2,854,668	$ 2,199,066	$ 2,687,912
Covered-employee payroll	$ 18,576,433	Unavailable	$ 17,939,632	Unavailable	$ 17,294,646	Unavailable	$ 15,216,312	$ 13,819,599
Total OPEB liability as a percentage of covered employee payroll	5.93%	N/A	8.76%	N/A	15.23%	N/A	14.45%	19.45%

Notes

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

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

N/A = Not available

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule - General Fund
Year Ended December 31, 2025

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	$ 10,062,199	$ 10,566,808	$ 504,609
Licenses and permits	424,700	414,259	(10,441)
Fines and forfeits	120,000	106,806	(13,194)
Interest earnings and unrealized investment gains (losses)	349,560	297,684	(51,876)
Intergovernmental	1,662,415	1,689,773	27,358
Departmental charges for services	816,500	4,337,952	3,521,452
Miscellaneous	3,294,368	267,356	(3,027,012)
Total revenues	16,729,742	17,680,638	950,896
EXPENDITURES			
General government	2,473,155	2,010,783	462,372
Police department	7,065,415	6,679,748	385,667
Emergency services	6,105,905	6,316,934	(211,029)
Planning and zoning	1,054,925	991,010	63,915
Highways	1,609,967	1,705,150	(95,183)
Culture and recreation	1,550,375	1,418,970	131,405
Community development	462,200	372,458	89,742
Total expenditures	20,321,942	19,495,053	826,889
Excess (deficiency) of revenues over expenditures	(3,592,200)	(1,814,415)	1,777,785
OTHER FINANCING SOURCES (USES)			
Transfers in	3,829,095	3,845,096	16,001
Transfers out	(236,895)	(2,761,767)	(2,524,872)
Total other financing sources and uses	3,592,200	1,083,329	(2,508,871)
Net change in fund balance	$ -	(731,086)	$ (731,086)
Fund balance - beginning		3,384,644	
Fund balance - ending		$ 2,653,558	

OTHER SUPPLEMENTARY INFORMATION

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

Grant Programs Fund –This fund (special revenue fund) is used to account for the proceeds of specific revenue sources from grants used to finance specific activities as required by law or administrative regulation obtained by the Borough for the governmental activities.

Liquid Fuels Fund – This fund (special revenue fund) is used to account for the Borough's share of Liquid Fuels funds disbursed by the Commonwealth of Pennsylvania. The funds are legally restricted to the construction and maintenance of Borough streets and bridges.

Fire Tax Fund – This fund (special revenue fund) is used to account for the fire tax collected by the Borough. The funds are legally restricted to pay for fire related services.

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

Public Works Campus Tax Fund – This fund (special revenue fund) is used to account for tax revenue related to the new public works campus.

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

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

BOROUGH OF CHAMBERSBURG
Combining Balance Sheet - Other Governmental Funds
December 31, 2025

	Special Revenue								
	Capital Reserve Fund	Grant Programs Fund	Liquid Fuels Fund	Fire Tax Fund	Police Station Bond Tax Fund	Public Works Campus Tax Fund	Recreation Bond Tax Fund	Citizen's Reward Fund	Total - Other Governmental Funds
ASSETS									
Cash and equity in pooled cash and investments	$ 8,178,982	$ 422,372	$ 696,863	$ 12,034	$ 134,837	$ 111,960	$ 411,860	$ 11,987	$ 9,980,895
Taxes receivable, net	-	-	-	35,144	22,867	9,198	28,785	-	95,994
Receivable from other governments	160,363	26,278	-	-	-	-	-	-	186,641
Other receivables	202,688	-	-	-	-	-	-	40	202,728
Total assets	$ 8,542,033	$ 448,650	$ 696,863	$ 47,178	$ 157,704	$ 121,158	$ 440,645	$ 12,027	$ 10,466,258
LIABILITIES									
Accounts payable	$ 628	$ 7,035	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,663
Due to other funds	-	1,481	-	-	-	-	-	-	1,481
Unearned revenues	-	8,698	-	-	-	-	-	-	8,698
Total liabilities	628	17,214	-	-	-	-	-	-	17,842
DEFERRED INFLOWS OF RESOURCES									
Deferred inflows of resources	50,798	11,435	-	25,079	14,827	5,598	15,416	-	123,153
Total deferred inflows of resources	50,798	11,435	-	25,079	14,827	5,598	15,416	-	123,153
FUND BALANCES									
Restricted	8,490,607	420,001	696,863	22,099	142,877	115,560	425,229	12,027	10,325,263
Total fund balances	8,490,607	420,001	696,863	22,099	142,877	115,560	425,229	12,027	10,325,263
Total liabilities and fund balances	$ 8,542,033	$ 448,650	$ 696,863	$ 47,178	$ 157,704	$ 121,158	$ 440,645	$ 12,027	$ 10,466,258

BOROUGH OF CHAMBERSBURG
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Other Governmental Funds
Year Ended December 31, 2025

		Special Revenue							
	Capital Reserve Fund	Grant Programs Fund	Liquid Fuels Fund	Fire Tax Fund	Police Station Bond Tax Fund	Public Works Campus Tax Fund	Recreation Bond Tax Fund	Citizen's Reward Fund	Total - Other Governmental Funds
REVENUES									
Taxes	$ -	$ -	$ -	$ 647,532	$ 430,287	$ 209,925	$ 537,974	$ -	$ 1,825,718
Interest earnings and unrealized investment gains	146,575	2,921	56,836	16,506	7,434	2,794	22,907	465	256,438
Intergovernmental	231,253	1,614,687	611,395	-	-	-	-	-	2,457,335
Miscellaneous	48,506	136,770	-	-	-	-	-	-	185,276
Total revenues	426,334	1,754,378	668,231	664,038	437,721	212,719	560,881	465	4,724,767
EXPENDITURES									
General government	30,000	-	-	603	-	-	-	-	30,603
Police department	388,946	29,137	-	-	-	-	-	-	418,083
Emergency Services	-	31,107	-	-	-	-	-	-	31,107
Culture and recreation	147,343	492,959	-	-	-	-	578	-	640,880
Public works	1,060,861	-	-	-	-	-	-	-	1,060,861
Community	-	551,922	-	-	-	-	-	-	551,922
Debt service	-	-	-	-	415,650	-	68,034	-	483,684
Miscellaneous	-	-	-	-	1,803	1	-	-	1,804
Total expenditures	1,627,150	1,105,125	-	603	417,453	1	68,612	-	3,218,944
Excess (deficiency) of revenues over expenditures	(1,200,816)	649,253	668,231	663,435	20,268	212,718	492,269	465	1,505,823
OTHER FINANCING SOURCES (USES)									
Transfers in	3,496,718	-	-	-	-	-	-	-	3,496,718
Transfers out	(3,200,000)	(14,688)	(713,968)	(666,782)	-	(97,158)	(450,516)	-	(5,143,112)
Total other financing sources and uses	296,718	(14,688)	(713,968)	(666,782)	-	(97,158)	(450,516)	-	(1,646,394)
Net change in fund balances	(904,098)	634,565	(45,737)	(3,347)	20,268	115,560	41,753	465	(140,571)
Fund balances - beginning	9,394,705	(214,564)	742,600	25,446	122,609	-	383,476	11,562	10,465,834
Fund balances - ending	$ 8,490,607	$ 420,001	$ 696,863	$ 22,099	$ 142,877	$ 115,560	$ 425,229	$ 12,027	$ 10,325,263

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule - Capital Reserve Fund
Year Ended December 31, 2025

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Interest earnings and unrealized investment gains	$ 91,000	$ 146,575	$ 55,575
Intergovernmental	475,000	231,253	(243,747)
Miscellaneous	-	48,506	48,506
Total revenues	566,000	426,334	(139,666)
EXPENDITURES			
General government	520,000	30,000	490,000
Highways	2,499,786	1,060,861	1,438,925
Public safety			
Police department	337,315	388,946	(51,631)
Culture and recreation	56,000	147,343	(91,343)
Total expenditures	3,413,101	1,627,150	1,785,951
Excess (deficiency) of revenues over expenditures	(2,847,101)	(1,200,816)	1,646,285
OTHER FINANCING SOURCES (USES)			
Transfers in	2,271,310	3,496,718	1,225,408
Transfers out	-	(3,200,000)	(3,200,000)
Total other financing sources and uses	2,271,310	296,718	(1,974,592)
Net change in fund balance	$ (575,791)	(904,098)	$ (328,307)
Fund balance - beginning		9,394,705	
Fund balance - ending		$ 8,490,607	

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule - Special Revenue Fund – Grant Programs
Year Ended December 31, 2025

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Interest earnings and unrealized investment gains	$ 2,440	$ 2,921	$ 481
Intergovernmental	2,988,538	1,614,687	(1,373,851)
Miscellaneous	3,660	136,770	133,110
Total revenues	2,994,638	1,754,378	(1,240,260)
EXPENDITURES (by department)			
Public safety			
Police department	3,000	29,137	(26,137)
Emergency service	30,000	31,107	(1,107)
Culture and recreation	1,200	492,959	(491,759)
Community development	2,955,538	551,922	2,403,616
Total expenditures	2,989,738	1,105,125	1,884,613
Excess (deficiency) of revenues over expenditures	4,900	649,253	644,353
OTHER FINANCING SOURCES (USES)			
Transfers in	5,000	-	(5,000)
Transfers out	-	(14,688)	(14,688)
Total other financing sources and uses	5,000	(14,688)	(19,688)
Net change in fund balance	$ 9,900	634,565	$ 624,665
Fund balance - beginning		(214,564)	
Fund balance - ending		$ 420,001	

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule - Special Revenue Fund - Liquid Fuels
Year Ended December 31, 2025

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Interest earnings and unrealized investment gains	$ 42,080	$ 56,836	$ 14,756
Intergovernmental	599,145	611,395	12,250
Total revenues	641,225	668,231	27,006
EXPENDITURES	-	-	-
Excess (deficiency) of revenues over expenditures	641,225	668,231	27,006
OTHER FINANCING SOURCES (USES)			
Transfers out	(1,988,560)	(713,968)	1,274,592
Total other financing sources and uses	(1,988,560)	(713,968)	1,274,592
Net change in fund balance	$ (1,347,335)	(45,737)	$ 1,301,598
Fund balance - beginning		742,600	
Fund balance - ending		$ 696,863	

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule – Special Revenue Fund – Fire Tax Fund
Year Ended December 31, 2025

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	$ 640,605	$ 647,532	$ 6,927
Interest earnings and unrealized investment gains	5,490	16,506	11,016
Total revenues	646,095	664,038	17,943
EXPENDITURES			
General government	-	603	(603)
Total expenditures	-	603	(603)
Excess (deficiency) of revenues over expenditures	646,095	663,435	17,340
OTHER FINANCING SOURCES (USES)			
Transfers out	(646,095)	(666,782)	(20,687)
Total other financing sources and uses	(646,095)	(666,782)	(20,687)
Net change in fund balance	$ -	(3,347)	$ (3,347)
Fund balance - beginning		25,446	
Fund balance - ending		$ 22,099	

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule – Special Revenue Fund –
Police Station Bond Tax Fund
Year Ended December 31, 2025

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	$ 425,820	$ 430,287	$ 4,467
Interest earnings and unrealized investment gains	3,020	7,434	4,414
Total revenues	428,840	437,721	8,881
EXPENDITURES			
Debt service	415,650	415,650	-
Miscellanous	13,190	1,803	11,387
Total expenditures	428,840	417,453	11,387
Excess (deficiency) of revenues over expenditures	-	20,268	20,268
Net change in fund balance	$ -	20,268	$ 20,268
Fund balance - beginning		122,609	
Fund balance - ending		$ 142,877	

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule – Special Revenue Fund –
Public Works Campus Tax Fund
Year Ended December 31, 2025

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	$ 201,455	$ 209,925	$ 8,470
Interest earnings and unrealized investment gains	5,000	2,794	(2,206)
Total revenues	206,455	212,719	6,264
EXPENDITURES			
Miscellanous	64,230	1	64,229
Total expenditures	64,230	1	64,229
OTHER FINANCING SOURCES (USES)			
Transfers out	(142,225)	(97,158)	45,067
Total other financing sources and uses	(142,225)	(97,158)	45,067
Excess (deficiency) of revenues over expenditures	142,225	115,560	70,493
Net change in fund balance	$ 142,225	115,560	$ 70,493
Fund balance - beginning		-	
Fund balance - ending		$ 115,560	

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule – Special Revenue Fund –
Recreation Bond Tax Fund
Year Ended December 31, 2025

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	$ 532,335	$ 537,974	$ 5,639
Interest earnings and unrealized investment gains	8,680	22,907	14,227
Total revenues	541,015	560,881	19,866
EXPENDITURES			
Culture and recreation	22,460	578	21,882
Debt service	68,035	68,034	1
Total expenditures	90,495	68,612	21,883
Excess (deficiency) of revenues over expenditures	450,520	492,269	41,749
OTHER FINANCING SOURCES (USES)			
Transfers out	(450,520)	(450,516)	4
Total other financing sources and uses	(450,520)	(450,516)	4
Net change in fund balance	$ -	41,753	$ 41,753
Fund balance - beginning		383,476	
Fund balance - ending		$ 425,229	

BOROUGH OF CHAMBERSBURG
Budgetary Comparison Schedule – Special Revenue Fund – Citizen's Reward Fund
Year Ended December 31, 2025

	Original/Final Budget	Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Interest earnings and unrealized investment gains	$ 200	$ 465	$ 265
Total revenues	200	465	265
EXPENDITURES			
Rewards paid for crime information	200	-	200
Total expenditures	200	-	200
Net change in fund balance	$ -	465	$ 465
Fund balance - beginning		11,562	
Fund balance - ending		$ 12,027	

OTHER ENTERPRISE FUNDS

Parking, Traffic and Street Lights Fund – This fund is used to account for financial resources to be used for the regulation and control of vehicle parking, traffic, and streetlights throughout the Borough.

Sanitation Fund –This fund provides trash and garbage removal for the Borough of Chambersburg, its residents and commercial establishments throughout the Borough.

BOROUGH OF CHAMBERSBURG
Combining Statement of Net Position - Other Enterprise Funds
December 31, 2025

	Parking, Traffic and Street Lights Fund	(Formerly -Major) Sanitation Fund	Total Other Enterprise Funds
ASSETS			
Current assets			
Cash and equity in pooled cash and investments	$ 1,985,473	$ 2,161,769	$ 4,147,242
Accounts receivable, net	54,347	275,319	329,666
Receivables from other governments	22,171	-	22,171
Lease receivable - current	12,325	-	12,325
Other receivables	8,892	10,023	18,915
Prepaid expenses	1,920	3,840	5,760
Total current assets	2,085,128	2,450,951	4,536,079
Noncurrent assets			-
Capital assets not being depreciated:			-
Land	531,219	744,939	1,276,158
Construction in progress	301,455	-	301,455
Capital assets being depreciated:			
Building and systems	-	1,887,897	1,887,897
Improvements other than buildings	563,893	1,214,581	1,778,474
Machinery and equipment	400,724	1,002,124	1,402,848
Utility plant in service	7,390,714	770	7,391,484
Less accumulated depreciation	(4,568,188)	(2,082,795)	(6,650,983)
Total capital assets	4,619,817	2,767,516	7,387,333
Lease receivable	479,239	-	479,239
Total noncurrent assets	5,099,056	2,767,516	7,866,572
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources	60,081	110,126	170,207
Total deferred outflows of resources	60,081	110,126	170,207
Total assets and deferred outflows of resources	$ 7,244,265	$ 5,328,593	$ 12,572,858
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	$ 18,815	$ 49,785	$ 68,600
Compensated absences - current	8,424	44,445	52,869
Bonds, IT subscription, notes, leases payable - current		121,261	121,261
OPEB liability - current	293	947	1,240
Total current liabilities	27,532	216,438	243,970
Noncurrent liabilities			-
Compensated absences	9,205	21,437	30,642
Net pension liability	125,699	406,464	532,163
OPEB liability	3,315	10,719	14,034
Bonds, IT subscription, notes, leases payable	-	1,942,670	1,942,670
Total non-current liabilities	138,219	2,381,290	2,519,509
Total liabilities	165,751	2,597,728	2,763,479
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources	577,721	422,610	1,000,331
Total deferred inflows of resources	577,721	422,610	1,000,331
NET POSITION			
Net investment in capital assets	4,619,775	2,668,038	7,287,813
Unrestricted	1,881,018	(359,783)	1,521,235
Total net position	6,500,793	2,308,255	8,809,048
Total liabilities, deferred inflows of resources, and net position	$ 7,244,265	$ 5,328,593	$ 12,572,858

BOROUGH OF CHAMBERSBURG
Combining Statement of Revenues, Expenses, and Changes in Net Position - Other Enterprise Funds
Year Ended December 31, 2025

	Parking, Traffic and Street Lights Fund	(Formerly -Major) Sanitation Fund	Total Other Enterprise Funds
OPERATING REVENUES			
Charges for services	$ 117,208	$ 5,527,324	$ 5,644,532
Miscellaneous	98,998	70,584	169,582
Total operating revenues	216,206	5,597,908	5,814,114
OPERATING EXPENSES			
Operation and maintenance	1,033,819	-	1,033,819
Collection and disposal	-	4,152,745	4,152,745
Customer accounting and administrative	109,811	739,794	849,605
Depreciation and amortization	498,385	244,869	743,254
Total operating expenses	1,642,015	5,137,408	6,779,423
Operating income (loss)	(1,425,809)	460,500	(965,309)
NONOPERATING REVENUES (EXPENSES)			
Interest earnings and unrealized investment gains (losses)	86,249	82,174	168,423
Other nonoperating revenues	22,320	-	22,320
Intergovernmental revenues	12,962	67,569	80,531
Interest expense and debt issuance costs	-	(58,588)	(58,588)
Total nonoperating revenue (expenses)	121,531	91,155	212,686
Income (loss) before contributions and transfers	(1,304,278)	551,655	(752,623)
Capital contributions and grants	179,353	-	179,353
Transfers in	1,343,290	679,851	2,023,141
Transfers out	(2,655)	(715,330)	(717,985)
Change in net position	215,710	516,176	731,886
Total net position - beginning, as previously report	6,285,083	-	6,285,083
Adjustment - changes from major fund to nonmajor fund	-	1,792,079	1,792,079
Total net position - beginning, as restated	6,285,083	1,792,079	8,077,162
Total net position - ending	$ 6,500,793	$ 2,308,255	$ 8,809,048

BOROUGH OF CHAMBERSBURG
Combining Statement of Cash Flows - Other Enterprise Funds
Year Ended December 31, 2025

	Parking, Traffic and Street Lights Fund	Sanitation Fund	Total Other Enterprise Funds
Cash flows from operating activities:			
Receipts from customers	$ 227,324	$ 5,568,608	$ 5,795,932
Payments to suppliers	(861,224)	(3,248,048)	(4,109,272)
Payments to and on behalf of employees	(381,940)	(1,391,487)	(1,773,427)
Net cash provided (used) by operating activities	(1,015,840)	929,073	(86,767)
Cash flows from capital and related financing activities:			
Purchase of capital assets	(170,361)	(8,829)	(179,190)
Principal paid on capital debt	-	(108,422)	(108,422)
Interest and fiscal charges paid on debt and IT subscriptions	-	(69,644)	(69,644)
Capital grants received	203,983	-	203,983
Proceeds from lessor transactions	32,055	-	32,055
Net cash provided (used) by capital and related financing activities	65,677	(186,895)	(121,218)
Cash flows from non-capital financing activities:			
Transfers from other funds	1,343,290	492,896	1,836,186
Transfer to other funds	(2,655)	(715,330)	(717,985)
Grants received	12,962	67,569	80,531
Net cash provided (used) by non-capital financing activities	1,353,597	(154,865)	1,198,732
Cash flows from investing activities:			
Interest and dividends received	35,827	46,511	82,338
Net cash provided (used) by investing activities	35,827	46,511	82,338
Net increase (decrease) in cash and cash equivalents	439,261	633,824	1,073,085
Increase (decrease) in fair value of investments (*)	34,106	36,907	71,013
Total increase (decrease) in cash and cash equivalents	473,367	670,731	1,144,098
Cash and cash equity in pooled cash and investments - beginning of the year	1,512,106	1,491,038	3,003,144
Cash and cash equity in pooled cash and investments - end of the year	$ 1,985,473	$ 2,161,769	$ 4,147,242
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities			
Operating income (loss)	$ (1,425,809)	$ 460,500	$ (965,309)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization expense	498,385	244,869	743,254
Miscellaneous nonoperating income	1,682	-	1,682
(Increase) decrease in:			-
Accounts receivable	18,474	(29,300)	(10,826)
Lease receivable	11,600	-	11,600
Prepaid expenses	(1,920)	1,995	75
Increase (decrease) in:			
Accounts payable and accrued expenses	(26,171)	(17,245)	(43,416)
Net pension liability and related deferred outflows and inflows	(60,677)	224,974	164,297
Net OPEB liability and related deferred outflows and inflows	(10,766)	43,280	32,514
Deferred inflows- leases	(20,638)	-	(20,638)
Net cash provided (used) by operating activities	$ (1,015,840)	$ 929,073	$ (86,767)
Non-cash investing, capital and non-capital financing activities			
Change in accounts payable and retainage related to capital assets	$ (786)	$ (8,829)	$ (9,615)
Increase (decrease) in fair value of investments (*)	34,106	36,907	71,013

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

Stores Fund – The Stores Department is responsible for the purchase, storage, and disbursal of inventory which is used to support the construction and maintenance functions of the Borough utilities.

Motor Equipment Fund – This fund supports the activities of the Motor Equipment Department which manages a rolling stock of more than 120 vehicles.

Self-Insurance Fund – This fund is used for the purpose of funding risk which the Borough does not transfer to commercial insurance carriers or insurance pools.

Engineering Fund –This fund supports the activities of the Engineering Department which is responsible for furnishing engineering, surveying, drafting, and utility location information to other departments. The department also designs and inspects public works projects.

Worker's Compensation – This fund underwrites the risks to the Borough resulting from job-related injury or illness to its employees.

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

Public Works Campus – This fund supports the activities of the various public works functions of the Borough.

BOROUGH OF CHAMBERSBURG
Combining Statement of Net Position - Internal Service Funds
December 31, 2025

	Stores Fund	Motor Equipment Fund	Self Insurance Fund	Engineering Fund	Worker's Compensation Fund	Administrative Services Fund	Public Works Campus Fund	Total Internal Service Funds
ASSETS								
Current assets								
Cash and equity in pooled cash and investments	$ 1,336,691	$ 11,249,495	$ 6,615,667	$ 133,639	$ 412,406	$ (79,242)	$ 4,469,332	$ 24,137,988
Accounts receivable, net	-	1,108	-	4,510	-	1,592	-	7,210
Other receivables	6,022	51,652	380,972	727	1,819	-	19,925	461,117
Inventories	1,572,531	142,631	-	-	-	-	-	1,715,162
Prepaid expenses	2,157	9,906	680,678	640	-	20,480	28,328	742,189
Total current assets	2,917,401	11,454,792	7,677,317	139,516	414,225	(57,170)	4,517,585	27,063,666
Noncurrent assets								
Capital assets not being depreciated/amortized:								
Land	-	13,984	-	-	-	-	3,479,742	3,493,726
Construction in progress	-	-	-	-	-	721,380	10,687,670	11,409,050
Capital assets being depreciated/amortized):								-
Buildings and system	-	149,948	-	-	-	10,006,554	292,546	10,449,048
Improvements other than buildings	-	24,356						24,356
Machinery and equipment	392,526	15,826,881	-	87,631	-	326,875	-	16,633,913
Right-to-use asset - IT subscriptions	-	-	-	-	-	406,220	-	406,220
Less accumulated depreciation/amortization	(274,768)	(8,364,778)	-	(63,815)	-	(2,246,196)	(29,255)	(10,978,812)
Total capital assets	117,758	7,650,391	-	23,816	-	9,214,833	14,430,703	31,437,501
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows of resources	79,757	59,896	-	103,076	-	455,474	-	698,203
	79,757	59,896	-	103,076	-	455,474	-	698,203
Total assets and deferred outflows of resources	$ 3,114,916	$ 19,165,079	$ 7,677,317	$ 266,408	$ 414,225	$ 9,613,137	$ 18,948,288	$ 59,199,370
LIABILITIES								
Current liabilities								
Accounts payable and accrued expenses	$ 8,958	$ 41,895	$ 1,117	$ 8,398	$ 6,440	$ 196,734	$ 1,585,352	$ 1,848,894
Compensated absences - current	18,134	32,674	4,233	24,593	-	232,237	-	311,871
IT subscription obligations -current	-	-	-	-	-	-	-	-
Liability for self insured losses - current	-	-	49,987	-	336,909	-	-	386,896
Bonds, notes and loans payable - current	-	-	-	-	-	353,666	157,647	511,313
OPEB liability - current	408	368	-	586	-	3,919	-	5,281
Total current liabilities	27,500	74,937	55,337	33,577	343,349	786,556	1,742,999	3,064,255
Noncurrent liabilities								-
Compensated absences	11,242	24,319	685	3,349	-	180,004	-	219,599
Net pension liability	175,038	158,004	-	251,397	-	1,681,071	-	2,265,510
OPEB liability	4,616	4,167	-	6,629	-	44,328	-	59,740
Bonds, IT subscription, notes, leases payable	-	-	-	-	-	7,039,402	14,296,449	21,335,851
Total noncurrent liabilities	190,896	186,490	685	261,375	-	8,944,805	14,296,449	23,880,700
Total liabilities	218,396	261,427	56,022	294,952	343,349	9,731,361	16,039,448	26,944,955
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows of resources	174,632	157,638	-	250,815	-	1,710,561	-	2,293,646
Total deferred inflows of resources	174,632	157,638	-	250,815	-	1,710,561	-	2,293,646
NET POSITION								
Net investment in capital assets	117,758	7,650,391	-	23,816	-	1,821,765	780,469	10,394,199
Unrestricted	2,604,130	11,095,623	7,621,295	(303,175)	70,876	(3,650,550)	2,128,371	19,566,570
Total net position	2,721,888	18,746,014	7,621,295	(279,359)	70,876	(1,828,785)	2,908,840	29,960,769
Total liabilities, deferred inflows of resources, and net position	$ 3,114,916	$ 19,165,079	$ 7,677,317	$ 266,408	$ 414,225	$ 9,613,137	$ 18,948,288	$ 59,199,370

BOROUGH OF CHAMBERSBURG
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds
Year Ended December 31, 2025

	Stores Fund	Motor Equipment Fund	Self Insurance Fund	Engineering Fund	Worker's Compensation Fund	Administrative Services Fund	Public Works Campus Fund	Total Internal Service Funds
OPERATING REVENUES								
Charges for services	$ 121,837	$ 4,118,774	$ 445,657	$ 649,372	$ -	$ 9,449,194	$ -	$ 14,784,834
Miscellaneous	-	-	-	9,678	47,975	3,110	-	60,763
Total operating revenues	121,837	4,118,774	445,657	659,050	47,975	9,452,304	-	14,845,597
OPERATING EXPENSES								
Operation and maintenance	454,310	1,554,859	-	246,001	-	8,580,900	14,066	10,850,136
General and administrative	285,719	844,885	2,646	415,040	240,871	-	335,137	2,124,298
Claim payments and special services	-	-	1,323,460	-	375,121	-	-	1,698,581
Increase (decrease) in expected unpaid losses	-	-	(5,828)	-	26,782	-	-	20,954
Depreciation and amortization	78,505	1,171,765	-	8,813	-	416,924	23,100	1,699,107
Total operating expenses	818,534	3,571,509	1,320,278	669,854	642,774	8,997,824	372,303	16,393,076
Operating income (loss)	(696,697)	547,265	(874,621)	(10,804)	(594,799)	454,480	(372,303)	(1,547,479)
NONOPERATING REVENUES (EXPENSES)								
Interest earnings and unrealized investment gains (losses)	48,415	429,398	299,504	3,656	22,392	-	484,573	1,287,938
Gain (loss) on sale of assets	-	57,654	-	-	-	-	-	57,654
Other nonoperating revenues	(185)	3,302	-	-	-	144	-	3,261
Reimbursement of prior year expense	-	-	176,354	-	-	-	-	176,354
Intergovernmental revenue	15,664	234,543	-	19,384	-	164,475	-	434,066
Interest expense and debt issuance costs	-	-	-	-	-	(154,536)	(758,474)	(913,010)
Total non-operating revenue (expenses)	63,894	724,897	475,858	23,040	22,392	10,083	(273,901)	1,046,263
Income (loss) before transfers	(632,803)	1,272,162	(398,763)	12,236	(572,407)	464,563	(646,204)	(501,216)
Transfers in	913,500	1,095,629	97,450	185,000	632,185	-	3,845,314	6,769,078
Transfers out	(16,080)	(657,570)	-	(90,390)	-	(289,705)	(290,270)	(1,344,015)
Change in net position	264,617	1,710,221	(301,313)	106,846	59,778	174,858	2,908,840	4,923,847
Total net position - beginning	2,457,271	17,035,793	7,922,608	(386,205)	11,098	(2,003,643)	-	25,036,922
Total net position - ending	$ 2,721,888	$ 18,746,014	$ 7,621,295	$ (279,359)	$ 70,876	$ (1,828,785)	$ 2,908,840	$ 29,960,769

BOROUGH OF CHAMBERSBURG
Combining Statement of Cash Flows – Internal Service Funds
Year Ended December 31, 2025

	Stores Fund	Motor Equipment Fund	Self Insurance Fund	Engineering Fund	Worker's Compensation Fund	Administrative Services Fund	Public Works Campus Fund	Total
Cash flows from operating activities:								
Interfund services provided	$ 121,652	$ 4,122,201	$ 445,657	$ 654,540	$ 47,975	$ 9,464,556	$ -	$ 14,856,581
Payments to suppliers	(197,851)	(1,838,124)	(1,879,500)	(100,588)	(674,283)	(2,664,612)	(28,795)	(7,383,753)
Payments to and on behalf of employees	(480,090)	(598,523)	(128,106)	(719,255)	(13,453)	(5,851,481)	(60,035)	(7,850,943)
Refund received for health insurance	-	-	163,924	-	-	-	-	163,924
Net cash provided (used) by operating activities	(556,289)	1,685,554	(1,398,025)	(165,303)	(639,761)	948,463	(88,830)	(214,191)
Cash flows from capital and related financing activities:								
Purchase of capital assets	-	(2,678,089)	-	-	-	(632,046)	(9,301,215)	(12,611,350)
Proceeds from debt	-	-	-	-	-	-	10,201,365	10,201,365
Transfer of debt from other funds	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	91,012	-	-	-	-	-	91,012
Transfer of capital assets from other funds	-	-	-	-	-	-	-	-
Principal paid on capital debt	-	-	-	-	-	(347,077)	(7,712)	(354,789)
Interest and fiscal charges paid on capital debt	-	-	-	-	-	(154,654)	(540,923)	(695,577)
Principal paid on leases and IT subscriptions	-	-	-	-	-	(46,321)	-	(46,321)
Net cash provided (used) by capital and related financing activities	-	(2,587,077)	-	-	-	(1,180,098)	351,515	(3,415,660)
Cash flows from non-capital financing activities:								
Transfer from other funds	913,500	1,095,629	97,450	185,000	632,185	-	3,845,314	6,769,078
Transfer to other funds	(16,080)	(657,570)	-	(90,390)	-	(289,705)	(103,315)	(1,157,060)
Grants received	15,664	234,543	-	19,384	-	164,475	-	434,066
Net cash provided (used) by non-capital financing activities	913,084	672,602	97,450	113,994	632,185	(125,230)	3,741,999	6,046,084
Cash flows from investing activities:								
Interest and dividends received	23,159	207,616	150,690	1,680	10,987	-	442,947	837,079
Net cash provided (used) by investing activities	23,159	207,616	150,690	1,680	10,987	-	442,947	837,079
Net increase (decrease) in cash and cash equivalents	379,954	(21,305)	(1,149,885)	(49,629)	3,411	(356,865)	4,447,631	3,253,312
Increase (decrease) in fair value of investments (*)	21,701	199,298	148,814	1,719	10,643	-	21,701	403,876
Total increase (decrease) in cash and cash equivalents	401,655	177,993	(1,001,071)	(47,910)	14,054	(356,865)	4,469,332	3,657,188
Cash and equity in pooled cash and investments - beginning of the year	935,036	11,071,502	7,616,738	181,549	398,352	277,623	-	20,480,800
Cash and equity in pooled cash and investments - end of the year	$ 1,336,691	$ 11,249,495	$ 6,615,667	$ 133,639	$ 412,406	$ (79,242)	$ 4,469,332	$ 24,137,988

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

BOROUGH OF CHAMBERSBURG
Combining Statement of Cash Flows – Internal Service Funds (Continued)
Year Ended December 31, 2025

	Stores Fund	Motor Equipment Fund	Self Insurance Fund	Engineering Fund	Worker's Compensation Fund	Administrative Services Fund	Public Works Campus Fund	Total
Reconciliation of income from operations to net cash provided (used) by operating activities								
Operating income (loss)	$ (696,697)	$ 547,265	$ (874,621)	$ (10,804)	$ (594,799)	$ 454,480	$ (372,303)	$ (1,547,479)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:								
Depreciation and amortization expense	78,505	1,171,765	-	8,813	-	416,924	23,100	1,699,107
Miscellaneous nonoperating income	(185)	3,302	-	-	-	144	-	3,261
(Increase) decrease in:								
Accounts receivable	-	125	(12,430)	(4,510)	-	12,108	-	(4,707)
Inventories	14,035	-	-	-	-	-	-	14,035
Prepaid expenses	(1,063)	(8,733)	(680,678)	(640)	-	(20,480)	-	(711,594)
Increase (decrease) in:								
Accounts payable and accrued expenses	(6,862)	(7,994)	(6,650)	(45,013)	(44,962)	(18,670)	260,373	130,222
Net pension liability and related deferred outflows and inflows	48,315	(17,684)	-	(84,339)	-	111,645	-	57,937
Net OPEB liability and related deferred outflows and inflows	7,663	(2,492)	-	(28,810)	-	(7,688)	-	(31,327)
Refund received for health insurance	-	-	176,354	-	-	-	-	176,354
Net cash provided (used) by operating activities	$ (556,289)	$ 1,685,554	$ (1,398,025)	$ (165,303)	$ (639,761)	$ 948,463	$ (88,830)	$ (214,191)
Non-cash investing, capital and non-capital financing activities								
Increase (decrease) in fair value of investments (*)	$ 21,701	$ 199,298	$ 148,814	$ 1,719	$ 10,643	$ -	$ 21,701	$ 403,876
Change in accounts payable and retainage related to capital assets	-	-	-	-	-	(10,593)	945,616	935,023

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

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

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

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

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

BOROUGH OF CHAMBERSBURG
Combining Statement of Fiduciary Net Position - Pension Trust Funds
December 31, 2025

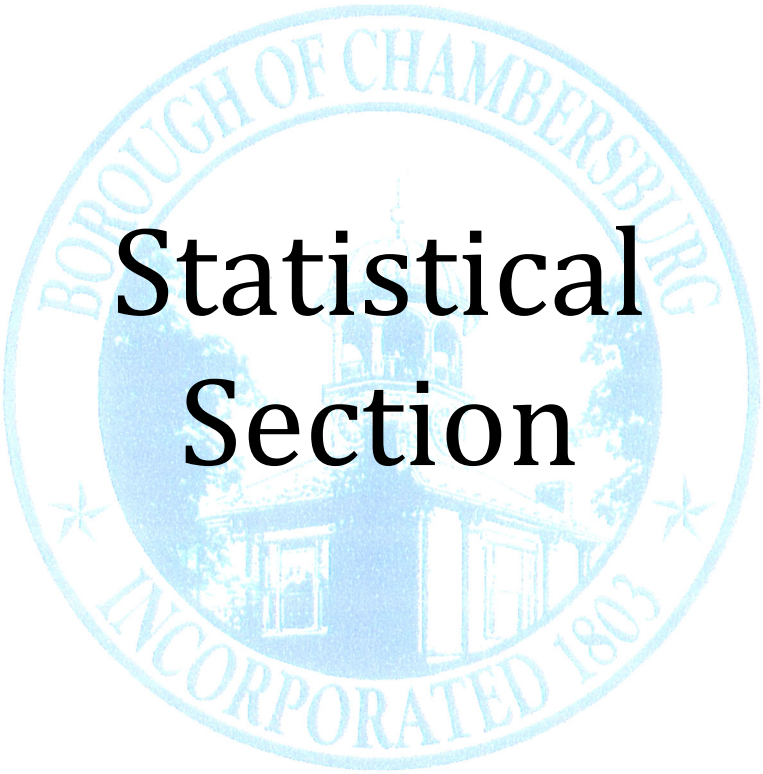
	Firemen Pension Fund	Police Pension Fund	Bargaining and Administrative Employees Pension Fund	Total Pension Trust Funds
ASSETS				
Cash and cash equivalents	$ 1,020,675	$ 1,040,398	$ 1,342,764	$ 3,403,837
Mutual funds - Corporate bonds	4,110,898	5,726,568	10,657,917	20,495,383
Mutual funds - Stocks	4,262,362	6,083,914	11,238,606	21,584,882
Mutual funds - Real estate securities	3,878,739	5,575,552	10,291,771	19,746,062
Total assets	$ 13,272,674	$ 18,426,432	$ 33,531,058	$ 65,230,164
NET POSITION				
Net position restricted for pensions	$ 13,272,674	$ 18,426,432	$ 33,531,058	$ 65,230,164
Total liabilities and net position	$ 13,272,674	$ 18,426,432	$ 33,531,058	$ 65,230,164

BOROUGH OF CHAMBERSBURG
Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds
Year Ended December 31, 2025

	Firemen Pension Fund	Police Pension Fund	Bargaining and Administrative Employees Pension Fund	Total Pension Trust Funds
ADDITIONS				
Contributions				
Employer	$ 679,014	$ 803,101	$ 848,755	$ 2,330,870
Plan member	135,493	185,187	685,086	1,005,766
Total contributions	814,507	988,288	1,533,841	3,336,636
Investment income				
Net appreciation in fair value of investments and gains on sale of investments	1,379,411	2,023,727	3,697,266	7,100,404
Interest, dividends and other	323,515	445,768	813,839	1,583,122
Total net investment earnings	1,702,926	2,469,495	4,511,105	8,683,526
Total additions	2,517,433	3,457,783	6,044,946	12,020,162
DEDUCTIONS				
Benefits	640,555	1,468,156	2,181,351	4,290,062
Administrative expenses	41,284	39,906	57,900	139,090
Total deductions	681,839	1,508,062	2,239,251	4,429,152
Change in net position	1,835,594	1,949,721	3,805,695	7,591,010
Net position - beginning	11,437,080	16,476,711	29,725,363	57,639,154
Net position - ending	$ 13,272,674	$ 18,426,432	$ 33,531,058	$ 65,230,164

BOROUGH OF CHAMBERSBURG
Schedule of Taxes Receivable
Year Ended December 31, 2025

	General Purpose	Fire	Police	Recreation	Public Works
Assessed valuation of real property	$ 217,119,410	$ 217,119,410	$ 217,119,410	$ 217,119,410	$ 217,119,410
Add: Additions	1,595,918	1,595,918	1,595,918	1,595,918	1,595,918
Less: Reductions and exonerations	959,360	959,360	959,360	959,360	959,360
Adjusted assessment	217,755,968	217,755,968	217,755,968	217,755,968	217,755,968
Tax rate (mills)	27.0	3.0	2.0	2.5	1.0
Total tax levied	5,879,411	653,268	435,512	544,390	217,756
Add: Penalties	36,381	4,043	2,695	3,369	1,348
Less: Discounts	(106,060)	(11,785)	(7,857)	(9,823)	(3,929)
Collections	(5,561,386)	(617,932)	(411,954)	(514,940)	(205,977)
2025 taxes receivable - December 31, 2025	248,346	27,594	18,396	22,996	9,198
Prior years' taxes	62,282	7,550	4,471	5,789	-
Total taxes receivable - December 31, 2025	$ 310,628	$ 35,144	$ 22,867	$ 28,785	$ 9,198



Statistical Section

STATISTICAL SECTION
UNAUDITED

This section of the Borough of Chambersburg's annual comprehensive financial report presents detailed information as a context for the understanding what the information in the financial statements, not disclosures, and required supplementary information says about the municipality's overall financial health.

Contents **Page(s)**

Financial Trends **111 - 117**

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

Revenue Capacity **118 - 123**

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

Debt Capacity **124 - 127**

These schedules present information to help the reader assess the affordability of the municipality's current levels of outstanding debt and the municipality's ability to issue additional debt in the future.

Demographic and Economic Information **128 - 129**

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

Operating Information **130 - 132**

These schedules contain service information and infrastructure data to help the reader understand how the information in the municipality's financial report relates to the services the municipality provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

FINANCIAL TRENDS

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

Net Position by Component	Schedule 1
Changes in Net Position	Schedule 2
Fund Balances - Governmental Funds	Schedule 3
Changes in Fund Balances - Governmental Funds	Schedule 4
Program Revenues by Function	Schedule 5
Tax Revenues by Source - Governmental Funds	Schedule 6

Schedule 1
Borough of Chambersburg, PA
Net Position By Component
Last Ten Years
(accrual basis of accounting)

	2025	Restated 2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
Net investment in capital assets	$ 25,236,109	$ 25,013,177	$ 24,719,080	$ 21,540,312	$ 21,941,943	$ 22,115,169	$ 23,200,125	$ 22,901,661	$ 22,392,162	$ 21,924,750
Restricted	9,752,504	10,524,209	6,999,140	8,907,482	9,223,399	7,897,042	7,272,595	8,199,300	6,915,510	6,540,937
Unrestricted	(2,775,931)	(1,694,660)	(3,760,423)	(3,342,185)	2,831,712	(835,241)	(3,082,801)	(3,823,656)	(2,150,736)	(1,256,732)
Total governmental activities net position	32,212,682	33,842,726	27,957,797	27,105,609	33,997,054	29,176,970	27,389,919	27,277,305	27,156,936	27,208,955
Business-type activities										
Net investment in capital assets	113,771,254	113,081,399	113,828,089	115,378,193	116,509,826	113,784,569	115,442,810	115,631,163	119,251,728	116,310,111
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	61,538,851	46,668,524	42,448,906	40,169,461	40,320,467	41,422,764	39,694,968	39,936,619	36,970,431	36,466,775
Total business-type activities net position	175,310,105	159,749,923	156,276,995	155,547,654	156,830,293	155,207,333	155,137,778	155,567,782	156,222,159	152,776,886
Primary government										
Net investment in capital assets	139,007,363	138,094,576	138,547,169	136,918,505	138,451,769	135,899,738	138,642,935	138,532,824	141,643,890	138,234,861
Restricted	9,752,504	10,524,209	6,999,140	8,907,482	9,223,399	7,897,042	7,272,595	8,199,300	6,915,510	6,540,937
Unrestricted	58,762,920	44,973,864	38,688,483	36,827,276	43,152,179	40,587,523	36,612,167	36,112,963	34,819,695	35,210,043
Total primary government net position	$ 207,522,787	$ 193,592,649	$ 184,234,792	$ 182,653,263	$ 190,827,347	$ 184,384,303	$ 182,527,697	$ 182,845,087	$ 183,379,095	$ 179,985,841

Notes

As further explained in Note 17 of the basic financial statements, the information presented for 2023 throughout the statistical tables has been restated to reflect the correction of an error related to receivables and expenses reported in the water fund/business-type activities. This is noted as "Restated" in the applicable tables.

During 2024, the Borough implemented GASB 101 which required changes to the calculation of compensated absences liabilities. The information for years prior to 2024 has not been restated to reflect any changes as a result of this standard.

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

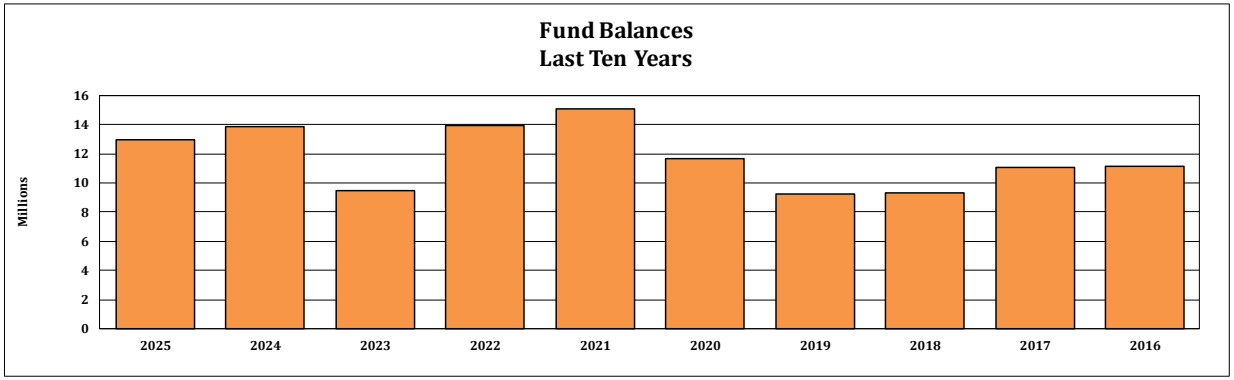
	2025	Restated 2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental activities										
General government	$ 2,693,503	$ 2,431,877	$ 2,601,241	$ 2,556,900	$ 2,412,425	$ 2,526,221	$ 2,309,817	$ 2,310,568	$ 2,294,640	$ 2,163,331
Public safety	15,029,679	13,996,901	14,405,244	13,474,856	11,187,488	11,212,547	11,233,362	10,833,457	9,477,333	8,993,278
Public works	2,896,754	2,562,015	2,344,161	2,403,824	2,027,300	1,707,400	2,298,715	1,834,124	1,673,405	1,658,783
Culture and recreation	1,756,879	1,798,527	1,726,179	1,717,617	1,335,937	1,366,457	1,504,825	1,322,566	1,413,812	1,690,579
Community development	566,046	802,611	833,291	5,094,767	281,047	177,017	641,838	836,338	286,185	962,778
Interest expense and debt issuance costs	195,716	202,497	209,060	448,037	57,002	27,312	42,217	60,526	92,027	56,212
Total governmental activities expenses	23,138,577	21,794,428	22,119,176	25,696,001	17,301,199	17,016,954	18,030,774	17,197,579	15,237,402	15,524,961
Business-type activities										
Electric	30,314,542	30,097,257	32,404,327	32,908,706	26,553,376	24,023,259	28,115,878	28,240,579	25,729,659	26,383,643
Gas	8,468,148	7,660,636	7,985,784	9,652,323	7,637,569	5,760,745	6,790,538	6,762,534	5,564,198	5,089,708
Water	6,982,466	5,819,771	5,736,108	5,306,720	4,412,363	4,779,583	4,093,906	3,639,107	3,462,915	7,047,612
Sewer	10,023,052	9,864,857	8,490,985	8,229,433	9,189,602	8,434,520	9,756,565	9,729,758	7,981,669	6,290,729
Swimming pool	1,317,476	1,213,887	1,233,255	1,200,361	1,156,886	998,616	1,144,533	843,447	-	163,013
Sanitation	5,403,950	4,691,347	4,054,139	3,782,825	3,418,335	3,239,985	3,348,653	3,106,776	2,857,397	2,984,839
Parking, traffic and street lights	1,668,343	1,782,261	1,855,729	1,661,804	2,156,532	1,224,552	1,204,108	1,240,160	998,553	987,489
Storm Sewer	1,330,727	1,314,850	710,232	608,181	495,671	498,927	580,002	383,574	389,564	370,805
Total business-type activities expenses	65,508,704	62,444,866	62,470,559	63,350,353	55,020,334	48,960,187	55,034,183	53,945,935	46,983,955	49,317,838
Total primary government expenses	$ 88,647,281	$ 84,239,294	$ 84,589,735	$ 89,046,354	$ 72,321,533	$ 65,977,141	$ 73,064,957	$ 71,143,514	$ 62,221,357	$ 64,842,799
Program revenues										
Governmental activities										
Charges for services										
General government	$ 721,957	$ 789,465	$ 1,074,872	$ 791,620	$ 474,964	$ 477,850	$ 473,285	$ 505,679	$ 572,926	$ 532,334
Public safety	4,038,695	3,919,379	3,358,482	3,021,921	2,989,390	2,866,093	2,005,498	1,855,468	1,941,723	1,874,555
Public works	2,435	2,240	2,743	945	4,374	1,663	9,810	5,720	3,770	2,650
Culture and recreation	269,518	275,004	240,333	208,185	147,382	106,227	204,366	188,537	216,967	417,064
Community development	-	-	-	-	-	-	-	-	-	-
Interest expense and debt issuance costs	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	3,639,471	2,754,187	3,779,367	4,678,053	6,205,849	2,669,592	2,375,110	2,446,371	1,781,090	2,614,177
Capital grants and contributions	241,051	3,424,734	-	116,400	209,478	79,490	529,058	148,045	42,044	346,069
Total governmental activities program revenues	8,913,127	11,165,009	8,455,797	8,817,124	10,031,437	6,200,915	5,597,127	5,149,820	4,558,520	5,786,849
Business-type activities										
Charges for services										
Electric	39,376,771	35,787,919	32,024,627	30,815,782	28,986,441	27,661,278	29,104,394	29,785,076	28,452,711	29,385,789
Gas	12,042,862	7,742,780	9,256,496	12,036,525	7,860,850	7,136,435	7,890,056	7,772,848	6,838,981	5,470,742
Water	6,020,136	5,646,632	5,209,197	4,355,813	4,236,182	3,730,901	3,675,609	4,026,888	3,638,154	3,356,786
Sewer	8,596,678	7,969,122	7,881,107	7,384,159	7,316,151	7,110,699	6,973,566	6,642,974	6,633,050	5,864,946
Swimming pool	830,558	875,280	831,567	790,599	615,111	373,201	637,857	570,671	2,987	-
Sanitation	5,593,534	4,900,338	4,346,410	3,574,079	3,525,576	3,474,556	3,123,263	3,065,612	3,057,311	2,966,732
Parking, traffic and street lights	216,206	258,547	274,277	148,475	167,532	115,045	199,091	345,217	141,881	153,300
Storm Sewer	1,627,778	1,336,587	1,118,239	1,114,873	518,728	576,827	410,513	403,705	397,739	296,377
Operating grants and contributions	2,231,956	2,187,577	722,216	311,063	4,469,635	976,785	756,431	979,885	328,881	385,322
Capital grants and contributions	334,807	1,019,588	851,753	1,783,136	229,894	156,694	1,371,007	15,615	2,179,904	7,141,427
Total business-type activities program revenues	76,871,286	67,724,370	62,515,889	62,314,504	57,926,100	51,312,421	54,141,787	53,608,491	51,671,599	55,021,421
Total primary government program revenues	$ 85,784,413	$ 78,889,379	$ 70,971,686	$ 71,131,628	$ 67,957,537	$ 57,513,336	$ 59,738,914	$ 58,758,311	$ 56,230,119	$ 60,808,270

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

	Restated 2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net (expense)/revenue										
Governmental activities	$ (14,225,450)	$ (10,629,419)	$ (13,663,379)	$ (16,878,877)	$ (7,269,762)	$ (10,816,039)	$ (12,433,647)	$ (12,047,759)	$ (10,678,882)	$ (9,738,112)
Business-type activities	11,362,582	5,279,504	45,330	(1,035,849)	2,905,766	2,352,234	(892,396)	(337,444)	4,687,644	5,703,583
Total primary government net expenses	$ (2,862,868)	$ (5,349,915)	$ (13,618,049)	$ (17,914,726)	$ (4,363,996)	$ (8,463,805)	$ (13,326,043)	$ (12,385,203)	$ (5,991,238)	$ (4,034,529)
General revenues and other changes in net position										
Governmental activities										
Taxes										
Property taxes, levied for general purposes	$ 5,818,844	$ 5,335,576	$ 5,246,648	$ 4,977,636	$ 4,951,190	$ 4,909,050	$ 4,925,542	$ 4,874,490	$ 4,647,594	$ 4,651,001
Property taxes, levied for specific purposes	1,831,719	1,600,945	1,573,770	1,451,065	1,281,684	1,217,623	1,330,528	527,862	467,067	649,324
Real estate transfer tax	465,866	672,512	539,404	716,846	927,983	631,580	571,571	2,179,319	1,999,358	2,130,470
Earned income tax	3,420,092	3,170,150	2,870,031	2,784,427	2,509,252	2,291,675	2,254,401	879,616	824,411	921,024
Local services tax	833,631	809,186	774,115	781,036	783,031	808,573	851,113	1,278,483	504,460	503,954
Other taxes	33,806	106,632	30,522	35,297	29,193	74,371	87,937	91,285	90,970	82,118
Gain on sale of assets	-	-	-	-	-	-	-	-	-	-
Unrestricted contributions and grants	-	-	-	-	-	-	-	-	-	-
Unrestricted investment earnings	854,727	801,702	804,910	(1,148,593)	(114,930)	123,411	546,761	214,420	149,219	2,108
Miscellaneous income	90,725	67,170	425,450	136,041	73,458	468,005	80,565	16,603	36,190	25,245
Transfer of capital assets	-	-	18,720	-	-	-	-	-	-	-
Transfers	(754,004)	4,194,990	2,231,998	313,288	1,648,985	2,233,411	1,897,843	1,953,168	1,907,594	1,632,974
Total governmental activities	$ 12,595,406	$ 16,758,863	$ 14,515,568	$ 10,047,043	$ 12,089,846	$ 12,757,699	$ 12,546,261	$ 12,015,246	$ 10,626,863	$ 10,598,218
Business-type activities										
Unrestricted investment earnings	$ 3,332,293	$ 2,510,787	$ 2,352,424	$ (2,971,834)	$ (468,837)	$ 617,561	$ 2,262,408	$ 753,807	$ 604,900	$ (1,158)
Miscellaneous income	111,303	107,303	563,585	2,978,720	835,016	56,887	97,827	67,518	60,323	50,670
Transfers	754,004	(4,194,990)	(2,231,998)	(313,288)	(1,648,985)	(2,233,411)	(1,897,843)	(1,953,168)	(1,907,594)	(1,632,974)
Total business-type activities	$ 4,197,600	$ (1,576,900)	$ 684,011	$ (306,402)	$ (1,282,806)	$ (1,558,963)	$ 462,392	$ (1,131,843)	$ (1,242,371)	$ (1,583,462)
Total primary government	$ 16,793,006	$ 15,181,963	$ 15,199,579	$ 9,740,641	$ 10,807,040	$ 11,198,736	$ 13,008,653	$ 10,883,403	$ 9,384,492	$ 9,014,756
Change in net position										
Governmental activities	(1,630,044)	6,129,444	852,189	(6,831,834)	4,820,084	1,941,660	112,614	(32,513)	(52,019)	860,106
Business-type activities	15,560,182	3,702,604	729,341	(1,342,251)	1,622,960	793,271	(430,004)	(1,469,287)	3,445,273	4,120,121
Total primary government change in net position	$ 13,930,138	$ 9,832,048	$ 1,581,530	$ (8,174,085)	$ 6,443,044	$ 2,734,931	$ (317,390)	$ (1,501,800)	$ 3,393,254	$ 4,980,227

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General fund										
Unassigned	$ 2,617,768	$ 3,384,644	$ 1,998,589	$ 2,377,281	$ 5,853,214	$ 3,751,167	$ 1,975,135	$ 1,827,338	$ 1,678,221	$ 2,083,562
Nonspendable	35,790	-	-	-	-	-	-	-	-	-
Committed	-	-	294,097	-	-	-	-	-	-	-
Total general fund	2,653,558	3,384,644	2,292,686	2,377,281	5,853,214	3,751,167	1,975,135	1,827,338	1,678,221	2,083,562
All other governmental funds										
Unassigned	-	(214,564)	-	-	-	-	-	-	-	-
Nonspendable for long term receivables	-	-	-	-	-	-	-	-	-	2,553,604
Restricted	10,325,263	10,680,398	7,151,914	11,564,798	9,234,534	7,897,035	7,272,595	7,500,763	9,395,181	6,468,551
Total all other governmental funds	10,325,263	10,465,834	7,151,914	11,564,798	9,234,534	7,897,035	7,272,595	7,500,763	9,395,181	9,022,155
Total governmental funds	$ 12,978,821	$ 13,850,478	$ 9,444,600	$ 13,942,079	$ 15,087,748	$ 11,648,202	$ 9,247,730	$ 9,328,101	$ 11,073,402	$ 11,105,717



From: Balance Sheet Governmental Funds

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

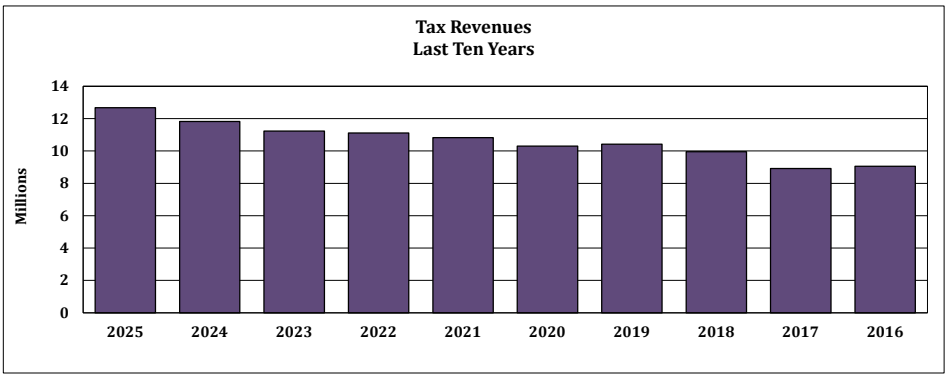
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
REVENUES										
Real estate taxes	$ 7,614,993	$ 7,015,299	$ 6,839,943	$ 6,522,338	$ 6,263,764	$ 6,281,391	$ 6,410,379	$ 6,165,850	$ 5,236,759	$ 5,203,376
Local enabling taxes	4,777,533	4,538,106	4,090,613	4,272,131	4,210,058	3,670,098	3,687,425	3,461,434	3,309,731	3,523,969
Licenses and permits	414,259	450,778	406,424	447,728	470,601	459,418	465,688	416,535	501,057	450,972
Fines and forfeits	106,806	121,781	123,134	134,694	136,342	138,118	163,345	163,076	152,342	162,220
Investment earnings and unrealized investment gains (losses)	554,122	565,253	594,366	(885,081)	(72,237)	83,333	389,448	154,467	107,624	4,723
Intergovernmental	4,147,108	5,338,764	3,465,953	5,875,157	5,064,429	2,649,087	2,420,486	2,436,541	1,753,564	2,949,843
Charges for services	4,337,952	4,234,915	3,989,877	2,962,744	2,809,422	2,669,553	1,930,873	1,839,269	1,881,459	2,078,112
Miscellaneous	452,632	379,906	478,770	620,957	442,895	673,429	248,777	310,857	304,994	200,400
Total revenues	22,405,405	22,644,802	19,989,080	19,950,668	19,325,274	16,624,427	15,716,421	14,948,029	13,247,530	14,573,615
EXPENDITURES										
Current:										
General government	2,041,386	2,488,793	2,207,241	1,763,435	1,783,436	1,861,164	1,502,941	1,757,702	1,585,185	1,872,101
Public safety										
Police deparment	7,097,831	6,503,376	10,474,313	10,117,038	6,304,665	5,259,465	4,926,420	4,722,850	4,915,151	4,502,431
Emergency services	6,348,041	5,836,210	5,696,599	5,570,713	5,341,510	5,559,600	5,034,134	4,656,601	3,852,942	3,948,697
Planning and zoning	991,010	890,383	943,132	815,418	890,057	749,548	619,356	611,478	580,913	556,019
Public works										
Highways	2,766,011	2,458,043	3,252,008	3,163,871	2,075,230	1,000,607	2,841,386	3,393,966	2,348,063	2,943,465
Culture and recreation	2,059,850	1,816,272	1,964,363	1,626,705	1,078,564	1,114,439	2,093,053	1,859,422	1,368,958	1,509,699
Community development	924,380	529,467	1,276,137	5,091,497	251,241	79,315	578,277	175,058	90,258	664,353
Bond reallocation	-	-	-	-	-	-	-	(1,177,163)	-	-
Debt service										
Princpal	270,920	263,296	256,329	43,952	44,773	44,103	42,738	79,484	1,282	-
Interest	212,764	218,980	225,651	390,759	56,970	30,895	45,819	61,587	67,442	-
Miscellaneous	1,804	68,602	63,525	59,205	-	-	-	-	-	-
Total expenditures	22,713,997	21,073,422	26,359,298	28,642,593	17,826,446	15,699,136	17,684,124	16,140,985	14,810,194	15,996,765
Excess (deficiency) of revenues over expenditures	(308,592)	1,571,380	(6,370,218)	(8,691,925)	1,498,828	925,291	(1,967,703)	(1,192,956)	(1,562,664)	(1,423,150)
OTHER FINANCING SOURCES (USES)										
Issuance of long term financing	-	-	-	7,080,000	1,093,408	-	-	-	-	2,500,000
Payment to refund long term debt	-	-	-	-	(1,110,462)	-	-	-	-	-
Bond premium	-	-	-	342,689	44,481	-	-	-	-	26,457
Transfers in (out)	(563,065)	2,834,498	1,872,739	183,180	1,913,291	1,574,262	1,762,332	1,801,981	1,530,349	2,332,546
Total other financing sources and uses	(563,065)	2,834,498	1,872,739	7,605,869	1,940,718	1,574,262	1,762,332	1,801,981	1,530,349	4,859,003
Net change in fund balances	$ (871,657)	$ 4,405,878	$ (4,497,479)	$ (1,086,056)	$ 3,439,546	$ 2,499,553	$ (205,371)	$ 609,025	$ (32,315)	$ 3,435,853
Debt service as a percentage of non-capital expenditures	2.35%	2.50%	2.00%	1.64%	0.64%	0.54%	0.56%	0.99%	0.53%	0.00%
Debt service as a percentage of total expenditures	2.13%	2.29%	1.83%	1.52%	0.57%	0.48%	0.50%	0.87%	0.46%	0.00%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Function/Program										
Governmental activities										
General government	$ 772,711	$ 838,790	$ 1,376,194	$ 886,917	$ 553,223	$ 574,078	$ 523,299	$ 552,302	$ 611,628	$ 571,757
Public safety	5,923,472	8,501,809	4,827,231	6,285,030	7,681,039	4,590,305	2,982,806	2,657,455	2,739,885	3,255,179
Public works	715,227	708,707	661,575	737,174	937,170	733,828	1,218,990	804,633	667,308	951,794
Culture and recreation	868,078	407,215	1,087,878	446,053	501,519	184,390	287,285	328,588	307,425	546,375
Community development	633,639	522,754	502,919	461,950	358,486	118,314	584,747	806,842	232,274	461,744
Subtotal governmental activities	8,913,127	10,979,275	8,455,797	8,817,124	10,031,437	6,200,915	5,597,127	5,149,820	4,558,520	5,786,849
Business-type activities										
Electric	39,468,254	35,991,966	32,137,896	31,393,986	29,083,755	27,751,332	29,169,265	29,852,876	28,520,022	29,439,209
Gas	13,816,401	9,375,659	9,479,412	12,183,954	7,932,560	7,758,438	7,968,093	7,802,151	6,903,776	5,522,223
Water	6,092,782	6,258,770	5,940,912	4,842,138	4,362,380	3,777,874	3,714,052	4,065,500	3,688,443	3,633,235
Sewer	8,798,534	8,287,839	7,922,778	7,483,507	7,655,357	7,293,639	8,326,263	6,700,742	8,568,501	12,701,697
Swimming pool	836,040	876,148	832,168	888,437	898,921	376,630	640,606	604,354	3,084	-
Sanitation	5,661,103	4,997,498	4,380,695	3,622,440	4,213,256	3,512,315	3,223,561	3,121,790	3,128,892	3,007,119
Parking, traffic and street lights	408,521	449,359	290,777	486,103	3,064,593	261,603	683,936	664,566	165,662	344,294
Storm sewer	1,789,651	1,487,131	1,531,251	1,151,524	715,278	580,590	416,011	796,512	693,219	373,644
Subtotal business type activities	76,871,286	67,724,370	62,515,889	62,052,089	57,926,100	51,312,421	54,141,787	53,608,491	51,671,599	55,021,421
Total primary government	$ 85,784,413	$ 78,703,645	$ 70,971,686	$ 70,869,213	$ 67,957,537	$ 57,513,336	$ 59,738,914	$ 58,758,311	$ 56,230,119	$ 60,808,270

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

Fiscal Year		Real Estate	Fire Tax	Rec Tax	Police Station Bond Tax	Public Works Tax	Real Estate Transfer	Earned Income	Local Services Tax	Cable TV Franchise Fees	Payments in Lieu of Taxes	Total
2025	(3)	5,788,424	644,331	536,988	429,498	209,531	465,866	3,455,877	827,811	255,271	34,200	12,647,797
2024		5,311,924	639,131	533,678	423,935	-	683,547	3,049,239	805,319	272,770	106,632	11,826,175
2023		5,240,012	629,326	526,648	413,435	-	539,404	2,778,687	772,522	300,049	30,522	11,230,605
2022	(2)	5,028,420	595,591	599,229	202,456	-	716,846	2,799,962	755,323	326,474	35,297	11,059,598
2021		4,996,627	617,660	630,122	-	-	927,983	2,479,988	802,087	339,160	29,193	10,822,820
2020		4,960,660	625,916	619,885	-	-	631,580	2,245,438	793,080	351,745	74,370	10,302,674
2019		4,983,967	723,909	614,566	-	-	571,571	2,260,255	855,599	329,370	87,937	10,427,174
2018	(1)	4,810,476	693,708	570,381	-	-	527,862	2,085,361	848,211	327,440	91,285	9,954,724
2017		4,642,262	503,527	-	-	-	467,067	2,007,026	835,638	370,183	90,970	8,916,673
2016		4,618,625	502,633	-	-	-	649,324	2,047,354	827,291	328,660	82,118	9,056,005



(1) Beginning in 2018, the Borough assessed the Rec and Ambulance Tax.
(2) Beginning in 2022, the Borough assessed the Police Station Bond Tax.
(3) Beginning in 2025, the Borough assessed the Public Works Tax.

Source: Borough of Chambersburg Finance Department.

REVENUE CAPACITY

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

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

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

		<----------Direct Rate---------->						<----------Overlapping Debt---------->		
Tax Year		General Real Estate Tax	Fire Tax	Recreation Tax	Police Station Bond Tax	Public Works Campus Bond Tax	Total Direct	Chambersburg Area Sch Dist	Franklin County	Franklin County Library
2025	(3)	27.00	3.00	2.50	2.00	1.00	35.50	136.47	29.10	1.30
2024		25.00	3.00	2.50	2.00	0.00	32.50	132.49	29.10	1.30
2023		25.00	3.00	2.50	2.00	0.00	32.50	127.40	29.10	1.30
2022	(2)	24.00	3.00	3.00	1.00	0.00	31.00	122.50	29.10	1.30
2021		24.00	3.00	3.00	0.00	0.00	30.00	118.93	29.10	1.30
2020		24.00	3.00	3.00	0.00	0.00	30.00	118.93	29.10	1.30
2019		24.00	3.50	3.00	0.00	0.00	30.50	115.02	29.10	1.05
2018	(1)	24.00	3.50	3.00	0.00	0.00	30.50	109.65	27.60	1.05
2017		23.00	2.50	0.00	0.00	0.00	25.50	105.94	27.60	1.05
2016		23.00	2.50	0.00	0.00	0.00	25.50	101.38	27.60	1.05

(1) Beginning in 2018, the Borough assessed the Recreation and Ambulance Tax.
(2) Beginning in 2022, the Borough assessed the Police Station Bond Tax.
(3) Beginning in 2025, the Borough assessed the Public Works Campus Bond Tax.

Sources: Borough of Chambersburg Annual Comprehensive Financial Report
Chambersburg Area School District Annual Financial Report
Franklin County Tax Assessment Office

Schedule 8
Borough of Chambersburg, PA
Assessed Value and Actual Value of Taxable Property
Last Ten Years

Fiscal Year Ended December 31,	Agricultural Property	Residential Property	Commercial Property	Industrial Property	Vacant Property	Tax Exempt Property	Total Estimated Assessed Value	Total Taxable Assessed Value	Chambersburg Municipal Millage Rate
2025	$ 262,090	$ 108,531,770	$ 96,444,910	$ 9,950,250	$ 1,930,390	$ 66,212,740	$ 283,332,150	$ 217,119,410	35.50
2024	262,090	108,107,530	93,429,250	9,943,800	2,194,950	67,019,350	280,956,970	213,937,620	32.50
2023	261,350	107,520,700	91,685,010	9,318,790	2,262,150	66,096,710	277,144,710	211,048,000	32.50
2022	261,350	106,321,190	90,736,040	9,253,500	2,477,470	66,263,340	275,312,890	209,049,550	31.00
2021	261,350	105,404,970	90,870,320	9,082,920	2,531,060	64,754,250	272,904,870	208,150,620	30.00
2020	261,350	104,446,330	90,699,630	8,971,330	2,622,730	63,422,220	270,423,590	207,001,370	30.00
2019	260,750	103,229,980	90,313,750	8,964,040	2,561,670	64,230,330	269,560,520	205,330,190	30.50
2018	260,750	102,577,140	88,126,100	9,154,210	2,731,070	63,312,530	266,161,800	202,849,270	30.50
2017	260,750	101,871,080	87,433,470	9,154,210	2,694,580	63,321,240	264,735,330	201,414,090	25.50
2016	260,750	101,261,800	85,226,210	9,157,860	2,516,020	62,793,580	261,216,220	198,422,640	25.50

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

Schedule 9
Borough of Chambersburg, PA
Principal Taxpayers
December 31, 2025 and December 31, 2016

December 31, 2025

Taxpayer	Estimated Actual Values of Real Property (1)	Rank	Percentage of Assessed Valuation
Chbg Health Srv/Chbg Hospital	$ 6,366,980	1	2.93%
Menno Haven	5,865,820	2	2.70%
U&ME Chambersburg LLC (MZL)	3,677,360	3	1.69%
Wilsey/Holsum LLC (Ventura Foods)	2,849,540	4	1.31%
ProLogis	2,199,600	5	1.01%
Progress & Progress Village	1,999,160	6	0.92%
Pool 3 Industrial PA, LLC	1,955,100	7	0.90%
Quinn Station LLC	1,670,630	8	0.77%
Dawson Logistics Assets, LLC	1,662,390	9	0.77%
Wayne Avenue Plaza, LLC	1,628,060	10	0.75%
	$ 29,874,640		13.75%
Total Taxable Assessed Valuation	**$ 217,119,410**		

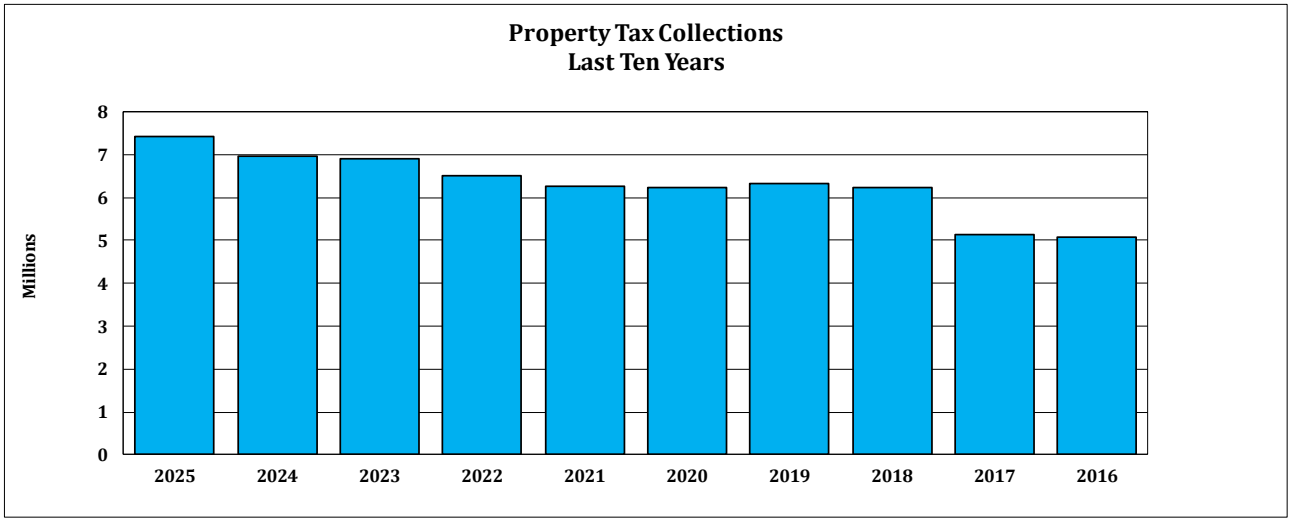
December 31, 2016

Taxpayer	Estimated Actual Values of Real Property (1)	Rank	Percentage of Assessed Valuation
Chbg Health Srv/Chbg Hospital	$ 6,280,990	1	3.17%
Menno Haven	5,485,560	2	2.76%
Chambersburg MZL LLC	4,946,620	3	2.49%
Wilsey/Holsum LLC (Ventura)	2,849,540	4	1.44%
Icon Chambersburg	2,340,650	5	1.18%
ProLogis	1,770,950	6	0.89%
Wayne Avenue Plaza	1,628,060	7	0.82%
Cabot III	1,558,460	8	0.79%
Chambersburg Cold Storage LP	1,491,010	9	0.75%
T. K. Nitterhouse	1,443,630	10	0.73%
	$ 29,795,470		15.02%
Total Taxable Assessed Valuation	**$ 198,422,640**		

Sources: Franklin County Assessor's Office

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

Fiscal Year Ended Dec 31,	Taxes Levied for the Fiscal Year	Collections within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2025 (5) (6)	$ 7,752,377	$ 7,431,645	95.86%	-	$ 7,431,645	95.86%
2024	7,018,728	6,744,720	96.10%	222,301	6,967,021	99.26%
2023	6,918,388	6,612,938	95.58%	304,495	6,917,433	99.99%
2022 (4)	6,503,390	6,296,604	96.82%	206,442	6,503,046	99.99%
2021	6,279,466	6,045,787	96.28%	233,064	6,278,851	99.99%
2020 (3)	6,227,429	5,958,333	95.68%	268,356	6,226,689	99.99%
2019	6,310,516	5,973,537	94.66%	336,836	6,310,373	99.99%
2018 (2)	6,228,091	5,894,675	94.65%	333,092	6,227,767	99.99%
2017	5,148,320	4,874,759	94.69%	273,220	5,147,979	99.99%
2016 (1)	5,078,752	4,819,617	94.90%	256,649	5,076,266	99.95%



(1) The Borough's property tax mill rate increased from 21.0 to 23.0, an increase of 9.52%.
(2) Beginning in 2018, the Borough assessed the recreation and ambulance tax. Borough's property tax mill rate increased from 23.0 to 24.0, an increase of 4.00%, and fire tax increased from 2.50% to 3.50%.
(3) In 2020, fire tax decreased from 3.50% to 3.00%.
(4) Beginning in 2022, the Borough assessed the police station bond tax.
(5) Beginning in 2025, the Borough assessed the public works bond tax.
(6) Borough's property tax mill rate increased from 25.0 to 27.0, an increase of 8.00%

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

Fiscal Year	Tax Rate	Total Earned Income Tax Collected	Refunds	Net Earned Income Tax Collected
2025	1.00%	$ 3,463,833	$ 48,591	$ 3,415,242
2024	1.00%	3,077,784	58,826	3,018,958
2023	1.00%	2,756,800	82,856	2,673,944
2022	1.00%	2,802,891	72,360	2,730,531
2021	1.00%	2,434,788	69,401	2,365,387
2020	1.00%	2,269,128	69,752	2,199,376
2019	1.00%	2,266,460	85,649	2,180,811
2018	1.00%	2,110,277	72,465	2,037,812
2017	1.00%	2,027,449	75,103	1,952,346
2016	1.00%	2,076,927	84,475	1,992,452

Source: Franklin County Area Tax Bureau

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

Income Range	2024 (1)	2023	2022	2021	2020	2019	2018	2017	2016	2015
> $1,000,000	3	-	-	-	1	4	5	2	1	3
$500,000 - 999,999	9	5	16	14	13	8	8	12	14	8
$200,000 - 499,999	61	45	45	79	70	74	68	64	66	55
$100,000 - 199,999	426	306	339	374	330	313	306	287	270	211
$50,000 - 99,999	1,939	1,473	1,634	2,092	1,869	1,873	1,806	1,800	1,780	1,466
<$49,999	4,727	5,371	5,539	5,850	6,074	6,502	7,997	7,933	7,918	6,811
Total	7,165	7,200	7,573	8,409	8,357	8,774	10,190	10,098	10,049	8,554

Percent of Total Earned Income Tax

Income Range	2024 (1)	2023	2022	2021	2020	2019	2018	2017	2016	2015
> $1,000,000	1.29%	0.00%	0.00%	0.00%	0.53%	1.36%	1.87%	0.73%	0.59%	1.27%
$500,000 - 999,999	2.01%	1.43%	4.04%	2.55%	2.55%	1.58%	1.41%	2.17%	2.93%	1.83%
$200,000 - 499,999	5.53%	5.24%	4.62%	6.56%	6.00%	6.54%	5.89%	5.21%	5.88%	6.19%
$100,000 - 199,999	18.00%	16.59%	16.55%	13.84%	12.96%	12.04%	11.54%	10.63%	10.20%	9.45%
$50,000 - 99,999	43.89%	43.48%	42.00%	40.41%	38.80%	37.18%	35.76%	35.26%	35.07%	34.48%
<$49,999	29.28%	33.26%	32.79%	36.64%	39.16%	41.30%	43.53%	46.00%	45.33%	46.78%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Total Personal Income	$ 302,433,110	$ 230,921,848	$ 262,083,017	$ 347,760,471	$ 324,085,038	$ 337,873,929	$ 333,510,853	$ 338,462,263	$ 336,932,927	$ 282,437,017

(1) Information for 12/31/2025 not yet available
Source: Franklin County Area Tax Bureau

DEBT CAPACITY

These schedules contain trend information to help the reader assess the affordability of the Borough's current levels of outstanding debt and the Borough's ability to issue additional debt in the future. These schedules include:

Ratios of Outstanding Debt by Type	Schedule 13
Ratios of General Bonded Debt Outstanding	Schedule 14
Legal Debt Margin Information	Schedule 15
Computation of Direct and Overlapping Debt	Schedule 16

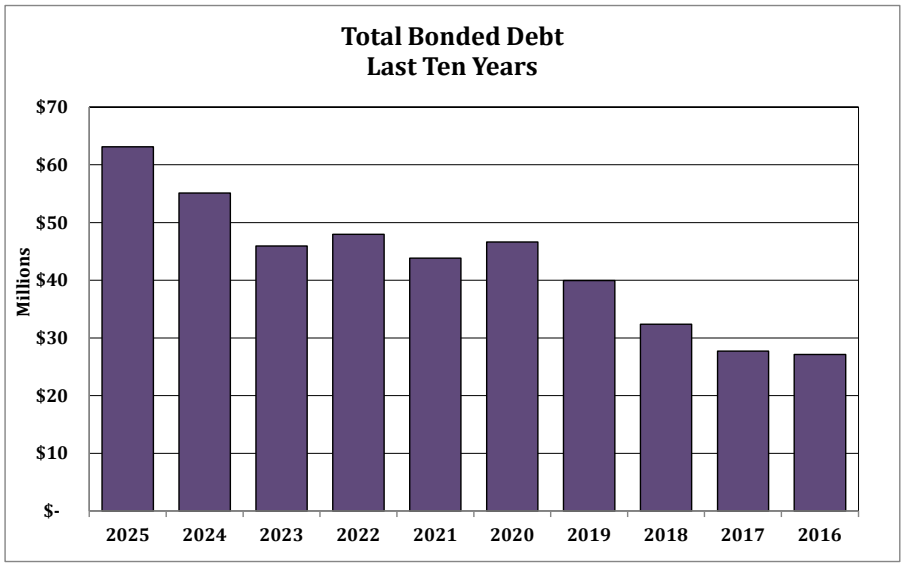
Schedule 13
Borough of Chambersburg, PA
Ratios of Outstanding Debt by Type
Last Ten Years

	Governmental Activities (1)						Business Type Activities (1)																
Fiscal Year	General Obligation Bonds	Administrative Services General Obligation Notes	General Lease Liabilities	IT Subscription Liabilities	Public Works Campus Bonds	Public Works Campus Notes	Electric Department General Obligation Bonds	Electric Department General Obligation Notes	Electric Department General Lease Liabilities	Sewer Treatment Plant General Obligation Bonds	Sewer Treatment Plant General Obligation Notes	Water Plant General Obligation Bonds	Sanitation Department General Obligation Bonds	Sanitation Department General Obligation Notes	Swimming Pool General Obligation Bonds	Storm Sewer General Obligation Bonds	Administrative Services General Obligation Notes	Public Works Campus Bonds	Public Works Campus Notes	IT General Subscription Liabilities	Total Primary Government	Percentage of Personal Income	Per Capita
2025	$ 7,663,361	$ 1,725,542	$ 6,776	$ 1,975	$ 2,983,328	$ 390,258	$ 9,119,907	$ -	$ 4,378,982	$ 3,536,686	$ -	$ 6,181,737	$ 2,063,930	$ -	$ 6,321,156	$ 6,382,928	$ 5,667,526	$ 9,798,710	$ 1,281,799	$ -	$ 67,504,602	9.657%	2,968
2024	7,950,492	2,257,026	13,336	17,397	-	-	9,602,446	-	4,481,999	3,828,205	-	6,490,516	4,775,257	1,677,057	6,639,966	6,397,189	5,483,119	-	-	32,814	59,646,819	8.138%	2,602
2023	8,229,999	2,001,294	6,948	28,352	-	-	9,496,346	-	4,582,837	4,116,073	-	6,787,356	2,297,914	-	6,941,400	-	6,078,215	-	-	72,953	50,639,687	6.933%	2,264
2022	8,502,544	2,026,530	227,822	-	-	-	9,945,066	-	4,720,406	4,396,663	-	7,049,660	2,410,031	-	7,229,802	-	6,385,797	-	-	-	52,894,321	8.258%	2,370
2021	1,137,797	2,129,324	-	-	-	-	11,882,008	-	-	4,669,903	-	8,051,155	1,792,084	-	7,535,580	-	6,608,155	-	-	-	43,806,006	7.830%	2,000
2020	1,177,460	2,458,894	-	-	-	-	12,635,624	1,101,101	-	-	4,738,899	8,345,029	1,193,905	693,010	7,704,219	-	6,591,139	-	-	-	46,639,280	8.004%	2,164
2019	1,222,613	2,333,531	-	-	-	-	14,429,310	1,161,435	-	-	4,998,565	-	-	773,511	7,988,188	-	7,015,552	-	-	-	39,922,705	7.066%	1,888
2018	1,266,583	2,432,984	-	-	-	-	5,885,427	1,221,769	-	-	5,258,231	-	-	849,160	8,264,034	-	7,198,783	-	-	-	32,376,971	6.337%	1,540
2017	2,524,117	736,651	-	-	-	-	7,290,599	1,282,103	-	-	5,517,897	-	-	922,420	7,319,938	-	2,137,971	-	-	-	27,731,696	5.962%	1,328
2016	2,526,457	-	-	-	-	-	8,996,973	1,342,437	-	185,081	5,777,562	-	-	993,365	7,326,725	-	-	-	-	-	27,148,600	6.296%	1,312

(1) Details regarding the Borough's outstanding debt can be found in the Note 7 in the current financial statements.
Source: Borough of Chambersburg Finance Department

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

General Bonded Debt Outstanding	Net Non-electoral Debt	Total Primary Government	% of Assessed Valuation	Debt per Capita	All Wards Total Real Est Assess	Population
2025	$ 63,116,869	$ 63,116,869	29.07%	2,775	$ 217,119,410	22,742
2024	55,101,273	55,101,273	25.76%	2,404	213,937,620	22,923
2023	45,948,563	45,948,563	21.77%	2,055	211,048,000	22,364
2022	47,946,087	47,946,087	22.94%	2,149	209,049,550	22,316
2021	43,806,006	43,806,006	21.05%	2,000	208,150,620	21,903
2020	46,639,280	46,639,280	22.53%	2,164	207,001,370	21,553
2019	39,922,705	39,922,705	19.44%	1,888	205,330,190	21,143
2018	32,376,971	32,376,971	15.96%	1,540	202,849,270	21,029
2017	27,731,696	27,731,696	13.77%	1,328	201,414,090	20,878
2016	27,148,600	27,148,600	13.68%	1,312	198,422,640	20,691



Source: Borough of Chambersburg Finance Department

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

General Bonded Debt Outstanding

Fiscal Year	Three Year Average Revenue Borrowing Base	Legal Debt Limit	Total Debt Applicable to Limit	Legal Debt Margin (1)	Legal Debt Margin %
2025	$ 89,511,124	$ 223,777,810	$ 67,504,602	$ 156,273,208	69.83%
2024	87,106,822	217,767,054	59,646,819	158,120,235	72.61%
2023	82,091,822	205,229,556	50,639,687	154,589,869	75.33%
2022	77,132,281	192,830,702	52,894,321	139,936,381	72.57%
2021	69,694,249	174,235,622	43,806,006	130,429,616	74.86%
2020	67,407,971	168,519,928	46,639,280	121,880,648	72.32%
2019	65,870,111	164,675,278	39,922,705	124,752,573	75.76%
2018	64,522,316	161,305,789	32,376,971	128,928,818	79.93%
2017	62,572,053	156,430,133	27,731,696	128,698,437	82.27%
2016	62,459,273	156,148,183	27,148,600	128,999,583	82.61%

(1) Legal Debt Margin: (12/31/2025)

a	Average revenues past 3 yrs	$ 89,511,124	($268,612,410 / 3)
b	Legal debt limit (2.5 time average rev)	223,777,810	
c	Debt outstanding @ 12/31/2025	(67,504,602)	
	Legal Debt Margin (b-c)	**$ 156,273,208**	

Source: Borough of Chambersburg Finance Department

Schedule 16
Borough of Chambersburg, PA
Computation of Direct and Overlapping Debt
December 31, 2025

Jurisdiction	Total Debt Outstanding	Estimated Percentage Applicable (a)	Amount Applicable to Borough of Chambersburg
Direct			
Borough of Chambersburg **(Governmental Activities)**	$ 12,771,240		$ 12,771,240
Overlapping			
Chambersburg School Dist	117,860,000	27.9000%	32,882,996
County of Franklin	78,675,353	12.8803%	10,133,633
Total overlapping debt	196,535,353		43,016,628
Total	$ 209,306,593		$ 55,787,868

(a) The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the Borough's boundaries and dividing it by each unit's total taxable value.

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

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within with the Borough's financial activities take place. These schedules include:

Demographic and Economic Statistics	Schedule 17
Principal Employers	Schedule 18

Schedule 17
Borough of Chambersburg, PA
Demographic and Economic Statistics
Last Ten Years

Fiscal Year	Population (1)	Per Capita Personal Income (1)	Per Capita Household Income (1)	Median Household Income (1)	Median Age (1)	Educational Attainment Bachelor's Degree or Higher (1)	School Enrollment (2)	Unemployment Rate (3)	Median Value of Residential Property (1)	Total Assessed Property Value (4)	Total Personal Income (5)
2025	22,742	$ 30,736	$ 74,286	$ 57,650	(6)	(6)	5958	3.80%	$ 226,801	$ 217,119,410	(6)
2024	22,923	31,975	77,078	53,833	39.6	27.30%	5,556	3.10%	219,778	$ 213,937,620	302,433,110
2023	22,364	32,662	65,324	53,493	39.5	26.20%	5,694	3.10%	185,100	$ 211,048,000	230,921,848
2022	22,316	28,704	63,480	51,861	39.8	24.60%	4,936	3.50%	156,900	$ 209,049,550	262,083,017
2021	21,903	25,542	63,480	48,662	39.8	23.20%	4,893	4.80%	156,900	$ 208,150,620	347,760,471
2020	21,553	27,037	63,480	49,023	37.6	27.10%	4,893	7.40%	154,700	$ 207,001,370	324,085,038
2019	21,143	26,721	57,246	47,963	37.1	23.80%	4,595	3.80%	158,700	$ 205,330,190	337,873,929
2018	21,029	24,297	57,246	45,846	35.4	23.40%	4,595	3.80%	158,100	$ 202,849,270	333,510,853
2017	20,878	22,278	52,895	42,432	35.9	21.10%	4,644	4.50%	156,700	$ 201,414,090	338,462,263
2016	20,691	20,839	51,243	41,751	35.6	22.30%	4,722	5.10%	157,300	$ 198,422,640	336,932,927

(1) HomeTownLocator based on latest information available
(2) Chambersburg Area School District
(3) U.S. Bureau of Labor and Statistics
(4) Franklin County Assessor's Office
(5) Franklin County Area Tax Bureau
(6) Information for 12/31/2025 not yet available

https://pennsylvania.hometownlocator.com/pa/franklin/chambersburg.cfm

Schedule 18
Borough of Chambersburg, PA
Principal Employers
December 31, 2025 and December 31, 2016

December 31, 2025

Employer	Employees	Rank	Percentage of Total Borough Employment
Wellspan Health	3,600	1	11.57%
Chambersburg School District	1,230	2	3.95%
Franklin County Government	680	3	2.19%
Ventura Foods	665	4	2.14%
Menno Haven, Inc	660	5	2.12%
Keystone Health	610	6	1.96%
Global Data Consultants	280	7	0.90%
Borough of Chambersburg	274	8	0.88%
Regal/Rexnard (formerly TB Woods, Inc.)	220	9	0.71%
Knouse Foods	148	10	0.48%
	8,367		26.89%
Total employees	**31,114**	(1)	

December 31, 2016

Employer	Employees	Rank	Percentage of Total Borough Employment
Wellspan Health	3,360	1	12.73%
Chambersburg School District	1,120	2	4.24%
Franklin County Government	670	3	2.54%
Menno Haven, Inc	631	4	2.39%
Ventura Foods	460	5	1.74%
Staples Direct	300	6	1.14%
T.B. Woods, Inc	300	6	1.14%
Knouse Foods	280	8	1.06%
Farmers & Merchants Trust Co.	248	9	0.94%
Borough of Chambersburg	212	10	0.80%
	7,581		28.72%
Total employees	**26,400**	(2)	

(1) Total estimated employee count for 2025 not yet available; used 2024 total estimated employee count
(2) Estimated by Franklin County Area Tax Bureau W-2 Forms Filed

Source: Franklin County Area Development Corporation
Franklin County Area Tax Bureau

OPERATING INFORMATION

These schedules contain service information and infrastructure data to help the reader understand how the information in the municipality's financial report relates to the services the municipality provides and the activities it performs. These schedules include:

Full-time Equivalent Municipal Employees by Function/Program	Schedule 19
Operating Indicators by Function/Program	Schedule 20
Capital Asset Statistics by Function/Program	Schedule 21

Schedule 19
Borough of Chambersburg, PA
Full-Time Equivalent Municipal Employees by Function/Program
Last Ten Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Function/Program										
General government:										
Administration	2	2	2	3	3	3	3	2	2	2
Clerical	16	17	16	15	15	15	15	13	13	14
Code enforcement	4	5	5	4	4	4	4	1	1	1
Community development	1	1	1	1	1	1	1	2	1	1
Engineering	6	8	5	5	5	5	5	5	5	5
Finance	30	26	27	24	27	26	26	23	23	22
Information technology	8	9	8	6	7	6	6	5	5	5
Personnel	7	7	5	5	5	4	4	4	4	3
Planning/zoning	0	0	0	0	0	0	0	1	1	1
Public information	0	0	0	0	0	0	0	0	0	0
Public works:										
Administration	6	6	5	4	4	4	4	3	3	3
Central garage	4	4	4	4	4	4	4	4	4	4
Labor/maintenance	4	5	5	5	6	6	6	6	6	6
Sanitation	16	14	14	15	14	13	13	11	10	10
Recreation:										
Administration	1	2	1	1	2	2	2	2	2	2
Labor/maintenance	8	6	7	3	6	6	6	6	3	3
Pool	0	0	0	0	0	0	0	0	0	0
Seasonal	0	0	0	0	0	0	0	0	0	0
Tennis	0	0	0	0	0	0	0	0	0	0
Public safety:										
Fire administration	2	2	2	2	2	2	2	2	2	2
Fire personnel	28	27	28	26	25	25	25	25	24	21
Police administration	3	2	1	1	1	1	1	1	1	1
Police personnel	36	34	35	34	34	34	34	35	35	35
911	0	0	0	0	0	0	0	0	0	0
Utilities:										
Administration	7	7	8	6	6	6	6	6	6	6
Electric distribution	13	12	12	10	12	11	11	9	9	9
Electric generation	12	13	13	12	12	12	12	12	12	12
Electric system maintenance	1	0	0	0	1	1	1	1	1	1
Gas distribution	13	10	8	6	8	8	8	8	8	8
Stores/warehouse/call center	6	9	6	6	6	6	6	6	6	6
Water distribution	3	2	3	2	2	2	2	2	2	2
Water treatment plant	8	8	8	9	9	9	9	7	7	7
Sewer collection/conveyance	9	10	7	6	7	7	7	6	7	6
Sewer treatment plant	15	14	13	12	14	12	12	13	13	11
Traffic signal/street lights	3	3	3	3	3	2	2	2	2	2
Storm sewer	2	2	2	2	1	2	2	1	1	1
Totals	**274**	**267**	**254**	**232**	**246**	**239**	**239**	**224**	**219**	**212**

Source: Borough of Chambersburg Human Resources Department

Schedule 20
Borough of Chambersburg, PA
Operating Indicators by Function/Program
Last Ten Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Function/Program										
General government:										
Lien letter & tax certification requests	40	52	24	52	52	77	94	81	227	244
Community development:										
Building permits issued	262	263	490	511	563	534	606	578	533	556
Estimated value of construction	$ 43,293,695	$ 44,383,880	$ 76,366,125	$ 39,819,337	$ 68,182,066	$ 6,982,335	$ 8,289,541	$ 15,134,264	$ 10,996,813	$ 52,165,922
Occupancy permits issued	282	308	344	348	299	200	180	269	130	156
Number of planning commission Agenda items	47	23	18	11	15	15	19	24	22	29
Public works:										
Roads resurfaced (linear feet)	9,194	15,701	5,529	151	359	0	989	13,995	7,630	3,795
Roads reconstructed (linear feet)	4,964	7,366	6,637	6,710	4,904	0	8,744	3,592	7,115	16,495
Tons of snow melting salt used	1,043	733	204		291	174	664	648	347	223
Recreation:										
Pool attendance	62,359	67,018	62,999	66,335	59,785	38,167	75,000	68,448	0	26,000
Number of utilization events (1)	3,853	3,530	18,027	16,822	14,368	8,675	19,570	15,000	1,681	1,720
Number of consumers served	162,609	162,880	5,133	152,084	125,023	81,203	137,816	111,480	105,337	90,800
Number of seasonal programs	202	181	173	152	143	98	205	201	229	278
Police:										
Calls for service	18,572	19,759	17,393	16,613	14,082	18,639	22,304	23,548	20,784	19,784
Total arrests	1,500	2,129	1,868	1,599	1,162	1,012	1,119	1,177	1,139	1,214
Part I offenses reported (major offenses)	444	509	482	482	590	669	763	898	906	1,002
Part I offenses cleared (percentage)	48.0%	48.0%	45.0%	42.0%	45.0%	52.0%	47.0%	41.0%	41.0%	42.0%
Part II offenses reported (major offenses)	668	797	734	746	557	1,455	1,615	1,704	1,753	1,906
Part II offenses cleared (percentage)	64.0%	59.0%	66.0%	65.0%	60.0%	43.0%	37.0%	39.0%	39.0%	36.0%
DUI arrests	80	77	85	92	92	115	131	116	128	157
Fire:										
Total number of responses	1,217	1,217	1,341	1,362	1,153	878	995	1,228	926	1,044
Responses involving loss	21	12	12	11	4	4	7	1	5	5
Structure fires	56	52	47	40	33	26	44	36	30	37
Volunteer hours	185	75	45	205	1,301	54,788	62,367	71,420	73,093	72,989
False alarms/false calls	305	294	275	240	231	110	131	165	118	115
Total calls for assistance	6,254	5,933	4,939	4,624	4,576	4,302	4,351	4,211	4,260	4,167
Utilities:										
Electric department										
Units billed (kwh)	326,377,096	321,334,572	314,970,638	316,011,089	317,417,606	298,902,132	310,284,238	317,159,888	300,587,452	312,197,885
Billed revenue	$ 35,523,156	$ 33,642,446	$ 29,381,706	$ 28,360,627	$ 28,395,165	$ 26,909,692	$ 28,392,847	$ 29,021,633	$ 27,648,682	$ 28,589,395
Gas department										
Units billed (100 cu. ft.)	13,021,682	11,043,825	11,025,089	11,751,733	11,642,164	10,611,581	11,267,743	12,071,013	10,152,671	9,905,831
Billed revenue	$ 11,140,175	$ 7,662,051	$ 10,297,478	$ 11,174,392	$ 7,703,799	$ 7,134,298	$ 7,641,459	$ 7,883,850	$ 6,525,268	$ 5,263,898
Water department										
Units billed (10 cu. ft.)	14,788,049	14,679,981	14,195,443	13,686,404	13,936,575	13,938,621	13,627,727	13,720,268	13,428,778	13,869,496
Billed revenue	$ 5,574,013	$ 5,090,611	$ 4,517,495	$ 3,617,602	$ 3,398,765	$ 3,361,002	$ 3,173,005	$ 3,005,145	$ 2,877,281	$ 2,891,533
Sewer treatment plant department										
Units billed (10 cu. ft.)	26,351,914	26,477,270	24,103,988	23,203,358	24,979,346	23,667,641	20,368,267	27,974,980	24,569,839	23,805,582
Billed revenue	$ 8,164,086	$ 7,525,338	$ 7,302,400	$ 6,711,299	$ 6,956,556	$ 6,657,706	$ 6,270,847	$ 6,432,192	$ 6,212,330	$ 5,604,837
Storm sewer department										
Fees billed	97,418	96,598	96,018	95,953	102,170	109,929	100,510	99,909	99,036	98,362
Billed revenue	$ 1,618,677	$ 1,326,780	$ 1,109,684	$ 1,102,584	$ 510,780	$ 405,825	$ 402,039	$ 399,544	$ 395,872	$ 295,134
Sanitation department										
Units billed (cu. yds.)	163,673	162,568	162,669	159,703	154,268	150,368	150,917	147,474	144,863	142,116
Billed revenue	$ 5,525,000	$ 2,120,202	$ 1,894,350	$ 3,515,169	$ 3,462,572	$ 1,475,791	$ 1,338,749	$ 1,311,329	$ 1,296,451	$ 1,268,049

(1) Recreation center usage only
Source: Borough of Chambersburg Designated Departments

Schedule 21
Borough of Chambersburg, PA
Capital Asset Statistics by Function/Program
Last Ten Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Function/Program										
General government:										
Square footage occupied	76,646	76,646	76,646	76,646	76,646	76,646	76,646	76,646	45,912	45,912
Inspection vehicles	4	6	6	6	6	6	6	6	4	2
Other departmental vehicles	17	10	8	8	8	8	8	8	8	8
Public works:										
Number of traffic signals	48	48	48	48	48	48	48	48	48	48
Street lights	2,159	2,159	2,136	2,118	2,083	2,077	2,070	2,067	2,021	1,971
Vehicles	10	13	11	12	11	11	11	11	12	12
Recreation:										
Number of parks	18	17	16	16	16	16	16	16	16	16
Acreage of park lands	89	89	88	88	88	88	88	88	88	88
Recreation centers	1	1	1	1	1	1	1	1	1	1
Recreation center square footage	29,827	29,827	29,827	29,827	29,827	29,827	19,975	19,975	19,975	19,975
Tennis courts	5	5	5	5	11	7	7	7	5	5
Ball fields	1	1	2	2	3	2	2	2	3	3
Skate parks	1	1	1	1	1	2	2	2	2	2
Vehicles	4	4	4	4	4	4	4	4	4	3
Basketball Courts	9	9	6	6	-	-	-	-	-	-
Pickleball Courts	8	8	2	2	-	-	-	-	-	-
Public safety:										
Square footage of emergency services dept	24,817	24,817	24,817	24,817	24,817	24,817	24,817	24,817	24,817	24,817
Square footage of police department	38,732	38,732	38,732	38,732	15,048	15,048	15,048	15,048	15,048	15,048
Fire vehicles/ambulances	12	13	13	12	12	12	12	12	13	13
Police vehicles	18	15	15	16	16	15	14	14	14	14
Utilities:										
Electric department										
Value of plant in service	$ 91,707,616	$ 91,376,702	$ 90,942,872	$ 90,182,808	$ 80,511,687	$ 78,613,447	$ 78,291,798	$ 77,690,452	$ 76,740,625	$ 76,184,145
Vehicles	18	18	16	14	14	14	14	13	13	12
Gas department										
Value of plant in service	$ 23,721,077	$ 22,761,954	$ 22,420,046	$ 21,381,333	$ 20,164,730	$ 17,438,954	$ 16,952,634	$ 16,318,923	$ 15,257,796	$ 14,778,760
Vehicles	11	11	10	10	10	10	10	10	10	9
Water department										
Value of plant in service	$ 31,253,682	$ 31,184,635	$ 29,143,370	$ 27,012,857	$ 21,892,713	$ 21,201,166	$ 21,089,385	$ 20,848,324	$ 20,725,371	$ 20,641,646
Vehicles	10	10	10	10	10	10	9	9	8	8
Sewer treatment plant department										
Value of plant in service	$ 92,193,509	$ 91,714,192	$ 91,889,849	$ 91,724,510	$ 91,590,824	$ 90,696,693	$ 87,993,282	$ 87,414,623	$ 87,225,919	$ 44,262,120
Vehicles	8	8	8	8	8	8	8	8	7	7
Storm sewer department										
Value of plant in service	$ 7,326,146	$ 6,039,649	$ 5,774,936	$ 5,609,450	$ 5,477,141	$ 5,175,399	$ 5,667,313	$ 5,175,399	$ 4,683,484	$ 4,238,363
Vehicles	1	1	1	1	1	1	1	1	1	1
Sanitation department										
Value of plant in service	$ 4,850,311	$ 8,242,848	$ 4,950,071	$ 4,067,227	$ 3,418,455	$ 3,183,972	$ 1,957,810	$ 1,905,403	$ 1,905,403	$ 1,912,132
Vehicles	12	12	3	12	12	11	11	11	11	11

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

Single Audit Section

BOROUGH OF CHAMBERSBURG
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Source Code	ALN	Pass Through Grantor's Number	Grant Year	Cash Receipts	Accrual Expenditures	Total Passed-Through to Subrecipients
U.S. Department of Defense							
US Army Corp of Engineers							
Section 313 Environmental Infrastructure Assistance Program	D	12.U01	N/A	2025	$ -	$ 33,102	$ -
Total U.S. Department of Defense					-	33,102	
U.S. Department of Housing and Urban Development Program							
Community Development Block Grant	D	14.228	B-20-MC-42-0024	2020-CV	365,893	90,043	-
Community Development Block Grant	D	14.228	B-21-MC-42-0024	2021	7,888	8,419	-
Community Development Block Grant	D	14.228	B-22-MC-42-0024	2022	35,829	35,829	-
Community Development Block Grant	D	14.228	B-23-MC-42-0024	2023	51,307	54,609	-
Community Development Block Grant	D	14.228	B-24-MC-42-0024	2024	3,796	11,397	-
Passed through the Pennsylvania Department of Community and Economic Development							
HOME Investment Partnerships Program	I	14.239	C000082850	2021	250,000	108,244	108,244
HOME Investment Partnerships Program	I	14.239	C000089022	2024	347,792	347,792	347,792
Total U.S. Department of Housing and Urban Development Program					1,062,505	656,333	
U.S. Department of Justice							
Office of Justice Programs							
The Patrick Leahy Bulletproof Vest Partnership Program	D	16.607	N/A	2023	1,485	3,629	-
The Patrick Leahy Bulletproof Vest Partnership Program	D	16.607	N/A	2024	5,689	17,592	-
Office of Community Oriented Policing Services							
COPS Hiring Program	D	16.710	N/A	2024	38,408	111,787	-
Total U.S. Department of Justice					45,582	133,008	
U.S. Department of Transportation Federal Highway Administration							
Passed through the Pennsylvania Department of Transportation							
Highway Planning and Construction	I	20.205	08A504	2022	203,985	179,355	-
Pipeline and Hazardous Materials Safety Administration	D	20.708	N/A	2022	1,544,698	1,521,238	-
Pipeline and Hazardous Materials Safety Administration	D	20.708	N/A	2023	62,809	133,571	-
Total U.S. Department of Transportation Federal Highway Administration					1,811,492	1,834,164	
U.S. Department of Treasury							
Passed through the Pennsylvania Department of Community and Economic Development							
The CFA Programs Office							
COVID-19 ARPA H2O PA Water Supply, Sewer & Stormwater Projects Program	I	21.027	C000087899	2023	-	30,159	-
Total U.S. Department of Treasury					-	30,159	
Total Receipts and Expenditures of Federal Awards					**$ 2,919,579**	**$ 2,686,766**	

BOROUGH OF CHAMBERSBURG
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025

NOTE 1 REFERENCES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(D) Direct
(I) Indirect

NOTE 2 GENERAL

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

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Indirect Cost Rate

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Chambersburg, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated June 30, 2026. The financial statements of the discretely presented component unit, Chambersburg Area Municipal Authority, were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Chambersburg Area Municipal Authority.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

BOROUGH OF CHAMBERSBURG, PENNSYLVANIA'S RESPONSE TO FINDINGS

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

PURPOSE OF THIS REPORT

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

Smith Elliott Kearns & Company, LLC

Chambersburg, Pennsylvania
June 30, 2026

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

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the Borough of Chambersburg's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Borough of Chambersburg's major federal programs for the year ended December 31, 2025. The Borough of Chambersburg's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Borough of Chambersburg complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

To the Mayor and Borough Council
Borough of Chambersburg

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

To the Mayor and Borough Council
Borough of Chambersburg

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

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

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

Chambersburg, Pennsylvania
June 30, 2026

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness identified:	☒ Yes	☐ No
• Significant deficiencies identified that are not considered to be material weakness(es)?	☐ Yes	☒ None Reported
Noncompliance material to financial statements noted?	☐ Yes	☒ No

Federal Awards

Internal control over major program:		
• Material weakness identified?	☐ Yes	☒ No
• Significant deficiencies identified that are not considered to be a material weakness(es)?	☐ Yes	☒ None Reported
Type of auditor's report issued on compliance for the major program:	Unmodified	
• Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR section 200.516?	☐ Yes	☒ No

Identification of the major program(s):

Assistance Listing Number(s)	Name of Federal Program
20.708	Pipeline and Hazardous Materials Safety Administration

Dollar threshold used to distinguish between type A and type B programs	$ 1,000,000	
Auditee qualified as low-risk auditee?	☐ Yes	☒ No

Section II - Financial Statement Findings

A. Material Weaknesses in Internal Control

Finding Reference: **2025-001 Cash Reconciliation**

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting, including controls to ensure that cash accounts are reconciled timely, accurately, and completely. Proper reconciliation procedures should include the identification, investigation, and resolution of all reconciling items and independent review of the reconciliation. Failure to design or operate controls effectively may result in a deficiency where material misstatements are not prevented or detected in a timely manner.

Condition: During our audit procedures, we identified that the Borough's pooled cash was not properly reconciled to the general ledger at year-end. While the Borough historically has small residual differences in the reconciled book balance compared to the actual register balance, this can create a false sense of reasonableness and individual outstanding items may be incorrectly accepted as being accurate when in fact they are not a true outstanding transaction. It was noted that some of the outstanding items reported in the reconciliation were not accurate and the correction of those items resulted in a material reconciling difference that needed investigated and corrected. As a result of these issues, audit adjustments were required to correct the cash balance, and the originally reported cash balance was materially misstated.

Cause: The condition appears to have been influenced by several factors, including:

- Complexity of the Borough's accounting software, which can make reconciliation processes more challenging.
- Opportunities to enhance review procedures over the bank reconciliation process.
- A need for additional familiarity with reconciliation procedures and related documentation requirements.

Effect: The failure to properly reconcile cash would have resulted in a material misstatement of the cash balance in the financial statements. Additionally, this condition increases the risk that errors or irregularities could occur and not be detected in a timely manner. This represents a material weakness, as there is a reasonable possibility that a material misstatement would not be prevented or detected and corrected on a timely basis.

Recommendation: We recommend that management:

- Minimize activity occurring at or near month end (depositing funds, writing checks, and initiating transfers).
- Ensure transactions clearing the bank by month end are properly reported in the respective months.
- Ensure all reconciling items are adequately supported, investigated and resolved.
- Strengthen the supervisory review control over reconciliations, evidence by a documentation of a review.
- Provide training to personnel who are responsible for performing reconciliations to ensure proper understanding of the process.

Views of Responsible Officials and Planned Corrective Actions: The Borough is conducting a review of the current cash reconciliation process to evaluate how it can be improved and more efficient. Once the review is completed, we will implement recommended changes and ensure it aligns with best practices.

Finding Reference: **2025-002 Year End Reconciliation and Adjustment of Accrual Activity**

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting, to ensure financial statements are prepared in accordance with applicable accounting principles. This includes controls to ensure:

- Proper cutoff and recognition of accruals at year end.
- Accurate classification and recording of capital assets in accordance with applicable accounting standards (e.g. capitalization thresholds and policies).
- Timely and accurate reconciliation of subsidiary schedules to the general ledger.

Condition: During our audit procedures, we noted that year-end accrual reconciliations and adjustments could be further refined, particularly in the following areas:

- Certain capital asset balances did not completely reconcile between the general ledger and the supporting documentation. This included a SBITA that was recorded as a capital asset addition rather than as a right-to-use asset under GASB 96. Several updates to the supporting schedules were made during the audit to arrive at the final amounts.
- Instances were noted where duplicate payments were applied to accounts payable and where purchase card activity was not consistently recorded in the appropriate accounts.
- Transfers of debt activity between funds were recorded through equity rather than through the appropriate accounts.

- Cash balances required multiple adjustments to accurately reflect pooled cash activity across funds.
- Investment earnings were recorded to accrued interest receivable instead of being recognized in the appropriate accounts.
- The allowance for doubtful accounts required several revisions to reflect the appropriate balance.
- Payroll accruals included amounts that had already been paid prior to year-end rather than only those amounts related to the subsequent period.
- Inventory balances were not fully adjusted to reflect the year-end physical count.
- Cash and receivable balances were not fully adjusted for grant funds received during the year.

Cause: The conditions noted were influenced by a combination of factors including:

- The decentralized nature of certain finance activities across departments.
- The complexity of the accounting software, particularly in relation to the year-end closing process.
- Opportunities to further develop a comprehensive reconciliation process between supporting records and the general ledger (i.e. capital asset records).
- The limited timeframe between the completion of the closing process and the start of the audit.

Effect: As a result of these factors, adjustments were necessary to properly reconcile and record accrual activity, impacting several financial statement areas (assets, liabilities, revenues, and expenditures) prior to audit adjustments.

Accordingly, this condition represents a material weakness, as there is a reasonable possibility that a material misstatement of financial statements may not be identified and corrected on a timely basis.

Recommendation: We recommend that management continue strengthening internal controls over year-end financial reporting by:

- Establishing formalized year-end closing procedures to ensure accrual activity is identified, recorded, and reviewed for accuracy, including oversight by a designed senior-level management position.
- Performing accrual-related reconciliations on a more frequent basis throughout the year (e.g., monthly or quarterly) to promote timely identification and resolution of differences and reduce the volume of adjustments required at year-end.
- Reconciling capital asset subsidiary records, including construction-in-progress schedules, to the general ledger on at least an annual basis.
- Performing more frequent reviews of the 5-digit ledger to support accurate conversion to the 13-digit reporting ledger.
- Enhancing supervisory review of year-end reconciliations and adjustments, with documentation evidencing such review.

Views of Responsible Officials and Planned Corrective Actions: The Borough is conducting a comprehensive review to ensure balance sheet accounts are reconciled periodically. Additionally, the Borough is reviewing and creating a comprehensive mapping of the Chart of Accounts so that accruals and balances are being posted to appropriate accounts on a month-to-month basis. Once these reviews are completed, reconciliations will be revised or implemented to provide accurate and timely balances.

B. Compliance Finding

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

Section III - Federal Award Findings and Questioned Costs

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

None noted

B. Compliance Findings

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

Summary Schedule of Prior Audit Findings
December 31, 2024

Findings related to financial statements:

2024-001 – Uncashed Checks

Condition:	Lack of centralized permit tracking process creates potential for permit revenues to not be identified or accurately recorded in the Borough's accounting software, which leads to inaccuracies in external reporting.
Status:	The Borough conducted a comprehensive review to ensure that processes are in place to handle payments received for one-time services. The Borough implemented a solution to ensure revenues are being appropriately recognized tracked, and deposited.

Findings related to federal awards:

None noted.