

SHARPSBURG BOROUGH

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**2021 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT**

**SHARPSBURG BOROUGH**  
**ALLEGHENY COUNTY, PENNSYLVANIA**  
**TABLE OF CONTENTS**

|                                             | <b><u>PAGE</u></b> |
|---------------------------------------------|--------------------|
| <b>INDEPENDENT AUDITOR'S REPORT</b> .....   | i-iii              |
| Balance Sheet .....                         | 1-2                |
| Statement of Revenues and Expenditures..... | 3-11               |
| Debt Statement .....                        | 12                 |
| Statement of Capital Expenditures .....     | 13                 |
| <b>Notes to Financial Statements</b> .....  | 14-28              |

**SUPPLEMENTARY INFORMATION**

|                                                                                                                     |       |
|---------------------------------------------------------------------------------------------------------------------|-------|
| <b>Detail Schedule of Budgeted and Actual Revenues</b> – General Fund .....                                         | 29-30 |
| <b>Detail Schedule of Budgeted and Actual Expenditures</b> – General Fund.....                                      | 31-36 |
| <b>Combining Balance Sheet</b> – Special Revenue Funds.....                                                         | 37    |
| <b>Combining Statement of Revenues, Expenditures and Changes in Fund<br/>Balances</b> – Special Revenue Funds ..... | 38    |

**To the Members of Borough Council  
Borough of Sharpsburg  
Allegheny County, Pennsylvania**

## **INDEPENDENT AUDITORS' REPORT**

### **Opinion**

I have audited the Balance Sheet, Statement of Revenues and Expenditures, Debt Statement, and Statement of Capital Expenditures and Employee Compensation included in the accompanying special purpose Commonwealth of Pennsylvania Annual Audit and Financial Report (special purpose financial report) of the Borough of Sharpsburg, Allegheny County, Pennsylvania as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Borough of Sharpsburg's basic financial statements as listed in the table of contents..

In my opinion, the special purpose financial report referred to above presents fairly, in all material respects, the assets, liabilities and fund equity of the Borough of Sharpsburg as of December 31, 2021, and its revenues, expenditures and other financing sources and uses for the year then ended, in accordance with the financial reporting provisions of the Department of Community and Economic Development (DCED).

### **Basis for Opinion**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Financial Report section of my report. I am required to be independent of the Borough of Sharpsburg, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Emphasis of Matter – Basis of Accounting**

The special purpose financial report is prepared by the Borough of Sharpsburg in accordance with the financial reporting provisions of the DCED, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the DCED. As a result, the special purpose financial report may not be suitable for another purpose. My opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the special purpose financial report in accordance with the financial reporting provisions of the DCED. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the special purpose financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibilities for the Audit of the Special Purpose Financial Report**

My objectives are to obtain reasonable assurance about whether the special purpose financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. 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 special purpose financial report.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout this audit.
- Identify and assess the risks of material misstatement of the special purpose financial report, 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 EFiled Notes in the special purpose financial report.
- 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 Sharpsburg'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 special purpose financial report.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Sharpsburg's ability to continue as a going concern for a reasonable period of time.

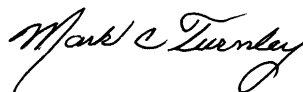
I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Mark C. Turnley, CPA

***Supplementary Information***

My audit was conducted for the purpose of forming opinions on the special purpose financial statements that collectively comprise Borough of Sharpsburg's basic financial statements. The supplemental schedules (Schedules 1 through 4) 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 my opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Sincerely,

A handwritten signature in black ink that reads "Mark C. Turnley". The signature is written in a cursive style with a large, looping initial "M".

Mark C. Turnley, CPA

July 14, 2022  
New Brighton, Pennsylvania



# BALANCE SHEET

DCED-CLGS-30 (09-09)

**SHARPSBURG BORO, ALLEGHENY County**  
**BALANCE SHEET**  
 December 31, 2021

|                                      |                                       | Governmental Funds |                                                |                  |              | Proprietary Funds |                  | Fid. Fund        | Account Groups       |                        | Total           |
|--------------------------------------|---------------------------------------|--------------------|------------------------------------------------|------------------|--------------|-------------------|------------------|------------------|----------------------|------------------------|-----------------|
|                                      |                                       | General Fund       | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise        | Internal Service | Trust and Agency | General Fixed Assets | General Long Term Debt | Memorandum Only |
| <b>Assets and Other Debits</b>       |                                       |                    |                                                |                  |              |                   |                  |                  |                      |                        |                 |
| 100-120                              | Cash and Investments                  | 203,246            | 11,859                                         | 12,566           |              | 583,863           |                  | 2,528,463        |                      |                        | 3,339,997       |
| 140-144                              | Tax Receivable                        |                    |                                                |                  |              |                   |                  |                  |                      |                        |                 |
| 121-129, 145-149                     | Accounts Receivable (excluding taxes) | 186,377            |                                                |                  |              | 88,179            |                  |                  |                      |                        | 274,556         |
| 130.00                               | Due From Other Funds                  | 372,565            | 60,577                                         | 3,142            |              | 170,777           |                  |                  |                      |                        | 607,061         |
| 131-139, 150-159                     | Other Current Assets                  |                    |                                                |                  |              | 111,171           |                  |                  |                      |                        | 111,171         |
| 160-169                              | Fixed Assets                          |                    |                                                |                  |              |                   |                  |                  |                      |                        |                 |
| 180-189                              | Other Debits                          |                    |                                                |                  |              |                   |                  |                  |                      |                        |                 |
| <b>Total Assets and Other Debits</b> |                                       | 762,188            | 72,436                                         | 15,708           |              | 953,990           |                  | 2,528,463        |                      |                        | 4,332,785       |

| <b>Liabilities and Other Credits</b> |                                              |         |       |  |  |         |  |       |  |  |         |
|--------------------------------------|----------------------------------------------|---------|-------|--|--|---------|--|-------|--|--|---------|
| 210-229                              | Payroll Taxes and Other Payroll Withholdings |         |       |  |  |         |  |       |  |  |         |
| 200-209, 231-239                     | All Other Current Liabilities                | 229,571 | 5,226 |  |  | 213,859 |  |       |  |  | 448,656 |
| 230.00                               | Due To Other Funds                           | 106,183 |       |  |  | 491,943 |  | 2,651 |  |  | 600,777 |

## SHARPSBURG BORO, ALLEGHENY County

## BALANCE SHEET

December 31, 2021

|                                                            |                                                     | Governmental Funds |                                                |                  |              | Proprietary Funds |                  | Fid. Fund        | Account Groups       |                        | Total           |
|------------------------------------------------------------|-----------------------------------------------------|--------------------|------------------------------------------------|------------------|--------------|-------------------|------------------|------------------|----------------------|------------------------|-----------------|
|                                                            |                                                     | General Fund       | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise        | Internal Service | Trust and Agency | General Fixed Assets | General Long Term Debt | Memorandum Only |
| <b>Liabilities and Other Credits</b>                       |                                                     |                    |                                                |                  |              |                   |                  |                  |                      |                        |                 |
| 260-269                                                    | Long-Term-Liabilities                               |                    |                                                |                  |              |                   |                  |                  |                      |                        |                 |
| 240-259                                                    | Current Portion of Long-Term Debt and Other Credits |                    |                                                |                  |              |                   |                  |                  |                      |                        |                 |
| <b>Total Liabilities and Other Credits</b>                 |                                                     | 335,754            | 5,226                                          |                  |              | 705,802           |                  | 2,651            |                      |                        | 1,049,433       |
| <b>Fund and Account Group Equity</b>                       |                                                     |                    |                                                |                  |              |                   |                  |                  |                      |                        |                 |
| 281-284                                                    | Contributed Capital                                 |                    |                                                |                  |              |                   |                  |                  |                      |                        |                 |
| 290.00                                                     | Investment in General Fixed Assets                  |                    |                                                |                  |              |                   |                  |                  |                      |                        |                 |
| 270-289                                                    | Fund Balance / Retained Earnings on 12/31           | 426,434            | 67,210                                         | 15,708           |              | 248,188           |                  | 2,525,812        |                      |                        | 3,283,352       |
| 291-299                                                    | Other Equity                                        |                    |                                                |                  |              |                   |                  |                  |                      |                        |                 |
| <b>Total Fund and Account Group Equity</b>                 |                                                     | 426,434            | 67,210                                         | 15,708           |              | 248,188           |                  | 2,525,812        |                      |                        | 3,283,352       |
| <b>TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY</b> |                                                     |                    |                                                |                  |              |                   |                  |                  |                      |                        | 4,332,785       |

**SHARPSBURG BORO, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2021

| Governmental Funds |                                                   |                  |              | Proprietary Funds |                  | Fiduciary Fund   | Total           |
|--------------------|---------------------------------------------------|------------------|--------------|-------------------|------------------|------------------|-----------------|
| General Fund       | Special Revenue<br>(Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise        | Internal Service | Trust and Agency | Memorandum Only |

**REVENUES**

**Taxes**

|                    |                                                                          |           |  |  |  |  |  |           |
|--------------------|--------------------------------------------------------------------------|-----------|--|--|--|--|--|-----------|
| 301.00             | Real Estate Taxes                                                        | 956,163   |  |  |  |  |  | 956,163   |
| 305.00             | Occupation Taxes (levied under municipal code)                           |           |  |  |  |  |  |           |
| 308.00             | Residence Taxes (levied by cities of the 3rd Class)                      |           |  |  |  |  |  |           |
| 309.00             | Regional Asset District Sales Tax (Allegheny County municipalities only) | 179,688   |  |  |  |  |  | 179,688   |
| 310.00             | Per Capita Taxes                                                         |           |  |  |  |  |  |           |
| 310.10             | Real Estate Transfer Taxes                                               | 49,869    |  |  |  |  |  | 49,869    |
| 310.20             | Earned Income Taxes / Wage Taxes                                         | 322,594   |  |  |  |  |  | 322,594   |
| 310.30             | Business Gross Receipts Taxes                                            | 215,290   |  |  |  |  |  | 215,290   |
| 310.40             | Occupation Taxes (levied under Act 511)                                  |           |  |  |  |  |  |           |
| 310.50             | Local Services Tax **                                                    | 73,119    |  |  |  |  |  | 73,119    |
| 310.60             | Amusement / Admission Taxes                                              |           |  |  |  |  |  |           |
| 310.70             | Mechanical Device Taxes                                                  | 21,570    |  |  |  |  |  | 21,570    |
| 310.90             | Other: _____                                                             |           |  |  |  |  |  |           |
|                    | Other: _____                                                             |           |  |  |  |  |  |           |
| <b>Total Taxes</b> |                                                                          | 1,818,293 |  |  |  |  |  | 1,818,293 |

**Licenses and Permits**

|                                   |                                 |        |  |  |  |  |  |        |
|-----------------------------------|---------------------------------|--------|--|--|--|--|--|--------|
| 320-322                           | All Other Licenses and Permits  | 4,351  |  |  |  |  |  | 4,351  |
| 321.80                            | Cable Television Franchise Fees | 58,044 |  |  |  |  |  | 58,044 |
| <b>Total Licenses and Permits</b> |                                 | 62,395 |  |  |  |  |  | 62,395 |

**Fines and Forfeits**

|                                 |                    |        |  |  |  |  |  |        |
|---------------------------------|--------------------|--------|--|--|--|--|--|--------|
| 330-332                         | Fines and Forfeits | 40,519 |  |  |  |  |  | 40,519 |
| <b>Total Fines and Forfeits</b> |                    | 40,519 |  |  |  |  |  | 40,519 |



**SHARPSBURG BORO, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2021

| Governmental Funds |                                                   |                  |              | Proprietary Funds |                  | Fiduciary Fund   | Total           |
|--------------------|---------------------------------------------------|------------------|--------------|-------------------|------------------|------------------|-----------------|
| General Fund       | Special Revenue<br>(Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise        | Internal Service | Trust and Agency | Memorandum Only |

**REVENUES**

| <b>Interest, Rents and Royalties</b>       |                     |       |    |    |  |     |  |         |         |
|--------------------------------------------|---------------------|-------|----|----|--|-----|--|---------|---------|
| 341.00                                     | Interest Earnings   | 362   | 29 | 73 |  | 696 |  | 334,230 | 335,390 |
| 342.00                                     | Rents and Royalties | 660   |    |    |  |     |  |         | 660     |
| <b>Total Interest, Rents and Royalties</b> |                     | 1,022 | 29 | 73 |  | 696 |  | 334,230 | 336,050 |

| <b>Federal</b>       |                                                   |        |  |  |  |  |  |  |        |
|----------------------|---------------------------------------------------|--------|--|--|--|--|--|--|--------|
| 351.03               | Highways and Streets                              |        |  |  |  |  |  |  |        |
| 351.09               | Community Development                             |        |  |  |  |  |  |  |        |
| 351.00               | All Other Federal Capital and Operating Grants    | 2,500  |  |  |  |  |  |  | 2,500  |
| 352.01               | National Forest                                   |        |  |  |  |  |  |  |        |
| 352.00               | All Other Federal Shared Revenue and Entitlements | 76,114 |  |  |  |  |  |  | 76,114 |
| 353.00               | Federal Payments in Lieu of Taxes                 |        |  |  |  |  |  |  |        |
| <b>Total Federal</b> |                                                   | 78,614 |  |  |  |  |  |  | 78,614 |

| <b>State</b>  |                                                                   |        |        |        |  |  |  |  |        |
|---------------|-------------------------------------------------------------------|--------|--------|--------|--|--|--|--|--------|
| 354.03        | Highways and Streets                                              |        |        |        |  |  |  |  |        |
| 354.09        | Community Development                                             |        |        |        |  |  |  |  |        |
| 354.15        | Recycling / Act 101                                               |        |        |        |  |  |  |  |        |
| 354.00        | All Other State Capital and Operating Grants                      | 1,451  |        | 62,500 |  |  |  |  | 63,951 |
| 355.01        | Public Utility Realty Tax (PURTA)                                 | 1,555  |        |        |  |  |  |  | 1,555  |
| 355.02-355.03 | Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback |        | 84,941 |        |  |  |  |  | 84,941 |
| 355.04        | Alcoholic Beverage Licenses                                       | 400    |        |        |  |  |  |  | 400    |
| 355.05        | General Municipal Pension System State Aid                        | 62,594 |        |        |  |  |  |  | 62,594 |
| 355.07        | Foreign Fire Insurance Tax Distribution                           | 13,146 |        |        |  |  |  |  | 13,146 |
| 355.08        | Local Share Assessment/Gaming Proceeds                            |        |        |        |  |  |  |  |        |
| 355.09        | Marcellus Shale Impact Fee Distribution                           | 314    |        |        |  |  |  |  | 314    |

**SHARPSBURG BORO, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2021

| Governmental Funds |                                                   |                  |              | Proprietary Funds |                  | Fiduciary Fund   | Total           |
|--------------------|---------------------------------------------------|------------------|--------------|-------------------|------------------|------------------|-----------------|
| General Fund       | Special Revenue<br>(Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise        | Internal Service | Trust and Agency | Memorandum Only |

**REVENUES**

| State              |                                                  |        |        |        |  |  |  |         |
|--------------------|--------------------------------------------------|--------|--------|--------|--|--|--|---------|
| 355.00             | All Other State Shared Revenues and Entitlements |        |        |        |  |  |  |         |
| 356.00             | State Payments in Lieu of Taxes                  |        |        |        |  |  |  |         |
| <b>Total State</b> |                                                  | 79,460 | 84,941 | 62,500 |  |  |  | 226,901 |

| Local Government Units              |                                                                                 |       |  |  |  |  |  |       |
|-------------------------------------|---------------------------------------------------------------------------------|-------|--|--|--|--|--|-------|
| 357.03                              | Highways and Streets                                                            |       |  |  |  |  |  |       |
| 357.00                              | All Other Local Governmental Units Capital and Operating Grants                 | 3,804 |  |  |  |  |  | 3,804 |
| 358.00                              | Local Government Unit Shared Payments for Contracted Intergovernmental Services |       |  |  |  |  |  |       |
| 359.00                              | Local Governmental Units and Authorities Payments in Lieu of Taxes              | 1,482 |  |  |  |  |  | 1,482 |
| <b>Total Local Government Units</b> |                                                                                 | 5,286 |  |  |  |  |  | 5,286 |

| Charges for Service |                                                                                                            |        |  |  |         |  |  |         |
|---------------------|------------------------------------------------------------------------------------------------------------|--------|--|--|---------|--|--|---------|
| 361.00              | General Government                                                                                         | 44,802 |  |  |         |  |  | 44,802  |
| 362.00              | Public Safety                                                                                              | 60,580 |  |  |         |  |  | 60,580  |
| 363.20              | Parking                                                                                                    | 12,438 |  |  |         |  |  | 12,438  |
| 363.00              | All Other Charges for Highway & Street Services                                                            |        |  |  | 1,800   |  |  | 1,800   |
| 364.10              | Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.) |        |  |  | 864,075 |  |  | 864,075 |
| 364.30              | Solid Waste Collection and Disposal Charge (trash)                                                         |        |  |  | 289,070 |  |  | 289,070 |
| 364.60              | Host Municipality Benefit Fee for Solid Waste Facility                                                     |        |  |  |         |  |  |         |
| 364.00              | All Other Charges for Sanitation Services                                                                  |        |  |  |         |  |  |         |
| 365.00              | Health                                                                                                     |        |  |  |         |  |  |         |
| 366.00              | Human Services                                                                                             |        |  |  |         |  |  |         |
| 367.00              | Culture and Recreation                                                                                     |        |  |  |         |  |  |         |
| 368.00              | Airports                                                                                                   |        |  |  |         |  |  |         |

**SHARPSBURG BORO, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2021

| Governmental Funds |                                                   |                  |              | Proprietary Funds |                  | Fiduciary Fund   | Total           |
|--------------------|---------------------------------------------------|------------------|--------------|-------------------|------------------|------------------|-----------------|
| General Fund       | Special Revenue<br>(Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise        | Internal Service | Trust and Agency | Memorandum Only |

**REVENUES**

| Charges for Service              |                               |         |  |  |  |           |  |           |
|----------------------------------|-------------------------------|---------|--|--|--|-----------|--|-----------|
| 369.00                           | Bars                          |         |  |  |  |           |  |           |
| 370.00                           | Cemeteries                    |         |  |  |  |           |  |           |
| 372.00                           | Electric System               |         |  |  |  |           |  |           |
| 373.00                           | Gas System                    |         |  |  |  |           |  |           |
| 374.00                           | Housing System                |         |  |  |  |           |  |           |
| 375.00                           | Markets                       |         |  |  |  |           |  |           |
| 377.00                           | Transit Systems               |         |  |  |  |           |  |           |
| 378.00                           | Water System                  |         |  |  |  |           |  |           |
| 379.00                           | All Other Charges for Service |         |  |  |  |           |  |           |
| <b>Total Charges for Service</b> |                               | 117,820 |  |  |  | 1,154,945 |  | 1,272,765 |

| Unclassified Operating Revenues              |                                                  |       |         |  |  |  |        |         |
|----------------------------------------------|--------------------------------------------------|-------|---------|--|--|--|--------|---------|
| 383.00                                       | Special Assessments                              |       |         |  |  |  |        |         |
| 386.00                                       | Escheats (sale of personal property)             |       |         |  |  |  |        |         |
| 387.00                                       | Contributions and Donations from Private Sectors | 3,655 | 129,828 |  |  |  |        | 133,483 |
| 388.00                                       | Fiduciary Fund Pension Contributions             |       |         |  |  |  | 96,357 | 96,357  |
| 389.00                                       | All Other Unclassified Operating Revenues        |       |         |  |  |  |        |         |
| <b>Total Unclassified Operating Revenues</b> |                                                  | 3,655 | 129,828 |  |  |  | 96,357 | 229,840 |

| Other Financing Sources |                                             |  |  |  |  |  |  |  |
|-------------------------|---------------------------------------------|--|--|--|--|--|--|--|
| 391.00                  | Proceeds of General Fixed Asset Disposition |  |  |  |  |  |  |  |
| 392.00                  | Interfund Operating Transfers               |  |  |  |  |  |  |  |
| 393.00                  | Proceeds of General Long-Term Debt          |  |  |  |  |  |  |  |
| 394.00                  | Proceeds of Short Term-Debt                 |  |  |  |  |  |  |  |

**SHARPSBURG BORO, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2021

| Governmental Funds |                                                   |                  |              | Proprietary Funds |                  | Fiduciary Fund   | Total           |
|--------------------|---------------------------------------------------|------------------|--------------|-------------------|------------------|------------------|-----------------|
| General Fund       | Special Revenue<br>(Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise        | Internal Service | Trust and Agency | Memorandum Only |

**REVENUES**

| Other Financing Sources              |                                    |        |  |  |  |  |  |        |
|--------------------------------------|------------------------------------|--------|--|--|--|--|--|--------|
| 395.00                               | Refunds of Prior Year Expenditures | 15,131 |  |  |  |  |  | 15,131 |
| <b>Total Other Financing Sources</b> |                                    | 15,131 |  |  |  |  |  | 15,131 |

**TOTAL REVENUES**

|           |        |         |  |           |  |         |           |
|-----------|--------|---------|--|-----------|--|---------|-----------|
| 2,218,540 | 88,625 | 192,401 |  | 1,155,641 |  | 430,587 | 4,085,794 |
|-----------|--------|---------|--|-----------|--|---------|-----------|

**EXPENDITURES**

| General Government              |                                              |         |  |  |  |  |  |         |
|---------------------------------|----------------------------------------------|---------|--|--|--|--|--|---------|
| 400.00                          | Legislative (Governing) Body                 | 19,820  |  |  |  |  |  | 19,820  |
| 401.00                          | Executive (Manager or Mayor)                 | 619     |  |  |  |  |  | 619     |
| 402.00                          | Auditing Services / Financial Administration | 3,625   |  |  |  |  |  | 3,625   |
| 403.00                          | Tax Collection                               | 54,245  |  |  |  |  |  | 54,245  |
| 404.00                          | Solicitor / Legal Services                   | 10,636  |  |  |  |  |  | 10,636  |
| 405.00                          | Secretary / Clerk                            | 42,230  |  |  |  |  |  | 42,230  |
| 406.00                          | Other General Government Administration      | 92,262  |  |  |  |  |  | 92,262  |
| 407.00                          | IT-Networking Services-Data Processing       | 2,091   |  |  |  |  |  | 2,091   |
| 408.00                          | Engineering Services                         | 132,147 |  |  |  |  |  | 132,147 |
| 409.00                          | General Government Buildings and Plant       | 14,175  |  |  |  |  |  | 14,175  |
| <b>Total General Government</b> |                                              | 371,850 |  |  |  |  |  | 371,850 |

**Public Safety**

|        |                          |         |  |  |  |  |  |         |
|--------|--------------------------|---------|--|--|--|--|--|---------|
| 410.00 | Police                   | 953,581 |  |  |  |  |  | 953,581 |
| 411.00 | Fire                     | 117,573 |  |  |  |  |  | 117,573 |
| 412.00 | Ambulance / Rescue       | 10,000  |  |  |  |  |  | 10,000  |
| 413.00 | UCC and Code Enforcement | 64,102  |  |  |  |  |  | 64,102  |

**SHARPSBURG BORO, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2021

| Governmental Funds |                                                   |                  |              | Proprietary Funds |                  | Fiduciary Fund   | Total           |
|--------------------|---------------------------------------------------|------------------|--------------|-------------------|------------------|------------------|-----------------|
| General Fund       | Special Revenue<br>(Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise        | Internal Service | Trust and Agency | Memorandum Only |

**EXPENDITURES**

**Public Safety**

|                            |                                         |           |  |  |  |  |  |           |
|----------------------------|-----------------------------------------|-----------|--|--|--|--|--|-----------|
| 414.00                     | Planning and Zoning                     | 1,198     |  |  |  |  |  | 1,198     |
| 415.00                     | Emergency Management and Communications |           |  |  |  |  |  |           |
| 416.00                     | Militia and Armories                    |           |  |  |  |  |  |           |
| 417.00                     | Examination of Licensed Occupations     |           |  |  |  |  |  |           |
| 418.00                     | Public Scales (weights and measures)    |           |  |  |  |  |  |           |
| 419.00                     | Other Public Safety                     | 49,831    |  |  |  |  |  | 49,831    |
| <b>Total Public Safety</b> |                                         | 1,196,285 |  |  |  |  |  | 1,196,285 |

**Health and Human Services**

|                                        |                           |  |  |  |  |  |  |  |
|----------------------------------------|---------------------------|--|--|--|--|--|--|--|
| 420.00-425.00                          | Health and Human Services |  |  |  |  |  |  |  |
| <b>Total Health and Human Services</b> |                           |  |  |  |  |  |  |  |

**Public Works - Sanitation**

|                                        |                                               |  |  |  |           |  |  |           |
|----------------------------------------|-----------------------------------------------|--|--|--|-----------|--|--|-----------|
| 426.00                                 | Recycling Collection and Disposal             |  |  |  |           |  |  |           |
| 427.00                                 | Solid Waste Collection and Disposal (garbage) |  |  |  | 236,466   |  |  | 236,466   |
| 428.00                                 | Weed Control                                  |  |  |  |           |  |  |           |
| 429.00                                 | Wastewater / Sewage Treatment and Collection  |  |  |  | 880,079   |  |  | 880,079   |
| <b>Total Public Works - Sanitation</b> |                                               |  |  |  | 1,116,545 |  |  | 1,116,545 |

**Public Works - Highways and Streets**

|        |                                   |         |        |         |  |  |  |         |
|--------|-----------------------------------|---------|--------|---------|--|--|--|---------|
| 430.00 | General Services - Administration | 480,184 |        | 374,167 |  |  |  | 854,351 |
| 431.00 | Cleaning of Streets and Gutters   |         |        |         |  |  |  |         |
| 432.00 | Winter Maintenance – Snow Removal | 22,262  |        |         |  |  |  | 22,262  |
| 433.00 | Traffic Control Devices           | 26,442  |        |         |  |  |  | 26,442  |
| 434.00 | Street Lighting                   |         | 42,376 |         |  |  |  | 42,376  |

**SHARPSBURG BORO, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2021

| Governmental Funds |                                                   |                  |              | Proprietary Funds |                  | Fiduciary Fund   | Total           |
|--------------------|---------------------------------------------------|------------------|--------------|-------------------|------------------|------------------|-----------------|
| General Fund       | Special Revenue<br>(Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise        | Internal Service | Trust and Agency | Memorandum Only |

**EXPENDITURES**

| <b>Public Works - Highways and Streets</b>       |                                              |         |         |         |  |  |  |           |
|--------------------------------------------------|----------------------------------------------|---------|---------|---------|--|--|--|-----------|
| 435.00                                           | Sidewalks and Crosswalks                     |         |         |         |  |  |  |           |
| 436.00                                           | Storm Sewers and Drains                      |         |         |         |  |  |  |           |
| 437.00                                           | Repairs of Tools and Machinery               | 11,206  |         |         |  |  |  | 11,206    |
| 438.00                                           | Maintenance and Repairs of Roads and Bridges |         | 60,424  |         |  |  |  | 60,424    |
| 439.00                                           | Highway Construction and Rebuilding Projects |         |         |         |  |  |  |           |
| <b>Total Public Works - Highways and Streets</b> |                                              | 540,094 | 102,800 | 374,167 |  |  |  | 1,017,061 |

| <b>Other Public Works Enterprises</b>       |                               |        |  |  |  |  |  |        |
|---------------------------------------------|-------------------------------|--------|--|--|--|--|--|--------|
| 440.00                                      | Airports                      |        |  |  |  |  |  |        |
| 441.00                                      | Cemeteries                    |        |  |  |  |  |  |        |
| 442.00                                      | Electric System               |        |  |  |  |  |  |        |
| 443.00                                      | Gas System                    |        |  |  |  |  |  |        |
| 444.00                                      | Markets                       |        |  |  |  |  |  |        |
| 445.00                                      | Parking                       | 14,369 |  |  |  |  |  | 14,369 |
| 446.00                                      | Storm Water and Flood Control |        |  |  |  |  |  |        |
| 447.00                                      | Transit System                |        |  |  |  |  |  |        |
| 448.00                                      | Water System                  |        |  |  |  |  |  |        |
| 449.00                                      | Water Transport and Terminals |        |  |  |  |  |  |        |
| <b>Total Other Public Works Enterprises</b> |                               | 14,369 |  |  |  |  |  | 14,369 |

| <b>Culture and Recreation</b> |                                   |        |  |  |  |  |  |        |
|-------------------------------|-----------------------------------|--------|--|--|--|--|--|--------|
| 451.00                        | Culture-Recreation Administration | 50,219 |  |  |  |  |  | 50,219 |
| 452.00                        | Participant Recreation            |        |  |  |  |  |  |        |
| 453.00                        | Spectator Recreation              |        |  |  |  |  |  |        |
| 454.00                        | Parks                             |        |  |  |  |  |  |        |

**SHARPSBURG BORO, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2021

| Governmental Funds |                                                   |                  |              | Proprietary Funds |                  | Fiduciary Fund   | Total           |
|--------------------|---------------------------------------------------|------------------|--------------|-------------------|------------------|------------------|-----------------|
| General Fund       | Special Revenue<br>(Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise        | Internal Service | Trust and Agency | Memorandum Only |

**EXPENDITURES**

| <b>Culture and Recreation</b>       |                                  |        |  |  |  |  |  |        |
|-------------------------------------|----------------------------------|--------|--|--|--|--|--|--------|
| 455.00                              | Shade Trees                      |        |  |  |  |  |  |        |
| 456.00                              | Libraries                        | 28,149 |  |  |  |  |  | 28,149 |
| 457.00                              | Civil and Military Celebrations  | 18,062 |  |  |  |  |  | 18,062 |
| 458.00                              | Senior Citizens' Centers         |        |  |  |  |  |  |        |
| 459.00                              | All Other Culture and Recreation |        |  |  |  |  |  |        |
| <b>Total Culture and Recreation</b> |                                  | 96,430 |  |  |  |  |  | 96,430 |

| <b>Community Development</b>       |                                   |  |  |  |  |  |  |  |
|------------------------------------|-----------------------------------|--|--|--|--|--|--|--|
| 461.00                             | Conservation of Natural Resources |  |  |  |  |  |  |  |
| 462.00                             | Community Development and Housing |  |  |  |  |  |  |  |
| 463.00                             | Economic Development              |  |  |  |  |  |  |  |
| 464.00                             | Economic Opportunity              |  |  |  |  |  |  |  |
| 465-469                            | All Other Community Development   |  |  |  |  |  |  |  |
| <b>Total Community Development</b> |                                   |  |  |  |  |  |  |  |

| <b>Debt Service</b>       |                                           |         |  |  |        |  |  |         |
|---------------------------|-------------------------------------------|---------|--|--|--------|--|--|---------|
| 471.00                    | Debt Principal (short-term and long-term) | 133,248 |  |  |        |  |  | 133,248 |
| 472.00                    | Debt Interest (short-term and long-term)  | 15,915  |  |  | 10,181 |  |  | 26,096  |
| 475.00                    | Fiscal Agent Fees                         |         |  |  |        |  |  |         |
| <b>Total Debt Service</b> |                                           | 149,163 |  |  | 10,181 |  |  | 159,344 |

| <b>Employer Paid Benefits and Withholding Items</b> |                                                               |  |  |  |  |  |  |  |
|-----------------------------------------------------|---------------------------------------------------------------|--|--|--|--|--|--|--|
| 481.00                                              | Employer Paid Withholding Taxes and Unemployment Compensation |  |  |  |  |  |  |  |
| 482.00                                              | Judgments and Losses                                          |  |  |  |  |  |  |  |
| 483.00                                              | Pension / Retirement Fund Contributions                       |  |  |  |  |  |  |  |

**SHARPSBURG BORO, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2021

| Governmental Funds |                                                   |                  |              | Proprietary Funds |                  | Fiduciary Fund   | Total           |
|--------------------|---------------------------------------------------|------------------|--------------|-------------------|------------------|------------------|-----------------|
| General Fund       | Special Revenue<br>(Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise        | Internal Service | Trust and Agency | Memorandum Only |

**EXPENDITURES**

| <b>Employer Paid Benefits and Withholding Items</b>       |                                |        |  |  |  |  |  |        |
|-----------------------------------------------------------|--------------------------------|--------|--|--|--|--|--|--------|
| 484.00                                                    | Worker Compensation Insurance  |        |  |  |  |  |  |        |
| 487.00                                                    | Other Group Insurance Benefits | 42,309 |  |  |  |  |  | 42,309 |
| <b>Total Employer Paid Benefits and Withholding Items</b> |                                | 42,309 |  |  |  |  |  | 42,309 |

| <b>Insurance</b>       |                                 |        |  |  |        |  |  |        |
|------------------------|---------------------------------|--------|--|--|--------|--|--|--------|
| 486.00                 | Insurance, Casualty, and Surety | 28,183 |  |  | 28,183 |  |  | 56,366 |
| <b>Total Insurance</b> |                                 | 28,183 |  |  | 28,183 |  |  | 56,366 |

| <b>Unclassified Operating Expenditures</b>       |                                          |  |  |  |  |  |         |         |
|--------------------------------------------------|------------------------------------------|--|--|--|--|--|---------|---------|
| 488.00                                           | Fiduciary Fund Benefits and Refunds Paid |  |  |  |  |  | 100,861 | 100,861 |
| 489.00                                           | All Other Unclassified Expenditures      |  |  |  |  |  | 7,526   | 7,526   |
| <b>Total Unclassified Operating Expenditures</b> |                                          |  |  |  |  |  | 108,387 | 108,387 |

| <b>Other Financing Uses</b>       |                               |       |  |  |  |  |  |       |
|-----------------------------------|-------------------------------|-------|--|--|--|--|--|-------|
| 491.00                            | Refund of Prior Year Revenues | 2,977 |  |  |  |  |  | 2,977 |
| 492.00                            | Interfund Operating Transfers |       |  |  |  |  |  |       |
| 493.00                            | All Other Financing Uses      |       |  |  |  |  |  |       |
| <b>Total Other Financing Uses</b> |                               | 2,977 |  |  |  |  |  | 2,977 |

|                           |           |         |         |  |           |  |         |           |
|---------------------------|-----------|---------|---------|--|-----------|--|---------|-----------|
| <b>TOTAL EXPENDITURES</b> | 2,441,660 | 102,800 | 374,167 |  | 1,154,909 |  | 108,387 | 4,181,923 |
|---------------------------|-----------|---------|---------|--|-----------|--|---------|-----------|

|                                                     |          |         |          |  |     |  |         |         |
|-----------------------------------------------------|----------|---------|----------|--|-----|--|---------|---------|
| <b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b> | -223,120 | -14,175 | -181,766 |  | 732 |  | 322,200 | -96,129 |
|-----------------------------------------------------|----------|---------|----------|--|-----|--|---------|---------|



## SHARPSBURG BORO

December 31, 2021

## DEBT STATEMENT

## OUTSTANDING BONDS AND NOTES

Listed below are all currently outstanding bond and note issues according to our files, excluding bond issues redeemed or refunded and defeased. Please show the principal payments and make any other necessary corrections and additions.

| Purpose                                   | Bond (B)<br>Capital Lease (C)<br>Lease Rental (L)<br>Note (N) | Issue Year<br>(yyyy) | Maturity<br>Year<br>(yyyy) | Original<br>Amount of<br>Issue | Outstanding<br>Beginning of<br>Year (1) | Principal<br>Incurred<br>This Year | Principal<br>Paid This<br>Year | Current Year<br>Accretion on<br>Compound Interest<br>Bonds | Outstanding at<br>Year End (1) | Plus (less)<br>Unamortized<br>Premium<br>(Discount) | Total<br>Balance |
|-------------------------------------------|---------------------------------------------------------------|----------------------|----------------------------|--------------------------------|-----------------------------------------|------------------------------------|--------------------------------|------------------------------------------------------------|--------------------------------|-----------------------------------------------------|------------------|
| <b>General Obligation Bonds and Notes</b> |                                                               |                      |                            |                                |                                         |                                    |                                |                                                            |                                |                                                     |                  |
|                                           |                                                               |                      |                            |                                |                                         |                                    |                                |                                                            |                                |                                                     |                  |
| <b>Revenue Bonds and Notes</b>            |                                                               |                      |                            |                                |                                         |                                    |                                |                                                            |                                |                                                     |                  |
|                                           |                                                               |                      |                            |                                |                                         |                                    |                                |                                                            |                                |                                                     |                  |
| Note Payable Northwest Savings Bank       | Note                                                          | 2017                 | 2027                       | 920,000                        | 622,496                                 |                                    | 88,623                         |                                                            | 533,873                        |                                                     | 533,873          |
| <b>Lease Rental Debt</b>                  |                                                               |                      |                            |                                |                                         |                                    |                                |                                                            |                                |                                                     |                  |
|                                           |                                                               |                      |                            |                                |                                         |                                    |                                |                                                            |                                |                                                     |                  |
| KS STATE BANK LEASE                       | Capital Leases                                                | 2018                 | 2022                       | 48,952                         | 20,355                                  |                                    | 9,900                          |                                                            | 10,455                         |                                                     | 10,455           |
| KS STATE BANK LEASE                       | Capital Leases                                                | 2018                 | 2022                       | 39,896                         | 16,783                                  |                                    | 8,164                          |                                                            | 8,619                          |                                                     | 8,619            |
| FORD MOTOR CREDIT LEASE                   | Capital Leases                                                | 2020                 | 2024                       | 40,022                         | 30,938                                  |                                    | 7,198                          |                                                            | 23,740                         |                                                     | 23,740           |
| FORD MOTOR CREDIT LEASE                   | Capital Leases                                                | 2020                 | 2025                       | 85,930                         | 85,930                                  |                                    | 19,363                         |                                                            | 66,567                         |                                                     | 66,567           |
| <b>Other</b>                              |                                                               |                      |                            |                                |                                         |                                    |                                |                                                            |                                |                                                     |                  |
|                                           |                                                               |                      |                            |                                |                                         |                                    |                                |                                                            |                                |                                                     |                  |

(1) - excludes unamortized premium/discount

**Total bonds and notes outstanding**

643,254

**Capitalized lease obligations**

0

**Net debt**

643,254

**SHARPSBURG BORO, ALLEGHENY County**  
**STATEMENT OF CAPITAL EXPENDITURES**

December 31, 2021

| Category                          | Capital Purchases | Capital Construction | Total          |
|-----------------------------------|-------------------|----------------------|----------------|
| Community Development             |                   |                      |                |
| Electric                          |                   |                      |                |
| Fire                              |                   |                      |                |
| Gas System                        |                   |                      |                |
| General Government                |                   |                      |                |
| Health                            |                   |                      |                |
| Housing                           |                   |                      |                |
| Libraries                         |                   |                      |                |
| Mass Transit                      |                   |                      |                |
| Parks                             |                   | 179,800              | 179,800        |
| Police                            |                   |                      |                |
| Recreation                        |                   |                      |                |
| Sewer                             |                   |                      |                |
| Solid Waste                       |                   |                      |                |
| Streets / Highways                |                   |                      |                |
| Water                             |                   |                      |                |
| Other: Public Works Building      |                   | 194,352              | 194,352        |
| <b>TOTAL CAPITAL EXPENDITURES</b> |                   | <b>374,152</b>       | <b>374,152</b> |

**EMPLOYEE COMPENSATION**

Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials)

1,100,230

**SHARPSBURG BOROUGH**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

Sharpsburg Borough was incorporated under the provisions governing the creation of municipal corporations in the Commonwealth of Pennsylvania. Members of Borough Council are elected by the voting public. These Council members have complete authority over the operations and administration of the Borough's activities. The major functions of the Borough include public safety, maintenance of Borough infrastructure (roads), maintenance of parks and other recreational facilities for use by Borough residents and general administrative functions necessary to facilitate Borough resident needs and responsibilities.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of Sharpsburg Borough consists of all funds, departments, boards and agencies that are not legally separate from the Borough. As defined by generally accepted accounting standards, component units are legally separate entities that are included in the Borough's reporting entity because of the significance of their operating or financial relationships with the Borough. Based on the application of these criteria, Sharpsburg Borough has no component units.

**FINANCIAL STATEMENT PRESENTATION**

The accompanying 2021 Municipal Annual Audit and Financial Report (special purpose financial report) was prepared in conformity with the accounting practices and procedures prescribed by the Commonwealth of Pennsylvania's Department of Community and Economic Development (DCED), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accounting practices and procedures of the DCED permit the preparation of the special purpose financial report without certain financial statement note disclosures, management's discussion and analysis, government-wide financial statements, and budget to actual statements, as required by accounting principles generally accepted in the United States of America. The effects on the special purpose financial report, as a result of the differences between the DCED accounting practices and procedures and accounting principles generally accepted in the United States of America, are not reasonably determinable.

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Governmental funds use the modified accrual basis of accounting. Proprietary and Fiduciary funds use the accrual basis of accounting.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year. For the Borough, available means expected to be received within sixty days of fiscal year-end.

Revenue resulting from non-exchange transactions, in which the Borough receives value without directly giving equal value in return, includes property taxes, grants and contributions. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and contributions are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be 'available' before it can be recognized.

**SHARPSBURG BOROUGH**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)**

The management of the Borough of Sharpsburg has determined that the revenues most susceptible to accrual at December 31, 2021 are **1)** real estate taxes collected within 60 days of Borough's calendar year-end, **2)** certain taxpayer assessed Act 511 taxes, **3)** cable franchise fees for the fourth quarter of 2021 and **4)** other miscellaneous items of income pertaining to the 2021 calendar year received subsequent to December 31, 2021. On the balance sheet for governmental funds, receivables that will not be collected within the 'available' period have been reported as part of 'other credits'.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The primary expenditures deemed susceptible to accrual at December 31, 2021 are those for which management's intention was to expense these items as budgeted for in the 2021 official budget, and for which the Borough has incurred an obligation during 2021, but has not paid as of December 31, 2021.

**FUND ACCOUNTING**

The Borough uses funds to report on its financial position and the results of its operations during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Borough functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds utilized by Sharpsburg Borough are classified into three categories: governmental, proprietary, and fiduciary. Fund categories are defined as follows:

**Governmental Funds** – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Borough's governmental funds:

**GENERAL FUND** - Established under 'The Borough Code' of the Commonwealth of Pennsylvania and is used for the general operations of the Borough. Income in this fund is derived mainly from assessed revenues such as real estate taxes, local taxes established under Act 511, and other miscellaneous revenues not designated for other restricted fund purposes. These revenues are used for general ongoing government services such as public safety, public works, general administration of the Borough and other miscellaneous operating expenses.

**SPECIAL REVENUE FUNDS:**

**HIGHWAY AID FUND** (SPECIAL REVENUE) - Established and restricted under Act 655 of the Commonwealth of Pennsylvania. Funding is received from the Commonwealth and is restricted in use for the maintenance, repair and construction of roads, streets and bridges for which the Borough is responsible.

**K-9 FUND** (SPECIAL REVENUE) - Established to account for donations to be used for expenses related to the police K-9 program.

**SHARPSBURG BOROUGH**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND ACCOUNTING (Continued)**

**CAPITAL PROJECT FUND:**

**PUBLIC WORKS CAPITAL PROJECT FUND** (CAPITAL PROJECT) - Established to account for monies received from the sale of Borough property at 19<sup>th</sup> and River Road to rebuild the Borough's public works complex.

**Proprietary Funds** – used to account for activities similar to those found in the private sector, where the determination of net income is necessary and useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies within the Borough (internal service funds). The Borough maintains one proprietary fund, the Utility Fund.

**Fiduciary Funds** – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. 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 programs. Agency funds are custodial in nature and do not involve measuring income or any other results from operations. The Borough has two pension trust funds (police pension and non-uniform pension funds).

**ACCOUNT GROUP**

In addition to the aforementioned funds, the Borough maintains one account group: General Long-Term Debt Account Group. The account group is used to account for long-term liabilities to be financed by governmental funds. This account group reports only the unmatured principal of the debt issued.

**BUDGETS**

In December of 2020, the Borough of Sharpsburg adopted its 2021 annual budget for its General Fund totaling \$2,555,587 in accordance with the provisions of the Commonwealth of Pennsylvania Borough Code. The budget is prepared utilizing the modified cash basis of accounting. Budgetary transfers among various expenditure line items can be performed as necessary and as approved by Borough Council. All appropriations of the General Fund lapse at the end of each calendar year. The budgeted amounts are reflected in the accompanying Schedules 1 and 2 on pages 29-36.

The Borough uses the following procedures in establishing this budgetary data:

- a. In accordance with the Borough Code, beginning at least 30 days prior to the adoption of the budget, which shall not be later than December 31, a proposed budget for the ensuing year shall be prepared. The proposed budget shall be kept on file with the Borough and made available for public inspection for a period of ten days. Notice that the proposed budget is available for inspection is published in a newspaper of general circulation. After expiration of the ten days, Council makes such revisions in the budget as deemed advisable and shall adopt the budget by motion.
- b. Transfers of budget amounts are authorized between departments within any fund. However, any revisions that alter the total appropriations of any fund must be approved by the Council.

**SHARPSBURG BOROUGH**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PENSIONS**

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the pension plans (Plans), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment assets are reported at fair value.

**LONG-TERM DEBT**

Long term debt arising from cash transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported in governmental funds as other financing sources and payment of principal and interest are reported as expenditures.

**LONG-TERM DEBT FINANCING COSTS**

Bond and note issuance costs are recorded as expenditures in the year paid. During the 2021 calendar year, the Borough did not incur bond or note issuance costs.

**CASH AND INVESTMENTS**

Cash includes amounts in demand deposit accounts. Provisions of the Borough Code authorize the following investments:

- I. Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
- II. Deposits in savings accounts, time deposits and share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) 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, is pledged by the depository.
- III. U.S. government obligations, short-term commercial paper issued by a public corporation, and banker's acceptances.

The Borough of Sharpsburg's investment portfolio is in compliance with these provisions at December 31, 2021. Governmental fund type investments include deposits pooled for investment purposes with the Pennsylvania Local Government Investment Trust (PLGIT). PLGIT investments are stated at amortized cost which approximates fair value. Fiduciary fund type investments include mutual funds invested by the Borough's designated asset managers (US Bank). Fiduciary fund investments are stated at fair value.

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as 'due from/to other funds' on the balance sheet.

**SHARPSBURG BOROUGH**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CAPITAL ASSETS AND DEPRECIATION**

The historical cost of fixed assets purchased by the Borough of Sharpsburg is not accumulated, maintained and depreciated. Accordingly, the Borough does not maintain a General Fixed Asset Account Group.

**PROPERTY AND EARNED INCOME TAX REVENUE**

Property tax and earned income tax revenues are recognized based on the amounts levied to the extent collected during the year. Interest and penalty charges accrued on unpaid taxes are recognized as revenue when received.

**UNEARNED REVENUE**

Unearned revenue arises when the Borough receives resources before it has legal claim to them. This occurs when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Borough has a legal claim to the resources, the unearned revenue liability is removed and revenue is recognized.

**RECEIVABLES**

Receivables on the balance sheet are shown at net realizable value.

**TOTAL COLUMNS**

Total columns in the 2021 Municipal Annual Audit and Financial Report are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**ADOPTION OF GASB PRONOUNCEMENTS**

The requirements of the following GASB Statement were adopted for the Borough's 2021 financial statements. Except where noted, the adoption of this pronouncement did not have a significant impact on the Borough's financial statements.

**GASB Statement No. 89**, *'Accounting for Interest Cost Incurred before the end of a Construction Period'*. The primary objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and, (b) to simplify accounting for certain interest costs.

**SHARPSBURG BOROUGH**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ADOPTION OF GASB PRONOUNCEMENTS (Continued)**

**GASB Statement No. 92, 'Omnibus 2020'.** The primary objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of GASB Statement Nos. 73, 74, 84, and 87. In addition the Statement addresses various topics and includes specific provisions concerning the following:

- Measurement of liabilities (and assets, if any) related to asset retirement obligations (ARO) in a government acquisition – effective December 31, 2022.
- Reporting by entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature – effective December 31, 2022
- Terminology used to refer to derivative instruments

**GASB Statement No. 93, 'Replacement of Interbank Offered Rates'.** The primary objectives of this Statement are to address the accounting and financial reporting implications that result from the replacement of an interbank offering rate (IBOR). Paragraphs 13 and 14 from this Statement are effective for the Borough's December 31, 2022 financial statements.

**PENDING GASB PRONOUNCEMENTS**

**GASB Statement No. 87, 'Leases'.** The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. The provisions of this Statement are effective for the Borough's December 31, 2022 financial statements.

**GASB Statement No. 91, 'Conduit Debt Obligations'.** The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The provisions of this Statement are effective for the Borough's December 31, 2022 financial statements.

**GASB Statement No. 94, 'Public-Private and Public-Public Partnerships and Availability Payment Arrangements'.** The primary objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs), and provide guidance for accounting and financial reporting for availability payment arrangements (APAs). The provisions of this Statement are effective for the Borough's December 31, 2023 financial statements.

**GASB Statement No. 96, 'Subscription-Based Information Technology Arrangements (SBITA)'.** The primary objectives of this Statement are as follows:

- Defines a SBITA
- Establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability
- Provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA
- Requires note disclosures regarding a SBITA

The provisions of this Statement are effective for the Borough's December 31, 2023 financial statements.



**SHARPSBURG BOROUGH**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PENDING GASB PRONOUNCEMENTS (Continued)**

**GASB Statement No. 97**, *'Certain Component Unit Criteria and Accounting and Financial Report for Internal Revenue Code Section 457 Deferred Compensation Plans'*. The primary objectives of this Statement are to 1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and 3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The provisions of this Statement are effective for the Borough's December 31, 2022 financial statements.

**GASB Statement No. 98**, *'The Annual Comprehensive Financial Report'*. The statement establishes the term *annual comprehensive financial report* and its acronym *ACFS*. The new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. The provisions of this Statement are effective for the Borough's December 15, 2022 financial statements.

The effects of implementing these Statements on the Borough's financial statements have not yet been determined.

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**CASH DEPOSITS:**

As of December 31, 2021, Sharpsburg Borough had the following carrying values on its cash and cash equivalent accounts:

|                       | <b>Bank Balance</b> | <b>(Memo Only)<br/>Book Balance</b> |
|-----------------------|---------------------|-------------------------------------|
| General Fund          | \$ 223,034          | \$ 203,246                          |
| Special Revenue Funds | 11,859              | 11,859                              |
| Capital Project Fund  | 12,566              | 12,566                              |
| Proprietary Fund      | 580,614             | 580,386                             |
| Fiduciary Fund        | 45,983              | 45,983                              |
| <b>Total</b>          | <b>\$ 874,056</b>   | <b>\$ 854,040</b>                   |

The difference between the bank balance and the book balance represents year-end reconciling items such as deposits in transit and outstanding checks. The Federal Deposit Insurance Corporation (FDIC) coverage threshold for government account \$250,000 per official custodian. This coverage includes checking and savings accounts, money market deposit accounts, and certificates of deposit.

**SHARPSBURG BOROUGH**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CASH DEPOSITS (Continued)**

**Custodial Credit Risk:**

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 separate policy for custodial credit risk in addition to the requirements of the Borough Code. As of December 31, 2021, \$578,073 of the Borough's bank balance total is exposed to custodial credit risk as this amount represents uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the Borough's name. In accordance with Act Number 72-1971 Session of the Commonwealth of Pennsylvania, the aforementioned deposits, in excess of \$250,000, are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

**INVESTMENTS:**

The fair value and maturity term of the Borough's investments as of December 31, 2021 is as follows:

|                             | <u>Fair Value</u>   | <u>No Stated<br/>Maturity</u> | <u>1-5 Years</u> | <u>6-30 Years</u> | <u>Credit<br/>Rating</u> |
|-----------------------------|---------------------|-------------------------------|------------------|-------------------|--------------------------|
| <b>Governmental Funds:</b>  |                     |                               |                  |                   |                          |
| PLGIT                       | <u>\$ 3,477</u>     | <u>\$ 3,477</u>               | <u>\$ -</u>      | <u>\$ -</u>       | <b>AAAm</b>              |
| <b>Fiduciary Funds:</b>     |                     |                               |                  |                   |                          |
| Domestic Common Stocks      | \$ 1,262,326        | \$ 1,262,326                  | \$ -             | \$ -              | <b>N/A</b>               |
| Mutual Funds - Equity       | 285,448             | 285,448                       |                  |                   | <b>N/A</b>               |
| Mutual Funds - Fixed Income | 929,953             | 929,953                       | -                | -                 | <b>N/A</b>               |
|                             | <u>\$ 2,477,727</u> | <u>\$ 2,477,727</u>           | <u>\$ -</u>      | <u>\$ -</u>       |                          |

**Custodial Credit Risk:**

For an investment, custodial credit risk 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 or collateral security that are in the possession of an outside party. The Borough's fiduciary fund investments in mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The Borough does not have a specific policy that would limit its investment choices to those with certain credit ratings.

**Interest Rate Risk:**

The Borough has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk:**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Borough has no formal investment policy, in addition to the requirements of the Borough Code and the Intergovernmental Cooperation Act, that limits its investment choices based on credit ratings by nationally recognized rating organizations.

**SHARPSBURG BOROUGH**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2021**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**INVESTMENTS: (Continued)**

**Fair Value Measurements:**

The Borough of Sharpsburg's investments are reported at fair value within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that prioritizes the inputs to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable (level 3 measurements). The three levels of the fair value hierarchy are described below:

**Level 1** – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes

**Level 2** – Includes inputs other than level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data

**Level 3** – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

The following schedule presents the Investments of the Borough by level within the fair value hierarchy:

|                             | Value<br>at 12/31/21 | Fair Value Measurements |             |             |
|-----------------------------|----------------------|-------------------------|-------------|-------------|
|                             |                      | Level 1                 | Level 2     | Level 3     |
| Domestic Common Stocks      | \$ 1,262,326         | \$ 1,262,326            | \$ -        | \$ -        |
| Mutual Funds - Equity       | 285,448              | 285,448                 | -           | -           |
| Mutual Funds - Fixed Income | 929,953              | 929,953                 | -           | -           |
|                             | <b>\$ 2,477,727</b>  | <b>\$ 2,477,727</b>     | <b>\$ -</b> | <b>\$ -</b> |

Investments held in external investment pools such as PLGIT are not subject to the provisions of fair value measurements as they are recorded at amortized cost.

**NOTE 3 - PROPERTY TAXES**

Sharpsburg Borough levies property taxes April 1st of each calendar year. The calendar dates for payment of these taxes are as follows:

**PAYMENT PERIOD**

|                        |                   |
|------------------------|-------------------|
| April 1 – May 31, 2021 | (Discount period) |
| June 1 – July 31, 2021 | (Face period)     |
| August 1 and after     | (Penalty period)  |

Taxpayers are entitled to a 2% discount if taxes are paid prior to June 1st. Collections after July 31st are assessed a 5% penalty. Unpaid taxes are remitted to the Borough's delinquent real estate tax collector. As of January 2022, \$73,351 of 2021 real estate taxes are unpaid which represents 7.6% of the total assessed property taxes (\$965,680) for 2021.

The tax millage assessment for the 2021 calendar year is 7.50 mills on the assessed value of land and buildings, which represents \$7.50 of revenue for every \$1,000 of assessed value.

**SHARPSBURG BOROUGH**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2021**

**NOTE 4 – DUE FROM/TO OTHER FUNDS**

Due from/to other funds totaling \$603,920 on the balance sheet, represents \$321,166 of monies due between the Borough's General Fund and Utility Fund for Utility Fund expenses paid by the General Fund, \$60,577 due from the General Fund to the Highway Aid Fund for expenses paid by the Highway Aid Fund, \$3,142 due from the Capital Project Fund to the General Fund for expenses paid by the General Fund, and \$2,651 due from the Police Pension Fund to the General Fund for pension plan contributions made by the General Fund.

**NOTE 5 - RECEIVABLES**

Receivables, as reflected on the balance sheet, consist of the following at December 31, 2021:

|                                 |                   |
|---------------------------------|-------------------|
| <b><u>TAXES:</u></b>            |                   |
| Current real estate taxes       | \$ 9,593          |
| Prior year real estate taxes    | 10,018            |
| Real estate transfer tax        | 3,040             |
| Rental income taxes             | 2,873             |
| Earned income taxes             | 16,420            |
| Mercantile taxes                | 11,595            |
| Local service tax               | 1,586             |
| Business privilege taxes        | 35,394            |
| Allegheny County sales/use tax  | 14,872            |
|                                 | <b>\$ 105,391</b> |
| <br><b><u>OTHER:</u></b>        |                   |
| Cable TV franchise fee          | \$ 14,347         |
| Magistrate/county fines         | 840               |
| FCASD crossing guards           | 30,004            |
| MRM dividend                    | 34,345            |
| Commonwealth of PA snow removal | 1,450             |
|                                 | <b>\$ 80,986</b>  |

**NOTE 6 – LONG-TERM DEBT**

**DIRECT BORROWING - GENERAL OBLIGATION NOTE – SERIES OF 2017**

On April 24, 2017, Sharpsburg Borough issued General Obligation Note – Series of 2017 in the amount of \$920,000 for the purpose of refunding General Obligation Note – Series of 2011. The terms of this note call for monthly principal and interest payments totaling \$9,229.62. The interest rate is 3.75% and the note is scheduled to mature on April 24, 2027. Management has determined that the General Fund is responsible for 54% and the Utility Fund is responsible for 46% of the debt service obligation of this note based on the capital projects that have been completed. The December 31, 2021 note payable obligation of the Utility Fund is \$245,581.

**SHARPSBURG BOROUGH**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2021**

**NOTE 6 – LONG-TERM DEBT (Continued)**

**DEFAULT PROVISIONS – GENERAL OBLIGATION NOTE – SERIE OF 2017**

The full faith, credit and taxing power of the Borough has been irrevocably pledged to Northwest Bank to secure the payment of the Note. If an event of default under the Loan Agreement occurs and is continuing, the Bank shall be entitled to **1)** upon demand by the Bank (or any future registered owner of the Note), the outstanding principal balance of Note, together with any unpaid accrued interest, will be due and payable in full, **2)** the Bank will have the right to enforce any and all remedies available to it under the Loan Documents, at law, or in equity, and **3)** the Bank will have the right to set-off against all property of the Borough and the proceeds thereof held or received by the Bank for any purpose, whether or not for express purpose of serving as collateral security for the Loan.

A summary of the remaining debt service requirements on this note obligation as of December 31, 2021 is as follows:

| <b><u>YEAR<br/>ENDED</u></b> | <b><u>PRINCIPAL</u></b>  | <b><u>INTEREST</u></b>  | <b><u>TOTAL</u></b>      |
|------------------------------|--------------------------|-------------------------|--------------------------|
| 2022                         | \$ 92,053                | \$ 18,702               | \$ 110,755               |
| 2023                         | 95,614                   | 15,141                  | 110,755                  |
| 2024                         | 99,278                   | 11,477                  | 110,755                  |
| 2025                         | 103,155                  | 7,600                   | 110,755                  |
| 2026                         | 107,146                  | 3,609                   | 110,755                  |
| 2027                         | 36,626                   | 290                     | 36,916                   |
|                              | <b><u>\$ 533,872</u></b> | <b><u>\$ 56,819</u></b> | <b><u>\$ 590,691</u></b> |

**DIRECT BORROWINGS – KS STATE BANK LEASE PURCHASE OBLIGATIONS**

On November 2, 2017, the Borough of Sharpsburg entered into a Lease Purchase Obligation with KS State Bank in the amount of \$48,952 for the purchase of a Ford F350 Truck. The terms of the lease call for five (5) annual principal and interest payments of \$11,042.49. The lease is secured by the general tax collections and revenues of the Borough of Sharpsburg. The lease is scheduled to mature in February of 2022.

On February 13, 2018, the Borough of Sharpsburg entered into a Lease Purchase Obligation with KS State Bank in the amount of \$39,896 for the purchase of a 2018 Ford Interceptor Police Vehicle. The terms of the lease call for five (5) annual principal and interest payments of \$9,098.95. The lease is secured by the general tax collections and revenues of the Borough of Sharpsburg. The lease is scheduled to mature in August of 2022.

**DEFAULT PROVISIONS – KS STATE BANK LEASE PURCHASE OBLIGATIONS**

In the event of default, Obligee shall have the right to **1)** declare all contract payments immediately due and payable, **2)** require, at the expense of the Obligor, redelivery of any or all of the equipment and additional collateral to Obligee, fifteen (15) days after the event of default occurs, and **3)** take whatever action at law or in equity that may appear necessary to enforce its rights.

**SHARPSBURG BOROUGH**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2021**

**NOTE 6 – LONG-TERM DEBT (Continued)**

**DIRECT BORROWINGS – FORD MOTOR CREDIT LEASE PURCHASE OBLIGATIONS**

On October 23, 2020, the Borough of Sharpsburg entered into a Lease Purchase Obligation with Ford Motor Credit in the amount of \$40,022 for the purchase of a 2020 Ford Interceptor Police Vehicle. The terms of the lease call for five (5) annual principal and interest payments of \$9,083.72. The lease is secured by the general tax collections and revenues of the Borough of Sharpsburg. The interest rate on the lease is 5.99% and the lease is scheduled to mature on October 23, 2024.

On October 23, 2020, the Borough of Sharpsburg entered into a Lease Purchase Obligation with Ford Motor Credit in the amount of \$85,9302 for the purchase of a 2021 Ford F-650. The terms of the lease call for five (5) annual principal and interest payments of \$19,363.40. The lease is secured by the general tax collections and revenues of the Borough of Sharpsburg. The interest rate on the lease is 5.99% and the lease is scheduled to mature on January 29, 2025.

**DEFAULT PROVISIONS – FORD MOTOR CREDIT LEASE PURCHASE OBLIGATIONS**

In the event of default, Ford Motor Credit Company may at its option, exercise any one or more of the following remedies described in the Master Equipment Lease Purchase Agreement: (a) by written notice, declare an amount equal to all amounts then due under that lease and all remaining lease payments due under the that lease during the calendar year in which the default occurs to be immediately due and payable, (b) may enter the premises where the equipment is located and retake possession of the equipment or require the Borough, at Borough's expense to promptly return any or all equipment (c) terminate any unfunded commitments under any agreement and (d) exercise any other rights, remedy or privilege which may be available to it under applicable laws of the state.

A schedule of future minimum lease rental payments as of December 31, 2021 is as follows:

| Year End<br>Dec 31 | FORD<br>F350<br>LEASE   | POLICE<br>VEHICLE<br>LEASE | POLICE<br>VEHICLE<br>LEASE | FORD<br>F650<br>LEASE   | TOTAL<br>INTEREST       | TOTAL                    |
|--------------------|-------------------------|----------------------------|----------------------------|-------------------------|-------------------------|--------------------------|
| 2022               | \$ 10,455               | \$ 8,619                   | \$ 7,629                   | \$ 15,343               | \$ 6,542                | \$ 48,588                |
| 2023               | -                       | -                          | 8,086                      | 16,262                  | 4,099                   | 28,447                   |
| 2024               | -                       | -                          | 8,025                      | 17,237                  | 2,640                   | 27,902                   |
| 2025               | -                       | -                          | -                          | 17,725                  | 1,094                   | 18,819                   |
|                    | <b><u>\$ 10,455</u></b> | <b><u>\$ 8,619</u></b>     | <b><u>\$ 23,740</u></b>    | <b><u>\$ 66,567</u></b> | <b><u>\$ 14,375</u></b> | <b><u>\$ 123,756</u></b> |

The following represents the changes in the Borough's debt obligations during 2021:

|                           | Balance<br>1/1/21        | Additions          | Deletions                  | 12/31/2021               | Due Within<br>One Year   |
|---------------------------|--------------------------|--------------------|----------------------------|--------------------------|--------------------------|
| <b>Direct Borrowings:</b> |                          |                    |                            |                          |                          |
| Notes                     | \$ 622,496               | \$ -               | \$ (88,624)                | \$ 533,872               | \$ 92,053                |
| Leases                    | 154,006                  | -                  | (44,625)                   | 109,381                  | 42,046                   |
|                           | <b><u>\$ 776,502</u></b> | <b><u>\$ -</u></b> | <b><u>\$ (133,249)</u></b> | <b><u>\$ 643,253</u></b> | <b><u>\$ 134,099</u></b> |

**SHARPSBURG BOROUGH**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2021**

**NOTE 7 - BOROUGH PENSION PLANS**

The Borough has not adopted as yet the accounting and reporting requirements for its police pension plan as required by Governmental Accounting Standards Board (GASB) Statement No. 68 – “Accounting and Financial Reporting for Pensions”. The following is a summary of the Borough’s police pension plan:

**POLICE PENSION PLAN** - Sharpsburg Borough's police pension plan, established on September 15, 1957, is a single-employer defined benefit pension plan established to provide retirement and death benefits to qualified police department employees under the provisions governing pension plans in the Commonwealth of Pennsylvania and Borough Council ordinances. The plan is governed by the members of Borough Council who are responsible for the management of plan assets. Council has delegated the Borough to manage certain plan assets to US Bank.

Plan membership as of January 1, 2021 was comprised of:

|                                                                         |                  |
|-------------------------------------------------------------------------|------------------|
| Active employees                                                        | 6                |
| Retirees and beneficiaries currently receiving benefits                 | 6                |
| Terminated employees entitled to benefits<br>but not yet receiving them | -                |
| Total                                                                   | <u><u>12</u></u> |

A summary of the plan's provisions are as follows:

- PARTICIPANTS** - All permanent members of the Sharpsburg Borough police department.
- ELIGIBILITY** - All participants are eligible for retirement benefits provided that they have completed 25 years of service and attained the age of 54.
- BENEFITS** - Monthly benefit equal to 50% of final 36 months average compensation at retirement plus a service increment of \$25 per month for each year of service in excess of 25 years. The maximum service increment is \$100 per month.
- VESTING** - Participants are entitled to a vested deferred benefit after 12 years of service.
- FUNDING** - Employee contributions are currently 5%. Borough contributions are determined by the Actuary. Annual contributions are received from the Commonwealth as provided by Act 205, the General Municipal Pension System State Aid Program. The Borough contributed \$68,317 to the plan in 2021, of which \$62,594 was from the Municipal Pension State Aid contribution.

**NON-UNIFORM PENSION PLAN**

**DESCRIPTION OF PLAN**

The Borough of Sharpsburg plan is a single-employer defined benefit pension plan controlled by the provisions of a resolution adopted pursuant to Act 15 of 1974. The plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). A copy of the CAFR can be obtained by contacting the PMRS accounting office or visiting their website at [pmrs.state.pa.us](http://pmrs.state.pa.us).

**SHARPSBURG BOROUGH**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2021**

**NOTE 7 - BOROUGH PENSION PLANS (Continued)**

**NON-UNIFORM PENSION PLAN (Continued)**

**PLAN MEMBERSHIP**

Plan membership consisted of the following as of December 31, 2019:

|                                                                         |                  |
|-------------------------------------------------------------------------|------------------|
| Active plan members                                                     | 8                |
| Retirees and beneficiaries<br>currently receiving benefits              | 6                |
| Terminated employees entitled to<br>benefits but not yet receiving them | <u>2</u>         |
| Total                                                                   | <u><u>16</u></u> |

**PLAN BENEFITS**

The plan provides retirement and death benefits to eligible plan members and their beneficiaries. Effective January 1, 2009, the plan allows for a normal retirement benefit at age 60 or older with at least 20 years of credited service. No early retirement benefits are available. Monthly pension benefits are detailed in plan documents. Participants are fully vested upon completion of three (3) years of service.

**PLAN CONTRIBUTION REQUIREMENTS**

Employer contributions are actuarially determined reflecting a payment equal to annual Normal Cost, the expected Administrative Expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level dollar amount over a closed period. This contribution is based upon the Minimum Municipal Obligation (MMO) as defined in Act 205. For the calendar year 2021, the Borough did not contribute to the plan. Employees contributed \$18,933 to the plan during 2021.

**NOTE 8 - COMMITMENTS AND CONTINGENT LIABILITIES**

**LEGAL MATTERS**

The Borough of Sharpsburg, in the normal course of operations, is party to various legal matters normally associated with municipalities such as real estate tax assessment appeals, personnel wage and benefits, and other miscellaneous legal matters. As of December 31, 2021, the Borough is unaware of any pending litigation that would be material to the financial position of the Borough of Sharpsburg.

**FEDERAL AND STATE FUNDING**

The Borough of Sharpsburg's state and federally funded programs, including its pension funds, are subject to program compliance audits by various governmental agencies. The audit scopes of these program compliance audits are different than the scope of financial audits performed by an outside, independent certified public accounting firm. The Borough is potentially liable for any expenditure disallowed by the results of these program compliance audits. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.



**SHARPSBURG BOROUGH**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2021**

**NOTE 8 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)**

**COVID-19**

Early in 2020, a new strain of the coronavirus (COVID-19) began its global pandemic spread, including to the United States, negatively affecting many aspects of society and the economy. The impact of the virus is on-going and varies from region to region and from day to day, and any significant additional spreading of the virus could adversely affect the Borough's operations and finances. The outbreak of the COVID-19 virus is likely to have a negative impact in 2022 on the global and local economy and, might impact the Borough's financial results in 2022 and beyond. Given the dynamic nature of this pandemic, however, the extent to which the COVID-19 virus impacts the Borough's results will depend on future developments, which remain highly uncertain and cannot be predicted at this time.

**NOTE 9 - RISK MANAGEMENT**

The Borough of Sharpsburg 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. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

**NOTE 10 – SUBSEQUENT EVENTS**

Management has determined that there are no events subsequent to December 31, 2021 through the July 14, 2022 date of the 'Independent Auditor's Report', which is the date the financial statements were available to be issued, that require disclosure in the financial statements.

***SUPPLEMENTARY***  
***SCHEDULES***

**BOROUGH OF SHARPSBURG**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL REVENUES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                    | BUDGET              | ACTUAL              | OVER <UNDER><br>BUDGET |
|------------------------------------|---------------------|---------------------|------------------------|
| <b>TAXES:</b>                      |                     |                     |                        |
| Real Estate Tax - Current          | \$ 800,000          | \$ 879,800          | \$ 79,800              |
| Real Estate Tax - Prior            | -                   | 1                   | 1                      |
| Real Estate Tax - Del/Liened       | 75,000              | 76,362              | 1,362                  |
| Deed Transfer Tax                  | 35,000              | 49,869              | 14,869                 |
| Rental Income Tax                  | 5,500               | 6,296               | 796                    |
| Earned Income Tax - Current        | 275,000             | 320,795             | 45,795                 |
| Earned Income Tax - Prior Year     | 1,500               | 1,800               | 300                    |
| Mercantile Tax - Current           | 85,000              | 85,499              | 499                    |
| Local Service Tax - Current        | 75,000              | 73,119              | (1,881)                |
| Business Privilege Tax - Current   | 125,000             | 123,495             | (1,505)                |
| Allegheny County Sales/Use Tax     | 155,000             | 179,688             | 24,688                 |
| Mechanical Device License          | 27,100              | 21,570              | (5,530)                |
| <b>TOTAL TAXES</b>                 | <b>\$ 1,659,100</b> | <b>\$ 1,818,293</b> | <b>\$ 159,193</b>      |
| <b>LICENSES AND PERMITS:</b>       |                     |                     |                        |
| Reasonable Rental/License Fee      | \$ 20,000           | \$ -                | \$ (20,000)            |
| Business Privilege License         | 1,500               | 1,350               | (150)                  |
| Permits - Municipal Lot - 13th St  | 3,000               | 3,000               | -                      |
| Cable TV Franchise Fee - Comcast   | 41,000              | 34,676              | (6,324)                |
| Cable TV Franchise Fee - Verizon   | 26,000              | 23,368              | (2,632)                |
| <b>TOTAL LICENSES AND PERMITS</b>  | <b>\$ 91,500</b>    | <b>\$ 62,395</b>    | <b>\$ (29,105)</b>     |
| <b>FINES AND FORFEITURES:</b>      |                     |                     |                        |
| Magistrate Fines                   | \$ 18,000           | \$ 16,002           | \$ (1,998)             |
| State Fines                        | 1,000               | 1,180               | 180                    |
| County Fines                       | 4,500               | 2,408               | (2,092)                |
| Parking Meter Fines                | 15,000              | 20,929              | 5,929                  |
| <b>TOTAL FINES AND FORFEITURES</b> | <b>\$ 38,500</b>    | <b>\$ 40,519</b>    | <b>\$ 2,019</b>        |
| <b>INTEREST AND RENTS:</b>         |                     |                     |                        |
| Interest on Investments            | \$ 500              | \$ 362              | \$ (138)               |
| Rents - Land                       | -                   | 250                 | 250                    |
| Rents - Buildings                  | 350                 | 360                 | 10                     |
| Leases                             | -                   | 50                  | 50                     |
| <b>TOTAL INTEREST AND RENTS</b>    | <b>\$ 850</b>       | <b>\$ 1,022</b>     | <b>\$ 172</b>          |
| <b>INTERGOVERNMENTAL:</b>          |                     |                     |                        |
| Payment in Lieu of Taxes           | \$ 1,700            | \$ 1,482            | \$ (218)               |
| Other State Grants - Snow Removal  | 1,500               | 1,451               | (49)                   |
| Federal Grants - ARPA              | -                   | 76,114              | 76,114                 |
| Purta                              | 1,415               | 1,555               | 140                    |
| Liquid Fuels Tax Refund            | 82,446              | -                   | (82,446)               |
| Act 205 State Aid                  | 61,151              | 62,594              | 1,443                  |
| State Liquor License Fund          | 2,850               | 400                 | (2,450)                |
| Foreign Fire                       | 14,812              | 13,146              | (1,666)                |
| PUC Oil & Gas Impact Fee           | 471                 | 314                 | (157)                  |
| Other State Grants                 | 500,000             | 2,500               | (497,500)              |
| Local Grants                       | -                   | 3,804               | 3,804                  |
| <b>TOTAL INTERGOVERNMENTAL</b>     | <b>\$ 666,344</b>   | <b>\$ 163,358</b>   | <b>\$ (502,986)</b>    |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SHARPSBURG**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL REVENUES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                                     | <u>BUDGET</u>              | <u>ACTUAL</u>              | <u>OVER &lt;UNDER&gt;</u><br><u>BUDGET</u> |
|-----------------------------------------------------|----------------------------|----------------------------|--------------------------------------------|
| <b><u>CHARGES FOR SERVICES:</u></b>                 |                            |                            |                                            |
| Copies                                              | \$ 5                       | \$ 96                      | \$ 91                                      |
| Sale of Maps/Ordinances                             | -                          | 250                        | 250                                        |
| DANET Revenue                                       | 2,460                      | 2,645                      | 186                                        |
| FCASD Crossing Guards                               | 21,000                     | 17,198                     | (3,802)                                    |
| Municipal Lien Letters/Cert                         | 2,500                      | 3,220                      | 720                                        |
| Sale of Accident Reports                            | 500                        | 735                        | 235                                        |
| Code Violation Fee                                  | 1,000                      | 4,550                      | 3,550                                      |
| Building Permit Fees                                | 20,000                     | 18,073                     | (1,927)                                    |
| Demolition Permit Fees                              | 500                        | 200                        | (300)                                      |
| Professional Services Fees                          | 5,000                      | -                          | (5,000)                                    |
| Usage Permit Fees                                   | 500                        | 720                        | 220                                        |
| Occupancy Permit Fees                               | 3,000                      | 4,910                      | 1,910                                      |
| Parking Meter Revenue                               | 15,000                     | 9,438                      | (5,562)                                    |
| Parking Permits                                     | -                          | 3,000                      | 3,000                                      |
| Dumpster Fee                                        | 50                         | 25                         | (25)                                       |
| Police Detail Revenue                               | -                          | 10,950                     | 10,950                                     |
| <b>TOTAL CHARGES FOR SERVICES</b>                   | <b><u>\$ 71,515</u></b>    | <b><u>\$ 76,009</u></b>    | <b><u>\$ 4,495</u></b>                     |
| <b><u>MISCELLANEOUS REVENUE:</u></b>                |                            |                            |                                            |
| Other Miscellaneous Revenue                         | \$ 500                     | \$ 5,968                   | \$ 5,468                                   |
| MRM Dividend                                        | 35,000                     | 34,843                     | (157)                                      |
| Insurance Reimbursements                            | 500                        | 1,000                      | 500                                        |
| Contributions/Donations                             | 5,000                      | -                          | (5,000)                                    |
| <b>TOTAL MISCELLANEOUS REVENUE</b>                  | <b><u>\$ 41,000</u></b>    | <b><u>\$ 41,812</u></b>    | <b><u>\$ 812</u></b>                       |
| <b><u>OTHER FINANCING SOURCES:</u></b>              |                            |                            |                                            |
| Refund of Prior Year Expenses                       | \$ -                       | \$ 15,131                  | \$ 15,131                                  |
| <b>TOTAL OTHER FINANCING SOURCES</b>                | <b><u>\$ -</u></b>         | <b><u>\$ 15,131</u></b>    | <b><u>\$ 15,131</u></b>                    |
| <b>TOTAL REVENUES &amp; OTHER FINANCING SOURCES</b> | <b><u>\$ 2,568,809</u></b> | <b><u>\$ 2,218,539</u></b> | <b><u>\$ (350,270)</u></b>                 |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SHARPSBURG**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                      | BUDGET            | ACTUAL            | OVER <UNDER><br>BUDGET |
|--------------------------------------|-------------------|-------------------|------------------------|
| <b>GENERAL GOVERNMENT:</b>           |                   |                   |                        |
| Salaries-Elected Officials           | \$ 5,250          | \$ 4,750          | \$ (500)               |
| Social Security Contribution         | 326               | 295               | (32)                   |
| Medicare Contribution                | 76                | 69                | (7)                    |
| Other Operating Supplies             | 500               | 246               | (254)                  |
| Advertising Expense                  | 1,000             | 2,612             | 1,612                  |
| Codification                         | 500               | 498               | (3)                    |
| Public Officials Liability Insurance | 7,238             | 7,706             | 468                    |
| Dues & Subscriptions                 | 3,000             | 3,408             | 408                    |
| Meetings & Conferences               | 2,000             | 238               | (1,762)                |
| <b>TOTAL GENERAL GOVERNMENT</b>      | <b>\$ 19,890</b>  | <b>\$ 19,820</b>  | <b>\$ (69)</b>         |
| <b>MAYOR/EXECUTIVE:</b>              |                   |                   |                        |
| Salaries - Elected Officials         | \$ 750            | \$ 575            | \$ (175)               |
| Social Security Contribution         | 47                | 36                | (11)                   |
| Medicare Contribution                | 11                | 8                 | (3)                    |
| Insurance                            | 883               | -                 | (883)                  |
| Dues & Subscriptions                 | 150               | -                 | (150)                  |
| Meeting & Conferences                | 150               | -                 | (150)                  |
| <b>TOTAL MAYOR/EXECUTIVE</b>         | <b>\$ 1,991</b>   | <b>\$ 619</b>     | <b>\$ (1,372)</b>      |
| <b>MANAGER AND OFFICE:</b>           |                   |                   |                        |
| Salary/Wages - Regular Employees     | \$ 42,120         | \$ 42,230         | \$ 110                 |
| Medical Insurance                    | 4,086             | 4,093             | 6                      |
| Dental Insurance                     | 193               | 193               | 0                      |
| Vision Insurance                     | 38                | 38                | (0)                    |
| Life Insurance                       | 162               | 167               | 5                      |
| Social Security Contribution         | 2,611             | 2,609             | (3)                    |
| Medicare Contribution                | 611               | 610               | (1)                    |
| Cell Phone/Communications            | 240               | 255               | 15                     |
| Workers Compensation Expense         | 203               | 197               | (6)                    |
| Dues & Subscriptions                 | -                 | 61                | 61                     |
| Meetings & Conferences               | 500               | 135               | (365)                  |
| Salary/Wages - Regular Employees     | 42,047            | 42,527            | 480                    |
| Health Insurance                     | 12,259            | 12,288            | 29                     |
| Vision/Dental Expense                | 908               | 908               | -                      |
| Life Insurance Expense               | 324               | 333               | 10                     |
| Supplemental Retirement Pay          | -                 | 996               | 996                    |
| SUI (PSAB) Expense                   | 6,604             | 8,082             | 1,478                  |
| Checkbook Fee                        | -                 | 1,213             | 1,213                  |
| Office Supplies                      | -                 | 16                | 16                     |
| Auditing Services                    | 3,500             | 3,625             | 125                    |
| Consulting/Professional Fees         | 100               | 70                | (30)                   |
| Payroll Processing Fee               | -                 | 6,392             | 6,392                  |
| Dues & Subscriptions                 | 2,607             | 2,628             | 21                     |
| Cash Over/Short                      | 610               | 615               | 5                      |
| Social Security Contribution         | 1,200             | 1,141             | (59)                   |
| Medicare Contribution                | 1,800             | 1,702             | (98)                   |
| Overtime                             | 1,200             | 759               | (441)                  |
| Office Supplies                      | 300               | 29                | (271)                  |
| Communication Expense                | 472               | 473               | 1                      |
| Postage Expense                      | 203               | 197               | (6)                    |
| Printing Expense                     | 2,000             | 2,091             | 91                     |
| Bonding Expense                      | 2,500             | 2,674             | 174                    |
| Workers Compensation Exp             | 400               | 405               | 5                      |
| Computer Maintenance                 | 1,000             | -                 | (1,000)                |
| Copier Leasing                       | 1,500             | 456               | (1,044)                |
| Postage Machine Lease                | <b>\$ 132,298</b> | <b>\$ 140,208</b> | <b>\$ 7,910</b>        |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SHARPSBURG**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                    | BUDGET            | ACTUAL            | OVER <UNDER><br>BUDGET |
|------------------------------------|-------------------|-------------------|------------------------|
| <b>TAX COLLECTION:</b>             |                   |                   |                        |
| Refunds - Prior Year Revenue       | \$ 500            | \$ 1,969          | \$ 1,469               |
| Refund of Current Year Revenue     | 1,500             | 4,512             | 3,012                  |
| Salaries - Elected Officials       | 27,000            | 29,752            | 2,752                  |
| Social Security Contribution       | 1,674             | 1,817             | 143                    |
| Medicare Contribution              | 392               | 425               | 33                     |
| Postage Expense                    | 750               | 993               | 243                    |
| Printing Expense                   | 400               | 159               | (241)                  |
| Bonding Expense                    | 250               | 593               | 343                    |
| Commissions - Act 511              | 8,500             | 12,227            | 3,727                  |
| Dues/Fees/Permits                  | -                 | 548               | 548                    |
| Computer Maintenance               | 1,250             | 1,250             | -                      |
| <b>TOTAL TAX COLLECTION</b>        | <b>\$ 42,216</b>  | <b>\$ 54,245</b>  | <b>\$ 12,029</b>       |
| <b>LEGAL:</b>                      |                   |                   |                        |
| Legal Services/Fees                | \$ 5,000          | \$ 4,790          | \$ (210)               |
| Other Professional Services        | 500               | 5,846             | 5,346                  |
| <b>TOTAL LEGAL</b>                 | <b>\$ 5,500</b>   | <b>\$ 10,636</b>  | <b>\$ 5,136</b>        |
| <b>ENGINEERING:</b>                |                   |                   |                        |
| Engineering Services               | \$ 100,000        | \$ 132,147        | \$ 32,147              |
| <b>TOTAL ENGINEERING</b>           | <b>\$ 100,000</b> | <b>\$ 132,147</b> | <b>\$ 32,147</b>       |
| <b>BUILDINGS/LAND:</b>             |                   |                   |                        |
| Cleaning Supplies                  | \$ 500            | \$ 422            | \$ (78)                |
| Building Repair/Maint Mat/Supplies | 2,500             | 510               | (1,990)                |
| Flood Insurance Expense            | 355               | 387               | 32                     |
| Electricity Expense                | 2,500             | 2,698             | 198                    |
| Natural Gas/Heating Oil Expense    | 4,000             | 2,747             | (1,253)                |
| Water Expense                      | 500               | 482               | (18)                   |
| SVFD Lease Payment                 | 3,750             | 3,750             | -                      |
| Cleaning/Contracted Services       | 1,500             | 3,179             | 1,679                  |
| <b>TOTAL BUILDINGS/LAND</b>        | <b>\$ 15,605</b>  | <b>\$ 14,175</b>  | <b>\$ (1,430)</b>      |
| <b>TOTAL GENERAL GOVERNMENT</b>    | <b>\$ 317,498</b> | <b>\$ 371,850</b> | <b>\$ 54,352</b>       |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SHARPSBURG**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                    | BUDGET            | ACTUAL            | OVER <UNDER><br>BUDGET |
|------------------------------------|-------------------|-------------------|------------------------|
| <b>PUBLIC SAFETY:</b>              |                   |                   |                        |
| <b>POLICE:</b>                     |                   |                   |                        |
| Salary/Wages - Regular Employees   | \$ 350,423        | \$ 315,286        | \$ (35,138)            |
| Salary - Department Head           | 78,786            | 78,975            | 189                    |
| Wages-Part time/Temp Employees     | 50,000            | 57,504            | 7,504                  |
| Health Insurance                   | 106,243           | 121,487           | 15,244                 |
| Dental Insurance                   | 5,182             | 6,056             | 874                    |
| Vision Insurance                   | 688               | 783               | 95                     |
| Life Insurance Expense             | 1,291             | 1,434             | 143                    |
| Supplemental Retirement Pay        | 1,500             | 1,500             | -                      |
| Retirement Contributions - MMIO    | 61,151            | 68,317            | 7,166                  |
| Social Security Contribution       | 34,138            | 35,129            | 991                    |
| Medicare Contribution              | 7,984             | 8,087             | 104                    |
| Longevity Pay                      | 8,400             | 9,300             | 900                    |
| Overtime Pay                       | 60,000            | 105,256           | 45,256                 |
| Shift Differential                 | 3,000             | 2,916             | (84)                   |
| Court Time                         | 1,500             | 719               | (781)                  |
| Networkers Comp Expense            | -                 | 11,923            | 11,923                 |
| Uniform Allowance                  | 5,200             | 5,504             | 304                    |
| Office Supplies                    | 1,000             | 1,860             | 860                    |
| Subscriptions/Periodicals          | -                 | 106               | 106                    |
| Other Supplies                     | -                 | 3,099             | 3,099                  |
| Postage Expense                    | 250               | 255               | 5                      |
| Fire Arms-Ammunition               | 2,600             | 3,665             | 1,065                  |
| Fuels/Lubricants                   | 7,500             | 9,648             | 2,148                  |
| Uniforms/Linens                    | 500               | 836               | 336                    |
| Educational/Safety Supplies        | 2,000             | 5,177             | 3,177                  |
| Testing/Medical Examinations       | -                 | 407               | 407                    |
| Accutrak Certification             | 200               | -                 | (200)                  |
| Phones/Communication Expense       | 4,500             | 5,214             | 714                    |
| Printing Expense                   | 500               | 200               | (300)                  |
| Worker Compensation Insurance      | 26,543            | 53,059            | 26,517                 |
| Police Professional Liab Insurance | 14,930            | 15,840            | 910                    |
| Electricity                        | 2,500             | 3,147             | 647                    |
| Equipment Rental                   | 4,000             | 5,106             | 1,106                  |
| Dues & Subscriptions               | 5,500             | 5,276             | (224)                  |
| Vehicle Repair/Maintenance         | 5,000             | 4,993             | (7)                    |
| Radio/Alarm Repair/Maintenance     | 1,200             | 198               | (1,002)                |
| Meeting & Conferences              | 500               | 28                | (472)                  |
| Parking                            | 150               | 22                | (128)                  |
| Computer Hard/Soft/Train           | 2,000             | 2,949             | 949                    |
| Police K-9 Expenses                | 5,000             | 1,309             | (3,691)                |
| Minor Equipment/Machinery          | 1,500             | 1,011             | (489)                  |
| <b>TOTAL POLICE</b>                | <b>\$ 863,358</b> | <b>\$ 953,581</b> | <b>\$ 90,223</b>       |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SHARPSBURG**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                            | BUDGET              | ACTUAL              | OVER <UNDER><br>BUDGET |
|--------------------------------------------|---------------------|---------------------|------------------------|
| <b>FIRE:</b>                               |                     |                     |                        |
| Fuels/Lubricants                           | \$ 1,500            | \$ 2,219            | \$ 719                 |
| Phones & Internet /Communications          | 2,400               | 3,294               | 894                    |
| Truck Insurance                            | 8,555               | -                   | (8,555)                |
| Workers Compensation Expense               | 15,114              | 17,834              | 2,720                  |
| Electricity                                | 2,500               | 3,147               | 647                    |
| Vehicle Repair/Maintenance                 | 8,000               | 14,329              | 6,329                  |
| Other Maintenance/Services                 | -                   | 678                 | 678                    |
| Foreign Fire Relief                        | 14,812              | 13,146              | (1,666)                |
| Contribution to VFD                        | 10,000              | 300                 | (9,700)                |
| Vehicle-Fire Tax                           | 50,000              | 61,643              | 11,643                 |
| Minor Equipment/Machinery                  | -                   | 984                 | 984                    |
| <b>TOTAL FIRE</b>                          | <b>\$ 112,881</b>   | <b>\$ 117,573</b>   | <b>\$ 4,692</b>        |
| <b>AMBULANCE:</b>                          |                     |                     |                        |
| Donation to EMS                            | \$ 10,000           | \$ 10,000           | \$ -                   |
| <b>TOTAL AMBULANCE</b>                     | <b>\$ 10,000</b>    | <b>\$ 10,000</b>    | <b>\$ -</b>            |
| <b>CODE ENFORCEMENT:</b>                   |                     |                     |                        |
| Wages-Part time/Temp Employees             | \$ 47,990           | \$ 53,578           | \$ 5,588               |
| Social Security Contribution               | 2,975               | 3,313               | 338                    |
| Medicare Contribution                      | 696                 | 775                 | 79                     |
| Office Supplies                            | 200                 | 127                 | (73)                   |
| Postage                                    | 200                 | 255                 | 55                     |
| Uniforms                                   | 200                 | -                   | (200)                  |
| Other Professional Services                | 5,000               | 4,448               | (552)                  |
| Phones/Internet Communications             | 500                 | 509                 | 9                      |
| Printing Expense                           | 100                 | 310                 | 210                    |
| Workers Compensation Expense               | 406                 | 787                 | 382                    |
| <b>TOTAL CODE ENFORCEMENT</b>              | <b>\$ 58,267</b>    | <b>\$ 64,102</b>    | <b>\$ 5,835</b>        |
| <b>PLANNING/ZONING:</b>                    |                     |                     |                        |
| Zoning Ordinance Professional Services     | \$ 500              | \$ -                | \$ (500)               |
| Equipment-Security Cameras                 | 5,000               | 1,198               | (3,803)                |
| <b>TOTAL PLANNING/ZONING</b>               | <b>\$ 5,500</b>     | <b>\$ 1,198</b>     | <b>\$ (4,303)</b>      |
| <b>CROSSING GUARD/ANIMAL CONTROL:</b>      |                     |                     |                        |
| Wages-Part time/Temp Employees             | \$ 40,140           | \$ 41,414           | \$ 1,274               |
| Accident Insurance Expense                 | 198                 | 98                  | (101)                  |
| Social Security Contribution               | 2,489               | 2,544               | 55                     |
| Medicare Contribution                      | 582                 | 595                 | 13                     |
| Uniforms/Linens                            | 150                 | -                   | (150)                  |
| Workers Compensation Expense               | 808                 | 2,361               | 1,553                  |
| Enforcement Consult/Contract               | 2,820               | 2,820               | -                      |
| <b>TOTAL CROSSING GUARD/ANIMAL CONTROL</b> | <b>\$ 47,187</b>    | <b>\$ 49,831</b>    | <b>\$ 2,644</b>        |
| <b>TOTAL PUBLIC SAFETY</b>                 | <b>\$ 1,097,192</b> | <b>\$ 1,196,284</b> | <b>\$ 99,092</b>       |

The accompanying notes are an integral part of these financial statements



**BOROUGH OF SHARPSBURG**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                    | BUDGET            | ACTUAL            | OVER <UNDER><br>BUDGET |
|------------------------------------|-------------------|-------------------|------------------------|
| <b>PUBLIC WORKS:</b>               |                   |                   |                        |
| <b>STREET MAINTENANCE:</b>         |                   |                   |                        |
| Waste Collections - Flood          | \$ -              | \$ 21,575         | \$ 21,575              |
| Salary/Wages-Regular Employees     | 119,163           | 135,766           | 16,603                 |
| Salary - Department Head           | 54,080            | 54,223            | 143                    |
| Wages/Part Time                    | 26,624            | 11,464            | (15,160)               |
| Health Insurance                   | 61,294            | 49,254            | (12,040)               |
| Dental Insurance                   | 3,171             | 2,497             | (674)                  |
| Vision Insurance                   | 459               | 390               | (70)                   |
| Life Insurance Expense             | 1,296             | 1,278             | (17)                   |
| Supplementary Retirement Pay       | 720               | 720               | -                      |
| Social Security Contribution       | 13,012            | 14,053            | 1,041                  |
| Medicare Contribution              | 3,043             | 3,287             | 243                    |
| Overtime Pay                       | 10,000            | 23,243            | 13,243                 |
| Other Operating Supplies           | 3,000             | 3,253             | 253                    |
| Vehicle Fuel/Fuels                 | 4,000             | 4,830             | 830                    |
| Uniforms                           | 1,000             | 2,440             | 1,440                  |
| Snow Removal Supplies              | 1,000             | 485               | (515)                  |
| Street Supplies                    | 6,500             | 8,684             | 2,184                  |
| Phones/Communication               | 1,500             | 3,161             | 1,661                  |
| Workers Compensation               | 24,371            | 21,221            | (3,150)                |
| Electricity Expense                | 500               | 1,315             | 815                    |
| Natural Gas/Fuel Oil               | 1,200             | 1,744             | 544                    |
| Water Expense                      | 200               | 417               | 217                    |
| Building Repair/Maintenance        | -                 | 81,110            | 81,110                 |
| Dues/Permits/Subscriptions         | -                 | 20                | 20                     |
| Vehicle Repair/Maintenance         | 4,000             | 5,965             | 1,965                  |
| Equipment Repairs                  | 3,000             | 4,632             | 1,632                  |
| Dumpster/Contracted Services       | 2,000             | 8,974             | 6,974                  |
| Radio/Alarm Repair/Maintenance     | 200               | -                 | (200)                  |
| Other Maintenance/Service          | -                 | 2,081             | 2,081                  |
| Conferences/Seminars/Meetings      | 200               | 64                | (136)                  |
| Street Equipment                   | 5,000             | 12,347            | 7,347                  |
| Street Sweeper - Fuels             | 1,250             | 774               | (476)                  |
| Street Sweeper - Equipment Repairs | 5,000             | 609               | (4,391)                |
| Salt Purchases                     | 12,000            | 21,777            | 9,777                  |
| Equipment Repairs                  | 2,000             | -                 | (2,000)                |
| Machinery/Equipment                | 500               | -                 | (500)                  |
| Paving Construction                | 30,000            | 10,000            | (20,000)               |
| <b>TOTAL STREET MAINTENANCE</b>    | <b>\$ 401,282</b> | <b>\$ 513,652</b> | <b>\$ 112,369</b>      |
| <b>TRAFFIC SIGNAL/SIGNS:</b>       |                   |                   |                        |
| Street Signs/Markings              | \$ 5,000          | \$ 2,386          | \$ (2,614)             |
| Traffic Signal Electricity         | 2,000             | 1,441             | (559)                  |
| Equip/Mach Repair/Maint            | 1,000             | 1,677             | 677                    |
| Street Light Electricity           | 30,000            | 20,938            | (9,062)                |
| <b>TOTAL TRAFFIC SIGNAL/SIGNS</b>  | <b>\$ 38,000</b>  | <b>\$ 26,442</b>  | <b>\$ (11,558)</b>     |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SHARPSBURG**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                                              | BUDGET              | ACTUAL              | OVER <UNDER><br>BUDGET |
|--------------------------------------------------------------|---------------------|---------------------|------------------------|
| <b>PARKING FACILITIES:</b>                                   |                     |                     |                        |
| Wages-Part time/Temp Employees                               | \$ 13,520           | \$ 10,914           | \$ (2,606)             |
| Social Security Contribution                                 | 838                 | 674                 | (164)                  |
| Medicare Contribution                                        | 196                 | 158                 | (38)                   |
| Equip/Machinery Repair/Maintenance Supplies                  | 500                 | 2,133               | 1,633                  |
| Workers Compensation                                         | 406                 | 490                 | 85                     |
| <b>TOTAL PARKING FACILITIES</b>                              | <b>\$ 15,460</b>    | <b>\$ 14,369</b>    | <b>\$ (1,091)</b>      |
| <b>TOTAL PUBLIC WORKS</b>                                    | <b>\$ 454,742</b>   | <b>\$ 554,463</b>   | <b>\$ 99,721</b>       |
| <b>CULTURE AND RECREATION:</b>                               |                     |                     |                        |
| <b>RECREATION:</b>                                           |                     |                     |                        |
| Equip Repair/Maint Mat/Supplies                              | \$ 4,000            | \$ 1,955            | \$ (2,045)             |
| Electricity Expense                                          | 4,000               | 4,472               | 472                    |
| Water Expense                                                | 500                 | 517                 | 17                     |
| Other Rentals                                                | 5,000               | 7,090               | 2,090                  |
| Playground Construction                                      | -                   | 2,800               | 2,800                  |
| Holiday Expenses/Fireworks                                   | 1,500               | 18,062              | 16,562                 |
| <b>TOTAL RECREATION</b>                                      | <b>\$ 15,000</b>    | <b>\$ 34,896</b>    | <b>\$ 19,896</b>       |
| <b>LIBRARY:</b>                                              |                     |                     |                        |
| Flood Insurance                                              | \$ 1,282            | \$ 1,431            | \$ 149                 |
| Electricity                                                  | 7,500               | 4,545               | (2,955)                |
| Water Expense                                                | 500                 | 173                 | (327)                  |
| Contribution - Borough                                       | 22,000              | 22,000              | -                      |
| <b>TOTAL LIBRARY</b>                                         | <b>\$ 31,282</b>    | <b>\$ 28,149</b>    | <b>\$ (3,133)</b>      |
| <b>OTHER CULTURE &amp; RECREATION:</b>                       |                     |                     |                        |
| Electricity                                                  | \$ 4,000            | \$ 3,475            | \$ (525)               |
| Other Maintenance/Services                                   | -                   | 6,800               | 6,800                  |
| Contribution - Non Governmental Organization                 | 200                 | 100                 | (100)                  |
| Street Scape Design                                          | 500,000             | 23,010              | (476,990)              |
| <b>TOTAL OTHER CULTURE &amp; RECREATION</b>                  | <b>\$ 504,200</b>   | <b>\$ 33,385</b>    | <b>\$ (470,815)</b>    |
| <b>TOTAL CULTURE AND RECREATION</b>                          | <b>\$ 550,482</b>   | <b>\$ 96,429</b>    | <b>\$ (454,053)</b>    |
| <b>DEBT SERVICE:</b>                                         |                     |                     |                        |
| 2017 Northwest GO Loan-Principal                             | \$ 44,312           | \$ 88,624           | \$ 44,312              |
| DPW Truck Lease - Principal                                  | 9,900               | 29,263              | 19,363                 |
| Police Car Lease - Principal                                 | 17,248              | 15,362              | (1,886)                |
| Police Car Lease - Interest                                  | 935                 | 2,821               | 1,886                  |
| DPW Truck Lease - Interest                                   | 1,143               | 1,143               | -                      |
| 2017 Northwest GO Loan-Interest                              | 11,066              | 11,951              | 885                    |
| <b>TOTAL DEBT SERVICE</b>                                    | <b>\$ 84,603</b>    | <b>\$ 149,163</b>   | <b>\$ 64,561</b>       |
| <b>INSURANCE:</b>                                            |                     |                     |                        |
| Property Insurance                                           | \$ 6,736            | \$ 7,555            | \$ 819                 |
| Liability Insurance                                          | 13,353              | 13,377              | 24                     |
| Automobile Insurance                                         | 3,071               | 7,251               | 4,180                  |
| Health Insurance - Retirees                                  | 27,909              | 42,309              | 14,400                 |
| <b>TOTAL INSURANCE</b>                                       | <b>\$ 51,069</b>    | <b>\$ 70,492</b>    | <b>\$ 19,423</b>       |
| <b>OTHER FINANCING USES:</b>                                 |                     |                     |                        |
| Refund of Prior Year Receipts                                | \$ -                | \$ 2,977            | \$ 2,977               |
| <b>TOTAL OTHER FINANCING USES</b>                            | <b>\$ -</b>         | <b>\$ 2,977</b>     | <b>\$ 2,977</b>        |
| <b>TOTAL EXPENDITURES AND OTHER<br/>OTHER FINANCING USES</b> | <b>\$ 2,555,587</b> | <b>\$ 2,441,660</b> | <b>\$ (113,927)</b>    |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SHARPSBURG**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2021**

**SCHEDULE 3**

|                                                | <b>HIGHWAY<br/>AID<br/>FUND</b> | <b>K-9<br/>FUND</b>    | <b>TOTAL<br/>SPECIAL<br/>REVENUE<br/>FUNDS</b> |
|------------------------------------------------|---------------------------------|------------------------|------------------------------------------------|
| <b>ASSETS:</b>                                 |                                 |                        |                                                |
| Cash and Investments                           | \$ 7,079                        | \$ 4,780               | \$ 11,859                                      |
| Due From Other Funds                           | 60,577                          | -                      | 60,577                                         |
| <b>TOTAL ASSETS</b>                            | <b><u>\$ 67,656</u></b>         | <b><u>\$ 4,780</u></b> | <b><u>\$ 72,436</u></b>                        |
| <br><b>LIABILITIES AND FUND BALANCES:</b>      |                                 |                        |                                                |
| <b>LIABILITIES:</b>                            |                                 |                        |                                                |
| Accounts Payable                               | \$ 5,227                        | \$ -                   | \$ 5,227                                       |
| <b>TOTAL LIABILITIES</b>                       | <b><u>\$ 5,227</u></b>          | <b><u>\$ -</u></b>     | <b><u>\$ 5,227</u></b>                         |
| <br><b>FUND BALANCES:</b>                      |                                 |                        |                                                |
| Restricted                                     | \$ 62,429                       | \$ 4,780               | \$ 67,209                                      |
| <b>TOTAL FUND BALANCES</b>                     | <b><u>\$ 62,429</u></b>         | <b><u>\$ 4,780</u></b> | <b><u>\$ 67,209</u></b>                        |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <b><u>\$ 67,656</u></b>         | <b><u>\$ 4,780</u></b> | <b><u>\$ 72,436</u></b>                        |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SHARPSBURG**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                                               | <b>HIGHWAY<br/>AID<br/>FUND</b> | <b>K-9<br/>FUND</b> | <b>TOTAL<br/>SPECIAL<br/>REVENUE<br/>FUNDS</b> |
|---------------------------------------------------------------|---------------------------------|---------------------|------------------------------------------------|
| <b>REVENUES</b>                                               |                                 |                     |                                                |
| Intergovernmental                                             | \$ 84,941                       | \$ -                | \$ 84,941                                      |
| Interest earnings                                             | 29                              | -                   | 29                                             |
| Donations                                                     | -                               | 3,656               | 3,656                                          |
| <b>Total Revenue</b>                                          | <b>\$ 84,970</b>                | <b>\$ 3,656</b>     | <b>\$ 88,626</b>                               |
| <b>EXPENDITURES</b>                                           |                                 |                     |                                                |
| Public Works                                                  | \$ 102,800                      | \$ -                | \$ 102,800                                     |
| <b>Total Expenditures</b>                                     | <b>\$ 102,800</b>               | <b>\$ -</b>         | <b>\$ 102,800</b>                              |
| <b>Excess ( Deficiency) of Revenues<br/>over Expenditures</b> | <b>\$ (17,830)</b>              | <b>\$ 3,656</b>     | <b>\$ (14,174)</b>                             |
| <b>NET CHANGE IN FUND BALANCES</b>                            | <b>\$ (17,830)</b>              | <b>\$ 3,656</b>     | <b>\$ (14,174)</b>                             |
| FUND BALANCE - JANUARY 1, 2021                                | 80,259                          | 1,124               | 132,405                                        |
| <b>FUND BALANCE - DECEMBER 31, 2021</b>                       | <b>\$ 62,429</b>                | <b>\$ 4,780</b>     | <b>\$ 67,209</b>                               |

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