

**BOROUGH
OF
WILSON**

NORTHAMPTON COUNTY

PENNSYLVANIA

**BASIC
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S
REPORT**

As of and for the Year Ended

DECEMBER 31, 2023

**BOROUGH OF WILSON
NORTHAMPTON COUNTY, PENNSYLVANIA**

DECEMBER 31, 2023

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THE DAVID KUNSMAN CORPORATION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Borough Council
Borough of Wilson, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Wilson, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Borough of Wilson's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Wilson, as of December 31, 2023, and the respective changes in modified cash basis financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1C.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Wilson, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis of Accounting

We draw attention to Note 1C of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our 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 financial statements in accordance with the modified cash basis of accounting described in Note 1C, and for determining that the

modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

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

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


Supplementary Information

Our audit was conducted for the purpose of forming opinions on the modified cash basis financial statements as a whole that collectively comprise the Borough of Wilson's basic financial statements. The

management's discussion and analysis, budgetary comparison information, and schedule of funding progress, on pages 33-37, which are the responsibility of management, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The Combining Balance Sheet for Nonmajor Governmental Funds and Combining Statement of Revenues, Expenditures, and Changes in Fund Balance for Nonmajor Governmental funds 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 modified cash basis 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. In our opinion, the Combining Balance Sheet for Nonmajor Governmental Funds and Combining Statement of Revenues, Expenditures, and Changes in Fund Balance for Nonmajor Governmental funds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

THE DAVID KUNSMAN CORPORATION, INC.



David L. Kunsman, Sr., CPA
Audit Engagement Shareholder
Wilson, Pennsylvania

March 21, 2024

**MANAGEMENT'S
DISCUSSION AND
ANALYSIS**

BOROUGH OF WILSON
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2023

Our discussion and analysis of the Borough of Wilson's financial performance provides an overview of the Borough's financial activities for the fiscal year ended December 31, 2023 within the limitations of the Borough's modified cash basis of accounting. Wilson Borough, Northampton County, Pennsylvania operates under the Commonwealth of Pennsylvania Borough Code Act of February 1, 1966 (1965 P.L. 1656, No. 581), as amended. The Borough is organized as a Council-Mayor form of governance, an elected Borough Council, and provides the following services to its residents: public safety, highways and streets, sanitation, culture-recreation, planning and zoning, and general administrative services.

FINANCIAL HIGHLIGHTS

Key government-wide financial highlights for the year are as follows:

- In total, net position was \$8,414,205.
- Government-wide general revenues accounted for \$5,739,208 in revenue or 67.3% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,794,710 or 32.7% of total revenues of \$8,533,918.
- Total assets of government-wide activities were \$8,495,423 of which \$2,643,420 represents unrestricted cash and investments. Fixed assets, net of accumulated depreciation was \$5,199,076.
- The Borough had \$9,658,375 in expenses; only \$2,794,710 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes) of \$5,739,208 were not enough to provide for these programs. Reimbursement-based grants are expected to cover approximately half of the spending deficit from 2023.
- Expenses, after program revenue were \$6,863,665.
- State and local intergovernmental revenues this year were \$477,462.

USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board, as applicable to the Borough's modified cash basis of accounting.

REPORT COMPONENTS

This annual report consists of the following four parts:

1. *Government-wide Financial Statements.* The Statement of Net Position - modified-cash basis and the statement of activities - modified-cash basis (on pages 10-11) provide information about the activities of the Borough government wide (or as a whole) and present a longer-term view of the Borough's finances.
2. *Fund Financial Statements.* Fund financial statements (starting on page 12) focus on the individual parts of the Borough government. Fund financial statements also report the Borough's operations in more detail than the government-wide statements by providing information about the Borough's most significant (major) funds. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. For proprietary activities, these statements offer short-term and long-term financial information about the activities the Borough operate like businesses, such as sewer services.
3. *Notes to the Financial Statements.* The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.
4. *Supplementary Information.* The annual report includes optional financial information such as management's discussion and analysis, budgetary comparison schedule, and combining statements for non-major funds (that are added together and shown in the fund financial statements in a single column). This other supplemental financial information is provided to address certain specific needs of various users of the Borough's annual report.

BASIS OF ACCOUNTING

The Borough has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. In accordance with the Borough's modified cash basis of accounting, revenues and expenses and certain related assets and liabilities are recorded when they result from cash transactions or events, except for certain modifications, such as recording of depreciation expense on capital assets in the government-wide financial statements for all activities and in the fund financial statements for proprietary fund activities.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses and (such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

REPORTING THE BOROUGH AS A WHOLE

THE BOROUGH'S REPORTING ENTITY PRESENTATION

This annual report includes all activities for which the Borough of Wilson's Borough Council is fiscally responsible.

THE GOVERNMENT-WIDE STATEMENT OF NET POSITION – MODIFIED CASH BASIS AND THE STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS

Our financial analysis of the Borough as a whole begins on page 10. The government-wide financial statements are presented on pages 10 and 11. One of the most important questions asked about the Borough's finances is "Is the Borough as a whole better or worse off as a result of this year's activities?" The Statement of Net Position- modified-cash basis and Statement of Activities- modified-cash basis report this information about the Borough as a whole and its activities in a way that helps answer this question. These statements include all the Borough's assets and liabilities as further defined in the notes to the financial statements.

These two statements report the Borough's net position and changes therein. Keeping in mind the limitations of the modified cash basis of accounting, you can think of the Borough's net position – the difference among assets and liabilities – as one way to measure the Borough's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Borough's tax base and the condition of the Borough's roads, to assess the overall health of the Borough.

In the Statement of Net Position - modified-cash basis and Statement of Activities- modified-cash basis, we can divide the Borough into two kinds of activities:

1. *Governmental Activities.* Most of the Borough's basic services are reported here, including police, fire, general administrative, streets, parks, and sanitation. Real estate tax, franchise fees, fines, and state and federal grants finance most of these activities.
2. *Business-type Activities.* The Borough charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Borough's sewer system is reported here.

Defining the Classifications of Expenditure:

- General Government activities includes the activities of the legislative council, the Borough manager's office, financial administration, legal counsel, insurance, and physical plant.

Defining the Classifications of Expenditure (continued):

- General Government activities includes the activities of the legislative council, the Borough manager's office, financial administration, legal counsel, insurance, and physical plant.
- Public safety activities include police protection, code enforcement, fire protection, and planning.
- Trash & Sanitation is the refuse service.
- Public Works includes general services, servicing of streets and storm sewers, and snow and ice removal.
- Health & Welfare includes Animal Control and other general health related charges.
- Cultural and recreation includes the community pool and parks. The library is classified separately as a non-profit entity.
- Other includes the various employee benefits and insurances paid by the Borough.
- Interest on long-term debt and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the Borough.
- Enterprise fund involves the Borough's activities in the public sewer operations.

The dependence upon real estate tax revenues is apparent. The community, as a whole, is the primary support for the Borough of Wilson. The real estate taxes for the Borough are collected from Borough residents. The tax on real estate, as levied by the council, is 25.5 mills (\$25.50 per \$1,000 of assessed valuation) for fiscal year. Assessed valuations of property are determined by Northampton County and the tax collectors are responsible for collection. Taxable Assessed valuation was \$135,609,000 as of October 28, 2022.

REPORTING THE BOROUGH'S MOST SIGNIFICANT FUNDS

THE FUND FINANCIAL STATEMENTS

The fund financial statements begin on page 12 and provide detailed information about the most significant funds, not the Borough as a whole. Some funds are required to be established by State law. However, the Borough Council establishes certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Borough's two kinds of funds – governmental and proprietary – use different accounting approaches.

1. Governmental Funds

Most of the Borough's basic services are reported in governmental funds that focus on how money flows into and out of those funds and the balances left at year-end available for spending. The governmental fund statements provide a detailed short-term view of the Borough's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the Borough's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position- modified-cash basis and the Statement of Activities- modified-cash basis) and governmental funds in a reconciliation at the bottom of the fund financial statements. The Borough considers the General Fund and the Special Revenue Fund to be its significant or major governmental funds. All other funds are aggregated in a single column titled "Non-Major Funds."

- 2. Proprietary Funds.*** When the Borough charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way all activities are reported in the Statement of Net Position- modified-cash basis and Statement of Activities- modified-cash basis. For example, Proprietary fund capital assets are capitalized and depreciated. In fact, the Borough's proprietary (enterprise) fund financial statements are essentially the same as the business-type activities we report in the government wide financial statements, but the fund statements provide more detail and additional information.

BOROUGH OF WILSON
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
 December 31, 2023

A FINANCIAL ANALYSIS OF THE BOROUGH AS A WHOLE

Net Position – Modified Cash Basis

The Borough's combined net position resulting from modified cash basis transactions or events decreased from approximately \$9.54 million to \$8.41 million between the years 2022 and 2023. Looking at the net position and net expenses of governmental and business-type activities.

| | Governmental Activities | | Business-Type Activities | | Total | | Total % Change 22-23 |
|----------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|----------------------------|
| | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | |
| Current and other assets | \$ 2,550,685 | \$ 1,631,307 | \$ 1,744,470 | \$ 1,564,259 | \$ 4,295,155 | \$ 3,195,566 | -25.6% |
| Capital assets, net depreciation | 5,233,482 | 5,217,620 | 84,935 | 82,237 | 5,318,417 | 5,299,857 | -0.3% |
| Total assets | 7,784,167 | 7,784,167 | 1,829,405 | 1,646,496 | 9,613,572 | 8,495,423 | -11.6% |
| Outstanding Lease | 69,762 | 73,374 | - | - | 69,762 | 73,374 | 5.2% |
| Other liabilities | 5,148 | 7,844 | - | - | 5,148 | 7,844 | 52.4% |
| Total liabilities | 74,910 | 81,218 | - | - | 74,910 | 81,218 | 8.4% |
| Net position: | | | | | | | |
| Net investment in capital assets | 5,233,482 | 5,217,620 | 84,935 | 82,237 | 5,318,417 | 5,299,857 | -0.3% |
| Restricted | 316,458 | 470,928 | - | - | 316,458 | 470,928 | 48.8% |
| Unrestricted | 2,159,317 | 1,079,161 | 1,744,470 | 1,564,259 | 3,903,787 | 2,643,420 | -32.3% |
| Total net position | \$ 7,709,257 | \$ 6,767,709 | \$ 1,829,405 | \$ 1,646,496 | \$ 9,538,862 | \$ 8,414,205 | -11.8% |

Net position of the Borough's business-type activities decreased approximately 10% to \$1.65 million. This decrease is due to the purchase of the police vehicle from the sewer fund and a significant decrease in the amount of the EAJSA rebate check. The sewer utility cost was increased in the past from \$4.10 per unit to \$5.50 per unit at the end of 2018, and remains the same at the end of 2023. Sewer utility bill revenue is \$179,377 higher than sewer authority charges, therefore without using sewer funds for general expense reimbursements and apportionments, the sewer fund is considered self-sustaining.

Changes in Net Position – Modified Cash Basis

Changes from 2022 to 2023 reflect an unfavorable decrease of 4% in total activities revenues and a decrease of 3% for governmental activities revenues and decrease of 7% for business-type activities revenues. Sewer revenue decreased in 2023 from 2022 and the 2022 grant revenue did not reoccur in 2023. Governmental revenue decrease was mostly due to a significant drop in tax revenue from 2022 to 2023 specifically within the property tax, transfer tax, and business gross receipts tax.

Changes from 2022 to 2023 reflect an unfavorable increase of 11% in total activities expenses, which breaks down into an increase of 10% for governmental activities expenses and increase of 14% for business-type activities expenses. In addition to the additional spending on street and police projects that expect to be reimbursed by grants in 2024, there was a significant increase in trash collection costs due to the expired contract with the previous collector.

BOROUGH OF WILSON
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 December 31, 2023

Changes in Net Position – Modified Cash Basis (cont.)

For the year ended December 31, 2023, net position of the primary government (resulting from modified cash basis transactions or events) changed as follows:

| | Governmental Activities | | Business-Type Activities | | Total | | Total % Change |
|---|-------------------------|--------------------|--------------------------|--------------------|--------------------|--------------------|-------------------|
| | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | |
| Revenues | | | | | | | |
| Program Revenues | | | | | | | |
| Charges for services | \$955,232 | \$1,057,570 | \$1,298,466 | \$1,228,340 | \$2,253,698 | \$2,285,910 | 1.43% |
| Operating grants and contributions | 591,382 | 464,448 | 0 | 0 | \$591,382 | \$464,448 | -21.46% |
| Capital grants and contributions | 60,561 | 44,352 | 53,550 | 0 | \$114,111 | \$44,352 | -61.13% |
| General Revenues | | | | | | | |
| Taxes | 5,201,267 | 4,978,569 | 0 | 0 | \$5,201,267 | \$4,978,569 | -4.28% |
| Intergovernmental | 440,722 | 477,462 | 0 | 0 | \$440,722 | \$477,462 | 8.34% |
| Investment income | 4,425 | 39,665 | 2,569 | 25,927 | \$6,994 | \$65,592 | 837.83% |
| Miscellaneous | 248,156 | 217,585 | 0 | 0 | \$248,156 | \$217,585 | -12.32% |
| Total revenues | 7,501,745 | 7,249,651 | 1,354,585 | 1,254,267 | 8,856,330 | 8,503,918 | -3.98% |
| Expenses | | | | | | | |
| General government | 557,010 | 587,628 | 0 | 0 | 557,010 | 587,628 | 5.50% |
| Public safety | 3,108,459 | 3,383,729 | 0 | 0 | 3,108,459 | 3,383,729 | 8.86% |
| Trash and sanitation | 712,683 | 1,254,135 | 0 | 0 | 712,683 | 1,254,135 | 75.97% |
| Streets and public works | 958,200 | 1,124,657 | 0 | 0 | 958,200 | 1,124,657 | 17.37% |
| Health and welfare | 5,838 | 7,589 | 0 | 0 | 5,838 | 7,589 | 29.99% |
| Culture and recreation | 295,946 | 305,240 | 0 | 0 | 295,946 | 305,240 | 3.14% |
| Library | 73,540 | 72,781 | 0 | 0 | 73,540 | 72,781 | -1.03% |
| Other | 1,829,262 | 1,566,214 | 0 | 0 | 1,829,262 | 1,566,214 | -14.38% |
| Sewer | 0 | 0 | 1,189,324 | 1,356,402 | 1,189,324 | 1,356,402 | 14.05% |
| Total expenses | 7,540,938 | 8,301,973 | 1,189,324 | 1,356,402 | 8,730,262 | 9,658,375 | 10.63% |
| Excess (Deficiency) Revenue over Expenditures | (39,193) | (1,052,322) | 165,261 | (102,135) | 126,068 | (1,124,457) | -991.94% |
| Transfers | 11,546 | 80,774 | (11,546) | (80,774) | 0 | 0 | 0% |
| Increase (decrease) in net position | (27,647) | (971,548) | 153,715 | (182,909) | 126,068 | (1,124,457) | -991.94% |
| Ending Net Position | \$7,709,257 | \$6,767,709 | \$1,829,405 | \$1,646,496 | \$9,538,662 | \$8,414,205 | -11.79% |

Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different from a typical Statement of Revenue, Expenses, and Changes in Fund Balance- modified-cash basis. You will notice that expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. This type of format highlights the relative financial burden of each of the functions on the Borough's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue, even if restricted for a specific purpose.

BOROUGH OF WILSON
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 December 31, 2023

For the year ended December 31, 2023, the Borough's governmental activities were funded as follows:

| | Total Cost of Services | | Percentage | Net Cost of Services | | Percentage |
|--------------------------|------------------------|---------------------|---------------|-----------------------|-----------------------|---------------|
| | 2022 | 2023 | Change | 2022 | 2023 | Change |
| General government | \$ 557,010 | \$ 587,628 | 5.50% | \$ (557,010) | \$ (587,628) | 5.50% |
| Public safety | 3,108,459 | 3,383,729 | 8.86% | (2,779,285) | (3,191,218) | 14.82% |
| Trash and sanitation | 712,683 | 1,254,135 | 75.97% | 79,626 | (287,785) | -461.42% |
| Streets and public works | 958,200 | 1,124,657 | 17.37% | (657,377) | (764,478) | 16.29% |
| Health and welfare | 5,838 | 7,589 | 29.99% | (5,838) | (7,589) | 29.99% |
| Culture and recreation | 295,946 | 305,240 | 3.14% | (277,366) | (257,910) | -7.01% |
| Library | 73,540 | 72,781 | -1.03% | (73,540) | (72,781) | -1.03% |
| Other | 1,829,262 | 1,566,214 | -14.38% | (1,662,973) | (1,566,214) | -5.82% |
| Total | \$ 7,540,938 | \$ 8,301,973 | 10.09% | \$ (5,933,763) | \$ (6,735,603) | 13.51% |

For the year ended December 31, 2023, total expenses for governmental activities resulting from modified cash basis transactions or events amounted to \$8,301,973. Of these total expenses, taxpayers and other general revenues funded only \$5,713,281, and those directly benefiting from the program funded \$508,800 from grants and other contributions and \$1,057,570 from charges for services. The remainder was funded by a transfer of sewer capacity funds in the amount of \$80,774 in the form of public safety vehicle purchases and cash reserves.

Business-Type Activities

In reviewing the business-type activities' net (expense)/revenue resulting from modified cash basis transactions or events, certain activities need to be examined more closely. The sewer service activity reported operating income of \$(128,062). In addition, a \$1.40 per unit rate increase in 2018, has increased the net revenue in 2019. Rates have remained the same since 2018.

A FINANCIAL ANALYSIS OF THE BOROUGH'S FUNDS

Certain funds experienced noteworthy changes from the prior year and are highlighted as follows:

- In accordance with the modified cash basis of accounting, the General Fund reported revenues of \$6,566,179, expenditures of \$7,397,700, and net transfers & refunds of \$156,296 resulting in a decrease in the fund balance of \$675,224.
- The Borough's sewer activities reported a decrease of \$182,909 in net position on a modified cash basis and ended the year with \$1,646,496 in the unrestricted component of net position.

General Fund Budgetary Highlights

Over the course of the year, the Borough Council has not revised the General Fund budget. The budget, was consistent with the prior year budget. The advertised budget includes special revenue fund items in the form of grant revenue and expenditures. These are moved to the transfers to other funds line item for the budgetary comparison schedule.

For the year ended December 31, 2023, General Fund expenditures were \$290,374 or 4% below final appropriations, and General Fund revenues were \$122,641 or 2% below the final budgeted amount.

The majority of these differences were due to street project project delays that pushed revenues and expenses back to the year 2024 or later.

Fund Balances – Governmental Funds

For the year ended December 31, 2023, the Borough's governmental funds reported total fund balances on a modified cash basis of \$1,623,463, of which \$197,281 was restricted for specific purposes; \$320,997 was committed for specific purposes; and \$577,571 was assigned for specific purposes, leaving a remaining amount of \$1,727,311 as unassigned.

BOROUGH OF WILSON
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 December 31, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – Modified Cash Basis

At December 31, 2023, the Borough had \$5.2 million invested in capital assets, net of depreciation, on the modified cash basis of accounting, including police and fire equipment, buildings, park improvements, and vehicles (see the following table). This represents a decrease of approximately \$119,341, or 2.2%, from the last year. This decrease is the result of a combination of depreciation, asset purchases, and asset disposals. A significant purchase was the police radio equipment through grants.

Primary Government Capital Assets – Modified Cash Basis (Net of Accumulated Depreciation)

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Totals</u> | |
|-----------------------------------|--------------------------------|---------------------|---------------------------------|------------------|---------------------|---------------------|
| | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 |
| Land | \$ 100,781 | \$ 100,781 | \$ 0 | \$ 0 | \$ 100,781 | \$ 100,781 |
| Land Improvements | \$ 988,775 | \$ 957,120 | \$ 0 | \$ 0 | \$ 988,775 | \$ 957,120 |
| Buildings & Building Improvements | \$ 1,617,472 | \$ 1,553,546 | \$ 0 | \$ 0 | \$ 1,617,472 | \$ 1,553,546 |
| Equipment | \$ 858,293 | \$ 916,587 | \$ 0 | \$ 0 | \$ 858,293 | \$ 916,587 |
| Vehicles | \$ 1,532,780 | \$ 1,569,595 | \$ 0 | \$ 0 | \$ 1,532,780 | \$ 1,569,595 |
| Furniture & Fixtures | \$ 135,381 | \$ 119,991 | \$ 0 | \$ 0 | \$ 135,381 | \$ 119,991 |
| Utility Property | \$ 0 | \$ 0 | \$ 84,935 | \$ 82,237 | \$ 84,935 | \$ 82,237 |
| | <u>\$ 5,233,482</u> | <u>\$ 5,116,839</u> | <u>\$ 84,935</u> | <u>\$ 82,237</u> | <u>\$ 5,318,417</u> | <u>\$ 5,199,076</u> |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

For the upcoming year ended December 31, 2024, the Borough's budget is fairly consistent with this year. Significant differences are due to salary increases for staff and the corresponding expenses such as group benefits and taxes, police building and street projects, and grants applied for or approved from one year to the next. The trash removal contract expired and a new company was hired at a significantly higher rate in 2023. Since billings are done six months behind, the revenue for the first half of the year covered 2022 rates. The fees were increased to regular \$127.50 and senior \$100.50 per quarter. These fees will show for the entire year of 2024.

CURRENT FINANCIAL ISSUES AND CONCERNS

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Borough's finances and to demonstrate the Borough's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Borough at 610-258-6142 or at the Borough offices, 2040 Hay Terrace, Wilson, Pennsylvania 18042.

BASIC

FINANCIAL

STATEMENTS

Borough of Wilson, Northampton County, Pennsylvania
Statement of Net Position - Modified Cash Basis - Government-Wide
December 31, 2023

| | Primary Government | | Total |
|--|----------------------------|-----------------------------|--------------------|
| | Governmental Activities | Business-Type Activities | |
| ASSETS | | | |
| Cash and cash equivalents | \$1,631,307 | \$1,054,573 | \$2,685,880 |
| Due from other funds, net | -00 | -00 | -00 |
| Investments | -00 | 509,686 | 509,686 |
| Capital assets (Note 3C): | | | |
| Land | 100,781 | -00 | 100,781 |
| Capital assets, net of accumulated depreciation | 5,116,839 | 82,237 | 5,199,076 |
| Total Assets | 6,848,927 | 1,646,496 | 8,495,423 |
| LIABILITIES | | | |
| Due to enterprise fund | -00 | -00 | -00 |
| Due to other governments | 7,844 | -00 | 7,844 |
| Long-term liabilities: | | | |
| Due within one year | 49,268 | -00 | 49,268 |
| Due in more than one year | 24,106 | -00 | 24,106 |
| Total Liabilities | 81,218 | -00 | 81,218 |
| NET POSITION | | | |
| Net investment in capital assets | 5,217,620 | 82,237 | 5,299,857 |
| Restricted for: | | | |
| Debt Service | 320,997 | -00 | 320,997 |
| Other purposes | 149,931 | -00 | 149,931 |
| Unrestricted | 1,079,161 | 1,564,259 | 2,643,420 |
| Total Net Position | \$6,767,709 | \$1,646,496 | \$8,414,205 |

See accompanying notes to the basic financial statements.

Borough of Wilson, Northampton County, Pennsylvania
Statement of Activities - Modified Cash Basis - Government-Wide
For Year Ended December 31, 2023

| Functions/ Programs | Program Revenues | | | Net Revenue (Expense) and Changes in Net Position | | | |
|--|------------------|----------------------|---|---|-------------------------|--------------------------|--------------------|
| | Expenses | Charges for Services | Program-Specific Operating Grants and Contributions | Program-Specific Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Primary Government | | | | | | | |
| Governmental Activities: | | | | | | | |
| General Government | \$587,628 | \$-00 | \$-00 | \$-00 | \$(587,628) | \$-00 | \$(587,628) |
| Public Safety | 3,383,729 | 69,717 | 122,794 | -00 | (3,191,218) | -00 | (3,191,218) |
| Trash/Sanitation | 1,254,135 | 966,350 | -00 | -00 | (287,785) | -00 | (287,785) |
| Streets and Public Works | 1,124,657 | 3,001 | 312,826 | 44,352 | (764,478) | -00 | (764,478) |
| Health and Welfare | 7,589 | -00 | -00 | -00 | (7,589) | -00 | (7,589) |
| Library | 72,781 | -00 | -00 | -00 | (72,781) | -00 | (72,781) |
| Culture and Recreation | 305,240 | 18,502 | 28,828 | -00 | (257,910) | -00 | (257,910) |
| Other | 1,566,214 | -00 | -00 | -00 | (1,566,214) | -00 | (1,566,214) |
| Unallocated Interest | -00 | -00 | -00 | -00 | -00 | -00 | -00 |
| Unallocated Depreciation | -00 | -00 | -00 | -00 | -00 | -00 | -00 |
| Total Governmental Activities | 8,301,973 | 1,057,570 | 464,448 | 44,352 | (6,735,603) | -00 | (6,735,603) |
| Business-Type Activities: | | | | | | | |
| Sewer Enterprise | 1,356,402 | 1,228,340 | -00 | -00 | -00 | (128,062) | (128,062) |
| Total Business-Type Activities | 1,356,402 | 1,228,340 | -00 | -00 | -00 | (128,062) | (128,062) |
| Total Primary Government | 9,658,375 | 2,285,910 | 464,448 | 44,352 | (6,735,603) | (128,062) | (6,863,665) |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property Taxes | | | | | 3,213,881 | -00 | 3,213,881 |
| Earned Income Taxes | | | | | 1,162,170 | -00 | 1,162,170 |
| Business Privilege Taxes | | | | | 136,423 | -00 | 136,423 |
| Licenses & Permits | | | | | 199,014 | -00 | 199,014 |
| Public Service Taxes | | | | | 267,081 | -00 | 267,081 |
| Intergov'tal revenue not restricted to specific programs | | | | | 477,462 | -00 | 477,462 |
| Investment Income | | | | | 39,665 | 25,927 | 65,592 |
| Miscellaneous | | | | | 217,585 | -00 | 217,585 |
| Transfers - Internal Activity, net | | | | | 80,774 | (80,774) | -00 |
| Total General Revenues and Transfers | | | | | 5,794,055 | (84,847) | 5,739,208 |
| Change in Net Position of Governmental Activities | | | | | (941,548) | (182,909) | (1,124,457) |
| Net Position - Beginning | | | | | 7,709,257 | 1,829,405 | 9,538,662 |
| Net Position - Ending | | | | | \$6,767,709 | \$1,646,496 | \$8,414,205 |

See accompanying notes to the financial statements.

Borough of Wilson, Northampton County, Pennsylvania
Balance Sheet - Modified Cash Basis
Governmental Funds
December 31, 2023

| | General Fund | Debt Service Fund | Special Revenue - Highway Aid Fund | Special Revenue - ARPA Fund | Other Nonmajor Special Revenue Funds | Total Gov't Funds |
|--------------------------------------|--------------------|-------------------|------------------------------------|-----------------------------|--------------------------------------|--------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$1,113,029 | \$320,997 | \$197,281 | \$-00 | \$-00 | \$1,631,307 |
| ADP Temporary Holding Fund | \$-00 | | | | | |
| Interfund Receivables | 524,473 | -00 | -00 | -00 | -00 | 524,473 |
| Investments | -00 | -00 | -00 | -00 | -00 | -00 |
| Total Assets | <u>\$1,637,502</u> | <u>\$320,997</u> | <u>\$197,281</u> | <u>\$-00</u> | <u>\$-00</u> | <u>\$2,155,780</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Due to other governments | \$7,844 | \$-00 | \$-00 | \$-00 | \$-00 | \$7,844 |
| Interfund payables | -00 | -00 | -00 | -00 | 524,473 | 524,473 |
| Total Liabilities | <u>7,844</u> | <u>-00</u> | <u>-00</u> | <u>-00</u> | <u>524,473</u> | <u>532,317</u> |
| Fund Balances (see note 1D): | | | | | | |
| Nonspendable | -00 | -00 | -00 | -00 | (524,473) | (524,473) |
| Restricted | -00 | -00 | 197,281 | -00 | -00 | 197,281 |
| Committed | -00 | 320,997 | -00 | -00 | -00 | 320,997 |
| Assigned | 589,439 | -00 | -00 | -00 | -00 | 589,439 |
| Unassigned | 1,040,219 | -00 | -00 | -00 | -00 | 1,040,219 |
| Total Fund Balances | <u>1,629,658</u> | <u>320,997</u> | <u>197,281</u> | <u>-00</u> | <u>(524,473)</u> | <u>1,623,463</u> |
| Total Liabilities and Fund Balances | <u>\$1,637,502</u> | <u>\$320,997</u> | <u>\$197,281</u> | <u>\$-00</u> | <u>\$-00</u> | <u>\$2,155,780</u> |

Reconciliation to Statement of Net Position - Modified Cash Basis:

Amounts reported for governmental activities in the statement of net position-modified cash basis are different because:

Capital assets used in governmental activities of \$12,062,095 net of accumulated depreciation of \$6,844,475 are not financial resources, and therefore are not reported in the funds. 5,217,620

Debt principal additions is a fixed asset lease of \$54,882 and repayment of debt principal of \$51,270 is an expenditure in the governmental funds. (73,374)

Net position of governmental activities \$6,767,709

See accompanying notes to the basic financial statements.

Borough of Wilson, Northampton County, Pennsylvania
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2023

| | General Fund | Debt Service Fund | Special Revenue - Highway Aid Fund | Other Nonmajor Special Revenue Funds | Total Gov't Funds |
|---|------------------|-------------------------|---|--|----------------------|
| Revenues: | | | | | |
| Taxes and penalties, net discounts and allowances (see note 3H) | \$4,779,554 | \$-00 | \$-00 | \$-00 | \$4,779,554 |
| Licenses and permits | 199,014 | -00 | -00 | -00 | 199,014 |
| Fines and Forfeitures | 52,515 | -00 | -00 | -00 | 52,515 |
| Rents and royalties | 40,600 | -00 | -00 | -00 | 40,600 |
| Intergovernmental | 373,899 | -00 | 197,112 | 421,294 | 992,305 |
| Charges for services | 1,065,127 | -00 | -00 | -00 | 1,065,127 |
| Investment income | 32,642 | 4,539 | 2,484 | -00 | 39,665 |
| Miscellaneous | 22,828 | -00 | -00 | -00 | 22,828 |
| Total Revenue | <u>6,566,179</u> | <u>4,539</u> | <u>199,596</u> | <u>421,294</u> | <u>7,191,608</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General Government: | | | | | |
| Legislative body | 24,046 | -00 | -00 | -00 | 24,046 |
| Executive body | 99,173 | -00 | -00 | -00 | 99,173 |
| Auditing services | 22,700 | -00 | -00 | -00 | 22,700 |
| Tax collection | 16,945 | -00 | -00 | -00 | 16,945 |
| Legal services | 97,885 | -00 | -00 | -00 | 97,885 |
| Secretary/clerk | 29,568 | -00 | -00 | -00 | 29,568 |
| General government other | 228,150 | -00 | -00 | -00 | 228,150 |
| Capital outlay - General Gov't | -00 | -00 | -00 | -00 | -00 |
| Public Safety: | | | | | |
| Police | 1,962,992 | -00 | -00 | -00 | 1,962,992 |
| Capital outlay - Police | 72,501 | -00 | -00 | 252,976 | 325,477 |
| Fire | 951,633 | -00 | -00 | -00 | 951,633 |
| Capital outlay - Fire | 8,370 | -00 | -00 | 82,925 | 91,295 |
| Code | 106,173 | -00 | -00 | -00 | 106,173 |
| Zoning | 67,240 | -00 | -00 | -00 | 67,240 |
| Emergency management | 1,300 | -00 | -00 | -00 | 1,300 |
| Health and Welfare | 7,589 | -00 | -00 | -00 | 7,589 |
| Streets and Public Works: | | | | | |
| Streets and bridges | 563,266 | -00 | 181,529 | 289,972 | 1,034,767 |
| Capital outlay - Public works | -00 | -00 | 6,650 | -00 | 6,650 |
| Sanitation | 1,254,135 | -00 | -00 | -00 | 1,254,135 |
| Culture and Recreation: | | | | | |
| Parks and recreation | 211,592 | -00 | -00 | 15,627 | 227,219 |
| Capital outlay - recreation | 4,580 | -00 | -00 | 7,600 | 12,180 |
| Library | 72,781 | -00 | -00 | -00 | 72,781 |
| Community Development | 9 | -00 | -00 | 10,000 | 10,009 |
| Debt service - principal | 28,858 | -00 | 22,413 | -00 | 51,271 |
| Debt service - interest | -00 | -00 | 2,587 | -00 | 2,587 |
| Employer Paid Benefits and W/H | 1,453,530 | -00 | -00 | -00 | 1,453,530 |
| Insurance | 112,683 | -00 | -00 | -00 | 112,683 |
| Unclassified Operating Expenditures | -00 | -00 | -00 | -00 | -00 |
| Total Expenditures | <u>7,397,699</u> | <u>-00</u> | <u>213,179</u> | <u>659,100</u> | <u>8,269,978</u> |

(continued)

Borough of Wilson, Northampton County, Pennsylvania
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2023

Other Financing Sources (Uses):

| | | | | | |
|--------------------------------------|--------------------|------------------|------------------|--------------------|--------------------|
| Transfers in | 80,774 | -00 | -00 | -00 | 80,774 |
| Transfers out | -00 | -00 | -00 | -00 | -00 |
| Refund of prior year revenues | -00 | -00 | -00 | -00 | -00 |
| Refund of prior year expenditures | 75,522 | -00 | -00 | -00 | 75,522 |
| Total other financing sources (uses) | <u>156,296</u> | <u>-00</u> | <u>-00</u> | <u>-00</u> | <u>156,296</u> |
| Change in Fund Balances | (675,224) | 4,539 | (13,583) | (237,806) | (922,074) |
| Fund Balances - beginning | <u>2,304,882</u> | <u>316,458</u> | <u>210,864</u> | <u>(286,667)</u> | <u>2,545,537</u> |
| Fund Balances - ending | <u>\$1,629,658</u> | <u>\$320,997</u> | <u>\$197,281</u> | <u>\$(524,473)</u> | <u>\$1,623,463</u> |

Reconciliation to Statement of Activities - Modified Cash Basis:

Change in Fund Balance - total governmental funds (922,074)

Amounts reported for governmental activities in the statement of activities-modified cash basis are different because:

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

| | |
|--|----------|
| Capital debt obligation principal payments | 51,270 |
| Addition to debt principal | (54,882) |

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

| | |
|--|-----------|
| Capital asset purchases and acquisitions capitalized | 503,004 |
| Depreciation expense | (518,866) |
| Capital asset dispositions, net accumulated depreciation | -00 |

Change in Governmental Fund Balance \$(941,548)

Borough of Wilson, Northampton County, Pennsylvania
Statement of Net Position - Modified Cash Basis
Proprietary Fund
December 31, 2023

| | Sewer Enterprise Fund |
|---|--------------------------|
| ASSETS | |
| Current Assets: | |
| Cash and cash equivalents | \$1,054,573 |
| Investments | 509,686 |
| Total Current Assets | 1,564,259 |
| Non-Current Assets | |
| Restricted cash and cash equivalents | -00 |
| Other capital assets, net of accumulated depreciation | 82,237 |
| Total Non-Current Assets | 82,237 |
| Total Assets | 1,646,496 |
| LIABILITIES | |
| Current Liabilities: | |
| Notes payable - current portion | -00 |
| Total Current Liabilities | -00 |
| Non-Current Liabilities: | |
| Notes payable - long-term portion | -00 |
| Total Non-Current Liabilities | -00 |
| Total Liabilities | -00 |
| NET POSITION | |
| Net investment in capital assets | 82,237 |
| Restricted | -00 |
| Unrestricted | 1,564,259 |
| Total Net Position | \$1,646,496 |

See accompanying notes to the basic financial statements.

Borough of Wilson, Northampton County, Pennsylvania
Statement of Revenues, Expenses, and Changes in Fund Net Position - Modified Cash Basis
Proprietary Fund
December 31, 2023

| | <u>Sewer Enterprise Fund</u> |
|---|--------------------------------------|
| Operating Revenues: | |
| Charges for services: | |
| Sewer and Penalties, net discounts and allowances (see note 3H) | \$1,228,340 |
| Grant Proceeds | \$-00 |
| Other | -00 |
| Total Operating Revenues | <u>1,228,340</u> |
| Operating Expenses: | |
| Sewer - EAJSA | 1,048,963 |
| Administration/general | 304,741 |
| Depreciation | 2,698 |
| Total Operating Expenses | <u>1,356,402</u> |
| Operating Income | (128,062) |
| Non-Operating Revenues: | |
| Investment income | 25,927 |
| Total Non-Operating Revenue | <u>25,927</u> |
| Net Income before Contributions and Transfers | (102,135) |
| Other Financing Uses | |
| Transfers in | -00 |
| Transfers out | (80,774) |
| Total Other Financing Uses | <u>(80,774)</u> |
| Changes in Fund Net Position | (182,909) |
| Total Fund Net Position - beginning | 1,829,405 |
| Total Fund Net Position - ending | <u><u>\$1,646,496</u></u> |

See accompanying notes to the basic financial statements.

Borough of Wilson, Northampton County, Pennsylvania
Statement of Cash Flows - Modified Cash Basis
Proprietary Fund
December 31, 2023

| | <u>Sewer Enterprise Fund</u> |
|---|--------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from customers | \$1,228,340 |
| Receipts from grant | \$-00 |
| Payments to other supplies of goods and services | (1,048,963) |
| Payments to employees for services | (163,041) |
| Payments for fixed asset acquisition | -00 |
| Other operating cash payments | (141,699) |
| Net Cash Provided by Operating Activities | <u>(125,363)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | |
| Transfers to other funds | (80,774) |
| Transfers from other funds | -00 |
| Capacity sales | -00 |
| Net Cash Used by Non-Capital Financing Activities | <u>(80,774)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Principal paid on capital debt | -00 |
| Interest paid on capital debt | -00 |
| Capital contributions | -00 |
| Net Cash Provided by Capital and Related Financing Activities | <u>-00</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest and dividends | 8,683 |
| Receipts from matured investments | 508,985 |
| Payments to investments | -00 |
| Net Cash Provided by Investing Activities | <u>517,668</u> |
| Net Increase in Cash and Cash Equivalents | 311,531 |
| Balance - beginning of the year | 743,042 |
| Balance - ending of the year | <u><u>\$1,054,573</u></u> |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income (loss) | (128,062) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Change in assets and liabilities: | |
| Due from other governments | -00 |
| Depreciation | 2,699 |
| Miscellaneous non-operating receipts | -00 |
| Net cash provided by operating activities | <u><u>\$(125,363)</u></u> |

See accompanying notes to the basic financial statements.

BOROUGH OF WILSON, NORTHAMPTON COUNTY, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.C, these financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP in substance but limited to elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified basis of accounting.

1A. FINANCIAL REPORTING ENTITY

The Borough's financial reporting entity is composed of the following:

Primary Government: Borough of Wilson

PRIMARY GOVERNMENT

The Borough of Wilson is located in Northampton County, Pennsylvania. The Borough is a municipal corporation and is governed by a Borough Council and a Mayor. The daily operations and management of the Borough are performed by the administrative staff of the Borough, headed by the Borough Manager, who is appointed by the Borough Council.

1B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position - modified-cash basis and Statement of Activities - modified-cash basis display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund balance, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The Borough has no fiduciary funds, included in the financial statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Borough meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type,
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described subsequently:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Borough and always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either restricted or committed to expenditures for specified purposes other than debt service or capital projects. The reporting entity includes the following special revenue funds, all of which are reported as major funds.

| <i>Fund</i> | <i>Brief Description</i> |
|---------------------------|---|
| Highway Liquid Fuels Fund | Accounts for gasoline excise and commercial vehicle taxes legally restricted for street and alley improvements. |
| Community Grant Funds | Accounts for revenues and expenditures of state and federal grants per the grant agreements. |

Debt Service Funds

Debt service funds are used to account for funds held for the purposes of paying current and future debt principal in interest. The reporting entity includes the following capital project fund that is reported as a non-major fund:

| <i>Fund</i> | <i>Brief Description</i> |
|-------------------|--|
| Debt Service Fund | Accounts for funds held in case of future need of payments towards debt principal or interest. |

Capital Project Funds

Capital project funds are used to account and report financial resources restricted, committed or assigned for capital outlays including the acquisition or construction of specific capital facilities or other capital items. The reporting entity includes the following capital project fund that is reported as a non-major fund:

| <i>Fund</i> | <i>Brief Description</i> |
|--------------------------|---|
| Capital Improvement Fund | Accounts for contributions and specific revenues and transfers from other Borough funds and expenditures for various capital projects as the Borough Council may designate. |

Proprietary Funds

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund:

| <i>Fund</i> | <i>Brief Description</i> |
|------------------------|---|
| Sewer Enterprise Funds | Accounts for the activities of the public trust in providing sewer and wastewater services to the public. |

1C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

MEASUREMENT FOCUS

In the government-wide Statement of Net Position - modified-cash basis and the Statement of Activities - modified-cash basis, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined subsequently in item (b).

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

- a. All governmental funds utilize a "current financial resources" measurement focus within the limits of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets (whether current or non-current, financial or non-financial) associated with their activities are reported within the limitations of the modified cash basis of accounting.

BASIS OF ACCOUNTING

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivable and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows or resources that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the Borough utilized GAAP, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented in accordance with the accrual basis of accounting.

1D. FINANCIAL POSITION

CASH AND CASH EQUIVALENTS

For the purpose of financial reporting, "cash and cash equivalents" include all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

INVESTMENTS

Investments classified in the financial statements consist entirely of certificates of deposit acquired with cash whose original maturity term exceeds 3 months. Investments are carried at cost, which approximates fair value.

DUE FROM OTHER FUNDS OR GOVERNMENTS

Receivables and payables to other funds or governments arising from cash transactions or events are recorded in the financial statements as a modification to the cash basis of accounting.

CAPITAL ASSETS

The Borough's modified cash basis of accounting reports capital assets resulting from cash transactions or events and reports depreciation when appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements

In the government-wide financial statements, capital assets arising from cash transactions or events are accounted for as assets in the Statement of Net Position - modified-cash basis. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to January 1, 2004. Prior to January 1, 2004, government funds' capital assets were not capitalized. Land and capital assets acquired since January 1, 2004, are capitalized and recorded at cost.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities - modified-cash basis, with accumulated depreciation reflected in the Statement of Net Position - modified-cash basis. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The capitalization threshold varies by asset type. The range of estimated useful lives by type of asset is as follows:

| | |
|-------------------------------------|-------------|
| Buildings and Grounds | 20-50 years |
| Improvements other than building | 20-30 years |
| Machinery, furniture, and equipment | 5-30 years |
| Motor vehicles | 5-15 years |
| Infrastructure (prospective only) | 25-50 years |

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions or events acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

LONG-TERM DEBT

All long-term secured debt arising from cash transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

Long-term debt arising from cash transactions or events of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

NET POSITION/FUND BALANCE CLASSIFICATIONS

Government-Wide Statements

Net Position is classified and displayed in three components:

- a. *Net investment in capital assets.* Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted.* Consists of restricted assets reduced by liabilities related to these assets, with restriction constraints placed on use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or by law through constitutional provisions or enabling legislation.
- c. *Unrestricted.* Net amount of assets and liabilities that are not included in the determination of net investment in capital assets.

It is the Borough's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The Borough will also expend committed funds first, then assigned amounts, followed by unassigned funds when an expenditure is incurred for purposes in which any of the unrestricted fund balance classifications could be used.

Fund Financial Statements

Governmental Funds

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

The difference among assets and liabilities of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed assigned, and unassigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

- a. **Nonspendable** Amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact.
- b. **Restricted** – Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislations.
- c. **Committed** – Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the Borough's highest level of decision-making authority (Council), and recording such in the minutes.
- d. **Assigned** – Amounts constrained by the Borough's intent to be used or specific purpose but that are neither restricted nor committed. It is decided by Council and recorded in the minutes.
- e. **Unassigned** – The residual classification of the General Fund for spendable amounts that have not been restricted, committed or assigned to specific purposes.

It is the Borough's policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is also Borough policy to use committed fund balances before assigned fund balances and assigned fund balances before unassigned amounts when an expenditure is incurred for purposes for which amounts in those classifications are available to be used.

Proprietary Funds

The difference among assets, deferred outflows of resources, liabilities, and deferred inflows of resources of proprietary funds is reported as net position and classified in the same manner as the government-wide - modified-cash basis financial statements, as previously described.

1E. REVENUES, EXPENDITURES, AND EXPENSES

PROGRAM REVENUES

In the Statement of Activities - modified cash basis, revenues that are derived directly from each activity or from parties outside the Borough's taxpayers are reported as program revenues. The Borough has the following program revenues in each activity:

| | |
|--------------------------|--|
| General Government | Licenses and permits. |
| Public Safety | Fine revenue; operating and capital grants; other government revenue. |
| Trash and Sanitation | Revenue collected for the usage of trash collection and sanitation services. |
| Streets and Public Works | Commercial vehicle and gasoline excise tax shared by the State. |
| Culture and Recreation | Rental income, recreation fees, concession sales, and specific donations. |

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose. Indirect expenses, if any, are allocated based on a percent of revenue of each activity to total revenue.

OPERATING REVENUE AND EXPENSES

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. Revenues are recognized as available when cash is received. Not included as operating revenues and expenses are non-capital financing activities, or investing activities.

1F. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide - modified-cash basis Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

FUND FINANCIAL STATEMENTS

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans – Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services – Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements – Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers – Flow of assets from one fund to another where repayment is not expected or reported as transfers in and out.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide - modified-cash basis financial statements as follows:

1. Internal balances – Amounts reported in the fund financial statements as interfund receivables and payable are eliminated in the governmental and business-type activities columns of the Statement of Net Position - modified-cash basis, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities - modified-cash basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers—Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities - modified-cash basis.

1G. USE OF ESTIMATES

The preparation of financial statements in accordance with the modified cash basis of accounting, used by the Borough requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the Borough is subject to various federal, state, and local laws and contractual regulations. There were no instances of noncompliance.

NOTE 3. DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures or expenses.

3A. CASH AND INVESTMENTS

CUSTODIAL CREDIT RISK – DEPOSITS

Total Borough bank cash deposits of \$3,195,593, of the primary government were insured or collateralized, therefore not being subject to custodial credit risk.

CUSTODIAL CREDIT RISK – INVESTMENTS

Investments are limited by State law to the following:

- a. Direct obligation of the US Government, its agencies, and instrumentalities to which the full faith and credit of the US Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime banker's acceptances, prime commercial paper, and repurchase agreements with certain limitations.
- d. County, municipal, or school district tax-supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.

- f. Money market funds regulated by the Securities and Exchange Commission and in which investments consist of the investments mentioned in the previous paragraphs a, b, c, and d.

During the year ended December 31, 2023, the Borough's investments consisted solely of a certificate of deposit which will matured in February, 2024. At December 31, 2023, the carrying value and fair value of the certificates of deposit totaled \$509,913. For purposes of custodial credit risk, the certificates of deposit are included in the preceding deposits risk analysis as investments.

3B. RESTRICTED ASSETS

The amount reported as restricted assets comprise amounts held in the special revenue funds the state highway aid in the amount of \$197,281. See page 37 and 38 for a detail of the non-major individual grants. Terms of the restriction are disclosed in the grant agreements.

3C. CAPITAL ASSETS

Capital asset activity resulting from modified cash basis transactions or events for the year ended December 31, 2023, was as follows:

| | Balance at January 1, 2023 | Additions | Deductions | Balance at December 31, 2023 |
|---|-------------------------------|-------------|------------|---------------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated - | | | | |
| Land | \$ 100,781 | \$ - | \$ - | \$ 100,781 |
| Total capital assets not being depreciated | | | | |
| Other capital assets: | | | | |
| Land improvements | \$ 1,386,837 | \$ - | \$ - | \$ 1,386,837 |
| Buildings and improvements | \$ 3,596,940 | \$ 24,700 | \$ - | \$ 3,621,640 |
| Equipment | \$ 3,028,644 | \$ 270,529 | \$ 57,209 | \$ 3,241,963 |
| Vehicles | \$ 3,250,889 | \$ 207,775 | \$ - | \$ 3,458,664 |
| Furniture and fixtures | \$ 252,209 | \$ - | \$ - | \$ 252,209 |
| Total other capital assets at historical cost | \$ 11,515,519 | \$ 503,004 | \$ 57,209 | \$ 11,961,313 |
| Less accumulated depreciation for: | | | | |
| Land improvements | \$ 398,062 | \$ 31,655 | \$ - | \$ 429,717 |
| Buildings and improvements | \$ 1,979,468 | \$ 88,626 | \$ - | \$ 2,068,094 |
| Equipment | \$ 2,170,351 | \$ 212,232 | \$ 57,209 | \$ 2,325,375 |
| Vehicles | \$ 1,718,109 | \$ 170,961 | \$ - | \$ 1,889,070 |
| Furniture and fixtures | \$ 116,828 | \$ 15,391 | \$ - | \$ 132,218 |
| Other capital assets, net | \$ 5,132,701 | \$ (15,861) | \$ - | \$ 5,116,839 |
| Governmental activities capital assets, net | \$ 5,233,482 | \$ (15,861) | \$ - | \$ 5,217,620 |
| Business-type activities: | | | | |
| Other capital assets: | | | | |
| Utility Improvements | \$ 121,318 | \$ - | \$ - | \$ 121,318 |
| Total other capital assets at historical cost | \$ 121,318 | \$ - | \$ - | \$ 121,318 |
| Less accumulated depreciation for: | | | | |
| Utility Improvements | \$ 36,383 | \$ 2,698 | \$ - | \$ 39,082 |
| Other capital assets, net | \$ 84,935 | \$ (2,698) | \$ - | \$ 82,236 |
| Business-type activities capital assets, net | \$ 84,935 | \$ (2,698) | \$ - | \$ 82,236 |

Depreciation expense was charged to functions as follows in the Statement of Activities - modified-cash basis:

| | |
|---|------------|
| Primary Government: | |
| Governmental Activities: | |
| General Government | \$ 69,162 |
| Public Safety | \$ 294,390 |
| Streets and Public Works | \$ 87,301 |
| Culture and Recreation | \$ 68,012 |
| Total depreciation expense for governmental activities | \$ 518,865 |
| Business-type Activities: | |
| Sewer | \$ 2,698 |
| Total depreciation expense for business-type activities | \$ 2,698 |

No interest was capitalized during the year.

3D. LONG-TERM DEBT

The reporting entity's long-term debt arising from cash transactions is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities. There are no outstanding debts from business-type activities.

GOVERNMENTAL ACTIVITIES

As of December 31, 2023, the long-term debt, arising from cash transactions or events, payable from governmental fund resources consisted of the following:

Capital Debt Obligations:

A lease/purchase agreement dated January 7, 2020, in the amount of \$136,020, was executed by proper officials to lease/purchase a 2020 Case 621G ZBar Wheel Loader. The annual rate of interest is 3.709% on six annual payments of \$25,000, including interest that started in 2020, with a final payment due in 2025.

A lease/purchase agreement dated 2022, in the amount of \$54,882, was executed by proper officials to lease/purchase a 2023 Ford F-250. The lease consists of two annual payments of \$28,857.72, including interest of \$2,833.44 in year two, with the final payment due in 2024.

CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2023:

| <i>Type of Debt</i> | <i>Balance January 1, 2023</i> | <i>Additions</i> | <i>Reductions</i> | <i>Balance December 31, 2023</i> | <i>Principal Amount Due Within One Year</i> |
|--------------------------------|--|------------------|-------------------|--|---|
| Governmental Activities: | | | | | |
| Wheel Loader | \$ 69,762 | \$ 0 | \$ 22,412 | \$ 47,350 | \$ 23,244 |
| Truck | 0 | 54,882 | 28,858 | 26,024 | 26,024 |
| Capital Debt Obligations Total | \$ 69,762 | \$ 54,882 | \$ 51,270 | \$ 73,374 | \$ 49,268 |

DEBT SERVICE REQUIREMENTS TO MATURITY

The annual debt service requirements to maturity, including principal and interest, for debt, as of December 31, 2023, are as follows:

| <i>Year Ended</i> | <i>Loan 1 Loader Capital Debt Obligations</i> | | <i>Loan 2 Truck Capital Debt Obligations</i> | | <i>Totals</i> | |
|-------------------|---|-----------------|--|-----------------|------------------|-----------------|
| | <i>Principal</i> | <i>Interest</i> | <i>Principal</i> | <i>Interest</i> | <i>Principal</i> | <i>Interest</i> |
| December 31 | | | | | | |
| 2023 | 22,412 | 2,588 | 28,858 | 0 | 51,270 | 2,588 |
| 2024 | 23,244 | 1,756 | 26,024 | 2,833 | 49,268 | 4,589 |
| 2025 | 24,106 | 894 | 0 | 0 | 24,106 | 894 |
| Total | \$ 69,762 | \$ 5,238 | \$ 54,882 | \$ 2,833 | \$ 124,644 | \$ 8,071 |

3E. TAXES

For year 2023, the following taxes were levied:

| | | |
|----------------------|----|---|
| Real Estate | -- | 25.5 mills on assessed value (\$25.50 per \$1,000) |
| Real Estate Transfer | -- | 1% |
| Earned Income | -- | 1% |
| Local Services | -- | \$62 per employee, exceeding \$12,000 in gross income |
| Business Privilege | -- | \$25 license plus .001 or .0015 of gross receipts |
| Per Capita | -- | \$5 per person (18 years of age and above only) |
| Occupation Tax | -- | \$5 per person (18 years of age and above only) |

The Earned Income, Real Estate Transfer, and Business Privilege taxes are split equally with the Wilson Area School District. The Local Services Tax is also split with the school district; \$5.00 to them and \$47.00 to the Borough. Property taxes are based upon assessed valuations provided by the County (approximately \$135,609,000 as of October 28, 2022). Real estate property taxes are levied on February 1 and are payable as follows: 2% discount, February 1 through March 31; base amount, April 1 through May 30; 10% penalty, after May 30. Unpaid taxes must be returned to Northampton County for collection by May 1 of the following year. The business privilege license fee will increase to \$60 for the year 2024.

3F. INTERFUND TRANSFERS AND BALANCES

INTERFUND TRANSFERS

Transfers between funds of the primary government arising from cash transactions or events for the year ended December 31, 2023, were as follows:

| | <i>Transfers In</i> | <i>Transfers Out</i> |
|-------------------------|---------------------|----------------------|
| MAJOR FUNDS: | | |
| GENERAL FUND: | | |
| Sewer Fund | \$ 80,774 | \$ 0 |
| Total General Fund | <u>80,774</u> | <u>0</u> |
| ENTERPRISE FUND: | | |
| Sewer Fund: | | |
| General Fund | <u>0</u> | <u>80,774</u> |
| Total Enterprise Fund | <u>0</u> | <u>80,774</u> |
| GRAND TOTALS | <u>\$ 80,774</u> | <u>\$ 80,774</u> |

The Borough's Sewer fund purchased a police vehicle in 2023. The transfers are not expected to be repaid.

INTERFUND BALANCES

The general fund spent \$524,473 on reimbursable grant expenditures, however will not be repaid until the money is received from the grantor.

3G. FUND BALANCES

Fund balances of the Borough's governmental funds at December 31, 2023, are classified as follows regarding constraint:

| Fund Balances: | Special Revenue Funds | | | | Total |
|-------------------------------|-----------------------|--------------------------|-------------------|--------------------|--------------------|
| | General Fund | Aggregate Nonmajor Funds | Highway Fund | Grant Funds | |
| Nonspendable | \$ 0 | \$ 0 | \$ 0 | \$(524,473) | \$(524,473) |
| Restricted for: | | | | | |
| General Government | 0 | 0 | 0 | 0 | 0 |
| Highways | 0 | 0 | 197,281 | 0 | 197,281 |
| Home Program | 0 | 0 | 0 | 0 | 0 |
| Public Safety | 0 | 0 | 0 | 0 | 0 |
| Parks and Recreation | 0 | 0 | 0 | 0 | 0 |
| Committed to: | | | | | |
| Other Purposes | 0 | 320,997 | 0 | 0 | 320,997 |
| Assigned to: | | | | | |
| General Government | 47,108 | 0 | 0 | 0 | 47,108 |
| Public Safety | 231,469 | 0 | 0 | 0 | 231,469 |
| Health Services | 367 | 0 | 0 | 0 | 367 |
| Sanitation | 104,250 | 0 | 0 | 0 | 104,250 |
| Public Works | 44,191 | 0 | 0 | 0 | 44,191 |
| Culture & Recreation | 23,128 | 0 | 0 | 0 | 23,128 |
| Employer Tax & Group Benefits | 138,926 | 0 | 0 | 0 | 138,926 |
| Unassigned | 1,040,219 | 0 | 0 | 0 | 1,040,219 |
| Total Fund Balances | <u>\$1,629,658</u> | <u>\$ 320,997</u> | <u>\$ 197,281</u> | <u>\$(524,473)</u> | <u>\$1,623,463</u> |

3H. DISCOUNTS AND ALLOWANCES OF REVENUES

Revenues are reported net of discounts and allowances in the fund financial statements, with a description as follows:

| | |
|------------------------------------|----------|
| Discounts and Allowances Included: | |
| Real Estate Taxes | \$48,776 |
| Sewer | \$ 0 |

NOTE 4. OTHER NOTES

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS

FIREFIGHTER'S & NON-UNIFORM EMPLOYEES PENSION AND RETIREMENT SYSTEMS

The Borough of Wilson, as the employer, participates in the statewide cost-sharing multi-employer defined benefit plan on behalf of the firefighters and non-uniform employees. The system is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

Eligibility Factors, Contribution Methods, and Benefit Provisions

| <u>Disclosures</u> | <u>Firefighter's Pension and Retirement System</u> | <u>Non-Uniform Pension and Retirement System</u> |
|---|--|--|
| Where to obtain separately issued financial statements | PMRS PO Box 1165, Harrisburg, PA 17108 | PMRS PO Box 1165, Harrisburg, PA 17108 |
| Eligibility to participate | All full-time firefighters of a participating municipality. | All full-time non-uniform employees of a participating municipality. |
| Authority establishing contribution obligations and benefits | State Statute/Borough Ordinance #771 adopted pursuant to Act 15. | State Statute/Borough Ordinance #770. |
| Employee's required contribution rate | Determined by State system minimum 5.92% up to 15% for 2019 | Determined by State system: 3% minimum up to 15% for 2019 |
| Borough's required contribution | Determined by State system \$21,125 for 2019 | Determined by State system \$29,610 for 2019 |
| State obligation | State appropriation to fund the unfunded actuarial accrued liability | State appropriation to fund the unfunded actuarial accrued liability |
| Period required to vest | 12 years | 12 years |
| Eligibility and benefits for distribution (full-time) normal retirement | 24 years credited service; final average salary based upon last 5 years average. Age 55 for firefighter normal retirement age. | 24 years credited service; final average salary based upon last 5 years average. Age 65 for normal retirement age. |
| <u>Provisions for:</u> | | |
| Cost of living adjustments (normal retirement) | At plan discretion | At plan discretion |
| Death (duty, non-duty, post-retirement) | Yes | Yes |
| Disability (duty, non-duty) | Yes | Yes |
| Cost of living allowances | Yes | Yes |

Annual contributions are based upon the plan's minimum municipal obligation (MMO), which is set by the plan's biennial actuarial valuation.

The annual required contribution for the current year was determined using the entry age normal actuarial cost method. The actuarial assumptions included: a 5.25% net of expense, rate of return, and projected salary increases based on an age-related scale for merit/seniority, including 2.8% for inflation for firefighters and 2.8% for non-uniform. The plan does not provide for post-retirement adjustments. The actuarial value of assets was determined using fair values as of the latest actuarial valuation date of January 1, 2021.

The schedule of funding progress follows the notes to the modified-cash basis financial statements in the required supplementary information. These schedules present multi-year trend information on whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

POLICE PENSION & RETIREMENT SYSTEM

The Borough of Wilson maintains a single employer pension plan for all its existing full-time police officers that is maintained by a separate trust account and is not included as part of the Borough's reporting entity. The system is funded by contributions from participants and the employer, the Borough of Wilson.

Eligibility Factors, Contribution Methods, and Benefit Provisions

| <i>Disclosures</i> | <i>Police Pension and Retirement System</i> |
|---|---|
| Where to obtain separately issued financial statements | Beyer-Barber Co., 1136 Hamilton Street, Suite 103, Allentown, PA 18101 |
| Eligibility to participate | All full-time police officers |
| Authority establishing contribution obligations and benefits | Borough Ordinance |
| Employee's contribution rate | Minimum 5% of compensation to a maximum of 8% |
| Borough's contribution rate | Any remaining actuarial computation needed to fund plan |
| State obligation | None |
| Period required to vest | 12 years |
| Eligibility and benefits for distribution (full-time) normal retirement | Age 50 and 25 years of service; average of last 36 months earnings times 50%. |
| Cost of living adjustments (normal retirement) | 3% assumed up to maximum provided by Act 600 |
| Death (duty, non-duty, post-retirement) | Yes – provided by Ordinance |
| Disability (duty, non-duty) | Yes – provided by Ordinance |
| Cost of living allowances | Yes |

Annual contributions are based upon the MMO from Act 205 Actuarial Valuation Report of the Public Employee Retirement Commission of the Commonwealth of Pennsylvania. Actuarial cost method is entry age normal. Actuarial assumptions included: a 7.25% investment rate of return, salary increases of 5.25%, and post-retirement adjustments of 3.0% per annum. The actuarial value of assets was determined using fair values as of the latest actuarial valuation date of January 1, 2021.

The schedule of funding progress follows the notes to the financial statements in the required supplementary information. These schedules present multi-year trend information on whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Contributions and Trend Information

Changes for 2021 pension plan members are as follows: The police pension plan added one active. The non-uniform added 2 retirees and fire pension plans was unchanged.

| | <u>As of January 1, 2021 Contribution Information</u> | | |
|---------------------|---|-------------|---------------|
| | <u>Non-uniform</u> | <u>Fire</u> | <u>Police</u> |
| Active Plan Members | 13 | 7 | 14 |
| Retirees | 11 | 5 | 4 |
| Total | 24 | 12 | 18 |

FIVE YEAR TREND INFORMATION

| | <u>Year Ending</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of Annual Pension Cost Contributed</u> |
|-------------|--------------------|----------------------------------|--|
| Non-Uniform | 12/31/16 | \$ 33,466 | 100.0% + |
| | 12/31/17 | \$ 30,373 | 100.0% + |
| | 12/31/18 | \$ 33,857 | 100.0% + |
| | 12/31/19 | \$ 29,150 | 100.0% + |
| | 12/31/20 | \$ 26,774 | 100.0% + |
| Fire | 12/31/16 | \$ 25,236 | 100.0% + |
| | 12/31/17 | \$ 30,825 | 100.0% + |
| | 12/31/18 | \$ 22,544 | 100.0% + |
| | 12/31/19 | \$ 20,905 | 100.0% + |
| | 12/31/20 | \$ 11,894 | 100.0% + |
| Police | 12/31/16 | \$ 80,880 | 100.0% + |
| | 12/31/17 | \$ 89,684 | 100.0% + |
| | 12/31/18 | \$ 43,275 | 100.0% + |
| | 12/31/19 | \$ 44,921 | 100.0% + |
| | 12/31/20 | \$ 62,270 | 100.0% + |

ANNUAL PENSION COST

| | <u>Year 2021 Non-uniform</u> | <u>Year 2021 Fire</u> | <u>Year 2021 Police</u> |
|------------------------------|------------------------------|-----------------------|-------------------------|
| Covered Payroll | \$783,274 | \$583,390 | \$1,241,805 |
| Annual Required Contribution | \$ 26,774 | \$ 11,894 | \$ 62,270 |

4B. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disaster.

The Borough manages these various risks of loss as follows:

| <u>Type of Loss</u> | <u>Method Managed</u> | <u>Risk of Loss Retained</u> |
|--|--------------------------------|------------------------------|
| Torts, errors, and omissions | Purchased commercial insurance | None |
| Workers compensation, health and life | Purchased commercial insurance | None |
| Physical property loss and natural disasters | Purchased commercial insurance | None |

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough. Settled claims are as follows: There were no settled claims above the insurance coverage during the last three years.

4C. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The Borough of Wilson's defined benefit post-employment healthcare plan provides \$100 per month towards medical benefits to eligible retired Police Officers and Department Supervisors with the Borough's insurance carrier. Currently, there are three eligible retirees.

Funding Policy

The Borough of Wilson follows a pay-as-you-go approach. Plan members reimburse the Borough the cost difference on a monthly basis.

Annual OPEB Cost

For the year ending December 31, 2023, the Borough's annual OPEB cost (expense) was \$3,600, which was equal to the Annual Required Contribution (ARC). The plan had three (3) eligible recipients.

Cost for 2023 – \$3,600
Cost for 2022 – \$3,600
Cost for 2021 – \$3,600
Cost for 2020 – \$3,600
Cost for 2019 – \$3,600
Cost for 2018 – \$3,600
Cost for 2017 – \$4,800
Cost for 2016 – \$3,600
Cost for 2015 – \$3,600
Cost for 2014 – \$3,700

Funded Status and Funding Progress

The plans hold no assets; therefore, the Borough elects to have no actuarial valuation or assumption of the probability of occurrence of future events. Annual funding is calculated in the budget process.

4.D. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

Grant Program Involvement

In the normal course of operations, the Borough participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Litigation

The Borough may have various legal proceedings that normally occur in the course of governmental operations. As a result of the modified cash basis of accounting, the financial statements do not include accrual or provisions for loss contingencies that would result from these proceedings. While the outcome of any proceedings cannot be predicted, due to the insurance coverage maintained by the Borough and the State statute relating to judgments, the Borough feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the Borough.

COMMITMENTS

There are no pending litigation or contingent liabilities reported by the Borough Solicitor.

NOTE 5. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year ended December 31, 2023.

NOTE 6. SUBSEQUENT EVENTS

Based on a review of revenue and expenditures, along with inquiries of management, through the date the modified-cash basis financial statements were ready for issuance March 10, 2024, there are no known subsequent events to report which will have a significant effect on the modified-cash basis financial statements.

**SUPPLEMENTARY
INFORMATION**

BOROUGH OF WILSON, NORTHAMPTON COUNTY, PENNSYLVANIA
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS - GENERAL FUND
FOR YEAR ENDED DECEMBER 31, 2023

| | Budgeted Amounts Original & Final | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|-------------------------------------|---|----------------|--|
| Beginning Budgetary Fund Balance: | \$ (964,635) | \$ 1,961,948 | \$ 2,926,582 |
| Resources (Inflows) | | | |
| Taxes: | | | |
| Real Estate Taxes | 3,259,812 | 3,213,881 | (45,931) |
| Occupation Taxes | 10,000 | 10,601 | 601 |
| Per Capita Taxes | 10,000 | 10,601 | 601 |
| Transfer Taxes | 195,000 | 156,000 | (39,000) |
| Earned Income Taxes | 1,000,000 | 1,162,170 | 162,170 |
| Business Privilege Taxes | 155,000 | 139,165 | (15,835) |
| Local Services Taxes | 79,800 | 87,538 | 7,738 |
| Mechanical Device Tax | 1,500 | 2,295 | 795 |
| Franchise Fees | 85,000 | 77,135 | (7,865) |
| Total Taxes | 4,796,112 | 4,859,386 | 63,274 |
| Licenses & Permits | 124,150 | 121,954 | (2,196) |
| Fines & Forfeits | 52,750 | 52,515 | (235) |
| Investment Income | 3,000 | 32,642 | 29,642 |
| Rents & Royalties | 40,600 | 40,600 | - |
| Charges for Services: | | | |
| General Government | - | - | - |
| Public Safety | 104,550 | 77,994 | (26,556) |
| Highways & Streets | 1,000 | 409 | (591) |
| All Other Charges for Highways | 750 | 1,125 | 375 |
| Parking | 8,000 | 3,001 | (4,999) |
| Solid Waste Collection | 1,000,000 | 964,397 | (35,603) |
| Culture & Recreation | 16,500 | 18,202 | 1,702 |
| Total Charges for Services | 1,130,800 | 1,065,128 | (65,672) |
| Intergovernmental: | | | |
| General Municipal Pension Aid | 189,067 | 215,713 | 26,646 |
| Alcoholic Beverage Licenses | 1,750 | 1,750 | - |
| Recycling | 5,000 | 5,041 | 41 |
| PURTA | 4,500 | 4,688 | 188 |
| SRO Reimbursement | 75,000 | 74,841 | (159) |
| Crossing Guard Reimbursement | 20,000 | 13,900 | (6,100) |
| Commissions | 15,000 | 12,665 | (2,335) |
| Total Intergovernmental | 310,317 | 328,598 | 18,281 |
| Miscellaneous: | | | |
| Sale of Fixed Assets | 6,000 | - | (6,000) |
| Foreign Fire Insurance | 30,000 | 32,207 | 2,207 |
| Penndot Snow Agreement | 5,500 | 13,094 | 7,594 |
| Contributions and Donations | 100 | 300 | 200 |
| MISCELLANEOUS REVENUE | 500 | 2,185 | 1,685 |
| INSURANCE CLAIMS | (1,500) | 18,982 | 20,482 |
| Total Miscellaneous | 40,600 | 66,768 | 26,168 |
| Other Financing Sources: | | | |
| Transfers from Other Funds | 242,425 | - | (242,425) |
| Refund of Prior Year Expenditures | 25,000 | 75,522 | 50,522 |
| Total Other Financing Sources | 267,425 | 75,522 | (191,903) |
| Amounts Available for Appropriation | \$ 5,801,119 | \$ 8,605,061 | \$ 2,803,941 |

BOROUGH OF WILSON, NORTHAMPTON COUNTY, PENNSYLVANIA
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS - GENERAL FUND
FOR YEAR ENDED DECEMBER 31, 2023

| | Budgeted Amounts Original & Final | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|---|---------------------|--|
| Charges to Appropriations (Outflows): | | | |
| Legislative Body | \$ 25,200 | \$ 24,046 | \$ 1,154 |
| Executive | 100,267 | 98,073 | 2,194 |
| Auditing | 25,000 | 22,700 | 2,300 |
| Tax Collection | 17,750 | 16,945 | 805 |
| Legal Services | 83,000 | 97,885 | (14,885) |
| Secretary/Clerk | 25,606 | 28,568 | (2,962) |
| General Government Admin | 51,450 | 38,961 | 12,489 |
| IT-Networking | 15,500 | 13,287 | 2,213 |
| Engineering Services | 55,000 | 62,571 | (7,571) |
| General Government Building | 82,564 | 70,549 | 12,015 |
| Capital Outlay - General Government | 50,000 | 41,682 | 8,318 |
| Total General Government | <u>531,337</u> | <u>515,267</u> | <u>20,333</u> |
| Police | 2,004,502 | 1,891,830 | 112,672 |
| Capital Outlay - Police | 24,000 | 22,075 | 1,925 |
| Total Police | <u>2,028,502</u> | <u>1,913,905</u> | <u>114,597</u> |
| Fire | 935,919 | 920,546 | 15,373 |
| Capital Outlay - Fire | 35,000 | 33,621 | 1,379 |
| Total Fire | <u>970,919</u> | <u>954,167</u> | <u>16,752</u> |
| Code | 111,560 | 106,173 | 5,387 |
| Planning/Zoning | 17,500 | 67,205 | (49,705) |
| Emergency Management | 1,300 | 1,300 | - |
| Health/Human Services | 10,252 | 7,589 | 2,663 |
| Solid Waste Collection | 1,001,500 | 1,254,135 | (252,635) |
| Streets and Public Works | 1,012,073 | 521,037 | 491,036 |
| Capital Outlay - Public Works | 30,000 | 28,858 | 1,142 |
| Total Public Works | <u>1,042,073</u> | <u>549,895</u> | <u>492,178</u> |
| Culture and Recreation | 284,066 | 288,953 | (4,887) |
| Capital Outlay - Culture and Recreation | - | - | - |
| Total Culture and Recreation | <u>284,066</u> | <u>288,953</u> | <u>(4,887)</u> |
| Community Development | 10,250 | 10,009 | 241 |
| Employer Taxes | 195,000 | 185,266 | 9,734 |
| Employee Benefits | 1,303,381 | 1,142,201 | 161,180 |
| Workers Compensation | 142,000 | 176,397 | (34,397) |
| Insurance | 115,800 | 119,740 | (3,940) |
| Loss on Sale of Fixed Assets | - | - | - |
| Refunds Paid | - | - | - |
| Transfers to Other Funds | - | 181,722 | (181,722) |
| Total Charges to Appropriations | <u>7,765,440</u> | <u>7,473,924</u> | <u>290,374</u> |
| Ending Budgetary Fund Balance | <u>\$ (1,964,321)</u> | <u>\$ 1,131,137</u> | <u>\$ 3,095,458</u> |

BOROUGH OF WILSON, NORTHAMPTON COUNTY, PENNSYLVANIA

NOTES TO BUDGETARY COMPARISON SCHEDULE

DECEMBER 31, 2023

Budget Law

The Borough prepares its annual General Fund operating budget under the provisions of the Borough Code Act of February, 1966 (1965 L.P. 1656, No 581). In accordance with those provisions, the following process is used to adopt the annual budget, amend the annual budget, and modify the annual budget.

- a. Beginning at least thirty days prior to the adoption of the budget, a proposed budget or an annual estimate of revenues and expenditures for the ensuing year shall be prepared in a manner designated by the council. The proposed budget shall be kept on file with the borough secretary and shall be made available for public inspection for a period of ten days.
- b. Notice that the proposed budget is available for inspection shall be published by the borough secretary in a newspaper of general circulation in the borough. Failure to give the notice herein required shall not invalidate the budget adopted. Any borough secretary who shall fail or refuse to give the notice that the proposed budget is available for inspection, as herein required, shall, upon conviction thereof in a summary proceeding, be sentenced to pay a fine not exceeding one hundred dollars (\$100) and costs of prosecution.
- c. Upon completion of the budget, containing the estimated receipts and expenditures, and its adoption by motion in council, which shall not be later than December thirty-first, it shall be the duty of the council to adopt an ordinance levying the taxes referred to in this act for the fiscal year for approval of the mayor or passage over his veto.
- d. During the month of January next following any municipal election, the council of any borough may amend the budget and the levy and tax rate to conform with its amended budget. A period of ten days' public inspection at the office of the borough secretary of the proposed amended budget after notice by the borough secretary to that effect is published once in a newspaper as provided in section 109 of this act, shall intervene between the proposed amended budget and the adoption thereof. Any amended budget must be adopted by council on or before the fifteenth day of February.
- e. The council in its reasonable discretion may, in any year, by motion, modify the budget after its final adoption. New appropriations, supplementary appropriations and transfers from one appropriation to another may be made during the fiscal year, either before or after the expenditure is authorized or ratified after the expenditure is made, provided it is within the current year's revenues, or the money therefore promptly made available through borrowing as allowed by law.

Basis of Accounting

The budget is prepared on the same modified cash basis of accounting as applied to the governmental funds in the basic financial statements. Revenues and expenditures are reported when they result from cash transactions.

The Borough is not legally required to adopt a budget for the proprietary (sewer) fund or any major special revenue funds; therefore, those budgetary comparison schedules are not presented.

Historical trend information about the Borough of Wilson's pension plans is presented herewith as supplementary information. It is intended to help users assess the plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other state and local government retirement systems.

The actuarial information is required by Act 205 biennially, except for distressed pension plans, for which annual reporting is required. The historical information, beginning as of January 1, 2005, is as follows:

**WILSON BOROUGH FIREMEN'S PENSION PLAN
SCHEDULE OF FUNDING PROGRESS**

| | (1) | (2) | (3) | (4) | (5) | (6) |
|--------------------------|-------------------------------|---|--|----------------------|---------------------|--|
| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) – Entry Age (b) | Unfunded (Assets in Excess of) Actuarial Accrued Liability (b) – (a) | Funded Ratio (a)/(b) | Covered Payroll (c) | Unfunded (Assets in Excess of) Actuarial Accrued Liability as a % of Payroll [(b-a)/(c)] |
| 01-01-11 | 1,605,784 | 1,351,521 | (254,264) | 118.8% | 463,546 | (54.9%) |
| 01-01-13 | 1,846,657 | 1,636,665 | (209,992) | 112.8% | 472,562 | (44.4%) |
| 01-01-15 | 2,077,722 | 1,941,478 | (136,244) | 107.0% | 492,410 | (27.7%) |
| 01-01-17 | 2,244,450 | 2,107,560 | (136,890) | 106.5% | 467,284 | (29.3%) |
| 01-01-19 | 2,441,980 | 2,196,183 | (245,797) | 111.2% | 541,149 | (45.4%) |
| 01-01-21 | 2,701,144 | 2,460,964 | (240,180) | 109.8% | 583,390 | (41.2%) |

**WILSON BOROUGH NON-UNIFORMED PENSION PLAN
SCHEDULE OF FUNDING PROGRESS**

| | (1) | (2) | (3) | (4) | (5) | (6) |
|--------------------------|-------------------------------|---|--|----------------------|---------------------|--|
| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) – Entry Age (b) | Unfunded (Assets in Excess of) Actuarial Accrued Liability (b) – (a) | Funded Ratio (a)/(b) | Covered Payroll (c) | Unfunded (Assets in Excess of) Actuarial Accrued Liability as a % of Payroll [(b-a)/(c)] |
| 01-01-11 | 2,448,081 | 2,402,013 | (46,068) | 101.9% | 722,175 | (6.4%) |
| 01-01-13 | 2,839,786 | 2,773,429 | (66,357) | 102.4% | 641,285 | (10.4%) |
| 01-01-15 | 3,005,384 | 2,915,214 | (90,170) | 103.1% | 668,219 | (13.5%) |
| 01-01-17 | 3,160,906 | 3,193,875 | 32,969 | 99.0% | 771,514 | 4.3% |
| 01-01-19 | 3,716,130 | 3,525,419 | (190,711) | 105.4% | 835,640 | (22.8%) |
| 01-01-21 | 3,872,989 | 3,815,630 | (57,359) | 101.5% | 783,274 | (7.3%) |

**WILSON BOROUGH POLICE PENSION PLAN
SCHEDULE OF FUNDING PROGRESS**

| | (1) | (2) | (3) | (4) | (5) | (6) |
|--------------------------|-------------------------------|---|--|----------------------|---------------------|--|
| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) – Entry Age (b) | Unfunded (Assets in Excess of) Actuarial Accrued Liability (b) – (a) | Funded Ratio (a)/(b) | Covered Payroll (c) | Unfunded (Assets in Excess of) Actuarial Accrued Liability as a % of Payroll [(b-a)/(c)] |
| 01-01-11 | 3,005,737 | 2,798,954 | (206,783) | 107.3% | 657,614 | (31.4%) |
| 01-01-13 | 3,315,689 | 3,178,851 | (136,838) | 104.3% | 692,297 | (19.87%) |
| 01-01-15 | 4,114,511 | 3,791,944 | (322,567) | 108.5% | 873,986 | (36.91%) |
| 01-01-17 | 4,653,134 | 3,965,678 | (687,456) | 117.3% | 1,028,741 | (66.8%) |
| 01-01-19 | 5,106,604 | 4,220,506 | (806,098) | 121.0% | 1,097,613 | (80.7%) |
| 01-01-21 | 5,894,425 | 5,044,283 | (850,142) | 116.9% | 1,244,874 | (68.3%) |

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the actuarial accrued liability as a factor. Analysis of the dollar amount of the actuarial value of assets, actuarial accrued liability, and unfunded (assets in excess of) actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability (Column 4) provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage, over time, indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.

Trends in unfunded (assets in excess of) actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded (assets in excess of) actuarial accrued liability as a percentage of annual covered payroll (Column 6) approximately adjusts for the effects of inflation and aids analysis of the plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, where there is an unfunded actuarial accrued liability, the smaller this percentage, the stronger the plan. However, when assets are in excess of the actuarial accrued liability, the higher the bracketed percentage, the stronger the plan.

Borough of Wilson, Northampton County, Pennsylvania
 Combining Balance Sheet - Modified Cash Basis
 Non-Major Governmental Funds
 December 31, 2023

| | ARLE Grant | Green Light Go Grant | 2020 MTF | DCNR C2P2 | CDBG 2021 | CDBG 2022 | GTRP 2021 | LSA Grant | Police Equipment Grant | Iron Pigs Grant | Total Non-Major Other Special Revenue Funds |
|---------------------------|-------------------|----------------------|------------------|-------------------|-------------------|-------------------|------------------|-------------------|------------------------|-----------------|---|
| ASSETS | | | | | | | | | | | |
| Cash and cash equivalents | \$-00 | \$-00 | \$-00 | \$-00 | \$-00 | \$-00 | \$-00 | \$-00 | \$-00 | \$-00 | \$-00 |
| Due from General Fund | \$-00 | \$-00 | \$-00 | \$-00 | \$-00 | \$-00 | \$-00 | \$-00 | \$-00 | \$475 | \$-00 |
| Total Assets | <u>-00</u> | <u>-00</u> | <u>-00</u> | <u>-00</u> | <u>-00</u> | <u>-00</u> | <u>-00</u> | <u>-00</u> | <u>-00</u> | <u>475</u> | <u>-00</u> |
| LIABILITIES | | | | | | | | | | | |
| Due to General Fund | 38,110 | 12,703 | 5,463 | 13,701 | 37,174 | 94,209 | 2,587 | 68,025 | 252,976 | -00 | 524,948 |
| Due to Enterprise Fund | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 |
| Total Liabilities | <u>38,110</u> | <u>12,703</u> | <u>5,463</u> | <u>13,701</u> | <u>37,174</u> | <u>94,209</u> | <u>2,587</u> | <u>68,025</u> | <u>252,976</u> | <u>-00</u> | <u>524,948</u> |
| FUND BALANCES | | | | | | | | | | | |
| Nonspendable | (38,110) | (12,703) | (5,463) | (13,701) | (37,174) | (94,209) | (2,587) | (68,025) | (252,976) | -00 | (524,948) |
| Restricted for: | | | | | | | | | | | |
| General Government | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 |
| Police | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 |
| Fire | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 |
| Highways and Streets | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 |
| Culture and Recreation | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 |
| Health and Welfare | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 | -00 | 475 | 475 |
| Total Fund Balances | <u>\$(38,110)</u> | <u>\$(12,703)</u> | <u>\$(5,463)</u> | <u>\$(13,701)</u> | <u>\$(37,174)</u> | <u>\$(94,209)</u> | <u>\$(2,587)</u> | <u>\$(68,025)</u> | <u>\$(252,976)</u> | <u>\$475</u> | <u>\$(524,473)</u> |

Borough of Wilson, Northampton County, Pennsylvania
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Modified Cash Basis
 Non-Major Governmental Funds
 December 31, 2023

| | ARLE Grant | Green Light Go Grant | 2020 MTF | DCNR C-2P2 | CDBG 2020 | CDBG 2021 | CDBG 2022 | Hotel Tax 2021-22 | Hotel Tax 2022-23 | Norco Grow | GTRP 2021 | LVC Mini Grant | PCCD Grant | L.S.A. Grant | Police Equipment Grant | 902 Recycling Grant | Iron Pigs Grant | OSFC Grant | 2022 Grant | Total Non-Major Other Special Revenue Funds |
|---|-----------------|----------------------|-----------|-----------------|----------------|-----------------|-----------------|-------------------|-------------------|------------|-----------|----------------|---------------|-----------------|------------------------|---------------------|-----------------|---------------|------------------|---|
| REVENUES | | | | | | | | | | | | | | | | | | | | |
| Intergovernmental | \$-0 | \$-0 | \$-0 | \$-0 | \$175,000 | \$137,826 | \$-0 | \$5,000 | \$10,000 | \$-0 | \$-0 | \$3,828 | \$20,388 | \$-0 | \$-0 | \$44,352 | \$10,000 | \$14,900 | \$421,294 | |
| Investment Income | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 |
| Miscellaneous | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 |
| Total Revenues | -0 | -0 | -0 | -0 | 175,000 | 137,826 | -0 | 5,000 | 10,000 | -0 | -0 | 3,828 | 20,388 | -0 | -0 | 44,352 | 10,000 | 14,900 | 421,294 | |
| EXPENDITURES | | | | | | | | | | | | | | | | | | | | |
| General Government | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 |
| Police | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 |
| Fire | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 |
| Highways and Streets | 12,274 | 12,703 | -0 | -0 | -0 | 175,000 | 94,209 | -0 | -0 | -0 | -0 | -0 | -0 | 68,025 | -0 | -0 | -0 | 14,900 | 82,925 | |
| Sewer | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | 252,976 | -0 | -0 | -0 | 547,162 | |
| Culture and Recreation | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 |
| Health and Welfare | -0 | -0 | -0 | 13,701 | -0 | -0 | -0 | -0 | 10,000 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | 9,526 | -0 | 33,227 | |
| Total Expenditures | 12,274 | 12,703 | -0 | 13,701 | -0 | 175,000 | 94,209 | -0 | 10,000 | -0 | -0 | -0 | -0 | 68,025 | 252,976 | -0 | 9,526 | 14,900 | 663,313 | |
| Excess (deficiency) of revenues over expenditures | (12,274) | (12,703) | -0 | (13,701) | 175,000 | (37,174) | (94,209) | 5,000 | -0 | -0 | -0 | 3,828 | 20,388 | (68,025) | (252,976) | 44,352 | 475 | -0 | (242,019) | |
| Other Financing Sources (Uses): | | | | | | | | | | | | | | | | | | | | |
| Transfers in (out), net | -0 | -0 | -0 | -0 | -0 | 4,177 | -0 | -0 | -0 | -0 | -0 | 36 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | 4,213 |
| Refunds | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | -0 |
| Other Financing Sources (Uses) | -0 | -0 | -0 | -0 | -0 | 4,177 | -0 | -0 | -0 | -0 | -0 | 36 | -0 | -0 | -0 | -0 | -0 | -0 | -0 | 4,213 |
| Net Change in Fund Balances | (12,274) | (12,703) | -0 | (13,701) | 175,000 | (92,997) | (94,209) | 5,000 | -0 | -0 | -0 | 3,864 | 20,388 | (68,025) | (252,976) | 44,352 | 475 | -0 | (237,806) | |
| Fund Balances - Beginning | (25,836) | -0 | (5,463) | -0 | (175,000) | (4,177) | -0 | (5,000) | -0 | -0 | (2,587) | (3,864) | (20,388) | -0 | -0 | (44,352) | -0 | -0 | (286,667) | |
| Fund Balances - Ending | \$(38,110) | \$(12,703) | \$(5,463) | \$(13,701) | \$-0 | \$(37,174) | \$(94,209) | \$-0 | \$-0 | \$-0 | \$(2,587) | \$(3,864) | \$(20,388) | \$(68,025) | \$(252,976) | \$-0 | \$475 | \$-0 | \$(524,473) | |