

**Borough of Churchill
Financial Statements
December 31, 2021**

**Borough of Churchill
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Independent Auditor's Report

Members of Council
Borough of Churchill
Pittsburgh, Pennsylvania

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Churchill, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Borough of Churchill'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 modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Churchill, as of December 31, 2021, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting as described in Note 1C.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Churchill, 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1C of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1C; and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 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, 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 Churchill'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 Churchill'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.

Other Matters

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis, budgetary comparison information, pension information and combing fund schedules 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.

Respectfully submitted,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
June 21, 2022

Borough of Churchill
Management's Discussion and Analysis
December 31, 2021

The discussion and analysis of the Borough of Churchill's financial performance provides an overall review of the Borough's financial activities for the fiscal year ended December 31, 2021. The intent of this discussion and analysis is to look at the Borough's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to 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 Government Accounting Standards Board (GASB) in their statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for the State and Local Governments. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

In 2021, the Borough received total revenues of \$4,794,499 in the combined general, sewer, capital reserve and nonmajor funds, an increase of \$138,819 from 2020. Real estate tax and earned income tax continue to account for the majority of the Borough's revenues (54.9%). Total expenditures were \$4,561,415, amounting to an increase of \$233,947 from 2020. The Borough experienced more legal fees in 2021 due to ongoing litigation and pending conditional use applications.

Borough Funds

The Borough of Churchill entered 2021 with fiscal stability and continues to re-evaluate the many services and programs offered in a continuing effort to control expenditures.

A comprehensive budget document is prepared on an annual basis that clearly outlines the results of the previous year and details the objectives of the upcoming year.

Management has chosen to present the financial position of the Borough's government-wide statement of net position and statement of activities on a modified cash basis, but has chosen not to value and depreciate capital assets of the Borough, given the limited application of presenting that information in comparison to the cost to establish it. The auditor must note that this is not in conformity with generally accepted accounting principles. However, on a modified cash basis, the auditor goes on to say that it does present fairly the financial position of each major fund in accordance with the modified cash basis of accounting rules, as well as the Commonwealth of Pennsylvania filing requirements.

Using the Annual Financial Report

The financial section of this report consists of three parts: management's discussion and analysis, the basic financial statements (including notes to the financial statements) and other financial information including required pension supplementary information, combining and individual fund statements with detailed budgetary comparison schedules and other additional information. The basic financial statements present two different views of the Borough through the use of government-wide financial statements and fund financial statements.

The first two statements are government-wide financial statements - the statement of net position and the statement of activities. These provide both long-term and short-term information about the Borough's overall financial status.

Borough of Churchill
Management's Discussion and Analysis
December 31, 2021

The remaining statements are fund financial statements that focus on individual parts of the Borough's operations in more detail than the government-wide statements. The governmental funds statements tell how general Borough services were financed in the short term as well as what remains for future spending. Fiduciary fund statements provide information about financial relationships where the Borough acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes to explain some of the information in the financial statements and provide more detailed data.

Figure A-1 shows how the required parts of the financial section are arranged and relate to one another:

Figure A – 1
Required Components of
Borough of Churchill's
Financial Report

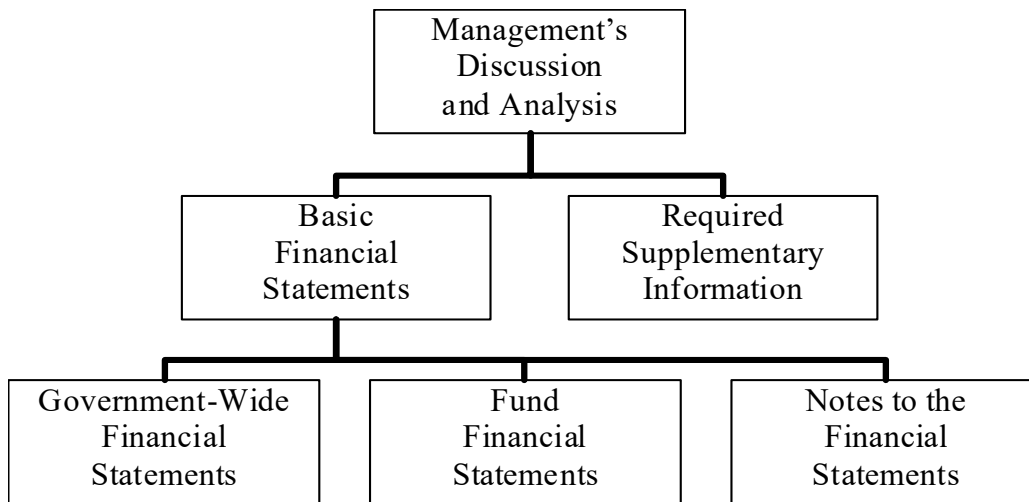


Figure A-2 summarizes the major features of the Borough's financial statements, including the portion of the Borough they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Borough of Churchill
Management's Discussion and Analysis
December 31, 2021**

Figure A – 2
Major Features of Borough of Churchill's
Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Municipal (except fiduciary funds)	The activities of the Borough that are not proprietary or fiduciary.	Instances in which the Borough is the trustee or agent to someone else's resources
Required financial statements	Statement of net position; statement of activities	Balance sheet; statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net position; statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term
Type of in-flow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Borough of Churchill
Management's Discussion and Analysis
December 31, 2021

Overview of Financial Statements

Government-Wide Statements

The government-wide statements report information about the Borough as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Borough's net position and how they have changed. Net position, the difference between the Borough's assets and liabilities, is one way to measure the Borough's financial health or position.

Over time, increases or decreases in the Borough's net position are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the Borough, you need to consider additional non-financial factors, such as changes in the Borough's property tax base services provided to its taxpayers.

The government-wide financial statements of the Borough consist of the following:

- Governmental activities - All of the Borough's basic services are included here, such as general government, public safety, public works and culture and recreation. Property and other local taxes finance most of these activities.

Fund Financial Statements

The Borough's fund financial statements, which begin with Exhibit 3 of the annual financial report, provide detailed information about the most significant funds - not the Borough as a whole. Some funds are required by state law and by bond requirements.

Governmental funds - Most of the Borough's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Borough's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Borough's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Fiduciary funds - The Borough is the trustee, or fiduciary, for two single-employee pension plans for the police and non-uniformed employees. All of the Borough's fiduciary activities are reported in separate statements of fiduciary net position on Exhibit 5 and changes in net position on Exhibit 6. We exclude these activities from the Borough's other financial statement because the Borough cannot use these assets to finance its operations.

**Borough of Churchill
Management's Discussion and Analysis
December 31, 2021**

Financial Analysis of the Borough as a Whole

The Borough's total net position was \$1,814,755 at December 31, 2021 and \$1,581,671 for 2020.

Table A - 1
Years Ended December 31, 2021 and 2020
Net Position

	Governmental Activities	
	2021	2020
Current and Other Assets	<u>\$ 1,822,849</u>	<u>\$ 1,594,525</u>
Current and Other Liabilities	<u>8,094</u>	<u>12,854</u>
Net Position		
Restricted	193,333	190,439
Unrestricted	<u>1,621,422</u>	<u>1,391,232</u>
Total Net Position	<u><u>\$ 1,814,755</u></u>	<u><u>\$ 1,581,671</u></u>

The net position is restricted and unrestricted amounts. The restricted balances are amounts set aside to fund highways and the Yagle Center.

The results of this year's operations as a whole are reported in the statement of activities on Exhibit 2. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the Borough's activities that are supported by other general revenues. The largest general revenues are the local taxes assessed to community taxpayers.

Table A-2 takes the information from that statement, rearranges it slightly, so you can see our total revenues for the year.

Borough of Churchill
Management's Discussion and Analysis
December 31, 2021

Table A - 2
Years Ended December 31, 2021 and 2020
Change in Net Position

	Governmental Activities	
	2021	2020
Receipts		
Program Receipts		
Charges for Services	\$ 1,412,658	\$ 1,565,076
Operating Grants and Contributions	356,174	310,064
General Receipts		
Property Taxes	1,993,333	1,838,270
Earned Income Taxes	637,002	612,451
Other Taxes	213,127	207,263
Grants, Subsidies and Contributions not Restricted	79,864	5,716
Investment Earnings	31,354	27,114
Miscellaneous Income	<u>70,987</u>	<u>89,726</u>
Total Receipts	<u>4,794,499</u>	<u>4,655,680</u>
Disbursements		
General Government	712,274	1,093,959
Public Safety	1,398,421	1,328,774
Health and Human Safety	5,653	4,729
Public Works - Sanitation	1,540,393	1,114,294
Public Works - Highways	871,132	783,359
Public Works - Other	26,385	-
Culture - Recreation	<u>7,157</u>	<u>2,353</u>
Total Disbursements	<u>4,561,415</u>	<u>4,327,468</u>
Increase (Decrease) in Net Position	233,084	328,212
Beginning Net Position	<u>1,581,671</u>	<u>1,253,459</u>
Ending Net Position	<u>\$ 1,814,755</u>	<u>\$ 1,581,671</u>

Borough of Churchill
Management's Discussion and Analysis
December 31, 2021

Borough Finances

The Borough of Churchill entered 2021 with fiscal stability and continues to re-evaluate the many services and programs offered in a continuing effort to control expenditures and plan long term. The general fund revenues came in above budget by \$430,620. The majority of the variance was due to receiving federal funds under the American Rescue Plan Act that were not anticipated when the budget was prepared. Expenses came in under budget by \$2,570 due to significantly more expenditures in the areas of professional services, fuel inflation, car maintenance, and snow and ice control.

Significant Issues

The Borough continued their expanded road resurfacing program in 2021, spending \$295,000 which is still a high investment.

Entering 2021, the Borough sought to budget conservatively as uncertainties of the COVID-19 pandemic loomed and a monumental conditional use application for the shuttered Westinghouse campus in the C-1 commercial district could bring uncertainty to the Borough's annual revenues and expenditures. In addition, the Borough Council chose to make the difficult decisions to both raise the real estate tax millage by .52 mills to 8.00 mills and the sewer surcharge fee by \$2.50/1,000 gallons to \$8.50/1,000 gallons to ensure long term stability in the General and Sanitary Sewer Funds, while committing to consistent maintenance and repair of Borough owned infrastructure. Given the Borough's revenue rely heavily on its residents and not businesses, the revenues for the year 2021 were not drastically affected. The decision to raise rates by Council allowed the Borough to end the year with both funds in solid financial positions for the year ahead amidst increased legal and engineering fees associated with the potential redevelopment and emergency infrastructure repairs needed throughout the year in addition to those previously planned. Overall, the tax increase garnered an anticipated \$119,076.67 in additional revenue for the General Fund and the surcharge an additional \$106,005.17. As 2021 progressed, the Borough's collective attention has been directed towards generational decisions in land development and zoning. In June, The Allegheny Land Trust purchased the land that previously hosted the Churchill Country Club in and transformed 148 acres of land within Churchill and Penn Hills into the Churchill Valley Greenway, a green space accessible to all. This sale removed \$617,125.00 in taxable land from the Borough's tax roles as the Greenway is now considered tax exempt property. In Spring 2021, a private developer, TREK Development, sought conditional use to transform the closed Shaffer Elementary School and its surrounding land into cottage homes for lower income senior citizens. If the sale proceeds forward, this will transform 10.5 acres of tax-exempt land into a tax generating parcel.

Contacting the Borough's Financial Management

This report provides a snapshot to our citizens, taxpayers, customers and creditors with a general overview of the Borough's finances and demonstrates the Borough's accountability for the money it received.

If you have any questions about this report or need additional financial information, please contact: Alex Graziani, Borough Manager, Borough of Churchill, 2300 William Penn Highway, Pittsburgh, PA 15235.

**Borough of Churchill
Statement of Net Position
Modified Cash Basis
December 31, 2021**

Exhibit 1

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 1,822,374
Other Receivables	<u>475</u>
Total Current Assets	<u>1,822,849</u>
LIABILITIES	
Other Current Liabilities	<u>8,094</u>
NET POSITION	
Restricted for:	
Highways and Roads	145,958
Yagle Center	47,375
Unrestricted	<u>1,621,422</u>
TOTAL NET POSITION	<u><u>\$ 1,814,755</u></u>

See Accompanying Notes

**Borough of Churchill
Statement of Activities
Modified Cash Basis
Year Ended December 31, 2021**

Exhibit 2

Functions/Programs	Expenses	Program Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
General Government	\$ 712,274	\$ 63,968	\$ 17,900	\$ (630,406)
Public Safety	1,398,421	16,166	89,542	(1,292,713)
Health & Human Safety	5,653	-	-	(5,653)
Public Works - Sanitation	1,540,393	1,308,187	-	(232,206)
Public Works - Highways	871,132	24,337	248,732	(598,063)
Public Works - Other	26,385	-	-	(26,385)
Culture & Recreation	7,157	-	-	(7,157)
	<u>\$ 4,561,415</u>	<u>\$ 1,412,658</u>	<u>\$ 356,174</u>	<u>(2,792,583)</u>
General Receipts				
Taxes				
Property Taxes Levied for General Purposes, Net				1,993,333
Earned Income Taxes				637,002
Local Service Tax				27,738
Other Taxes Levied for General Purposes, Net				185,389
Grants, Subsidies and Contributions not Restricted				79,864
Investment Earnings and Rents				31,354
Miscellaneous Income				70,987
				<u>3,025,667</u>
Change in Net Position				233,084
Net Position - January 1, 2021				<u>1,581,671</u>
Net Position - December 31, 2021				<u>\$ 1,814,755</u>

See Accompanying Notes

**Borough of Churchill
Balance Sheet
Modified Cash Basis
Governmental Funds
December 31, 2021**

Exhibit 3

		<u>Special Revenue Fund</u>		
	General Fund	Sewer Fund	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,385,487	\$ 62,839	\$ 374,048	\$ 1,822,374
Due from Other Funds	55,677	-	-	55,677
Other Receivables	475	-	-	475
TOTAL ASSETS	<u>\$ 1,441,639</u>	<u>\$ 62,839</u>	<u>\$ 374,048</u>	<u>\$ 1,878,526</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Due to Other Funds	\$ -	\$ 55,677	\$ -	\$ 55,677
Other Current Liabilities	8,094	-	-	8,094
Total Liabilities	<u>8,094</u>	<u>55,677</u>	<u>-</u>	<u>63,771</u>
Fund Balances				
Restricted	-	-	193,333	193,333
Committed	-	7,162	180,715	187,877
Unassigned	1,433,545	-	-	1,433,545
Total Fund Balances	<u>1,433,545</u>	<u>7,162</u>	<u>374,048</u>	<u>1,814,755</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,441,639</u>	<u>\$ 62,839</u>	<u>\$ 374,048</u>	<u>\$ 1,878,526</u>

See Accompanying Notes

Borough of Churchill
Statement of Revenues, Expenditures and
Changes in Fund Balances – Modified Cash Basis
Governmental Funds
Year Ended December 31, 2021

Exhibit 4

	General Fund	<u>Special Revenue Fund</u> Sewer Fund	Non-Major Funds	Total Governmental Funds
Revenues				
Taxes	\$ 2,843,462	\$ -	\$ -	\$ 2,843,462
Licenses and Permits	62,078	-	-	62,078
Fines and Forfeits	13,232	-	-	13,232
Interest, Rents and Royalties	31,299	-	55	31,354
Intergovernmental	340,175	-	95,863	436,038
Charges for Services	92,194	1,306,438	-	1,398,632
Miscellaneous	9,703	-	-	9,703
Total Revenues	<u>3,392,143</u>	<u>1,306,438</u>	<u>95,918</u>	<u>4,794,499</u>
Expenditures				
Current:				
General Government	604,570	-	-	604,570
Public Safety	1,029,267	-	-	1,029,267
Health and Welfare	5,576	-	-	5,576
Public Works - Sanitation	24,863	1,494,553	-	1,519,416
Public Works - Highway	766,269	-	93,000	859,269
Public Works - Other	26,026	-	-	26,026
Culture - Recreation	7,060	-	-	7,060
Miscellaneous	510,231	-	-	510,231
Total Expenditures	<u>2,973,862</u>	<u>1,494,553</u>	<u>93,000</u>	<u>4,561,415</u>
Net Change in Fund Balances	418,281	(188,115)	2,918	233,084
Fund Balances - January 1, 2021	<u>1,015,264</u>	<u>195,277</u>	<u>371,130</u>	<u>1,581,671</u>
Fund Balances - December 31, 2021	<u>\$ 1,433,545</u>	<u>\$ 7,162</u>	<u>\$ 374,048</u>	<u>\$ 1,814,755</u>

See Accompanying Notes

**Borough of Churchill
Statement of Net Position
Modified Cash Basis
Fiduciary Funds
December 31, 2021**

Exhibit 5

	Pension Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 204,875
Investments	
Common Stock	1,768,987
Mutual Funds	4,987,820
ETFs	2,435,333
Accrued Interest	<u>17,774</u>
 TOTAL ASSETS	 <u>9,414,789</u>
 NET POSITION	
Net Position Restricted for Pensions	 <u>\$ 9,414,789</u>

See Accompanying Notes

Borough of Churchill
Statement of Changes in Net Position
Modified Cash Basis
Fiduciary Funds
Year Ended December 31, 2021

Exhibit 6

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 235,948
Plan Members	<u>49,368</u>
Total Contributions	<u>285,316</u>
Investment Income	
Net Appreciation in Fair Value of Investments	871,124
Interest and Dividends	263,967
Less: Investment Expense	<u>(45,027)</u>
Net Investment Income	<u>1,090,064</u>
Total Additions	<u>1,375,380</u>
Deductions	
Benefits	460,240
Administrative Expenses	<u>12,858</u>
Total Deductions	<u>473,098</u>
Change in Net Position	902,282
Net Position - January 1, 2021	<u>8,512,507</u>
Net Position - December 31, 2021	<u>\$ 9,414,789</u>

See Accompanying Notes

Borough of Churchill
Notes to Financial Statements
December 31, 2021

Note 1 - Summary of Significant Accounting Policies

The Borough of Churchill (the “Borough”) was incorporated in 1934 under the provisions of Article 9, Section I of the Constitution of the Commonwealth of Pennsylvania, as amended. The Borough operates under a Mayor/Council form of government.

As discussed further in Note 1C, these financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The more significant accounting policies used by the Borough are discussed below.

A. Basic Financial Statements - Government-Wide Statements

The Borough’s basic financial statements include both government-wide (reporting the Borough as a whole) and fund financial statements (reporting the Borough’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Borough’s police, highway, sanitation, parks and general administrative services are all classified as governmental activities. The Borough reports no business-type activities.

In the government-wide statement of net position, governmental activities are presented on a consolidated basis by column.

The government-wide statement of activities reports both the gross and net cost of each of the Borough’s functions. The functions are also supported by general government receipts (certain intergovernmental revenues, charges for services, etc.). The statement of activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, public works - sanitation, public works - highways, culture and recreation, etc.). Operating grants include operating-specific and discretionary (either operating or capital).

The net costs by function are normally covered by general receipts including real estate taxes, earned income taxes, intergovernmental receipts, interest income and rents.

The government-wide focus is more on the Borough as an entity and the change in the Borough’s net position resulting from the current year’s activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

B. Basic Financial Statements - Fund Financial Statements

Fund financial statements of the Borough are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into three categories: governmental, proprietary and fiduciary. The Borough reports no proprietary-type funds.

Borough of Churchill
Notes to Financial Statements
December 31, 2021

The emphasis in fund financial statements is on the major funds in the governmental category. Nonmajor funds are summarized into a single column. GASBS No. 34 sets forth the minimum criteria (percentage of the assets, liabilities, revenues or expenditures) for the determination of major funds.

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Borough reports these major governmental funds and fund types:

The *general fund* is the Borough's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *sewer fund*, a special revenue fund, accounts for revenues and expenditures related to sanitation services provided to Borough residents.

The Borough also reports as nonmajor governmental funds the following:

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes. The Highway Aid and the Yagle Trust Funds are considered special revenue funds.

The *capital projects fund* accounts for revenues and expenditures related to capital purchases and capital improvements within the Borough.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

2. Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and are therefore not available to support Borough programs. The reporting focus is on net position and changes in net position. The Borough's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose, or agency). The Borough reports the following fund type:

The *pension trust funds* account for the activities of the police and municipal employees' pension plans, which accumulate resources for pension benefit payments to covered employees.

Fiduciary funds are not incorporated into the government-wide financial statements.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Borough of Churchill
Notes to Financial Statements
December 31, 2021

Measurement Focus

In the government-wide statement of net position and the statement of activities, the governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in the basis of accounting note below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as appropriate.

All governmental funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The fiduciary funds utilize an economic resources measurement focus within the limitations of the modified cash basis of accounting. All assets and liabilities associated with these activities are generally reported within the limitations of the modified cash basis of accounting.

Basis of Accounting

In the government-wide statement of net position, the statement of activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

The Borough has not recorded capital assets and infrastructure arising from cash transactions or the provision for accumulated depreciation and depreciation expense in the government-wide statements.

Outside debt and other long-term liabilities have not been recognized in the government-wide statement of net position and the fund financial statements.

If the Borough utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental and fiduciary funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Borough of Churchill
Notes to Financial Statements
December 31, 2021

D. Financial Statement Amounts

1. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Investments for the government are reported at fair value.

3. Government-wide Net Position

Government-wide net position is divided into two components:

Restricted - consist of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted - all other net position is reported in this category.

4. Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - the part of fund balance that is restricted to be spent for a specific purpose. The constraints on these amounts must be externally imposed by creditors, grantors, contributors or laws or regulations of other governments, or by enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payments and includes a legally enforceable requirement on the use of these funds.

Committed - the portion of fund balance that can only be used for specific purposes as a result of formal action by the Borough's highest level of authority, Borough Council. Once the item is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially constrain the money, which is the passage of a motion.

Assigned - reflects the Borough's intent to use the money for a specific purpose, but is not considered restricted or committed. Fund balance may be assigned by the Borough Manager.

Unassigned - represents the part of spendable fund balance that has not been categorized as restricted, committed or assigned. The general fund is the only fund permitted to have a positive unassigned fund balance.

5. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Borough's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Borough's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.

Borough of Churchill
Notes to Financial Statements
December 31, 2021

6. Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Note 2 - Fund Balance Classifications

The purposes of the fund balance classifications as of December 31, 2021, are as follows:

1. Restricted fund balances are restricted for the following purposes:
 - a. Highway maintenance, rebuilding and construction \$145,958
 - b. Yagle Community Center 47,375
2. The committed fund balances in the sewer and capital project funds, respectively, are for the following purposes:
 - a. Sanitary sewer \$7,162
 - b. Future capital expenditures 180,715

Note 3 - Budgets and Budgetary Accounting

Budgets are adopted on a cash basis for the general fund, highway aid and the sewer agency fund. Expenditures may not legally exceed the budgeted appropriation at the fund level. As a matter of policy, supplemental appropriations are requested whenever expenditures exceed appropriations at the fund level.

The budgetary procedures utilized by the Borough are prescribed in the Borough Code. These procedures are as follows:

- 1) On or before the fifteenth (15th) day of November each year, the Borough Manager is required to submit to Council a proposed budget.
- 2) Upon submission to Council, the proposed budget is considered public record and, as such, is available to the public for their review.
- 3) Final adoption of the budget shall occur prior to the commencement of the year for which it is prepared, but only after it has been available for public inspection, after due notice, for at least ten days.
- 4) Budgets are adopted on an on-line item basis by department. Appropriations authorized by the budget cannot exceed anticipated income. At any time during the year, the Borough Manager may request Council approval to transfer monies among programs within a department. All appropriations lapse at the end of each fiscal year (December 31).

Borough of Churchill
Notes to Financial Statements
December 31, 2021

- 5) Formal budgeting integration is utilized as a managerial control device for the general fund, highway aid fund and the sewer fund.

Note 4 - Deposits and Investments

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U. S. Treasury bills, other short-term U. S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes. In addition to the investment, authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds, real estate and other investments consistent with sound business practice.

The deposit and investment policy of the Borough adheres to state statutes and prudent business practice. Deposits of the governmental funds are either maintained in demand deposits or highly liquid money market funds and are captioned as cash in the combined balance sheet. The deposits and investments of the fiduciary funds are administered by trustees and are held separately from those of other municipal funds. Investments are reported at fair value. Fair value is based on quoted market prices. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. There were no deposit or investment transactions during the year that were in violation of either their state statutes or the policy of the Borough.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name. As of December 31, 2021, \$1,645,372 of the Borough's bank balance of \$1,895,372 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging

Bank's Agent not in the Borough's Name	<u>\$1,645,372</u>
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As of December 31, 2021, the Borough had the following investments:

Investment Type	Credit Rating	Fair Value
Money Market Funds	AAAm	\$ 204,875
Common Stock	N/A	1,768,987
Equity Mutual Funds	N/A	4,987,820
ETFs	N/A	<u>2,435,333</u>
		<u>\$ 9,397,015</u>

Borough of Churchill
Notes to Financial Statements
December 31, 2021

Of the above investments, all are reported in the Borough's fiduciary funds.

Interest Rate Risk - The Borough does not have a policy related to investment rate risk.

Credit Risks - Pennsylvania statutes authorize the type of investments allowed and are described above. The Borough has no investment policy that would further limit its investments choices. The Borough's money market funds are in Federated Government Obligation Funds and are rated AAAM by S & P.

Custodial Credit Risk Investments - This is the risk that in the event of failure of the counterparty, the Borough will not be able to recover the value of its investments. The Borough does not have an investment policy for custodial credit risk. None of the Borough's investments are subject to custodial risk.

Concentration of Credit Risk - At December 31, 2021, the Borough did not have a policy for concentration of credit risk.

The Borough categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Borough has the following recurring fair value measurements as of December 31, 2021:

Investments by Fair Value Level	Totals	Fair Value Measurements		
		Level 1	Level 2	Level 3
Common Stock	\$ 1,768,987	\$ 1,768,987	\$ -	\$ -
Mutual Funds	4,987,820	4,987,820	-	-
ETFs	<u>2,435,333</u>	<u>2,435,333</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 9,192,140</u>	<u>\$ 9,192,140</u>	<u>\$ -</u>	<u>\$ -</u>

Note 5 - Real Estate Taxes

The tax collector bills and collects real estate taxes on behalf of the Borough based upon assessed values provided by the County. The Borough's tax rate for all purposes in 2021 was 8.00 mills (\$8.00 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2021 is as follows:

Tax Levy Date	March 1, 2021
2% Discount Period	March 1 - April 30, 2021
Face Payment Period	May 1, 2021 - June 30, 2021
10% Penalty Period	Beginning July 1, 2021

Borough of Churchill
Notes to Financial Statements
December 31, 2021

Note 6 - Long-Term Debt

The following is a summary of general long-term debt transactions for the year ended December 31, 2021:

	Balance 01/01/21	Additions	Retirements	Balance 12/31/21	Due Within One Year
Governmental Activities					
Compensated Absences	\$ 12,147	\$ 1,336	\$ -	\$ 13,483	\$ -

The Borough's policies regarding vacation time under various contracts, provide for employees to accumulate sick days which they are paid for upon retirement or termination of service. The amount the employee is compensated and the number of days varies based on their contract and their years of service. If generally accepted accounting principles were followed, the liability for these compensated absences would be recorded as long-term debt in the government-wide statements. In the fund financial statements, governmental funds report a compensated absence liability only if they have matured; for example, as a result of employee resignations and retirements.

Note 7 - Defined Benefit Pension Plans

A. Plan Descriptions, Contribution Information, and Funding Policies

The Borough of Churchill contributes to two Defined Benefit Pension Plans. Assets are held separately and may be used only for the payment of benefits to the members of the respective Plans.

Borough of Churchill Police Pension Plan (PPP) - The Police Pension Plan is a single-employer defined benefit pension trust fund. Any person employed on a full-time basis by the Borough as a member of the police force is eligible to participate in the Plan.

Municipal Employee Pension Plan (MEPP) - The Municipal Employee Pension Plan is a single-employer defined benefit Trust Fund Plan. Any municipal employee person employed on a full-time salaried basis by the Borough is eligible to participate in the Plan.

Actuarial valuations are performed biannually. For additional information related to basis of accounting and reported investment values, see notes 1C and 4. The Plans do not issue stand-alone financial reports.

The following is a summary of funding policies, contribution methods, and benefit provisions:

	<u>PPP</u>	<u>MEPP</u>
Date Established	February 8, 1966	March 8, 1960
Governing Authority and Administrator	Borough Council and Ordinances	Borough Council and Ordinances
Determination of Contribution Requirements	Actuarially determined	Actuarially determined
Employer	\$189,612	\$46,336
Plan Members	5.0% of compensation	5.0% of compensation

Borough of Churchill
Notes to Financial Statements
December 31, 2021

	<u>PPP</u>	<u>MEPP</u>
Funding of Administrative Costs	Investment earnings	Employer contribution
Eligibility Requirements		
Normal Retirement	Age 55 with 25 years of aggregate service	Participants hired prior to December 12, 2000 and after July 14, 2006, the date participant attains age 65, for all others, age 65 and completion of 20 years of aggregate service
Early Retirement	None	If hired prior to December 12, 2000, age 62
Vesting	12 years of service	100% after completion of 7 years of aggregate service
Retirement Benefit	50% of final 36 months average salary, plus service increment, if any	Participant in plan prior to July 15, 2006, 50% of final monthly average compensation, and for participants after July 15, 2006, monthly amount equal to 1.67% of final monthly average compensation multiplied by years of service to a maximum of 50%
Service Increment	Additional monthly benefit of \$100 for completion of 26 or more years. Participants retiring by February 15, 2017 will receive \$70 for each year in excess of 25 up to a maximum of \$350	None
Post-Retirement Benefit Increases	For participants retiring after January 1, 2006, an amount equal to the percentage increase in the CPI-W subject to certain limits	Participants employed prior to July 15, 2006 not to exceed 3% of CPI-W, not to exceed 60% of final monthly average compensation

Borough of Churchill
Notes to Financial Statements
December 31, 2021

	<u>PPP</u>	<u>MEPP</u>
Provisions for Disability Benefits	Yes	Yes
Provisions for Death Benefits	Yes	Yes

Memberships of the Plans are as follows, based on the latest actuarial valuation reports dated January 1, 2021:

Active Employees	7	3
Entitled to But Not Yet Receiving Benefits or Beneficiaries Currently Receiving Benefits	8	5
Total	15	8

B. Net Pension Liability

Actuarial Assumptions: The total pension liability for both plans was determined by an actuarial valuation as of January 1, 2021, and rolled forward to the reporting date using the following significant actuarial assumptions applied to all periods included in the measurement:

Inflation:	2.50% police; 2.50% municipal employee
Salary Increases:	4.75% police; 4.5% municipal employee
Mortality:	2010 Public Retirement Plan – Public Safety mortality tables (PubS-2010); 2010 Public Retirement Plan – General Employee mortality tables (PubG-2010)
Expected Long-Term Rate of Return:	The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of inflation and investment expenses not funded through the MMO) 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 expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of December 31, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	6.3%
Fixed Income	2.0%
Cash Equivalents	0.0%

Borough of Churchill
Notes to Financial Statements
December 31, 2021

Discount Rate: The discount rate used to measure the total pension liability was 6.75% for the police plan and 6.75% for the municipal employee plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made equal to the Minimum Municipal Obligation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

C. Changes in the Net Pension Liability

Changes in the Borough's net pension liability for the year ended December 31, 2021 were as follows:

Police Pension Plan

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2021	\$ 6,597,558	\$ 7,062,064	\$ (464,506)
Changes for the Year:			
Service Cost	113,811	-	113,811
Interest	440,548	-	440,548
Differences between expected and actual experience	(140,786)	-	(140,786)
Changes in assumptions	136,618	-	136,618
Contributions - Employer	-	189,612	(189,612)
Contributions - Employee	-	38,643	(38,643)
Net Investment Income	-	944,752	(944,752)
Benefit Payments and Refunds of Employee Contributions	(367,120)	(367,120)	-
Administrative Expense	-	(43,417)	43,417
Net Changes	<u>183,071</u>	<u>762,470</u>	<u>(579,399)</u>
Balances at December 31, 2021	<u>\$ 6,780,629</u>	<u>\$ 7,824,534</u>	<u>\$ (1,043,905)</u>

Borough of Churchill
Notes to Financial Statements
December 31, 2021

Municipal Employee Pension Plan

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2021	\$ 1,431,555	\$ 1,450,443	\$ (18,888)
Changes for the Year:			
Service Cost	28,103	-	28,103
Interest	84,187	-	84,187
Differences between expected and actual experience	(158,299)	-	(158,299)
Changes of assumptions	(8,347)	-	(8,347)
Contributions - Employer	-	46,336	(46,336)
Contributions - Employee	-	10,725	(10,725)
Net Investment Income	-	190,339	(190,339)
Benefit Payments and Refunds of Employee Contributions	(93,120)	(93,120)	-
Administrative Expense	-	(14,468)	14,468
	<u>(147,476)</u>	<u>139,812</u>	<u>(287,288)</u>
Net Changes			
Balances at December 31, 2021	<u>\$ 1,284,079</u>	<u>\$ 1,590,255</u>	<u>\$ (306,176)</u>

Sensitivity of the net pension liability to changes in the discount rate: The following shows effect of a 1% change in the discount rate on the net pension liability:

	1.00% Decrease	Current Discount Rate	1.00% Increase
Net Pension Liability			
PPP	\$ (261,018)	\$ (1,043,905)	\$ (1,702,460)
MEPP	\$ (182,744)	\$ (306,176)	\$ (412,708)

D. Pension Expense

For the year ended December 31, 2021, the Borough recognized pension expense of \$189,612 and \$46,336 for the Police Pension and Municipal Employee Pension Plans, respectively, on the modified cash basis. The Borough does not report any deferred inflows or outflows related to pensions under GASBS No. 68 due to the statements being reported on the modified cash basis of accounting.

Borough of Churchill
Notes to Financial Statements
December 31, 2021

Note 8 - Other Post-Employment Benefit Plan

A. Plan Description

The Borough of Churchill administers a single-employer defined benefit post-employment benefit plan. The Plan provides medical premium reimbursement and life insurance benefits to police and non-uniformed retirees. Benefit provisions are mostly established through negotiations between the Borough and union or group representing the employees. The Plan does not issue a publicly available financial report.

1. Police Employees

Eligibility: Retiring from Borough employment after attaining age 55 and after completing 25 years of service.

Benefits: On a voluntary basis, each officer may receive OPEB benefits by contributing \$2,000 into the plan prior to retirement. The plan will then pay each officer \$250 per month toward medical insurance until the officer attains the earlier of age 65 or Medicare eligibility. Currently all active officers have elected to participate.

Plans Available: Retiring participants are not permitted to remain on the Borough's health insurance plans after retirement.

Life Insurance: At retirement, the Borough shall provide each officer with a paid-up life insurance policy in the amount of \$10,000. The Borough pays the premiums for this benefit prior to retirement for all but one retiree (for whom they continue to pay premiums at this time).

2. Non-Uniformed Employees

Eligibility: Age 65 and completion of 20 years of Aggregate Service. For participants hired before December 12, 2000 and after July 14, 2006: Age 65.

Life Insurance: If hired before July 14, 2006, the Borough shall provide each retiree with a paid-up life insurance policy in the amount of \$10,000. The Borough pre-pays the premiums for this benefit prior to retirement. If hired on or after July 14, 2006, no benefits are payable.

B. Funding Policy

Memberships of the Plan are as follows, based on the latest actuarial evaluation reports dated January 1, 2020:

Active Members	11
Retired Participants	<u>2</u>
Total	<u>13</u>

Borough of Churchill
Notes to Financial Statements
December 31, 2021

C. Total OPEB Liability

The Borough's total OPEB liability of \$87,315 was measured as of January 1, 2021 and was determined by an actuarial valuation as of January 1, 2020 and rolled forward to the measurement date.

D. Actuarial Methods and Assumptions

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Discount Rate	3.00%
Healthcare Cost Trend Rates	N/A

The discount rate was based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the RP-2014 Mortality Table with 50% of the Blue Collar Adjustment.

The actuarial assumptions used in the January 1, 2020 valuation were selected using input from the Borough based upon actual experience.

E. Change in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2021	\$ 85,586
Changes for the year:	
Service Cost	3,246
Interest	2,604
Benefit Payments	<u>(4,121)</u>
Net Changes	<u>1,729</u>
Balance at December 31, 2021	<u><u>\$ 87,315</u></u>

F. Changes of Assumptions and Other Inputs

- None

Borough of Churchill
Notes to Financial Statements
December 31, 2021

G. Sensitivity of the Total Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.00%) or one percentage point higher (4.00%) than the current discount rate:

	1.00% Decrease		Current Discount Rate	1.00% Increase	
	2.00%		3.00%	4.00%	
Total OPEB Liability	\$ 98,519	\$	87,315	\$	78,247

H. Sensitivity of the Total Liability to Changes in the Healthcare Cost Trend Rates

The disclosure related to healthcare cost trend rates is not applicable as the Borough is paying a fixed cost and retirees cannot stay on the Borough plan.

I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the Borough recognized OPEB Expense of \$1,729. At December 31, 2021, the Borough reported no deferred outflows and deferred inflows of resources related to OPEB.

Note 9 - Risk Management

The Borough of Churchill is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Borough also purchases commercial insurance for its employee health and accident insurance coverage. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

Note 10 - Lease Agreement

The Borough as lessor entered into a lease agreement, whereby the Borough leases a parcel of land for communication facilities. The lease term is through October 31, 2038, with monthly rentals at \$2,000 per month, increasing by 3.0% annually.

The total rent received in 2021 was \$31,119 under this lease.

Borough of Churchill
Notes to Financial Statements
December 31, 2021

Total future rentals to be received are as follows:

Year Ended December 31,		
2022	\$	29,665
2023		30,554
2024		31,471
2025		32,415
2026		33,388
2027-2031		182,578
2032-2036		211,658
2037-2038		85,688
		<u>\$ 637,417</u>

Note 11 - Operating Leases

The Borough of Churchill is committed under lease agreements for copiers and a postage machine. These leases are considered for accounting purposes to be operating leases. The following is a schedule by years of future minimum payments required under these operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2021:

Year Ended December 31,		
2022	\$	3,710
2023		3,540
2024		1,886
		<u>\$ 9,136</u>

For the year ended December 31, 2021, the rental expense for the operating leases was \$3,532.

**OTHER INFORMATION
SECTION**

Borough of Churchill
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Modified Cash Basis
General Fund – Budget and Actual
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Real Estate Taxes				
Current	\$ 1,855,258	\$ 1,855,258	\$ 1,898,948	\$ 43,690
Delinquent	43,674	43,674	5,169	(38,505)
Liened	8,415	8,415	89,216	80,801
Regional Asset District Sales Tax	73,000	73,000	98,570	25,570
Real Estate Transfer Taxes	90,250	90,250	86,819	(3,431)
Earned Income Taxes/Wage Taxes	587,975	587,975	637,002	49,027
Local Service Taxes	29,640	29,640	27,738	(1,902)
	<u>2,688,212</u>	<u>2,688,212</u>	<u>2,843,462</u>	<u>155,250</u>
Licenses and Permits				
Cable Television Franchise	55,468	55,468	61,284	5,816
All Other Licenses and Permits	2,000	2,000	794	(1,206)
	<u>57,468</u>	<u>57,468</u>	<u>62,078</u>	<u>4,610</u>
Fines and Forfeits				
	<u>11,600</u>	<u>11,600</u>	<u>13,232</u>	<u>1,632</u>
Interest, Rents and Royalties				
Interest Earnings	1,500	1,500	180	(1,320)
Rents and Royalties	25,000	25,000	31,119	6,119
	<u>26,500</u>	<u>26,500</u>	<u>31,299</u>	<u>4,799</u>
Intergovernmental				
Federal				
All Other Fed Shared Revenue & Entitlements	-	-	152,869	152,869
State				
Marcellus Shale Impact Fee	500	500	390	(110)
Public Utility Realty Tax	2,200	2,200	2,555	355
General Municipal Pension System State Aid	98,000	98,000	91,148	(6,852)
Alcoholic Beverage Taxes	200	200	-	(200)
Foreign Fire Insurance	18,000	18,000	16,294	(1,706)
All Other State Shared Revenues & Entitlements	8,243	8,243	76,919	68,676
	<u>127,143</u>	<u>127,143</u>	<u>340,175</u>	<u>213,032</u>

Borough of Churchill
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Modified Cash Basis
General Fund – Budget and Actual
Year Ended December 31, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges for Services				
General Government	1,500	1,500	6,330	4,830
Public Safety	32,100	32,100	59,778	27,678
All Other Charges for Highways & Street Svcs.	10,000	10,000	24,337	14,337
Other Charges for Sanitation Services	-	-	1,749	1,749
	<u>43,600</u>	<u>43,600</u>	<u>92,194</u>	<u>48,594</u>
Total Charges for Services				
Miscellaneous Revenue				
Other Miscellaneous Revenue	7,000	7,000	9,703	2,703
	<u>7,000</u>	<u>7,000</u>	<u>9,703</u>	<u>2,703</u>
Total Revenues	<u>2,961,523</u>	<u>2,961,523</u>	<u>3,392,143</u>	<u>430,620</u>
Expenditures				
General Government				
Executive				
Personal Services	144,000	144,000	145,000	(1,000)
Supplies	16,800	16,800	11,977	4,823
Other Services & Charges	33,650	33,650	35,756	(2,106)
Capital Purchase	5,000	5,000	3,122	1,878
Financial Administration				
Other Services & Charges	37,400	37,400	26,400	11,000
Tax Collection				
Personal Services	11,948	11,948	26,335	(14,387)
Supplies	3,000	3,000	5,230	(2,230)
Other Services & Charges	2,600	2,600	1,150	1,450
Law				
Other Services & Charges	72,000	72,000	114,183	(42,183)
Personnel Administration				
Other Services & Charges	12,000	12,000	26,950	(14,950)
Data Processing				
Other Services & Charges	13,162	13,162	21,749	(8,587)
Engineer				
Other Services & Charges	16,000	16,000	37,409	(21,409)

Borough of Churchill
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Modified Cash Basis
General Fund – Budget and Actual
Year Ended December 31, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
General Gov't Building & Plant				
Personal Services	69,000	69,000	69,500	(500)
Supplies	3,300	3,300	807	2,493
Other Services & Charges	82,075	82,075	79,002	3,073
Capital Construction	25,000	25,000	-	25,000
	<u>546,935</u>	<u>546,935</u>	<u>604,570</u>	<u>(57,635)</u>
Total General Government				
Public Safety				
Police				
Personal Services	815,325	815,325	750,991	64,334
Supplies	27,000	27,000	28,821	(1,821)
Other Services & Charges	47,600	47,600	49,335	(1,735)
Capital Purchase	78,200	78,200	80,470	(2,270)
Fire				
Other Services & Charges	13,800	13,800	13,146	654
Contributions, Grants & Subs.	26,000	26,000	24,294	1,706
Capital Purchase	32,000	32,000	32,000	-
Ambulance/Rescue				
Contributions, Grants & Subs.	5,000	5,000	5,000	-
Planning and Zoning				
Other Services & Charges	24,000	24,000	45,210	(21,210)
	<u>1,068,925</u>	<u>1,068,925</u>	<u>1,029,267</u>	<u>39,658</u>
Total Public Safety				
Health and Welfare				
Health				
Other Services & Charges	4,400	4,400	5,576	(1,176)
Public Works - Sanitation				
Solid Waste Collection and Disposal				
Other Services & Charges	33,450	33,450	24,863	8,587

Borough of Churchill
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Modified Cash Basis
General Fund – Budget and Actual
Year Ended December 31, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Works - Highways				
General Service - Administration				
Supplies	-	-	452	(452)
Other Services & Charges	700	700	502	198
Winter Maintenance-Snow Removal				
Other Services & Charges	130,000	130,000	148,615	(18,615)
Traffic Control Devices				
Other Services & Charges	15,000	15,000	84,764	(69,764)
Street Lighting				
Other Services & Charges	10,500	10,500	11,201	(701)
Storm Sewers & Drains				
Capital Construction	40,000	40,000	177,265	(137,265)
Repairs of Tools and Machinery				
Other Services & Charges	1,500	1,500	1,840	(340)
Maintenance and Repairs to Roads & Bridges				
Other Services & Charges	180,000	180,000	124,802	55,198
Highway Construction & Rebuilding Projects				
Other Services & Charges	65,000	65,000	55,622	9,378
Capital Construction	250,000	250,000	161,206	88,794
Total Public Works - Highway	<u>692,700</u>	<u>692,700</u>	<u>766,269</u>	<u>(73,569)</u>
Public Works - Other Services				
Storm Water and Flood Control				
Other Services & Charges	<u>10,000</u>	<u>10,000</u>	<u>26,026</u>	<u>(16,026)</u>
Total Public Works	<u>736,150</u>	<u>736,150</u>	<u>817,158</u>	<u>(81,008)</u>
Culture - Recreation				
Parks				
Other Services & Charges	6,800	6,800	2,060	4,740
Libraries				
Contributions, Grants & Subs.	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Culture - Recreation	<u>11,800</u>	<u>11,800</u>	<u>7,060</u>	<u>4,740</u>

Borough of Churchill
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Modified Cash Basis
General Fund – Budget and Actual
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Miscellaneous				
Retirement Fund Contributions	235,948	235,948	235,948	-
Workers Comp. Contributions	55,107	55,107	45,196	9,911
Other Group Insurance Benefits	179,477	179,477	100,104	79,373
Social Security Taxes	80,000	80,000	73,052	6,948
Insurance, Casualty & Surety	48,600	48,600	46,011	2,589
Other Misc. Expenditures	9,090	9,090	9,920	(830)
	<u>608,222</u>	<u>608,222</u>	<u>510,231</u>	<u>97,991</u>
Total Miscellaneous				
	<u>2,976,432</u>	<u>2,976,432</u>	<u>2,973,862</u>	<u>2,570</u>
Total Expenditures				
Net Change in Fund Balance	(14,909)	(14,909)	418,281	433,190
Fund Balance - January 1, 2021	<u>1,007,439</u>	<u>1,007,439</u>	<u>1,015,264</u>	<u>7,825</u>
Fund Balance - December 31, 2021	<u>\$ 992,530</u>	<u>\$ 992,530</u>	<u>\$ 1,433,545</u>	<u>\$ 441,015</u>

Borough of Churchill
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Modified Cash Basis
Special Revenue Fund
Sewer Fund – Budget and Actual
Year Ended December 31, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 1,299,271	\$ 1,299,271	\$ 1,306,438	\$ 7,167
Expenditures				
Current				
Public Works - Sanitation	1,334,047	1,334,047	1,494,553	160,506
Net Change in Fund Balance	(34,776)	(34,776)	(188,115)	(153,339)
Fund Balance - January 1, 2021	155,369	155,369	195,277	39,908
Fund Balance - December 31, 2021	\$ 120,593	\$ 120,593	\$ 7,162	\$ (113,431)

Borough of Churchill
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2021

1. Schedule of Changes in the Borough's Net Pension Liability and Related Ratios

	Police Pension Plan							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ 113,811	\$ 146,445	\$ 139,804	\$ 123,338	\$ 135,934	\$ 111,637	\$ 100,079	\$ 97,749
Interest	440,548	442,833	425,216	416,648	398,987	382,399	366,176	368,544
Change of Benefit Terms	-	-	-	-	2,160	33,889	5,170	-
Change in Assumptions	136,618	-	-	-	(124,813)	(63,131)	(313,316)	-
Difference Between Expected and Actual Experience	(140,786)	-	(142,328)	-	79,212	-	-	-
Benefit Payments	<u>(367,120)</u>	<u>(337,224)</u>	<u>(303,328)</u>	<u>(280,527)</u>	<u>(259,835)</u>	<u>(216,758)</u>	<u>(216,794)</u>	<u>(172,589)</u>
Net Change in Total Pension Liability	183,071	252,054	119,364	259,459	231,645	248,036	(58,685)	293,704
Total Pension Liability - Beginning (1)	<u>6,597,558</u>	<u>6,345,504</u>	<u>6,226,170</u>	<u>5,966,711</u>	<u>5,735,066</u>	<u>5,487,030</u>	<u>5,545,715</u>	<u>5,252,011</u>
Total Pension Liability - Ending (a)	<u>6,780,629</u>	<u>6,597,558</u>	<u>6,345,534</u>	<u>6,226,170</u>	<u>5,966,711</u>	<u>5,735,066</u>	<u>5,487,030</u>	<u>5,545,715</u>
Plan Fiduciary Net Position								
Contributions - Employer, including State Aid	189,612	196,165	172,419	190,674	180,216	172,658	213,857	211,679
Contributions - Member	38,643	37,358	40,415	41,599	41,179	42,632	40,114	41,753
Net Investment Income	944,752	775,730	1,067,068	(316,472)	834,496	279,881	18,512	255,825
Benefit Payments	(367,120)	(337,224)	(303,328)	(280,527)	(259,835)	(216,758)	(216,794)	(172,589)
Administrative Expenses	<u>(43,417)</u>	<u>(33,714)</u>	<u>(35,667)</u>	<u>(36,722)</u>	<u>(28,520)</u>	<u>(26,376)</u>	<u>(14,609)</u>	<u>(12,065)</u>
Net Change in Plan Fiduciary Net Position	762,470	638,315	940,907	(401,448)	767,536	252,037	41,080	324,603
Plan Fiduciary Net Position - Beginning	<u>7,062,064</u>	<u>6,423,749</u>	<u>5,482,842</u>	<u>5,884,290</u>	<u>5,116,754</u>	<u>4,864,717</u>	<u>4,823,637</u>	<u>4,499,034</u>
Plan Fiduciary Net Position - Ending (b)	<u>7,824,534</u>	<u>7,062,064</u>	<u>6,423,749</u>	<u>5,482,842</u>	<u>5,884,290</u>	<u>5,116,754</u>	<u>4,864,717</u>	<u>4,823,637</u>
Borough's Net Pension Liability (a-b)	<u>\$ (1,043,905)</u>	<u>\$ (464,506)</u>	<u>\$ (78,215)</u>	<u>\$ 743,328</u>	<u>\$ 82,421</u>	<u>\$ 618,312</u>	<u>\$ 622,313</u>	<u>\$ 722,078</u>

**Borough of Churchill
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2021**

	Police Pension Plan							
	2021	2020	2019	2018	2017	2016	2015	2014
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	115.4%	107.0%	101.2%	88.1%	98.6%	89.2%	88.7%	87.0%
Covered Payroll	<u>\$ 772,862</u>	<u>\$ 747,154</u>	<u>\$ 808,300</u>	<u>\$ 836,192</u>	<u>\$ 823,585</u>	<u>\$ 851,922</u>	<u>\$ 802,288</u>	<u>\$ 835,065</u>
Borough's Net Pension Liability as a Percentage of Covered Payroll	(135.1%)	(62.2%)	(9.7%)	88.9%	10.0%	72.6%	77.6%	86.5%

The information reported above is the information which was available upon implementation of the new reporting standard, 10 years of information will be reported when available.

(1)- The beginning balance was adjusted from prior year amount.

Borough of Churchill
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2021

Municipal Employee Pension Plan

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ 28,103	\$ 27,801	\$ 26,604	\$ 24,049	\$ 36,188	\$ 37,435	\$ 35,652	\$ 36,401
Interest	84,187	92,606	88,312	82,565	78,585	70,790	66,671	64,123
Change in Assumptions	(8,347)	-	22,984	-	(31,518)	-	(18,113)	-
Difference Between Expected and Actual Experience	(158,299)	-	39,603	-	81,667	-	-	-
Benefit Payments	<u>(93,120)</u>	<u>(64,928)</u>	<u>(40,473)</u>	<u>(45,268)</u>	<u>(46,279)</u>	<u>(45,268)</u>	<u>(45,268)</u>	<u>(45,268)</u>
Net Change in Total Pension Liability	(147,476)	55,479	137,030	61,346	118,643	62,957	38,942	55,256
Total Pension Liability - Beginning	<u>1,431,555</u>	<u>1,376,076</u>	<u>1,239,046</u>	<u>1,177,700</u>	<u>1,059,057</u>	<u>996,100</u>	<u>957,158</u>	<u>901,902</u>
Total Pension Liability - Ending (a)	<u>1,284,079</u>	<u>1,431,555</u>	<u>1,376,076</u>	<u>1,239,046</u>	<u>1,177,700</u>	<u>1,059,057</u>	<u>996,100</u>	<u>957,158</u>
Plan Fiduciary Net Position								
Contributions - Employer, including State Aid	46,336	58,578	38,961	35,636	23,950	30,914	37,265	36,502
Contributions - Member	10,725	9,283	11,016	10,914	10,209	10,956	11,230	10,544
Net Investment Income	190,339	152,664	199,476	(54,081)	149,306	50,621	10,196	53,150
Benefit Payments	(93,120)	(64,928)	(40,473)	(45,268)	(46,279)	(45,268)	(45,268)	(45,268)
Administrative Expenses	<u>(14,468)</u>	<u>(8,755)</u>	<u>(11,569)</u>	<u>(11,934)</u>	<u>(7,122)</u>	<u>(7,252)</u>	<u>(7,166)</u>	<u>(4,752)</u>
Net Change in Plan Fiduciary Net Position	139,812	146,842	197,411	(64,733)	130,064	39,971	6,257	50,176
Plan Fiduciary Net Position - Beginning	<u>1,450,443</u>	<u>1,303,601</u>	<u>1,106,190</u>	<u>1,170,923</u>	<u>1,040,859</u>	<u>1,000,888</u>	<u>994,631</u>	<u>944,455</u>
Plan Fiduciary Net Position - Ending (b)	<u>1,590,255</u>	<u>1,450,443</u>	<u>1,303,601</u>	<u>1,106,190</u>	<u>1,170,923</u>	<u>1,040,859</u>	<u>1,000,888</u>	<u>994,631</u>
Borough's Net Pension Liability (a-b)	<u>\$ (306,176)</u>	<u>\$ (18,888)</u>	<u>\$ 72,475</u>	<u>\$ 132,856</u>	<u>\$ 6,777</u>	<u>\$ 18,198</u>	<u>\$ (4,788)</u>	<u>\$ (37,473)</u>

**Borough of Churchill
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2021**

	Municipal Employee Pension Plan							
	2021	2020	2019	2018	2017	2016	2015	2014
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	123.84%	101.32%	94.73%	89.28%	99.42%	98.28%	100.48%	103.92%
Covered Payroll	<u>\$ 214,500</u>	<u>\$ 199,456</u>	<u>\$ 221,389</u>	<u>\$ 218,288</u>	<u>\$ 204,182</u>	<u>\$ 219,130</u>	<u>\$ 224,601</u>	<u>\$ 210,876</u>
Borough's Net Pension Liability as a Percentage of Covered Payroll	(142.74%)	(9.47%)	32.74%	60.86%	3.32%	8.30%	(2.13%)	(17.77%)

The information reported above is the information which was available upon implementation of the new reporting standard, 10 years of information will be reported when available.

**Borough of Churchill
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2021**

2. Schedule of Contributions

	Police Pension Plan							
	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 189,612	\$ 196,165	\$ 172,419	\$ 190,674	\$ 180,216	\$ 172,658	\$ 213,857	\$ 211,679
Contributions in Relation to the Actuarially Determined Contribution	<u>189,612</u>	<u>196,165</u>	<u>172,419</u>	<u>190,674</u>	<u>180,216</u>	<u>172,658</u>	<u>213,857</u>	<u>211,679</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	<u>\$ 772,862</u>	<u>\$ 747,154</u>	<u>\$ 808,300</u>	<u>\$ 836,192</u>	<u>\$ 823,585</u>	<u>\$ 851,922</u>	<u>\$ 802,288</u>	<u>\$ 835,065</u>
Contributions as a Percentage of Covered Payroll	24.53%	26.25%	21.33%	22.80%	21.88%	20.27%	26.66%	25.35%
	Municipal Employee Pension Plan							
	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 46,336	\$ 58,578	\$ 38,961	\$ 35,636	\$ 23,950	\$ 30,914	\$ 37,265	\$ 36,502
Contributions in Relation to the Actuarially Determined Contribution	<u>46,336</u>	<u>58,578</u>	<u>38,961</u>	<u>35,636</u>	<u>23,950</u>	<u>30,914</u>	<u>37,265</u>	<u>36,502</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	<u>\$ 214,500</u>	<u>\$ 199,456</u>	<u>\$ 221,389</u>	<u>\$ 218,288</u>	<u>\$ 204,182</u>	<u>\$ 219,130</u>	<u>\$ 224,601</u>	<u>\$ 210,876</u>
Contributions as a Percentage of Covered Payroll	21.60%	29.37%	17.60%	16.33%	11.73%	14.11%	16.59%	17.31%

**Borough of Churchill
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2021**

3. Investment Returns

	Police Pension Plan							
	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money Weighted Rate of Return Net of Investment Expenses	12.2%	11.0%	18.4%	(6.1)%	14.4%	5.6%	0.4%	5.5%
	Municipal Employee Pension Plan							
	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money Weighted Rate of Return Net of Investment Expenses	12.0%	10.9%	17.1%	(5.3)%	13.0%	5.0%	1.0%	5.5%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

Borough of Churchill
Note to Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2021

Assumptions and methods used to determine the contribution rates for both Police and Municipal Employee Pension Plans:

- Actuarial Valuation Date: 01/01/21
- Actuarial Cost Method: entry age
- Amortization Period: level dollar based upon the amortization periods in Act 205
- Asset valuation method: 4-year smoothing
- Discount Rate: 6.75% police; 6.75% municipal employee
- Inflation: 2.50% police; 2.50% municipal employee
- Salary increases: 4.75% per year - police; 4.50% per year - municipal employee
- Mortality Table - 2010 Public Retirement Plan

Borough of Churchill
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability
and Related Ratios
Last Five Years

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Total OPEB Liability					
Service Cost	\$ 3,246	\$ 3,159	\$ 3,520	\$ 3,426	\$ -
Interest	2,604	2,582	2,914	2,792	-
Change in Assumptions	-	2,330	-	-	-
Difference Between Expected and Actual Experience	-	(7,184)	-	-	-
Benefit Payments	<u>(4,121)</u>	<u>(6,087)</u>	<u>(3,560)</u>	<u>(1,554)</u>	<u>-</u>
Net Change in Total OPEB Liability	1,729	(5,200)	2,874	4,664	-
Total OPEB Liability - Beginning	<u>85,586</u>	<u>90,786</u>	<u>87,912</u>	<u>83,248</u>	<u>N/A</u>
Total OPEB Liability - Ending	<u>\$ 87,315</u>	<u>\$ 85,586</u>	<u>\$ 90,786</u>	<u>\$ 87,912</u>	<u>\$ 83,248</u>
Covered-Employee Payroll	918,271	918,271	975,718	975,718	N/A
Total OPEB Liability as a Percentage of Covered-Employee Payroll	9.51%	9.32%	9.30%	9.01%	N/A

Notes to Schedule:

GASB 75 was implemented beginning with fiscal year ended December 31, 2018.

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

**COMBINING FUND
SCHEDULES**

**Borough of Churchill
Combining Balance Sheet
Modified Cash Basis
Nonmajor Governmental Funds
December 31, 2021**

Exhibit A

	Capital Projects Funds	Yagle Trust Fund	Highway Aid Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	<u>\$ 180,715</u>	<u>\$ 47,375</u>	<u>\$ 145,958</u>	<u>\$ 374,048</u>
LIABILITIES AND FUND BALANCES				
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances				
Restricted	-	47,375	145,958	193,333
Committed	<u>180,715</u>	<u>-</u>	<u>-</u>	<u>180,715</u>
Total Fund Balances	<u>180,715</u>	<u>47,375</u>	<u>145,958</u>	<u>374,048</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 180,715</u></u>	<u><u>\$ 47,375</u></u>	<u><u>\$ 145,958</u></u>	<u><u>\$ 374,048</u></u>

Borough of Churchill
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances – Modified Cash Basis
Nonmajor Governmental Funds
December 31, 2021

Exhibit B

	Capital Projects Funds	Yagle Trust Fund	Highway Aid Fund	Total Nonmajor Governmental Funds
Revenues				
Interest, Rents, and Royalties	\$ 24	\$ 6	\$ 25	\$ 55
Intergovernmental	<u>-</u>	<u>-</u>	<u>95,863</u>	<u>95,863</u>
 Total Revenues	 <u>24</u>	 <u>6</u>	 <u>95,888</u>	 <u>95,918</u>
 Expenditures				
Current:				
Public Works - Highways	<u>-</u>	<u>-</u>	<u>93,000</u>	<u>93,000</u>
 Net Changes in Fund Balances	 24	 6	 2,888	 2,918
 Fund Balances - January 1, 2021	 <u>180,691</u>	 <u>47,369</u>	 <u>143,070</u>	 <u>371,130</u>
 Fund Balances - December 31, 2021	 <u>\$ 180,715</u>	 <u>\$ 47,375</u>	 <u>\$ 145,958</u>	 <u>\$ 374,048</u>

Borough of Churchill
Combining Schedule of Net Position
Modified Cash Basis
Fiduciary Funds
Pension Trust Funds
December 31, 2021

Exhibit C

	Police Pension Fund	Municipal Employee Pension Fund	Totals
ASSETS			
Cash and Cash Equivalents	\$ 154,821	\$ 50,054	\$ 204,875
Investments			
Common Stock	1,502,091	266,896	1,768,987
Mutual Funds	4,152,225	835,595	4,987,820
ETFs	2,000,560	434,773	2,435,333
Accrued Interest	<u>14,837</u>	<u>2,937</u>	<u>17,774</u>
TOTAL ASSETS	<u>7,824,534</u>	<u>1,590,255</u>	<u>9,414,789</u>
NET POSITION			
Net Position Restricted for Pensions	<u>\$ 7,824,534</u>	<u>\$ 1,590,255</u>	<u>\$ 9,414,789</u>

Borough of Churchill
Combining Schedule of Changes in Net Position
Modified Cash Basis
Fiduciary Funds
Pension Trust Funds
Year Ended December 31, 2021

Exhibit D

	Police Pension Fund	Municipal Employee Pension Fund	Totals
Additions			
Contributions			
Employer	\$ 189,612	\$ 46,336	\$ 235,948
Plan Members	<u>38,643</u>	<u>10,725</u>	<u>49,368</u>
Total Contributions	<u>228,255</u>	<u>57,061</u>	<u>285,316</u>
Investment Income			
Net Appreciation (Depreciation) in Fair Value of			
Investments	724,811	146,313	871,124
Interest and Dividends	219,941	44,026	263,967
Less: Investment Expense	<u>(36,976)</u>	<u>(8,051)</u>	<u>(45,027)</u>
Net Investment Income	<u>907,776</u>	<u>182,288</u>	<u>1,090,064</u>
Total Additions	<u>1,136,031</u>	<u>239,349</u>	<u>1,375,380</u>
Deductions			
Benefits	367,120	93,120	460,240
Administrative Expenses	<u>6,441</u>	<u>6,417</u>	<u>12,858</u>
Total Deductions	<u>373,561</u>	<u>99,537</u>	<u>473,098</u>
Change in Net Position	762,470	139,812	902,282
Net Position Restricted for Pensions			
Beginning of Year	<u>7,062,064</u>	<u>1,450,443</u>	<u>8,512,507</u>
End of Year	<u>\$ 7,824,534</u>	<u>\$ 1,590,255</u>	<u>\$ 9,414,789</u>