

**BOROUGH OF KUTZTOWN**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

# BOROUGH OF KUTZTOWN

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July 5, 2025

Borough Council  
Borough of Kutztown  
45 Railroad Street  
Kutztown, PA 19530

## INDEPENDENT AUDITOR'S REPORT

### ***Opinion***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Kutztown, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

In our opinion, the financial statements, referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Kutztown at December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Kutztown, 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.

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

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- a) Exercise professional judgment and maintain professional skepticism throughout the audit.
- b) 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.
- c) 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 Kutztown's internal control. Accordingly, no such opinion is expressed.
- d) 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.
- e) Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Kutztown's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Net Pension Liability and Related Ratios, the Schedule of Net Position Contributions, and the Schedule of Net OPEB Liabilities and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the remaining required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an

opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Kutztown's financial statements as a whole. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the basis of accounting described in the notes to the financial statements. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

***MVA Audit PLLC***

July 5, 2025

## FINANCIAL STATEMENTS

# BOROUGH OF KUTZTOWN

## STATEMENT OF NET POSITION

As of December 31, 2024

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Authorities
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 4,095,852	\$ 11,342,866	\$ 15,438,718	\$ 2,651,024
Taxes receivable	7,581	-	7,581	-
Accounts receivable, net	188,844	1,397,622	1,586,466	138,782
Prepaid expenses	91,336	193,002	284,338	-
Net pension asset	543,888	-	543,888	-
Due from other funds	2,494	-	2,494	-
Internal balances	11,864	615,441	- <sup>(1)</sup>	410,449
Due from component units/ primary government	2,000	-	2,000	135,944
<b>Total current assets</b>	<b>4,943,859</b>	<b>13,548,931</b>	<b>17,865,485</b>	<b>3,336,199</b>
<b>Non-current assets</b>				
Land	1,334,868	1,292,121	2,626,989	-
Buildings, net of depreciation	452,358	12,691,640	13,143,998	-
Infrastructure, net of depreciation	8,257,485	-	8,257,485	952,556
Machinery and equipment/infrastructure, net of depreciation	262,252	14,794,703	15,056,955	-
Construction in Progress	781,863	78,700	860,563	-
Unamortized bond costs	-	319,773	319,773	-
<b>Total non-current assets</b>	<b>11,088,826</b>	<b>29,176,937</b>	<b>40,265,763</b>	<b>952,556</b>
<b>Total assets</b>	<b>\$ 16,032,685</b>	<b>\$ 42,725,868</b>	<b>\$ 58,131,248</b>	<b>\$ 4,288,755</b>
<b>Deferred outflows of resources</b>	<b>\$ 1,981,131</b>	<b>\$ 666,334</b>	<b>\$ 2,647,465</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Internal balances	\$ 615,441	\$ 11,864	\$ - <sup>(1)</sup>	\$ 410,449
Due to component unit / primary government	135,944	-	135,944	2,000
Accounts payable	192,087	426,903	618,990	98,074
Sales tax payable	-	-	-	-
Accrued salaries and benefits	126,835	-	126,835	-
Bonds payable	-	1,219,000	1,219,000	-
Interest payable	-	86,679	86,679	-
Customer deposits	2,319	198,900	201,219	39,969
<b>Total current liabilities</b>	<b>1,072,626</b>	<b>1,943,346</b>	<b>2,388,667</b>	<b>550,492</b>
<b>Non-Current Liabilities</b>				
Net other post employment liability	820,836	-	820,836	-
Net pension liability	172,843	429,639	602,482	-
Bonds payable	-	10,368,000	10,368,000	-
<b>Total non-current liabilities</b>	<b>993,679</b>	<b>10,797,639</b>	<b>11,791,318</b>	<b>-</b>
<b>Total liabilities</b>	<b>\$ 2,066,305</b>	<b>\$ 12,740,985</b>	<b>\$ 14,179,985</b>	<b>\$ 550,492</b>
<b>Deferred inflows of resources</b>	<b>\$ 1,402,660</b>	<b>\$ 66,449</b>	<b>\$ 1,469,109</b>	<b>\$ -</b>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	11,088,826	17,270,164	28,358,990	952,556
Restricted	1,070,361	-	1,070,361	30,181
Unrestricted	2,385,664	13,314,604	15,700,268	2,755,526
<b>Total net position</b>	<b>\$ 14,544,851</b>	<b>\$ 30,584,768</b>	<b>\$ 45,129,619</b>	<b>\$ 3,738,263</b>

(1) Internal balances represent the amount owed to or from the two types of activities within the Primary Government. Since internal balances do not represent assets or liabilities of the total Primary Government, their balances are eliminated in the "total" column (GASB Statement No. 34, para. 58).

The accompanying notes are an integral part of these financial statements.



# BOROUGH OF KUTZTOWN

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Authorities
<b>Governmental Activities</b>								
General government	\$ 587,894	\$ 547,965	\$ 440,807	\$ -	\$ 400,878	\$ -	\$ 400,878	
Public safety	3,130,118	184,355	65,895	-	(2,879,868)	-	(2,879,868)	
Public works	654,269	-	-	735,716	81,447	-	81,447	
Culture and recreation	713,749	109,517	-	-	(604,232)	-	(604,232)	
Non-departmental	52,547	-	-	-	(52,547)	-	(52,547)	
Debt service payments	-	-	-	-	-	-	-	
Depreciation	429,520	-	-	-	(429,520)	-	(429,520)	
<b>Total governmental activities</b>	<b>5,568,097</b>	<b>841,837</b>	<b>506,702</b>	<b>735,716</b>	<b>(3,483,842)</b>	<b>-</b>	<b>(3,483,842)</b>	
<b>Business-Type Activities</b>								
Electric	4,487,390	6,834,249	-	-	-	2,346,859	2,346,859	
Water	2,217,010	2,707,286	-	-	-	490,276	490,276	
Sewer	2,111,850	3,048,869	-	70,168	-	1,007,187	1,007,187	
Telecom	1,089,284	653,145	-	-	-	(436,139)	(436,139)	
Refuse	1,145,319	1,120,746	-	5,940	-	(18,633)	(18,633)	
<b>Total primary government</b>	<b>\$ 16,618,950</b>	<b>\$ 15,206,132</b>	<b>\$ 506,702</b>	<b>\$ 811,824</b>	<b>\$ (3,483,842)</b>	<b>\$ 3,389,550</b>	<b>\$ (94,292)</b>	
<b>Component Units</b>								
Municipal Authorities	\$ 1,330,090	\$ 1,602,296	\$ -	\$ -				\$ 272,206
<b>GENERAL REVENUES:</b>								
Property taxes levied for general purposes					\$ 1,076,122	\$ -	\$ 1,076,122	\$ -
Other taxes levied for general purposes					856,358	-	856,358	-
Grants, subsidies, and contributions not restricted					28,818	-	28,818	-
Investment and rental earnings					544,479	738,283	1,282,762	111,402
Pension and OPEB adjustment - revenue					146,169	306,357	452,526	-
Miscellaneous income					371,285	-	371,285	4,504
Transfers					1,799,574	(1,799,574)	-	-
<b>Total general revenues, special items, extraordinary items, and transfers</b>					<b>4,822,805</b>	<b>(754,934)</b>	<b>4,067,871</b>	<b>115,906</b>
<b>Change in net position</b>					<b>1,338,963</b>	<b>2,634,616</b>	<b>3,973,579</b>	<b>388,112</b>
<b>Net position - beginning</b>					<b>13,119,609</b>	<b>27,897,968</b>	<b>41,017,577</b>	<b>3,350,151</b>
<b>Prior Period Adjustment (See Note 16)</b>					<b>86,279</b>	<b>52,184</b>	<b>138,463</b>	<b>-</b>
<b>Net position - ending</b>					<b>\$ 14,544,851</b>	<b>\$ 30,584,768</b>	<b>\$ 45,129,619</b>	<b>\$ 3,738,263</b>

The accompanying notes are an integral part of these financial statements.

# BOROUGH OF KUTZTOWN

## BALANCE SHEET ALL GOVERNMENTAL FUNDS

As of December 31, 2024

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,133,964	\$ 961,888	\$ 4,095,852
Due from other funds	14,358	-	14,358
Taxes receivable	-	7,581	7,581
Prepaid expenses	91,336	-	91,336
Accounts receivable	123,359	-	123,359
<b>Total assets</b>	<b>\$ 3,363,017</b>	<b>\$ 969,469</b>	<b>\$ 4,332,486</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Due to other funds	\$ 615,441	\$ -	\$ 615,441
Due to component units	135,944	-	135,944
Escrow deposits	2,319	-	2,319
Accounts payable	192,087	-	192,087
Accrued salaries and benefits	126,835	-	126,835
Deferred revenue	43,017	-	43,017
<b>Total liabilities</b>	<b>1,115,643</b>	<b>-</b>	<b>1,115,643</b>
<b>Fund Balances</b>			
- Nonspendable	-	-	-
- Restricted	100,892	969,469	1,070,361
- Committed	-	-	-
- Assigned	-	-	-
- Unassigned	2,146,482	-	2,146,482
<b>Total fund balances</b>	<b>2,247,374</b>	<b>969,469</b>	<b>3,216,843</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,363,017</b>	<b>\$ 969,469</b>	<b>\$ 4,332,486</b>

The accompanying notes are an integral part of these financial statements.

# BOROUGH OF KUTZTOWN

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

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As of December 31, 2024

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**Total fund balances - governmental funds** **\$ 3,216,843**

**Amounts reported for governmental activities in the statement  
of net assets are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$22,529,721 and the accumulated depreciation is \$11,440,895. 11,088,826

Revenues not received soon enough after the close of the year to meet the currently available financial resources focus required under modified accrual reporting have not been recorded as revenue in the net change in fund balance consist of:  
Multimodal Transportation Grant 67,485

Pension assets and related deferred outflows are not financial resources and , therefore, are not reported as assets in the governmental funds. 1,165,376

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Net Pension Liability	\$	(820,836)	
Other Retirement Benefits		<u>(172,843)</u>	<u>(993,679)</u>

**Total net position - governmental activities** **\$ 14,544,851**

The accompanying notes are an integral part of these financial statements.

# BOROUGH OF KUTZTOWN

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS

For the Year Ended December 31, 2024

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 1,412,516	\$ 518,304	\$ 1,930,820
Licenses and permits	198,996	-	198,996
Fines and forfeits	45,866	-	45,866
Intergovernmental	1,048,130	128,463	1,176,593
Charges for services	254,292	-	254,292
Miscellaneous	46,684	-	46,684
Reimbursements	342,683	-	342,683
Investment and rental earnings	534,803	9,676	544,479
<b>Total revenues</b>	<u>3,883,970</u>	<u>656,443</u>	<u>4,540,413</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
General government	743,698	-	743,698
Public safety	3,040,118	90,000	3,130,118
Public works	1,754,833	-	1,754,833
Culture and recreation	713,748	-	713,748
Non-departmental	52,547	-	52,547
<b>Debt Service</b>			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<u>6,304,944</u>	<u>90,000</u>	<u>6,394,944</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,420,974)</u>	<u>566,443</u>	<u>(1,854,531)</u>
<b>OTHER FINANCING SOURCES</b>			
Refund of prior year expenditures	353,419	-	353,419
Interfund transfers in	2,168,645	-	2,168,645
Interfund transfers out	(68,650)	(300,421)	(369,071)
<b>Total other financing sources</b>	<u>2,453,414</u>	<u>(300,421)</u>	<u>2,152,993</u>
<b>Net change in fund balance</b>	32,440	266,022	298,462
<b>Fund balances - beginning</b>	2,128,655	703,447	2,832,102
<b>Prior Period Adjustment (See Note 16)</b>	86,279	-	86,279
<b>Fund balances - ending</b>	<u>\$ 2,247,374</u>	<u>\$ 969,469</u>	<u>\$ 3,216,843</u>

The accompanying notes are an integral part of these financial statements.

# BOROUGH OF KUTZTOWN

## RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

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For the Year Ended December 31, 2024

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**Net change in fund balances - governmental funds** \$ 298,462

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation Expense	\$ (429,520)	
Capital Outlays	<u>474,504</u>	44,984

In the statement of activities, certain operating expenses--GASB 68 Pension and OPEB Assets and Liabilities--are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.

928,032

In the statement of activities, the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. This is the amount by which proceeds exceeded repayments.

67,485

**Change in net position of governmental activities** \$ 1,338,963

The accompanying notes are an integral part of these financial statements.

**BOROUGH OF KUTZTOWN**  
**COMBINING STATEMENT OF NET POSITION**  
**ALL PROPRIETARY FUNDS**

As of December 31, 2024

	Electric Fund	Water Fund	Major Sewer Fund	Telecom Fund	Refuse Fund	Total
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 5,177,443	\$ 1,634,749	\$ 3,675,701	\$ 987	\$ 853,986	\$ 11,342,866
Accounts receivable (net of allowance for doubtful accounts)	752,683	218,071	241,500	73,759	111,609	1,397,622
Prepaid expenses	49,156	46,287	49,883	22,425	25,251	193,002
Due from other funds	69,737	241,609	47,833	71,299	188,148	618,626
<b>Total current assets</b>	<u>6,049,019</u>	<u>2,140,716</u>	<u>4,014,917</u>	<u>168,470</u>	<u>1,178,994</u>	<u>13,552,116</u>
<b>Non-Current Assets</b>						
Land	-	477,407	813,292	1,422	-	1,292,121
Buildings (net of depreciation)	1,218,969	5,090,230	6,257,784	15,900	108,757	12,691,640
Machinery and equipment / infrastructure (net of depreciation)	1,184,363	4,644,600	7,945,541	716,566	303,633	14,794,703
Construction in Progress	41,975	-	-	-	36,725	78,700
Unamortized bond costs	13,932	241,386	64,455	-	-	319,773
<b>Total non-current assets</b>	<u>2,459,239</u>	<u>10,453,623</u>	<u>15,081,072</u>	<u>733,888</u>	<u>449,115</u>	<u>29,176,937</u>
<b>Total assets</b>	<u>\$ 8,508,258</u>	<u>\$ 12,594,339</u>	<u>\$ 19,095,989</u>	<u>\$ 902,358</u>	<u>\$ 1,628,109</u>	<u>\$ 42,729,053</u>
<b>Deferred outflows of resources</b>	<u>\$ 188,747</u>	<u>\$ 150,502</u>	<u>\$ 123,896</u>	<u>\$ 91,088</u>	<u>\$ 112,101</u>	<u>\$ 666,334</u>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts payable	\$ 306,247	\$ 52,101	\$ 38,744	\$ -	\$ 29,811	\$ 426,903
Sales tax payable	-	-	-	-	-	-
Customer deposits	198,900	-	-	-	-	198,900
Due to other funds	7,585	7,464	-	-	-	15,049
Interest payable	5,984	53,117	27,578	-	-	86,679
Bonds payable	120,000	530,000	569,000	-	-	1,219,000
<b>Total current liabilities</b>	<u>638,716</u>	<u>642,682</u>	<u>635,322</u>	<u>-</u>	<u>29,811</u>	<u>1,946,531</u>
<b>Non-Current Liabilities</b>						
Net pension liability	121,700	97,041	79,886	58,732	72,280	429,639
Bonds payable	855,000	5,595,000	3,918,000	-	-	10,368,000
<b>Total non-current liabilities</b>	<u>976,700</u>	<u>5,692,041</u>	<u>3,997,886</u>	<u>58,732</u>	<u>72,280</u>	<u>10,797,639</u>
<b>Total liabilities</b>	<u>1,615,416</u>	<u>6,334,723</u>	<u>4,633,208</u>	<u>58,732</u>	<u>102,091</u>	<u>12,744,170</u>
<b>Deferred inflows of resources</b>	<u>\$ 21,031</u>	<u>\$ 10,835</u>	<u>\$ 8,920</u>	<u>\$ 17,593</u>	<u>\$ 8,070</u>	<u>\$ 66,449</u>
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	1,470,307	4,087,237	10,529,617	733,888	449,115	17,270,164
Unrestricted net position	5,590,251	2,312,046	4,048,140	183,233	1,180,934	13,314,604
<b>Total net position</b>	<u>\$ 7,060,558</u>	<u>\$ 6,399,283</u>	<u>\$ 14,577,757</u>	<u>\$ 917,121</u>	<u>\$ 1,630,049</u>	<u>\$ 30,584,768</u>

The accompanying notes are an integral part of these financial statements.

# BOROUGH OF KUTZTOWN

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – ALL PROPRIETARY FUNDS

For the Year Ended December 31, 2024

	Electric Fund	Water Fund	Major Sewer Fund	Telecom Fund	Refuse Fund	Total
<b>OPERATING REVENUES</b>						
Charges for services	\$ 6,796,211	\$ 2,582,549	\$ 2,986,620	\$ 639,851	\$ 1,098,737	\$ 14,103,968
Penalties	36,002	12,265	12,512	-	8,045	68,824
Other fees	-	33,693	49,737	-	-	83,430
Rental income	98,135	-	-	82,343	-	180,478
Other income	2,036	78,779	-	13,294	13,964	108,073
SCADA and equipment lease	-	-	-	123,300	-	123,300
<b>Total operating revenues</b>	<u>6,932,384</u>	<u>2,707,286</u>	<u>3,048,869</u>	<u>858,788</u>	<u>1,120,746</u>	<u>14,668,073</u>
<b>OPERATING EXPENSES</b>						
Costs of furnishing utility	3,293,300	704,170	697,563	331,714	427,274	5,454,021
Employee wages	597,545	476,467	392,238	288,371	354,893	2,109,514
Employee benefits	255,644	239,352	200,106	128,371	161,429	984,902
Employee pension	75,102	70,723	61,883	70,723	75,188	353,619
Insurance	100,875	150,943	122,465	30,960	34,914	440,157
Debt service	53,388	166,739	86,721	-	-	306,848
Depreciation	111,536	408,616	550,874	239,145	91,621	1,401,792
<b>Total operating expenses</b>	<u>4,487,390</u>	<u>2,217,010</u>	<u>2,111,850</u>	<u>1,089,284</u>	<u>1,145,319</u>	<u>11,050,853</u>
<b>Operating income (loss)</b>	<u>2,444,994</u>	<u>490,276</u>	<u>937,019</u>	<u>(230,496)</u>	<u>(24,573)</u>	<u>3,617,220</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest earned	229,582	51,033	121,710	-	32,180	434,505
State grants	-	-	70,168	-	5,940	76,108
Pension & OPEB adjustment	85,521	70,275	57,290	45,102	48,169	306,357
Transfer from component unit	-	-	-	-	-	-
Transfers from other funds	-	48,650	-	20,000	-	68,650
Transfers to other funds	(1,849,112)	-	-	-	(19,112)	(1,868,224)
<b>Total non-operating revenues (expenses)</b>	<u>(1,534,009)</u>	<u>169,958</u>	<u>249,168</u>	<u>65,102</u>	<u>67,177</u>	<u>(982,604)</u>
<b>Changes in net position</b>	910,985	660,234	1,186,187	(165,394)	42,604	2,634,616
<b>Net position, January 1, 2024</b>	6,136,005	5,726,376	13,380,929	1,075,557	1,579,101	27,897,968
<b>Prior Period Adjustment (See Note 16)</b>	13,568	12,673	10,641	6,958	8,344	52,184
<b>Net position, December 31, 2024</b>	<u>\$ 7,060,558</u>	<u>\$ 6,399,283</u>	<u>\$ 14,577,757</u>	<u>\$ 917,121</u>	<u>\$ 1,630,049</u>	<u>\$ 30,584,768</u>

The accompanying notes are an integral part of these financial statements.

# BOROUGH OF KUTZTOWN

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

As of December 31, 2024

	Major					
	Electric Fund	Water Fund	Sewer Fund	Telecom Fund	Refuse Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from users	\$ 6,783,882	\$ 2,600,483	\$ 3,013,763	\$ 711,803	\$ 1,093,200	\$ 14,203,131
Cash received from other operating revenue	100,171	112,472	49,737	136,594	13,964	412,938
Cash payments to employees for services	(1,013,813)	(856,817)	(711,516)	(532,566)	(639,680)	(3,754,392)
Cash payments to suppliers for goods and services	(3,215,735)	(682,757)	(707,878)	(333,313)	(412,268)	(5,351,951)
Cash payments to other operating expenses	(172,954)	(337,294)	(228,201)	(38,564)	(47,877)	(824,890)
<b>Net cash provided (used) by operating activities</b>	<u>2,481,551</u>	<u>836,087</u>	<u>1,415,905</u>	<u>(56,046)</u>	<u>7,339</u>	<u>4,684,836</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>						
(Increase) decrease in due from other funds	(11,055)	(60,440)	18,572	(15,075)	(201)	(68,199)
Increase (decrease) in due to other funds	-	(10,193)	-	-	-	(10,193)
State grants	-	-	70,168	-	5,940	76,108
Pension & OPEB adjustment	85,521	70,275	57,290	45,102	48,169	306,357
Transfer from component unit	-	-	-	-	-	-
Prior Period Adjustment (See Note 16)	13,568	12,673	10,641	6,958	8,344	52,184
Operating transfers in	-	48,650	-	20,000	-	68,650
Operating transfers out	(1,849,112)	-	-	-	(19,112)	(1,868,224)
<b>Net cash provided by (used) for non-capital financing activities</b>	<u>(1,761,078)</u>	<u>60,965</u>	<u>156,671</u>	<u>56,985</u>	<u>43,140</u>	<u>(1,443,317)</u>
<b>CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES</b>						
Loan principal payments / proceeds	(115,000)	(505,000)	(561,000)	-	-	(1,181,000)
Purchase / sale of fixed assets	(194,817)	(150,273)	-	-	(36,725)	(381,815)
(Increase) decrease in unamortized bond costs	1,990	21,401	10,436	-	-	33,827
<b>Net cash (used) for capital financing activities</b>	<u>(307,827)</u>	<u>(633,872)</u>	<u>(550,564)</u>	<u>-</u>	<u>(36,725)</u>	<u>(1,528,988)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Earnings on investments	229,582	51,033	121,710	-	32,180	434,505
<b>Net cash provided by investing activities</b>	<u>229,582</u>	<u>51,033</u>	<u>121,710</u>	<u>-</u>	<u>32,180</u>	<u>434,505</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>642,228</u>	<u>314,213</u>	<u>1,143,722</u>	<u>939</u>	<u>45,934</u>	<u>2,147,036</u>
<b>Cash and cash equivalents - beginning of year</b>	<u>4,535,215</u>	<u>1,320,536</u>	<u>2,531,979</u>	<u>48</u>	<u>808,052</u>	<u>9,195,830</u>
<b>Cash and cash equivalents - end of year</b>	<u><b>\$ 5,177,443</b></u>	<u><b>\$ 1,634,749</b></u>	<u><b>\$ 3,675,701</b></u>	<u><b>\$ 987</b></u>	<u><b>\$ 853,986</b></u>	<u><b>\$ 11,342,866</b></u>

The accompanying notes are an integral part of these financial statements.



**BOROUGH OF KUTZTOWN****STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS****As of December 31, 2024****RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES**

	<b>Major</b>					
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Telecom Fund</b>	<b>Refuse Fund</b>	<b>Total</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ 2,444,994</b>	<b>\$ 490,276</b>	<b>\$ 937,019</b>	<b>\$ (230,496)</b>	<b>\$ (24,573)</b>	<b>\$ 3,617,220</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b>						
Depreciation	111,536	408,616	550,874	239,145	91,621	1,401,792
<b>Change in Assets and Liabilities</b>						
(Increase) decrease in accounts receivable	(68,807)	5,669	14,631	(10,391)	(13,582)	(72,480)
(Increase) decrease in grants receivable	-	-	-	-	-	-
(Increase) decrease in prepaid expenses	(18,022)	(17,350)	(14,292)	(7,604)	(12,963)	(70,231)
(Increase) decrease in deferred outflows	100,889	99,261	76,634	83,285	36,216	396,285
Increase (decrease) in accounts payable	77,565	21,413	(10,315)	(1,599)	15,006	102,070
Increase (decrease) in interest payable	(669)	(2,262)	(4,723)	-	-	(7,654)
Increase (decrease) in GASB 68 Pension and OPEB liability	(183,731)	(166,343)	(131,580)	(125,150)	(84,126)	(690,930)
Increase (decrease) in deferred inflows	(2,680)	(3,193)	(2,343)	(3,236)	(260)	(11,712)
Increase (decrease) in customer deposits	23,650	-	-	-	-	23,650
<b>Total adjustments</b>	<b>36,557</b>	<b>345,811</b>	<b>478,886</b>	<b>174,450</b>	<b>31,912</b>	<b>1,067,616</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 2,481,551</b>	<b>\$ 836,087</b>	<b>\$ 1,415,905</b>	<b>\$ (56,046)</b>	<b>\$ 7,339</b>	<b>\$ 4,684,836</b>

The accompanying notes are an integral part of these financial statements.

# BOROUGH OF KUTZTOWN

## STATEMENT OF NET POSITION FIDUCIARY FUNDS

As of December 31, 2024

	Police Pension Trust Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 176,085
Investments, at fair value	7,922,288
<b>Total assets</b>	<b>\$ 8,098,373</b>
<b>Deferred outflows of resources</b>	<b>\$ -</b>
<b>LIABILITIES</b>	
Due to General Fund	\$ 2,494
<b>Total liabilities</b>	<b>\$ 2,494</b>
<b>Deferred inflows of resources</b>	<b>\$ -</b>
<b>NET POSITION</b>	
Restricted for employee benefits	8,095,879
<b>Total net position</b>	<b>\$ 8,095,879</b>

The accompanying notes are an integral part of these financial statements.

# BOROUGH OF KUTZTOWN

## STATEMENT OF ADDITIONS, DEDUCTIONS AND CHANGES IN NET POSITION FIDUCIARY FUNDS

For the Year Ended December 31, 2024

	<u>Police Pension Trust Funds</u>
<b>ADDITIONS:</b>	
State aid	\$ 49,771
Employee contributions	-
<b>Investment earnings</b>	
Interest and dividends	189,717
Realized gains (losses)	593,671
Change in fair value from investments	<u>(75,506)</u>
<b>Total additions</b>	<u>817,416</u>
 <b>DEDUCTIONS:</b>	
Administrative charges	15,686
Investment expenses	79,178
Employee benefits	<u>341,761</u>
<b>Total deductions</b>	<u>436,625</u>
 <b>Changes in net position</b>	380,791
 <b>Net position - beginning of year</b>	<u>7,715,088</u>
 <b>Net position - end of year</b>	<u><u>\$ 8,095,879</u></u>

The accompanying notes are an integral part of these financial statements.

# BOROUGH OF KUTZTOWN

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with	Budget to	Actual
	Original	Final	(Budgetary	Final Budget	GAAP	Amounts
			Basis)	Positive	Difference	GAAP
				(Negative)		Basis
<b>RESOURCES (INFLOW):</b>						
Taxes	\$ 1,193,900	\$ 1,193,900	\$ 1,412,516	\$ 218,616	\$ -	\$ 1,412,516
Licenses and permits	204,900	204,900	198,996	(5,904)	-	198,996
Fines and forfeits	131,000	131,000	45,866	(85,134)	-	45,866
Intergovernmental	383,150	383,150	1,048,130	664,980	-	1,048,130
Charges for services	230,900	230,900	254,292	23,392	-	254,292
Miscellaneous	42,600	42,600	46,684	4,084	-	46,684
Reimbursements	242,000	242,000	342,683	100,683	-	342,683
Investment and rental earnings	412,500	412,500	534,803	122,303	-	534,803
Refund of prior year expenditures	100	100	353,419	353,419	-	353,419
Transfers from other funds	2,200,000	2,200,000	2,168,645	(31,355)	-	2,168,645
<b>Total resources</b>	<u>5,041,050</u>	<u>5,041,050</u>	<u>6,406,034</u>	<u>1,364,984</u>	<u>-</u>	<u>6,406,034</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>						
<b>General Government</b>						
Legal	9,000	9,000	26,797	(17,797)	-	26,797
Mayor, legislative, Borough Manager	339,871	339,871	363,159	(23,288)	-	363,159
Finance and Accounting	7,000	7,000	18,125	(11,125)	-	18,125
Tax Collection	9,736	9,736	644	9,092	-	644
Engineering	-	-	58,440	(58,440)	-	58,440
Buildings and Plant	108,372	108,372	276,533	(168,161)	-	276,533
<b>Public Safety</b>						
Police	2,431,694	2,431,694	2,299,979	131,715	-	2,299,979
Fire and ambulance	95,194	95,194	176,328	(81,134)	-	176,328
Inspections and permits	347,967	347,967	563,420	(215,453)	-	563,420
Emergency management	3,400	3,400	391	3,009	-	391
<b>Public Works</b>						
Street maintenance and lighting	959,310	959,310	1,754,833	(795,523)	-	1,754,833
<b>Culture and Recreation</b>						
Parks and pools	678,749	678,749	713,748	(34,999)	-	713,748
<b>Non-Departmental</b>						
Debt service	1,820	1,820	-	1,820	-	-
Miscellaneous	49,100	49,100	52,547	(3,447)	-	52,547
Transfer to other funds	-	-	68,650	(68,650)	-	68,650
<b>Total charges to appropriations</b>	<u>5,041,213</u>	<u>5,041,213</u>	<u>6,373,594</u>	<u>(1,332,381)</u>	<u>-</u>	<u>6,373,594</u>
Excess (Deficiency) of Inflows Over Outflows	(163)	(163)	32,440	32,603	-	32,440
<b>Fund balance - January 1, 2024</b>	163	163	2,128,655	2,128,492	-	2,128,655
<b>Prior Period Adjustment (See Note 16)</b>	-	-	86,279	86,279	-	86,279
<b>Fund balance - December 31, 2024</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,247,374</u>	<u>\$ 2,247,374</u>	<u>\$ -</u>	<u>\$ 2,247,374</u>

The accompanying notes are an integral part of these financial statements.

**Note 1 – Significant Accounting Policies**

The basic financial statements of the Borough of Kutztown (Pennsylvania) have been prepared in conformity with accounting principles general accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing government accounting standards and financial reporting principles. The significant accounting principles and policies utilized by the Borough are described below:

***Reporting Entity***

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the Borough are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Borough.

Borough of Kutztown is located in Berks County, PA. The Borough operates as a council/manager form of government under the Borough Code of the Commonwealth of Pennsylvania. The accompanying financial statements present the government and certain component units, entities for which the government is considered to be financially accountable. In evaluating the Borough (the primary government) as a reporting entity, all potential component units that may or may not fall within the financial accountability of the form of government have been addressed. Financial accountability is present if the Borough appoints a voting majority of a component unit's governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or imposes specific financial burdens on, the form of government. The Kutztown Municipal Authority and the Kutztown Transportation Authority (component units) are combined and reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the government.

***Discretely Presented Components Units***

The Kutztown Municipal Authority and the Kutztown Transportation Authority are component units of the Borough of Kutztown since the Borough has the responsibility for funding the Authorities; funding deficits and appoints members of the Authority's governing board.

Complete financial statements for the Kutztown Municipal Authority and the Kutztown Transportation Authority may be obtained at the entity's administrative offices of the Borough.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the Borough have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

**A. *Basis of Presentation***

The Borough's basic financial statements consist of government-wide statements, including a statement of net assets, a statement of activities, and fund financial statements which provide a more detailed level of financial information.

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

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Year Ended December 31, 2024

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**Government-wide Financial Statements** The statement of net assets and the statement of activities display information about the Borough as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Borough that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Borough at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Borough's governmental activities and for five business-type activities of the Borough. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Borough, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the Borough.

**Fund Financial Statements** During the year, the Borough segregates transactions related to certain government functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Borough at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

### **B. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Government funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues – Exchange and Non-Exchange Transactions.** Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Non-exchange transactions, in which the Borough receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used for a specified purpose, and expenditure requirements, in which the Borough must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Borough on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

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Year Ended December 31, 2024

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### C. *Fund Accounting*

The Borough uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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

#### General Fund

The General Fund is the general operating fund of the Borough. Substantially all tax revenues, Federal and State aid (except aid restricted for use in Special Revenue Funds) and other operating revenues are accounted for in the General Fund. This Fund also accounts for expenditures and transfers as appropriated in the budget which provides for the Borough's day-to-day operations.

**Proprietary Funds** Proprietary funds focus on the determination of changes in net assets, financial position and cash flows and are classified as enterprise funds.

**Enterprise Funds** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Borough's **major** enterprise funds are:

*Electric Fund* - This fund accounts for the financial transactions related to providing electricity to the residents of the Borough.

*Water Fund* - This fund accounts for the financial transactions related to providing water services to the residents of the Borough.

*Sewer Fund* - This fund accounts for the financial transactions related to providing wastewater services to the residents of the Borough.

*Telecom Fund* - This fund accounts for the financial transactions related to providing phone, cable and internet services to the residents of the Borough.

*Refuse Fund* - This fund accounts for the financial transactions related to providing waste removal to the residents of the Borough.

The Borough applies Financial Accounting Standards Board (FASB) Statements and interpretations issued on or before November 30, 1989 to its proprietary funds, provided they do not conflict with or contradict GASB pronouncements.

**Fiduciary Funds** Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Borough under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Borough's own programs. The Borough has one (1) trust fund, consisting of the Police Pension Fund, and do not involve measurement of results of operations.

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**Year Ended December 31, 2024**

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**D. Measurement Focus**

**Government-wide Financial Statements.** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Borough are included on the statement of net assets.

**Fund Financial Statements.** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**E. Budgets and Budgetary Accounting**

The Borough follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Refuse Fund, Water Fund, Electric Fund, Sewer Fund, Telecommunications Fund and the Special Revenue Funds. All annual appropriations lapse at fiscal year-end. Budgets for the Enterprise Funds are shown in the supplemental information.
2. During November and December, the Borough holds budget hearings for the purposes of receiving oral and written comment from interested parties in regard to the proposed budget for the following year. The Borough makes available to the public its proposed operating budget for all funds. The operating budget includes proposed expenditures and the means of financing them. The board holds public hearings and a final budget must be prepared and adopted no later than December 31 through the passage of an ordinance. All budget revisions require the approval of the Borough Council. There were no budget revisions made during the year. Depreciation expense is not included in the budget.
3. For the year, expenditures and other uses exceeded appropriations in the general, water, refuse and telecommunication funds. Expenditures exceeded revenues in the general, telecom, fire protection tax, road tax and highway aid funds. Adequate fund balance surpluses exist in the above funds to cover budget or operating deficits.

**Encumbrances**

Any encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The General Fund Budget is maintained on the modified accrual basis of accounting, except that budgetary basis expenditures include any encumbrances issued for goods or services not received at year-end and not terminated.

The actual results of operations are presented in accordance with GAAP and the Borough's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. Any encumbrances are presented as a reservation for encumbrances on the balance sheet of the General Fund. If budgetary encumbrances exist at year-end, they are included in the fund financial statements to reflect actual revenues and expenditures on a budgetary basis consistent with the Borough's legally adopted budget.



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**Year Ended December 31, 2024**

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**F. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**G. Implementation of New Accounting Standards**

The Governmental Accounting Standards Board (GASB) issued the following standards that were scheduled to take effect for calendar year 2024:

GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62* – Effective for the year 2024

GASB Statement No. 101, *Compensated Absences* – Effective for the year 2024

The Borough has already adopted and implemented all applicable above referenced Statements.

**H. Future Changes in Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued the following standards with future effective dates:

GASB Statement No. 102, *Certain Risk Disclosures* – Effective for calendar year 2025

GASB Statement No. 103, *Financial Reporting Model Improvements* – Effective for calendar year 2025

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – Effective for calendar year 2026

The Borough will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable.

**I. Assets, Liabilities and Net Assets*****Cash and Cash Equivalents***

For purposes of the Statement of Cash Flows, the Proprietary Fund type considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

***Investments***

In accordance with GASB Statement 31, investments are stated at fair value, except:

- a) Non-participating interest earning investment contracts are recorded at amortized cost;
- b) Money market investments and participating interest earning investment contracts that mature within one year of acquisition are recorded at amortized cost; and,
- c) Investments held in 2a7-like pools (Pennsylvania Local Government Investment Trust, and the Pennsylvania Treasurer's Invest Program) are recorded at the pool's share price.

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

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Year Ended December 31, 2024

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### *Receivables and Payables*

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

### *Inventories*

Inventory type items for the Borough are recorded using the purchase method; that is, they are charged as an expense when purchased; therefore, there is no inventory shown on the Balance Sheet.

### *Real Estate Taxes*

The total taxable assessed real estate valuation for the year ended 2024 is \$197,488,400 at a rate of 5.5 mills. Real estate taxes are levied on March 1 and are payable by June 30.

Real estate taxes paid by April 30 are subject to a 2% discount and after June 30 are subject to a 10% penalty. Delinquent real estate taxes are generally lien by January 1 of the following year.

### *Fund Balance Classifications*

GASB Statement No 54, established accounting and financial reporting standards for all governments that report governmental funds. The statement established criteria for classifying fund balances into the following specifically defined classifications:

- **Non-spendable** fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted** fund balance includes amounts that are restricted externally by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally. The Borough's highest level of decision making is the Borough Council.
- **Assigned** fund balance comprises amounts *intended* to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

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Year Ended December 31, 2024

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### *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. These assets have been valued at estimated historical cost.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following useful lives:

<b>Assets</b>	<b>Years</b>
Building and Plants	50
Recreation Structures	25
Roads and Bridges	40
Utility Distribution and Collection Systems	50
Lighting and Traffic Control Devices	15
Trucks and Heavy Equipment	10
Vehicles	7

### *Deferred Outflows and Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Borough's governmental activities have the following items that qualify for reporting in this category:

Deferred Outflows related to Pensions (See detailed Pension Note):

Police	\$ 1,502,194
Non-Uniform	934,399

Deferred Outflow related to OPEB (See detailed OPEB Note):	<u>210,872</u>
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<b>Total deferred outflows of resources</b>	<b><u>\$ 2,647,465</u></b>
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In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position for fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

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Year Ended December 31, 2024

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Deferred inflows of resources reported in the governmental funds are as follows:

Deferred Inflows related to Pensions (See detailed Pension Note):	
Police	\$ 1,060,370
Non-Uniform	67,269
Deferred Inflows related to OPEB (See detailed OPEB Note):	
Deferred Revenue - General Fund	279,975
Deferred Revenue - Electric Fund	43,017
Deferred Revenue - Telecom Fund	7,443
	11,035
<b>Total deferred inflows of resources</b>	<b>\$ 1,469,109</b>

### *Long-Term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets.

### *Net Assets*

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Borough or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Borough applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

### **Note 3 – Reconciliation of government-wide and fund financial statements**

#### *A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.*

The governmental fund balance sheet includes a reconciliation between “fund balance-total governmental funds” and “net position – governmental activities” as reported in the government-wide statement of net assets. One element of that reconciliation explains that “capital assets used in government activities are not financial resources and therefore are not reported as assets in governmental funds”. The cost of the capital assets net of depreciation totals \$11,088,826. The difference of (\$820,836) is related to changes in GASB 68 pension adjustments. The difference of (\$172,843) is related to changes in GASB 68 OPEB adjustments. Another element of the reconciliation is the Deferred Outflows related to Pensions and OPEB totaling \$1,165,376. The difference of \$67,485 represents multimodal transportation grant revenues recorded under the full-accrual GASB-34 basis.

#### *B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities*

Due to the difference in the measurement focus and basis of accounting used on the governmental fund statements and borough-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of two broad categories. The amounts shown in the columns on the following page represent:

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

Year Ended December 31, 2024

- a) Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
- b) Capital related differences include: (1) the differences between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities; and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording of depreciation expense on those items as recorded in the statement of activities.
- c) Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability; principal payments are recorded as a reduction of liabilities.

### Explanation of Differences between Governmental Fund Statements and Borough-Wide Statements

	Total Governmental Funds	Long-Term Revenues / Expenses	Capital Related Items	Long-Term Debt Transactions	Total for Statement of Activities
<b>REVENUES AND OTHER SOURCES</b>					
<b>Local Sources</b>					
Property taxes	\$ 1,076,122	\$ -	\$ -	\$ -	\$ 1,076,122
Other taxes levied for general purposes	856,358	-	-	-	856,358
Grants, subsidies and contributions	28,818	-	-	-	28,818
Investment and rental earnings	544,479	-	-	-	544,479
Pension and OPEB adjustment - revenue	-	146,169	-	-	146,169
Miscellaneous	17,866	353,419	-	-	371,285
Charges for services	841,837	-	-	-	841,837
Refund of prior years expenses	353,419	(353,419)	-	-	-
Transfers in	2,168,645	(369,071)	-	-	1,799,574
<b>State Sources</b>					
Operating grant and contributions	1,156,810	67,485	-	-	1,224,295
<b>Federal Sources</b>					
Operating grant and contributions	18,123	-	-	-	18,123
<b>Total revenues</b>	<b>7,062,477</b>	<b>(155,417)</b>	<b>-</b>	<b>-</b>	<b>6,907,060</b>
<b>EXPENDITURES/EXPENSES AND OTHER USES</b>					
General government	743,698	-	(155,804)	-	587,894
Public safety	3,130,118	-	-	-	3,130,118
Public works	1,754,833	(1)	(1,100,563)	-	654,269
Culture and recreation	713,748	1	-	-	713,749
Non-departmental	52,547	-	-	-	52,547
Debt service payments	-	-	-	-	-
Depreciation	-	-	429,520	-	429,520
Transfers out	369,071	(369,071)	-	-	-
<b>Total expenditures / expenses</b>	<b>6,764,015</b>	<b>(369,071)</b>	<b>(826,847)</b>	<b>-</b>	<b>5,568,097</b>
<b>Net change for the year</b>	<b>\$ 298,462</b>	<b>\$ 213,654</b>	<b>\$ 826,847</b>	<b>\$ -</b>	<b>\$ 1,338,963</b>

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

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Year Ended December 31, 2024

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### Note 4 - Cash

#### Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a policy for custodial credit risk. As of December 31, 2024, \$3,110,610 of the Borough's bank balance of \$3,533,847 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution	-
Uninsured and collateral held by the pledging bank's trust department not in the Borough's name	3,110,610
<b>Total</b>	<b>\$ 3,110,610</b>

#### Reconciliation to Financial Statements

Uninsured Amount Above	\$ 3,110,610
Plus: Insured Amount	423,237
Deposit in Transit	31,491
Less: Outstanding Checks	(79,538)
Carrying Amount - Bank Balances	3,485,800
Plus: Petty Cash	900
Deposits in Investment Pool Considered Cash Equivalents	12,128,103
<b>Total cash per financial statements</b>	<b>\$ 15,614,803</b>

#### Restricted Cash

The cash balance includes \$176,085 held for pension benefits.

### Note 5 - Investments

The permitted investments for Pennsylvania Boroughs are defined in the Borough Code, as amended by Act 10 of 2016, as:

1. United States Treasury Bills;
2. Short-term obligations of the United States Government or its agencies or instrumentalities;
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the F.D.I.C.; and,
4. Obligations, participations or other instruments of any Federal Agency, instrumentality or United States government sponsored enterprise, including those issued or fully guaranteed as the principal and interest by Federal agencies, instrumentalities or United States government sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

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Year Ended December 31, 2024

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5. Repurchase agreements with respect to United States Treasury bills or obligations, participations or other instruments of or guaranteed by the United States or any Federal agency, instrumentality or United States government sponsored enterprise.
6. Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or State-chartered bank, a Federal or State savings and loan association or a State-licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
7. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
8. Commercial paper issued by corporations or other business entities organized in accordance with Federal or State law, with a maturity not to exceed 270 days, if the paper is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
9. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and, if all of the following conditions are met:
  - The investments of the company are the authorized investments listed above.
  - The investment company is managed in accordance with 17 CFR 270.2a-7 (related to money market funds).
  - The investment company is rated in the highest category by a nationally recognized rating agency.
10. Savings or demand deposits placed in accordance with the following conditions:
  - The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.
  - The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, or the account of the public corporation or municipal authority.
  - The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.
  - On the same date that the money is redeposited pursuant to above, the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

Year Ended December 31, 2024

*Pension Trust Funds* - The Police Pension Plan's investment plan authorizes investment in common and preferred stock, U.S. Government securities, money market funds, international equities traded as ADRs, non-leveraged exchange traded funds, commercial paper and convertible security bonds with an average rating of AA. Assets or transactions expressly prohibited include selling short, letter stock, margin purchases, and leveraged exchanged traded funds. A variety of investment managers and styles will be utilized with varying ranges of investment.

The fund will use a mixture of stocks and bonds to achieve the overall objective of growth exceeding the inflation rate. The fund will be measured against a target return of 7.75% per year (actuarial assumption). The fund will be expected to out-perform this target return over a complete market cycle of 3 to 5 years. Equity investments will range between 35% and 65% of the total portfolio. An exchange traded fund will be utilized to achieve diversification. A portion of the funds will also be invested within a money market account and a fixed income manager.

As of December 31, 2024, the Borough had the following investments:

<b><i>Investments</i></b>	<b><i>Maturities</i></b>	<b><i>Fair Value</i></b>
PA Local Government Investment Trust/PA Invest Pool		\$ 12,128,103
Common Stocks		5,196,113
ETF's and CEF's		468,152
Mutual Funds		430,851
Municipal Bond	3 mos - 31 years 5 mos	876,554
U.S. Government Agency Bonds	3 years 7 mos - 28 years 9 mos	950,618
<b>Total</b>		<b>\$ 20,050,391</b>

### *Fair Value Reporting*

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

### *Interest Rate Risk*

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

### *Credit Risk*

The Borough has no investment policy that would limit its investment choices to certain credit ratings. As of December 31, 2024, the Borough's significant investments were rated as:

<b><i>Investments</i></b>	<b><i>Standard &amp; Poor's</i></b>
PLGIT / PA Invest Pool	AAA
Common Stocks	Not Available
ETFs & CEFs	Not Available
Municipal Bonds	A to AAA
Mutual Funds	Not Available
U.S. Government Agency Bonds	AA+



# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

Year Ended December 31, 2024

### Concentration of Credit Risk

The Borough's investment policy only authorizes investment in local government investment pools including the PA Local Government Investment Trust (PGLIT) and the Pennsylvania Invest Program for Local Governments and Non-Profits administered by the Treasurer of the Commonwealth of Pennsylvania. 100% of the Borough's Governmental and Proprietary investments consisted of PLGIT and PA Invest Pool investments. No more than 5% of the Police Pension Trust Fund were invested in any one security, ETF, CEF or Bonds of any type. A diverse portfolio of Common Stocks, ETFs & CEFs, Municipal Bonds, Mutual Funds, and U.S. Government Agency Bonds represent 65.59%, 5.91%, 11.06%, 5.44%, and 12.00%, respectively represent the Police Pension Trust Funds investments.

### Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Borough has no investments subject to custodial credit risk.

### Foreign Currency Risk

The Police Pension Trust Fund does not include investments in international equities trades as ADRs and, therefore, has no exposure to foreign currency risk.

### Reconciliation to Financial Statements

Total Investments Above	\$ 20,050,391
Less: Deposits in Investment Pool Considered Cash Equivalents	(12,128,103)
<b>Total Investments Per Financial Statements</b>	<b>\$ 7,922,288</b>

### Restricted Investments

The investments include \$7,922,289 held for future pension obligation for the police pension plan.

### **Note 6 - Receivables**

Receivables as of year-end for the government's individual major funds and non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are:

	General Fund	Non-Major Funds	Electric Fund	Water Fund	Sewer Fund	Telecom Fund	Refuse Fund	Component Units	Total
<b>Receivables</b>									
Taxes	\$ -	\$ 7,581	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,581
Accounts	123,359	-	752,683	218,071	241,500	73,759	111,609	138,782	1,659,763
Intergovernmental	-	-	-	-	-	-	-	-	-
<b>Gross Receivables</b>	<b>123,359</b>	<b>7,581</b>	<b>752,683</b>	<b>218,071</b>	<b>241,500</b>	<b>73,759</b>	<b>111,609</b>	<b>138,782</b>	<b>1,667,344</b>
Less: Allowance for Uncollectibles	-	-	-	-	-	-	-	-	-
<b>Net Receivables</b>	<b>\$ 123,359</b>	<b>\$ 7,581</b>	<b>\$ 752,683</b>	<b>\$ 218,071</b>	<b>\$ 241,500</b>	<b>\$ 73,759</b>	<b>\$ 111,609</b>	<b>\$ 138,782</b>	<b>\$ 1,667,344</b>

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

Year Ended December 31, 2024

### Note 7 – Capital Assets

Capital asset balances and activity for the year ending December 31, 2024, were:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets not being depreciated:				
Land	\$ 1,334,868	\$ -	\$ -	\$ 1,334,868
Construction in Progress	-	781,863	-	781,863
Total Capital Assets not being depreciated	1,334,868	781,863	-	2,116,731
Capital Assets being Depreciated:				
Buildings	2,144,572	-	-	2,144,572
Machinery, Equipment and Vehicles	2,152,405	-	-	2,152,405
Infrastructure	15,641,509	474,504	-	16,116,013
Total Capital Assets being depreciated	19,938,486	474,504	-	20,412,990
Less: Accumulated Depreciation for:				
Buildings	(1,649,089)	(43,125)	-	(1,692,214)
Machinery, Equipment and Vehicles	(1,825,918)	(64,235)	-	(1,890,153)
Infrastructure	(7,536,368)	(322,160)	-	(7,858,528)
Total Accumulated Depreciation	(11,011,375)	(429,520)	-	(11,440,895)
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	8,927,111	44,984	-	8,972,095
<b>Governmental Activities Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 10,261,979</b>	<b>\$ 44,984</b>	<b>\$ -</b>	<b>\$ 11,088,826</b>
<b>Business-Type Activities:</b>				
Capital Assets not being depreciated:				
Land	\$ 1,292,121	\$ -	\$ -	\$ 1,292,121
Construction in Progress	-	78,700	-	78,700
Total Capital Assets not being depreciated	1,292,121	78,700	-	1,370,821
Capital Assets being Depreciated:				
Buildings	1,767,271	-	-	1,767,271
Machinery, Equipment and Vehicles	47,024,328	119,030	-	47,143,358
Infrastructure	15,219,305	184,083	-	15,403,388
Total Capital Assets being depreciated	64,010,904	303,113	-	64,314,017
Less: Accumulated Depreciation for:				
Buildings	(967,074)	(40,892)	-	(1,007,966)
Machinery, Equipment and Vehicles	(31,367,207)	(981,448)	-	(32,348,655)
Infrastructure	(3,091,601)	(379,452)	-	(3,471,053)
Total Accumulated Depreciation	(35,425,882)	(1,401,792)	-	(36,827,674)
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	28,585,022	(1,098,679)	-	27,486,343
<b>Business-Type Activities Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 29,877,143</b>	<b>\$ (1,098,679)</b>	<b>\$ -</b>	<b>\$ 28,857,164</b>

The depreciation was charged to the governmental activities as follows:

Depreciation – Unallocated \$ 429,520

The depreciation was charged to the business-type activities as follows:

Depreciation – Unallocated \$1,401,792

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

Year Ended December 31, 2024

### Note 8 – Interfund Transactions

The Borough had the following interfund payables and receivables as of December 31, 2024:

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 14,358	\$ 615,441
Refuse Fund (Enterprise)	188,148	-
Water Fund (Enterprise)	241,609	7,464
Electric Fund (Enterprise)	69,737	7,585
Sewer Fund (Enterprise)	47,833	-
Telecom Fund (Enterprise)	71,299	-
Police Pension Fund (Trust)	-	2,494
<b>Total</b>	<b>\$ 632,984</b>	<b>\$ 632,984</b>

The Borough also made the following interfund transfers during the year ended December 31, 2024.

	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
General Fund	\$ 2,168,645	\$ 68,650
Fire Protection Tax Fund (Special Revenue)	-	65,222
Recreation Tax Fund (Special Revenue)	-	55,184
Road Tax Fund (Special Revenue)	-	180,015
Highway Aid Fund (Special Revenue)	-	-
Refuse Fund (Enterprise)	-	19,112
Water Fund (Enterprise)	48,650	-
Electric Fund (Enterprise)	-	1,849,112
Telecom Fund (Enterprise)	20,000	-
<b>Total</b>	<b>\$ 2,237,295</b>	<b>\$ 2,237,295</b>

### Note 9 – Long-Term Debt Commitment

Long-Term Liability balances and activity for the year ended December 31, 2024, were:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Yr</u>
<b>Governmental Activities:</b>					
Bonds Payable					
Capital Projects	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Governmental Activities</b>					
<b>Long-Term Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Business-Type Activities</b>					
Bonds Payable					
Capital Projects	\$ 12,768,000	\$ -	\$ 1,181,000	\$ 11,587,000	\$ 1,219,000
<b>Total Business-Type Activities</b>					
<b>Long-Term Liabilities</b>	<b>\$ 12,768,000</b>	<b>\$ -</b>	<b>\$ 1,181,000</b>	<b>\$ 11,587,000</b>	<b>\$ 1,219,000</b>

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

Year Ended December 31, 2024

Payments on bonds are made by the Water Fund, Electric Fund and the Sewer Fund.

Total interest paid during the year:

<b>Governmental Activities</b>	<b>Paid</b>
General Obligation Bonds	\$ -
<b>Total Interest Paid By Governmental Activities</b>	<b>\$ -</b>
<b>Business-Type Activities</b>	<b>Paid</b>
General Obligation Bonds	\$ 280,677
<b>Total Interest Paid by Business-Type Activities</b>	<b>\$ 280,677</b>

The total interest cost incurred and charged to expense in 2024 was \$273,023.

### Long-Term Debt

At December 31, 2024, debt consisted of the following:

General Obligation Bonds, Series 2013A; M&T Bank, Initial issue \$2,835,000 interest rates from 1.038% to 4.962% per annum until November, 2031.	\$ 975,000
General Obligation Bonds, Series of 2019; Wilmington Trust, Initial Issue \$7,515,000 at an interest rate of 1.40% to 2.70% per annum until August, 2037.	6,125,000
General Obligation Note, Series of 2020; First National Bank, Initial Issue \$675,000 at an interest rate of 2.12% per annum until August, 2030.	420,000
General Obligation Note, Series of 2021; Peoples Security Bank & Trust, initial issue \$7,030,000 at and interest rate of 1.55% to 2.00% per annum until August, 2032	4,067,000
<b>Total</b>	<b>\$ 11,587,000</b>

At December 31, 2024, the division of debt between the governmental and business-type activities was as follows:

Governmental	\$ -
Business-Type	11,587,000
<b>Total</b>	<b>\$ 11,587,000</b>

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

Year Ended December 31, 2024

The following summarizes debt activity for the Borough for 2024:

	Outstanding January 1, 2024	Issued	Retired	Outstanding December 31, 2024	Due in One Year
General Obligation Bonds 2013A	\$ 1,090,000	\$ -	\$ 115,000	\$ 975,000	\$ 120,000
General Obligation Bonds 2019	6,420,000	-	295,000	6,125,000	530,000
General Obligation Note 2020	485,000	-	65,000	420,000	65,000
General Obligation Note 2021	4,773,000	-	706,000	4,067,000	504,000
<b>Total</b>	<b>\$ 12,768,000</b>	<b>\$ -</b>	<b>\$ 1,181,000</b>	<b>\$ 11,587,000</b>	<b>\$ 1,219,000</b>

Aggregate maturities required on debt at December 31, 2024 are as follows:

Fiscal Year	Principal	Interest
2025	\$ 1,219,000	\$ 257,344
2026	1,242,000	232,094
2027	1,268,000	206,286
2028	1,300,000	179,858
2029	1,306,000	160,465
2030-2034	4,267,000	364,933
2035-2037	985,000	53,166
<b>Total</b>	<b>\$ 11,587,000</b>	<b>\$ 1,454,146</b>

Substantially all of the Borough's assets are pledged as collateral on the General Obligation Bonds.

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

Year Ended December 31, 2024

### Combined Long-Term Debt

The combined general long-term debt obligations for subsequent years are:

Principal Requirements Fiscal Year	GOB Series 2013A	GOB Series 2019	GON Series 2020	GON Series 2021	Total Payments
2025	\$ 120,000	\$ 530,000	\$ 65,000	\$ 504,000	\$ 1,219,000
2026	125,000	535,000	70,000	512,000	1,242,000
2027	130,000	550,000	70,000	518,000	1,268,000
2028	140,000	560,000	70,000	530,000	1,300,000
2029	145,000	565,000	70,000	526,000	1,306,000
2030-2034	315,000	2,400,000	75,000	1,477,000	4,267,000
2035-2037	-	985,000	-	-	985,000
<b>Total</b>	<b>\$ 975,000</b>	<b>\$ 6,125,000</b>	<b>\$ 420,000</b>	<b>\$ 4,067,000</b>	<b>\$ 11,587,000</b>
<b>Less: Payable Within One Year</b>	<b>120,000</b>	<b>530,000</b>	<b>65,000</b>	<b>504,000</b>	<b>1,219,000</b>
<b>Long-Term Debt Outstanding</b>	<b>\$ 855,000</b>	<b>\$ 5,595,000</b>	<b>\$ 355,000</b>	<b>\$ 3,563,000</b>	<b>\$ 10,368,000</b>

Principal and Interest Requirements Fiscal Year	GOB Series 2013A	GOB Series 2019	GON Series 2020	GON Series 2021	Total Payments
2025	\$ 166,835	\$ 668,566	\$ 73,904	\$ 567,039	\$ 1,476,344
2026	166,375	662,966	77,526	567,227	1,474,094
2027	165,687	667,266	76,042	565,291	1,474,286
2028	169,772	666,266	74,558	569,262	1,479,858
2029	167,825	659,506	73,074	566,060	1,466,465
2030-2034	338,569	2,683,556	76,590	1,533,218	4,631,933
2035-2037	-	1,038,166	-	-	1,038,166
<b>Total</b>	<b>\$ 1,175,063</b>	<b>\$ 7,046,292</b>	<b>\$ 451,694</b>	<b>\$ 4,368,097</b>	<b>\$ 13,041,146</b>

Comprised of the following Fund Allocations	GOB Series 2013A	GOB Series 2019	GON Series 2020	GON Series 2021	Total Payments	Less Payable in One Year	Long-Term Debt
Water Fund	\$ -	\$ 6,125,000	\$ -	\$ -	\$ 6,125,000	\$ 530,000	\$ 5,595,000
Electric Fund	975,000	-	-	-	975,000	120,000	855,000
Sewer Fund	-	-	420,000	4,067,000	4,487,000	569,000	3,918,000
<b>Totals</b>	<b>\$ 975,000</b>	<b>\$ 6,125,000</b>	<b>\$ 420,000</b>	<b>\$ 4,067,000</b>	<b>\$ 11,587,000</b>	<b>\$ 1,219,000</b>	<b>\$ 10,368,000</b>

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

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Year Ended December 31, 2024

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### Note 10 - Pension Plan Obligations

#### ***Non-Uniformed Pension Plan***

##### *Plan Description*

The Borough of Kutztown Non-Uniformed Pension Plan is a single employer defined benefit pension plan controlled by the provisions of Ordinance 1-1012. Act 205, the Municipal Pension Plan Funding Standard and Recovery Act, provides the authority for the Borough to establish and amend the plan. The plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple employer defined benefit public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). The CAFR is available on the PMRS website, or a copy can be obtained by contact the PMRS accounting office.

All full-time non-police (40 hours per week) employees are eligible to participate in the plan. The plan provides vesting, normal and early retirement, disability, and survivor benefits to plan members and their beneficiaries.

#### ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The financial statements for the Pension Plan for Non-Uniformed Employees of the Borough of Kutztown are prepared using an accrual basis of accounting. Plan member contributions are recognized in the period in which they are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

All investments of the pension trust fund are reported by the custodian at fair value. Investments that do not have an established market value are reported at estimated fair value.

##### *Plan Membership*

As of January 1, 2023, the date of the most recent actuarial valuation, the plan-year end, plan membership consisted of the following:

	<u>1/1/2023</u>
Inactive employees or beneficiaries currently receiving benefits	33
Inactive entitled to but not yet receiving benefits	9
Active employees	<u>45</u>
<b>Total</b>	<u><b>87</b></u>

##### *Contributions and Funding Policy*

Employees who are members in the plan are required to contribute 8.25% of their salaries to the plan. Interest is credited to each member's account each year at 5.25% per year. Administrative costs and investment costs of the plan are financed through an addition to the Actuarially Determined Employer Contribution.

The plan's funding policy provides for periodic employer contributions, determined actuarially, that are sufficient to accumulate assets to pay benefits when due. The Borough is required to contribute each year the Minimum Municipal Obligation (MMO), which is determined the previous year based on the most recent actuarial valuation. The Borough may allocate General Municipal Pension System State Aid toward the Minimum Municipal Obligation; however, the Borough is ultimately responsible for funding the MMO. The

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

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Year Ended December 31, 2024

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Borough contributed the funds necessary to meet the obligations of the non-uniform plan in the amount of \$428,939.

### ***Net Pension Liability***

The net pension liability for December 31, 2024 was measured as of December 31, 2023, and the total pension liability was measured as of December 31, 2023, based on the actuarial valuation as of January 1, 2023 and then projected to this date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

### ***Actuarial Assumptions***

Actuarially determined contribution rates are calculated as of January 1 for the odd valuation year at least two years prior to the end of the fiscal year in which contributions were reported. Therefore, the Actuarially Determined contribution for calendar year 2023 is based upon the January 1, 2023 actuarial valuation.

A summary of the key assumptions and methods used to determine the 2021 contribution rates:

Actuarial Cost Method:	Entry Age
Amortization Period:	Level dollar based upon the amortization periods in Act 205
Asset valuation method:	Based upon the municipal reserves
Discount Rate:	5.25%
Inflation:	2.2%
Salary Increases:	Age related scale with merit and inflation component
COLA increases:	2.2% for those eligible for a COLA
Pre-Retirement Mortality:	Males – PUB-2010 General Employees male table Females – PUB-2010 General Employees female table
Post-Retirement Mortality:	Males – RP 2006 Annuitant male table Females – RP 2006 Annuitant Female table

### ***Long-Term Expected Rate of Return:***

The PMRS System's long-term expected rate of return on pension plan investments were determined using a building-block method in which best-estimates of expected future nominal rates of return (net of investment expenses) are developed for each asset class. These returns are combined to produce the System's Long-Term Expected Real Rate of Return by calculating the weighted average return for each asset class using each respective target asset allocation percentage and multiplying by the expected future nominal rate of return, while also factoring in covariance across asset classes, then deducting expected inflation (2.2%). Best estimates of geometric real rates of return for each utilized asset class re included in the pension plan's target asset allocation as of December 31, 2023 and summarized in the table below labeled "System Nominal Net and Real Rates of Return by Asset Class."



# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

Year Ended December 31, 2024

### System Nominal and Real Rates of Return by Asset Class

Asset Class	Target Allocation	Nominal Rate of Return	Long-Term
			Expected Real Rate of Return
Domestic Equity (Large-Capitalized Firms)	24.5%	7.50%	5.00%
Domestic Equity (Small Capitalized Firms)	8.0%	8.20%	5.70%
International Equities (International Developed Markets)	14.5%	7.60%	5.10%
International Equities (Emerging Markets)	3.0%	8.01%	5.51%
Global Equities	5.0%	7.03%	4.53%
Real Estate	10.0%	7.42%	4.92%
Timber	5.0%	6.50%	4.00%
Fixed Income (Core Investment Grade)	24.0%	4.60%	2.10%
Fixed Income (Opportunistic Credit)	5.0%	8.00%	5.50%
Cash	1.0%	2.20%	(0.30%)
<b>Total</b>	<b>100.00%</b>	<b>7.43%</b>	<b>4.93%</b>

Based on the aforementioned methodology, the Board established the System's Long-Term Expected Rate of Return at 7.43%.

In addition to determining the System's Long-Term Nominal Expected Rate of Return, the PMRS Board, under the laws of the Commonwealth of Pennsylvania (Act 15 of 1974), is obligated to develop and apply the Regular Interest Rate to each of the individual participating municipalities' actuarial asset accounts held by PMRS. The rationale for the difference between the System's Long-Term Nominal Expected Rate of Return and the individual participating municipalities' Regular Interest Rate is described in the following section "Discount Rate." As of December 31, 2023, this rate is equal to 5.25%.

The Board has determined the minimum acceptable confidence level for achieving the Regular Interest Rate to be 60%. The table below labeled "Confidence Levels for System Nominal Net and Real Rates of Return" identified simulated portfolio returns at various confidence levels based on the most recent asset allocation study conducted by the Boards' investment consultant, Marquette Associates.

### Confidence Levels for System Nominal and Real Rates of Return

Confidence Interval	Nominal Rate of Return	Long-Term Expected Real Rate of Return
95%	4.18%	1.68%
90%	4.87%	2.37%
85%	5.51%	3.01%
80%	5.86%	3.36%
75%	6.10%	3.60%
70%	6.45%	3.95%
60%	6.99%	4.49%

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**Year Ended December 31, 2024**

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***Discount Rate***

While it is often common practice to establish an actuarial Discount Rate that is equal to the Long-Term Expected Nominal Rate of Return, PMRS is required by law (Act 15 of 1974) to establish a Discount Rate equal to the Regular Interest Rate (Regular Interest Rate / Discount Rate). The PMRS Board establishes the Regular Interest Rate / Discount Rate on the basis of expected stable and consistent earnings on investments to be applied to the accounts of the individual participating municipalities and includes the accounts of plan participants, municipalities, and plan retirees each year. As a starting point, the Board considers the following five quantitative factors in reviewing the Regular Interest Rate / Discount Rate:

1. Retiree Plan liability as a percentage of total Plan liability,
2. Active Plan participant liability as a percentage of total Plan liability,
3. Smoothed annuity purchase rates (Pension Benefit Guarantee Corporation (PBGC) annuity rates have been used as a proxy for this)
4. PMRS System Long-Term Expected Nominal Rate of Return, and
5. PMRS investment expenses

A formula using these factors is as follows:

Regular Interest Rate / Discount Rate = (Retiree Liability Percentage x Smoothed PBGC Annuity Rates) + (Active Employee Liability Percentage x System Long-Term Expected Rate of Return) – (Investment Expenses as a percentage of assets)

The Board then considers the Regular Interest Rate / Discount Rate derived from the above formula against a variety of qualitative factors such as the desire to minimize Regular Interest Rate / Discount Rate volatility, probability of achieving the Regular Interest Rate, varying levels of asset allocation and liquidity, trending of annuity rates, total PMRS actuarial and market value funding ratios, feedback from existing PMRS municipalities, and recommendations from the System's investment and actuarial consultants. The Regular Interest Rate / Discount Rate adopted by the Board and used to measure the individual participating municipalities' total pension liability was 5.25% as of December 31, 2023.

The Regular Interest Rate / Discount Rate will likely be less than the System Long-Term Expected Rate of Return. Should the system experience a prolonged period of investment returns in excess of the Regular Interest Rate / Discount Rate, the Board is authorized to allocate any applicable portion of any such excess in accordance with Board policies in the form of Excess Interest as provided for in law.

The projection of cash flows for each underlying municipal plan, used to determine if any adjustment to the Regular Interest Rate / Discount Rate was required ("depletion testing"), used the following assumptions: 1.) member contributions will be made at the current contribution rate, 2.) participating plan sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate, and 3.) the System's Long-Term Expected Rate of Return will be used in the depletion testing of projected cash flows. Based on those assumptions, the PMRS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

Year Ended December 31, 2024

The table below shows the changes in the Total Pension Liability, the Plan Fiduciary Net Position (i.e., fair value of Plan assets), and the Net Pension Liability as of the Measurement Date.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balances at 12/31/2022</b>	<b>\$ 16,842,697</b>	<b>\$ 15,263,946</b>	<b>\$ 1,578,751</b>
<b>Changes for the year:</b>			
Service Cost	406,543	-	406,543
Interest	886,442	-	886,442
Changes in Benefits	-	-	-
Changes of Assumptions	-	-	-
Differences between expected and actual experience	-	-	-
Contributions - Employer	-	427,159	(427,159)
Contributions - PMRS Assessment	-	1,780	(1,780)
Contributions - Employee	-	232,070	(232,070)
PMRS Investment Income	-	792,602	(792,602)
Market Value Investment Income*	-	861,817	(861,817)
Transfers	-	-	-
Benefit Payments	(738,718)	(738,718)	-
PMRS Administration Expense	-	(1,780)	1,780
Additional Administration Expense	-	(44,394)	44,394
<b>Net Changes</b>	<b>554,267</b>	<b>1,530,536</b>	<b>(976,269)</b>
<b>Balances at 12/31/2023</b>	<b>\$ 17,396,964</b>	<b>\$ 16,794,482</b>	<b>\$ 602,482</b>

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

	1% Decrease 4.25%	Discount Rate 5.25%	1% Increase 6.25%
Total Pension Liability	\$ 19,654,649	\$ 17,396,964	\$ 15,496,610
Plan Fiduciary Net Position	16,794,482	16,794,482	16,794,482
<b>Net Pension Liability</b>	<b>\$ 2,860,167</b>	<b>\$ 602,482</b>	<b>\$ (1,297,872)</b>
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	85.45%	96.54%	108.38%

**BOROUGH OF KUTZTOWN****NOTES TO FINANCIAL STATEMENT****Year Ended December 31, 2024*****Components of Pension Expense for Year Ended December 31, 2024 (Measurement Year Ending 12/31/23)***

Service Cost	\$ 406,543
Interest on the Total Pension Liability	886,442
Recognition of Liability Gains and Losses	74,804
Changes in Assumptions	60,402
Employee Contributions	(232,070)
Projected Earnings on Pension Plan Investments	(792,602)
Recognition of Investment Gains and Losses	(438,010)
Pension Plan Administrative Expense	46,174
Change of Benefits	-
Other Changes in Net Fiduciary Position	-
<b>Total Pension Expense</b>	<b>\$ 11,683</b>

***Pension Expense and Deferred Outflows and Inflows of Resources***

For the year ended December 31, 2024, the actuarially determined pension expense is \$11,683. The Borough has deferred outflows and inflows of resources related to the pension plan from the following sources at December 31, 2024:

***Deferred Outflows and Inflows of Resources Related to Pension***

	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>
Differences between Expected and Actual Experience	\$ 67,269	\$ 108,949
Changes in Actuarial Assumptions	-	120,802
MMO	-	442,021
Net Difference between Projected and Actual Earnings on Plan Investments	-	-
Contributions Subsequent to the Measurement Date	-	262,627
<b>Totals</b>	<b>\$ 67,269</b>	<b>\$ 934,399</b>

***Actuarially Determined Deferred Outflows and (Inflows) of Resources Related to Pensions for Years Ending December 31:***

2024	\$ (22,757)
2025	241,272
2026	395,774
2027	(189,180)
2028	-
Thereafter	-

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

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Year Ended December 31, 2024

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### Reconciliation of Pension Expense with Net Pension Liability

Change in Net Pension Liability	\$ (976,269)
Change in Deferred (Outflows) of Resources	575,831
Change in Deferred Inflows of Resources	(16,818)
Employer Contributions	428,939
<b>Total Pension Expense</b>	<b>\$ 11,683</b>

### Police Pension Plan

#### *Plan Description*

The Borough of Kutztown Police Pension Plan is a single employer defined benefit pension plan controlled by the provisions established by municipal ordinance with the authority for Borough contributions required by Act 205 of 1984 of the Commonwealth.

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements for the Borough of Kutztown Police Pension Plan are prepared using an accrual basis of accounting. Plan member contributions are recognized in the period in which they are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

All investments of the pension trust fund are reported by the custodian at fair value. Investments that do not have an established market value are reported at estimated fair value.

#### **Eligibility**

All full-time members of the police force join the plan upon employment.

#### **Normal Retirement**

A member is eligible for normal retirement after attainment of age 50 and completion of 25 years of vesting service.

The normal retirement pension is payable monthly during the member's lifetime, with payments continuing after the member's death to the surviving spouse, or eligible child, equal to 50% of the amount payable to the member at the time of the member's death.

The amount of monthly pension is equal to 50% of average monthly compensation.

Average monthly compensation is based upon the gross compensation during the last 36 months of employment, excluding unused vacation, holidays, compensatory time, and any other lump sum paid on account of termination of employment.

#### **Late Retirement**

If a member continues working after his normal retirement date, his pension does not start until he actually retires. The monthly late retirement pension is equal to the benefit accrued to the late retirement date.

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

---

Year Ended December 31, 2024

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### ***Early Retirement***

A member is eligible for early retirement after completion of 20 years of vesting service. The early retirement pension is equal to the actuarial equivalent of the benefit accrued to the early retirement date.

### ***Disability Retirement***

If an active member is disabled in the line of duty, he is eligible for a disability pension. The monthly disability pension is equal to 50% of average monthly compensation, but no less than 50% of the member's monthly salary at the time of disability, offset by any Social Security disability benefits received by the member for the same injuries.

### ***Cost-of-Living Increase***

Cost-of-Living increases are granted to retirees provided the cost-of-living increase does not exceed the percentage increase in the Consumer Price Index from the year in which the member last worked.

The maximum total cost-of-living increase is 30% of the initial pension, and the maximum pension benefit is 75% of the salary used for computing retirement benefits.

### ***Death Benefits***

If a member is eligible for retirement at the time of death, a monthly death benefit is payable to his surviving spouse, or eligible child, equal to 50% of the monthly benefit the member would have been receiving had been retired at the time of death.

### ***Vesting***

A member's benefits vest upon completion of 12 years of vesting service. The vested benefit is a deferred monthly pension beginning at normal retirement equal to the benefit accrued to the date of termination.

### ***Accrued Pension***

The benefit accrued at any date other than the normal retirement date is equal to the projected normal retirement benefit multiplied by the ratio of the number of years of benefit service to date to the total number of years of benefit service projected at normal retirement.

### ***Contributions***

Members contribute 5.0% of compensation.

Member contributions are credited with 5.25% annual simple interest.

### ***Service Rules***

Service is based on complete year, measured from date of employment to date of termination.

### ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

All Investments of the pension trust fund are reported by the custodian at fair value. Investments that do not have an established market value are reported at estimated fair value.

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

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Year Ended December 31, 2024

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### *Plan Membership:*

As of January 1, 2023, the date of the most recent actuarial valuation and December 31, 2023, the plan-year end, plan membership consisted of the following:

	<u>1/1/2023</u>
Inactive Members or Beneficiaries Currently Receiving Benefits	9
Inactive Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>11</u>
<b>Total</b>	<u><b>20</b></u>

### *Contributions and Funding Policy*

Officers who are members in the plan are required to contribute 5.0% of their salaries to the plan. Interest is credited to each member's account each year at the rate earned by the Pension fund. Administrative costs and investment costs of the plan are financed through an addition to the Actuarially Determined Employer Contribution.

The plan's funding policy provides for periodic employer contributions, determined actuarially, that are sufficient to accumulate assets to pay benefits when due. The Borough is required to contribute each year the Minimum Municipal Obligation (MMO), which is determined the previous year based on the most recent actuarial valuation. The Borough may allocate General Municipal Pension System State Aid toward the Minimum Municipal Obligation; however, the Borough is ultimately responsible for funding the MMO. The Borough contributed the funds necessary to meet obligations of the police pension plan in the amount of \$69,581.

### *Net Pension Liability*

The net pension liability for December 31, 2024 was measured as of December 31, 2023 and the total pension liability was determined by rolling forward the liabilities from the January 1, 2023 actuarial valuation. No significant events or changes in assumptions occurred between the valuate date and the fiscal year end.

### *Actuarial Assumptions*

The total pension liability in the January 1, 2023 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation:	3.00%
Salary Increases:	5.00% (average, including inflation)
Investment Return:	7.75% (including inflation)
Post Retirement Cost-of-Living Increase	3.00%

Mortality rates were based on the PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

Year Ended December 31, 2024

inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic Equity	60.00%	5.50% - 7.50%
International Equity	10.00%	4.50% - 6.50%
Fixed Income	25.00%	1.00% - 3.00%
Cash	5.00%	0.00% - 1.00%

### Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost-plus plan expenses, as well as amortization of the unfunded liability.

### Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 12/31/2022</b>	\$ 7,052,792	\$ 7,000,634	\$ 52,158
Service Cost	197,005	-	197,005
Interest Cost	530,849	-	530,849
Changes of Benefit Terms	-	-	-
Changes for Experience	(193,150)	-	(193,150)
Changes of Assumptions	-	-	-
Contributions - Employer	-	69,581	(69,581)
Contributions - Member	-	58,933	(58,933)
Net Investment Income	-	1,002,236	(1,002,236)
Benefit Payments, including refunds of member contributions	(413,966)	(413,966)	-
Administration Expense	-	-	-
Other Changes	-	-	-
Net Changes	120,738	716,784	(596,046)
<b>Balances at 12/31/2023</b>	<b>\$ 7,173,530</b>	<b>\$ 7,717,418</b>	<b>\$ (543,888)</b>



# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

Year Ended December 31, 2024

### ***Sensitivity of the Net Pension liability to changes in the discount rate***

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.75%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Plan's Net Pension Liability	<u>\$ 361,919</u>	<u>\$ (543,888)</u>	<u>\$ (1,302,995)</u>

### ***Components of Pension Expense for Year Ended December 31, 2024 (Measurement Year Ending December 31, 2023)***

Service Cost	\$ 197,005
Interest on the Total Pension Liability	530,849
Change of Benefit Terms	-
Differences between Expected and Actual Experience <sup>1</sup>	(126,757)
Changes in Assumptions <sup>1</sup>	25,296
Employee Contributions	(58,933)
Projected Earnings on Pension Plan Investments	(531,488)
Difference between Projected and Actual Earnings on Investments <sup>2</sup>	2,643
Pension Plan Administrative Expense	-
Other Changes in Net Fiduciary Position	-
<b>Total Pension Expense</b>	<b><u>\$ 38,615</u></b>

<sup>1</sup> Each year's gain or loss is recognized over a closed period, using the average of the expected remaining service lives of all active and inactive employees that are provided pensions through this pension plan.

<sup>2</sup> Each year's gain or loss is recognized over a 5-year period.

### ***Pension Expense and Deferred Outflows and inflows of Resources***

For the year ended December 31, 2024, the actuarially determined pension expense is \$38,615. The Borough has deferred outflows and inflows of resources related to the pension plan from the following sources at December 31, 2024:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Totals	<u>\$ 1,502,194</u>	<u>\$ 1,060,370</u>

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**Year Ended December 31, 2024**

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**Note 11 – Postemployment Benefits Other than Pension:*****Plan Description******Police***

A police officer who retires after attainment of age 50 and completion of 25 years of service will be permitted to continue medical, prescription drug, dental, and vision coverage through the Borough for the retiree only. The retiree shall be required to pay 50% of the cost of this coverage, while the Borough pays the remaining 50%. The retiree will be eligible for one year of coverage for every five years of employment, with coverage ceasing at age 65, if earlier.

***Full-Time Hourly Employees:***

Retiring employees are permitted to continue medical, prescription drug, dental, and vision coverage through the Borough for the retiree only. The retiree shall be required to pay 50% of the cost for this coverage, while the Borough pays the remaining 50%. The retiree will be eligible for one year of coverage for every five years of employment, with coverage ceasing at age 65, if earlier.

***Full-time Salaried/Confidential Employees:***

Retiring employees are permitted to continue medical, prescription drug, dental, and vision coverage through the Borough for the retiree only. The retiree shall be required to pay 50% of the cost for this coverage, while the Borough pays the remaining 50%. The retiree will be eligible for one year of coverage for every three years of employment, with coverage ceasing at age 65, if earlier.

***Summary of Significant Accounting Policies***

Financial information of the municipality's plans is presented on the accrual basis of accounting. Employer contributions to each plan are recognized when due. Benefits are recognized when due and payable in accordance with the terms of the individual plan.

***Contributions and Funding Policy***

50% of the cost for participation is funded by the Borough for electing participants. Retiree contributions are assumed to increase at the same rate as the health care cost trend rate. The plan is funded on a pay-as-you go basis; the Borough is not funding the benefits in advance, resulting in an accrued liability.

***Percent of Eligible Retirees Electing Coverage in Plan***

50% of employees are assumed to elect coverage.

***Per Capita Claims Cost***

The per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental and vision costs are assumed to not vary with age or gender.

**BOROUGH OF KUTZTOWN****NOTES TO FINANCIAL STATEMENT****Year Ended December 31, 2024**

The resulting costs are as follows:

Age	Medical, RX, Dental, and Vision	
	Combined	
	Males	Females
45-49	\$ 9,276	\$ 13,397
50-54	12,289	15,139
55-59	14,959	15,839
60-64	19,525	18,196

**Retiree Contributions**

Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

**Health Care Cost Trend Rate**

7.0% in 2024 with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

**Actuarial Value of Assets**

Equal to the Market Value of Assets

**Actuarial Cost Method – Entry Age Normal**

Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

**Participant Data**

Based on census information as of January 1, 2024.

Demographic Information	Police	Non-Uniformed Employees	Total
Active Participants	11	44	55
Vested Former Participants	-	-	-
Retired Participants	1	2	3
<b>TOTAL</b>	12	46	58
Annual Payroll of Active Participants	\$ 1,057,862	\$ 2,809,557	\$ 3,867,419

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

Year Ended December 31, 2024

Financial Information	Non-Uniformed		
	Police	Employees	Total
Total OPEB Liability	\$ 138,176	\$ 682,660	\$ 820,836
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability (Asset)	138,176	682,660	820,836
Deferred Outflows of Resources	31,908	178,964	210,872
Deferred Inflows of Resources	84,286	195,689	279,975
Plan Fiduciary Net Position as a % of Total OPEB Liability	0.00%	0.00%	0.00%
Net OPEB Liability as of % of Covered-Employee Payroll	13.06%	24.30%	21.22%
<b>OPEB Expense</b>	<b>\$ 7,019</b>	<b>\$ 57,650</b>	<b>\$ 64,669</b>

Deferred Outflows of Resources	Non-Uniformed		
	Police	Employees	Total
Differences between Expected and Actual Experiences	\$ (183)	\$ 39,470	\$ 39,287
Changes of Assumptions	18,833	77,091	95,924
Benefit Payments subsequent to the Measurement Date (1/1/2024)	13,258	-	75,661
<b>Total deferred outflows</b>	<b>\$ 31,908</b>	<b>\$ 178,964</b>	<b>\$ 210,872</b>

Deferred Inflows of Resources	Non-Uniformed		
	Police	Employees	Total
Differences between Expected and Actual Experiences	\$ 66,608	\$ 106,652	\$ 173,260
Changes of Assumptions	17,678	89,037	106,715
<b>Total deferred inflows</b>	<b>\$ 84,286</b>	<b>\$ 195,689</b>	<b>\$ 279,975</b>

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

Year Ended December 31, 2024

### ***Sensitivity of the Net OPEB liability to changes in the discount rate***

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Net OPEB Liability (Asset)	Non-Uniformed		Total
	Police	Employees	
1% increase (5.00%)	\$ 129,722	\$ 643,122	\$ 772,844
Current Discount Rate (4.00%)	138,176	682,660	820,836
1% Decrease (3.00%)	147,067	724,411	871,478

### ***Sensitivity of the Net OPEB liability to changes in the Healthcare Cost Trends Rate***

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a healthcare cost trend rates that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Net OPEB Liability (Asset)	Non-Uniformed		Total
	Police	Employees	
1% Increase	\$ 152,407	\$ 750,789	\$ 903,196
Current Rates	138,176	682,660	820,836
1% Decrease	125,601	624,578	750,179

### **Deferred Outflows of Resources**

Date	Initial Balance	Annual Recognition	Remaining Balance	Remaining Recognition Period	Type
January 1, 2018	\$ 28,564	\$ 2,040	\$ 14,284	7 years	Assumption Change
January 1, 2020	23,474	1,956	13,694	7 years	Assumption Change
January 1, 2021	68,778	5,732	45,850	8 years	Assumption Change
January 1, 2024	43,216	3,929	39,287	10 years	Experience Change
January 1, 2024	24,306	2,210	22,096	10 years	Assumption Change
<b>Total</b>		<b>\$ 15,867</b>	<b>\$ 135,211</b>		

**BOROUGH OF KUTZTOWN****NOTES TO FINANCIAL STATEMENT****Year Ended December 31, 2024****Deferred Inflows of Resources**

<b>Date</b>	<b>Initial Balance</b>	<b>Annual Recognition</b>	<b>Remaining Balance</b>	<b>Remaining Recognition Period</b>	<b>Type</b>
January 1, 2019	\$ 23,649	\$ 1,689	\$ 13,515	8 years	Assumption Change
January 1, 2020	61,726	5,144	36,006	7 years	Experience Change
January 1, 2021	183,004	15,250	137,254	9 years	Experience Change
January 1, 2022	13,788	1,149	10,341	9 years	Assumption Change
January 1, 2023	99,431	8,286	82,859	10 years	Assumption Change
<b>Total</b>		<b>\$ 31,518</b>	<b>\$ 279,975</b>		

**Supplemental Information for Assumptions****Discount Rate**

Based on the S&P Municipal Bond 20-year High Grade Rate Index as of 1/1/2024.

**Salary**

Due to the entry age normal cost method, an assumption for salary increases is used only for spreading contributions over future pay. Based on expected long-term salary increases for active participants considering the effects of future inflation.

**Withdrawal**

Historical rates of withdrawal were considered as well as future expectations of withdrawal for the affected population.

**Mortality**

Uses the most recent study of public sector data prepared by the Society of Actuaries and takes into account the occupational makeup of the participant group.

**Disability**

Not applicable since the plan does not provide disability benefits.

**Retirement**

Due to the plan size and design, use of a single retirement age was assumed.

**Percent of Eligible Retirees Electing Coverage in Plan**

Plan experience was considered as well as future expectations.

**Percent Married at Retirement**

Plan experience was considered as well as future expectations.

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

Year Ended December 31, 2024

### ***Spouse Age***

A conservative assumption was made as compared to current marital statistics for the general population.

### ***Per Capita Claims Cost***

An age/gender cost curve model which utilizes a normative database that is based on insurance rates and general plan experience and use in conjunction with the premium rates is used to develop the costs.

### ***Health Care Cost Trend Rate***

Developed using short-term expectations and the Society of Actuaries' Getzen Model of Long-Run Medical Cost Trends.

## **Note 12 – GASB 61 - Condensed Component Unit Data**

### **Condensed Statement of Net Position**

	<b>Kutztown Municipal Authority</b>	<b>Kutztown Transportation Authority</b>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 2,541,861	\$ 109,163
Accounts receivable	122,728	16,054
Due from primary government	135,944	-
Due from other funds	410,449	-
Capital assets, net of accumulated depreciation	952,556	-
<b>Total assets</b>	<b>\$ 4,163,538</b>	<b>\$ 125,217</b>
<b>LIABILITIES:</b>		
Account payable	97,849	225
Developer deposits held	39,969	-
Due to primary government	-	2,000
Due to other funds	410,449	-
<b>Total liabilities</b>	<b>548,267</b>	<b>2,225</b>
<b>NET POSITION:</b>		
Invested in capital assets, net of related debt	952,556	-
Restricted	-	30,181
Unrestricted	2,662,715	92,811
<b>Total net position</b>	<b>\$ 3,615,271</b>	<b>\$ 122,992</b>

**BOROUGH OF KUTZTOWN****NOTES TO FINANCIAL STATEMENT****Year Ended December 31, 2024****Condensed Statement of Activities**

	<b>Kutztown Municipal Authority</b>	<b>Kutztown Transportation Authority</b>
<b>EXPENSES:</b>		
<i>Major Function:</i>		
Water	\$ 1,138,765	\$ -
Sewer	187,018	-
Transportation	-	4,307
<b>Total expenses</b>	<b>\$ 1,325,783</b>	<b>\$ 4,307</b>
<b>PROGRAM REVENUES:</b>		
<i>By Type -</i>		
Water	\$ 1,298,899	\$ -
Sewer	269,625	-
Grant Income	-	-
Miscellaneous	4,504	-
Transportation	-	33,772
Interest Income	107,306	4,096
<b>Total revenues</b>	<b>1,680,334</b>	<b>37,868</b>
Change in Net Position	354,551	33,561
Beginning Net Position:	3,260,720	89,431
Ending Net Position:	<b>\$ 3,615,271</b>	<b>\$ 122,992</b>

**Condensed Statement of Cash Flows**

	<b>Kutztown Municipal Authority</b>	<b>Kutztown Transportation Authority</b>
<b>NET CASH PROVIDED (USED) BY:</b>		
Operating activities	\$ 280,659	\$ 15,636
Non-operating activities	4,504	-
Investing activities	107,306	4,096
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>392,469</b>	<b>19,732</b>
<b>Beginning Cash and Cash Equivalents</b>	<b>2,149,392</b>	<b>89,431</b>
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 2,541,861</b>	<b>\$ 109,163</b>



# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

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Year Ended December 31, 2024

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### Note 13 - Contingencies

The Borough of Kutztown is not currently involved in any material litigations proceedings.

### Note 14 – Risk Management

The Borough is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. For insured programs, there were no significant reductions insurance coverage during the year. Settlement amounts, if any, have not exceeded insurance coverage for the year.

The Borough received federal and state grants for specific purposes which are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by the grantor agency in the event that an expenditure under the program is disallowed. In the opinion of Borough Management, such disallowances, if any, will not be significant.

The Borough has elected to fund unemployment compensation insurance with the Commonwealth of Pennsylvania Unemployment Compensation Fund on a reimbursable basis. Consequently, the Borough is liable to the Fund for actual benefits paid on its behalf.

The Borough is subject to risk of loss from employee risks, property damage, personal injury, auto accidents, etc. The Borough lowers these risks through the purchase of commercial insurance. The Borough workers' compensation policy is a retrospectively rated policy. The final premium is based on actual payroll for the policy year and is determined by the insurance company. Any settlements received by the Borough or its employees did not exceed insurance coverage in the last three years.

### Note 15 – Fund Balances

Detailed information about aggregated fund balances.

#### Restricted Fund Balances

The restricted fund balance represents contributions that are externally restricted for specific purposes;

Highway Aid Fund	\$ 224,532
Fire Protection Fund	472,661
Recreation Tax Fund	85,151
Road Tax Fund	181,152
Ambulance Fund	5,973
General Fund	100,892
<b>Total</b>	<b><u>\$ 1,070,361</u></b>

# BOROUGH OF KUTZTOWN

## NOTES TO FINANCIAL STATEMENT

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Year Ended December 31, 2024

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### Note 16 – Prior Period Adjustment

During the 2024 audit year, it was discovered that insurance expenses belonging to the 2024 year were recorded in the 2023 year in error. The following funds were adjusted as follows:

#### General Fund

Previously Reported Fund Balance - January 1, 2024	\$	2,128,655
Prior Period Adjustment		<u>86,279</u>
<b>Adjusted Fund Balance - January 1, 2024</b>	<b>\$</b>	<b>2,214,934</b>

#### Proprietary Funds

Previously Reported Fund Balance - January 1, 2024	\$	27,897,968
Prior Period Adjustment		<u>52,184</u>
<b>Adjusted Fund Balance - January 1, 2024</b>	<b>\$</b>	<b>27,950,152</b>

### Note 17 – Subsequent Events

The subsequent events have been evaluated through July 5, 2025, which is the date of the financial statements were available to be issued.



Borough Council  
The Borough of Kutztown  
45 Railroad Street  
Kutztown, PA 19530

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Kutztown, as of and for the year ended December 31, 2024, which collectively comprise the Borough of Kutztown's basic financial statements and have issued our report thereon dated July 5, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control over Financial Reporting***

In planning and performing our audit, we considered the Borough of Kutztown's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Kutztown's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Kutztown's internal control over financial reporting.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

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

***Purpose of this Report***

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

This report is intended solely for the information and use of management, the Borough Council, others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

***MVA Audit PLLC***

July 5, 2025

## REQUIRED SUPPLEMENTAL INFORMATION

**BOROUGH OF KUTZTOWN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2024**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**NON-UNIFORM PENSION PLAN**

**Last Ten Years**

	Measurement Year Ending									
	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
<b>Total Pension Liability</b>										
Service Cost	\$ 406,543	\$ 382,997	\$ 359,891	\$ 346,235	\$ 318,625	\$ 317,276	\$ 303,765	\$ 279,381	\$ 293,645	\$ 309,223
Interest Cost	886,442	862,416	813,258	753,399	731,017	700,474	683,899	676,308	665,766	629,985
Changes of Benefit Terms	-	-	420,173	-	-	-	-	-	-	-
Differences Expected vs. Actual Experience*	-	(100,905)	-	326,845	-	222,893	-	148,378	(103)	412,732
Changes of Assumptions	-	-	-	362,410	-	-	-	360,183	(22,941)	-
Transfers	-	-	-	-	(4,764)	-	-	-	-	-
Benefit Payments	(738,718)	(682,818)	(677,423)	(647,739)	(649,250)	(666,292)	(704,131)	(811,004)	(652,185)	(718,313)
<b>Net Change in Total Pension Liability</b>	<b>554,267</b>	<b>461,690</b>	<b>915,899</b>	<b>1,141,150</b>	<b>395,628</b>	<b>574,351</b>	<b>283,533</b>	<b>653,246</b>	<b>284,182</b>	<b>633,627</b>
<b>Total Pension Liability - Beginning</b>	<b>16,842,697</b>	<b>16,381,007</b>	<b>15,465,108</b>	<b>14,323,958</b>	<b>13,928,330</b>	<b>13,353,979</b>	<b>13,070,446</b>	<b>12,417,200</b>	<b>12,133,018</b>	<b>11,499,391</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 17,396,964</b>	<b>\$ 16,842,697</b>	<b>\$ 16,381,007</b>	<b>\$ 15,465,108</b>	<b>\$ 14,323,958</b>	<b>\$ 13,928,330</b>	<b>\$ 13,353,979</b>	<b>\$ 13,070,446</b>	<b>\$ 12,417,200</b>	<b>\$ 12,133,018</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	427,159	350,438	401,442	376,914	372,026	329,320	324,658	248,758	239,405	81,890
Contributions - PMRS Assessment	1,780	1,700	1,720	1,660	1,680	1,640	1,680	1,700	1,720	-
Contributions - Employee	232,070	223,449	165,834	167,115	159,286	156,066	149,420	144,183	136,830	130,236
PMRS Investment Income	792,602	769,621	735,595	681,997	650,219	597,194	580,709	610,623	571,531	563,912
Market Value Investment Income	861,817	(2,924,771)	1,346,872	1,320,152	1,585,977	(1,014,726)	1,293,827	147,220	(487,496)	99,776
Transfers	-	-	-	-	(4,764)	-	-	-	-	-
Benefit Payments	(738,718)	(682,818)	(677,423)	(647,739)	(649,250)	(666,292)	(704,131)	(811,004)	(652,185)	(718,313)
PMRS Administrative Expense	(1,780)	(1,700)	(1,720)	(1,660)	(1,680)	(1,640)	(1,620)	(1,660)	(1,720)	(1,640)
Additional Administrative Expense	(44,394)	(40,665)	(41,663)	(29,714)	(22,475)	(26,650)	(26,706)	(29,915)	(23,826)	(21,626)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ 1,530,536</b>	<b>\$ (2,304,746)</b>	<b>\$ 1,930,657</b>	<b>\$ 1,868,725</b>	<b>\$ 2,091,019</b>	<b>\$ (625,088)</b>	<b>\$ 1,617,837</b>	<b>\$ 309,905</b>	<b>\$ (215,741)</b>	<b>\$ 134,235</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>15,263,946</b>	<b>17,568,692</b>	<b>15,638,035</b>	<b>13,769,310</b>	<b>11,678,291</b>	<b>12,303,379</b>	<b>10,685,542</b>	<b>10,375,637</b>	<b>10,591,378</b>	<b>10,457,143</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$ 16,794,482</b>	<b>\$ 15,263,946</b>	<b>\$ 17,568,692</b>	<b>\$ 15,638,035</b>	<b>\$ 13,769,310</b>	<b>\$ 11,678,291</b>	<b>\$ 12,303,379</b>	<b>\$ 10,685,542</b>	<b>\$ 10,375,637</b>	<b>\$ 10,591,378</b>
<b>Net Pension Liability - Ending</b>	<b>\$ 602,482</b>	<b>\$ 1,578,751</b>	<b>\$ (1,187,685)</b>	<b>\$ (172,927)</b>	<b>\$ 554,648</b>	<b>\$ 2,250,039</b>	<b>\$ 1,050,600</b>	<b>\$ 2,384,904</b>	<b>\$ 2,041,563</b>	<b>\$ 1,541,640</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	96.54%	90.63%	107.25%	101.12%	96.13%	83.85%	92.13%	81.75%	83.56%	87.29%
<b>Covered Employee Payroll</b>	\$ 2,812,962	\$ 2,708,467	\$ 2,661,869	\$ 2,778,315	\$ 2,556,757	\$ 2,505,074	\$ 2,398,399	\$ 2,314,341	\$ 2,196,450	\$ 2,324,479
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	21.42%	58.29%	(44.62%)	(6.22%)	21.69%	89.82%	43.80%	103.05%	92.95%	66.32%

**BOROUGH OF KUTZTOWN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2024**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**POLICE PENSION PLAN**

**Last Ten Years**

	Measurement Year Ending									
	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
<b>Total Pension Liability</b>										
Service Cost	\$ 197,005	\$ 218,555	\$ 208,148	\$ 198,462	\$ 189,011	\$ 172,852	\$ 164,621	\$ 139,939	\$ 133,275	\$ 130,581
Interest Cost	530,849	515,471	478,636	454,592	422,834	396,822	371,059	351,351	328,582	332,098
Changes for Experience	(193,150)	-	(137,745)	-	(173,715)	-	(225,370)	-	(319,572)	-
Changes of Assumptions	-	-	-	-	138,574	-	159,888	-	(54,842)	-
Benefit Payments, including Refunds of										
Member Contributions	(413,966)	(227,834)	(215,972)	(213,522)	(209,505)	(220,598)	(202,383)	(190,002)	(159,444)	(113,222)
<b>Net Change in Total Pension Liability</b>	<b>120,738</b>	<b>506,192</b>	<b>333,067</b>	<b>439,532</b>	<b>367,199</b>	<b>349,076</b>	<b>267,815</b>	<b>301,288</b>	<b>(72,001)</b>	<b>349,457</b>
<b>Total Pension Liability - Beginning</b>	<b>7,052,792</b>	<b>6,546,600</b>	<b>6,213,533</b>	<b>5,774,001</b>	<b>5,406,802</b>	<b>5,057,726</b>	<b>4,789,911</b>	<b>4,488,623</b>	<b>4,560,624</b>	<b>4,211,167</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 7,173,530</b>	<b>\$ 7,052,792</b>	<b>\$ 6,546,600</b>	<b>\$ 6,213,533</b>	<b>\$ 5,774,001</b>	<b>\$ 5,406,802</b>	<b>\$ 5,057,726</b>	<b>\$ 4,789,911</b>	<b>\$ 4,488,623</b>	<b>\$ 4,560,624</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	69,581	59,599	209,630	158,687	139,393	84,887	81,099	85,978	179,232	168,437
Contributions - Member	58,933	62,619	60,438	58,450	55,109	52,446	51,081	48,604	48,205	48,132
Net Investment Income	1,002,236	(1,569,637)	966,975	1,217,439	1,082,468	(287,559)	807,488	212,912	(4,999)	252,593
Benefit Payments, including Refunds of										
Member Contributions	(413,966)	(227,834)	(215,972)	(213,522)	(209,505)	(220,598)	(202,383)	(190,002)	(159,444)	(113,222)
Administrative Expense	-	(4,900)	(7,000)	(4,900)	(6,700)	(4,800)	(6,800)	(6,300)	(8,700)	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ 716,784</b>	<b>\$ (1,680,153)</b>	<b>\$ 1,014,071</b>	<b>\$ 1,216,154</b>	<b>\$ 1,060,765</b>	<b>\$ (375,624)</b>	<b>\$ 730,485</b>	<b>\$ 151,192</b>	<b>\$ 54,294</b>	<b>\$ 355,940</b>
<b>Plan Net Position - Beginning</b>	<b>7,000,634</b>	<b>8,680,787</b>	<b>7,666,716</b>	<b>6,450,562</b>	<b>5,389,797</b>	<b>5,765,421</b>	<b>5,034,936</b>	<b>4,883,744</b>	<b>4,829,450</b>	<b>4,473,510</b>
<b>Plan Net Position - Ending</b>	<b>\$ 7,717,418</b>	<b>\$ 7,000,634</b>	<b>\$ 8,680,787</b>	<b>\$ 7,666,716</b>	<b>\$ 6,450,562</b>	<b>\$ 5,389,797</b>	<b>\$ 5,765,421</b>	<b>\$ 5,034,936</b>	<b>\$ 4,883,744</b>	<b>\$ 4,829,450</b>
<b>Borough's Net Pension Liability (Asset)</b>	<b>\$ (543,888)</b>	<b>\$ 52,158</b>	<b>\$ (2,134,187)</b>	<b>\$ (1,453,183)</b>	<b>\$ (676,561)</b>	<b>\$ 17,005</b>	<b>\$ (707,695)</b>	<b>\$ (245,025)</b>	<b>\$ (395,121)</b>	<b>\$ (268,826)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>107.58%</b>	<b>99.26%</b>	<b>132.60%</b>	<b>123.39%</b>	<b>111.72%</b>	<b>99.68%</b>	<b>113.99%</b>	<b>105.12%</b>	<b>108.80%</b>	<b>105.89%</b>
<b>Covered Employee Payroll</b>	<b>\$ 1,130,941</b>	<b>\$ 1,233,915</b>	<b>\$ 1,193,376</b>	<b>\$ 1,187,650</b>	<b>\$ 1,060,619</b>	<b>\$ 1,078,518</b>	<b>\$ 966,351</b>	<b>\$ 992,971</b>	<b>\$ 983,083</b>	<b>\$ 901,757</b>
<b>Borough's Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll</b>	<b>-48.09%</b>	<b>4.23%</b>	<b>(178.84%)</b>	<b>(122.36%)</b>	<b>(63.79%)</b>	<b>1.06%</b>	<b>(73.23%)</b>	<b>(24.68%)</b>	<b>(40.19%)</b>	<b>(29.81%)</b>

**BOROUGH OF KUTZTOWN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2024**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**NON-UNIFORM PENSION PLAN**

**Last Ten Fiscal Years**

<b>Year-Ended December 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions from Employer</b>	<b>Contribution Deficiency/ (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contributions as a % of Payroll</b>
2014	\$ 71,055	\$ 81,890	\$ (10,835)	\$ 2,324,479	3.52%
2015	241,045	241,125	(80)	2,196,450	10.98%
2016	250,418	250,458	(40)	2,314,341	10.82%
2017	326,278	326,338	(60)	2,398,399	13.61%
2018	330,960	330,960	-	2,505,074	13.21%
2019	373,686	373,706	(20)	2,556,757	14.62%
2020	378,554	378,574	(20)	2,778,315	13.63%
2021	403,082	403,162	(80)	2,661,869	15.15%
2022	404,228	352,138	52,090	2,708,467	13.00%
2023	428,899	428,939	(40)	2,812,962	15.25%

**Note to Schedule:**

*Valuation Date:* Actuarially determined contribution rates are calculated as of January 1 for the odd valuation year at least two years prior to the end of the fiscal year in which the contributions were reported. Therefore, the Actuarially Determined Contribution for calendar year 2023 is based upon the January 1, 2021 actuarial valuation.

Methods and assumptions used to determine the contributions rates:

Actuarial Cost Method:	Entry Age Normal
Amortization Period:	Level dollar based upon the amortization period in Act 205
Asset Valuation Method:	Based upon the municipal reserves
Discount Rate:	5.25%
Inflation:	2.2%
Salary Increases:	Age related scale with merit and inflation component
COLA Increases:	2.2% for those eligible for a COLA
Pre-Retirement Mortality:	Males – PUB-2010 Females – PUB-2010
Healthy Post-Retirement Mortality:	Males – RP 2006 Annuitant Male table Females – RP 2006 Annuitant Female table
Changes in Benefit Terms:	None



**BOROUGH OF KUTZTOWN  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2024  
SCHEDULE OF PENSION CONTRIBUTIONS  
POLICE PENSION PLAN**

**Last Ten Fiscal Years**

<b>Year-Ended December 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions from Employer</b>	<b>Contribution Deficiency/ (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contributions as a % of Payroll</b>
2014	\$ 168,437	\$ 168,437	\$ -	\$ 901,757	18.68%
2015	179,232	179,232	-	983,083	18.23%
2016	85,978	85,978	-	992,971	8.66%
2017	81,099	81,099	-	966,351	8.39%
2018	84,887	84,887	-	1,078,518	7.87%
2019	139,393	139,393	-	1,060,619	13.14%
2020	158,687	158,687	-	1,187,650	13.36%
2021	209,630	209,630	-	1,193,376	17.57%
2022	59,599	59,599	-	1,233,915	4.83%
2023	69,581	69,581	-	1,130,941	6.15%

**Note to Schedule:**

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

Methods and assumptions used to determine the contributions rates:

Actuarial Valuation Date:	1/1/2021
Actuarial Cost Method:	Entry Age Normal
Amortization Period:	Level dollar Closed
Remaining Amortization Period:	Not Applicable
Asset Valuation Method:	Market value of assets as determined by the trustee
Inflation:	3%
Salary Increases:	5.00%
Investment Rate of Return	7.75%
Retirement Age:	Attainment of age 53 and completion of 25 years of service
Mortality:	PubS-2010 Mortality table including rates for disabled retirees and contingent survivors. Incorporated into the tables are rated projected generationally using Scale MP-2020 to reflect mortality improvements.
Changes in Benefit Terms:	None since 1/1/2021.

**BOROUGH OF KUTZTOWN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2024**

**Schedule of Changes in the Net OPEB Liabilities and Related Ratios**

	Measurement Year Ending 12/30/2024	Measurement Year Ending 12/31/2023	Measurement Year Ending 12/31/2022	Measurement Year Ending 12/31/2021	Measurement Year Ending 12/31/2020	Measurement Year Ending 12/31/2019	Measurement Year Ending 12/31/2018
<b><u>Total OPEB Liability</u></b>							
Service Cost	\$ 48,071	\$ 83,556	\$ 73,802	\$ 58,181	\$ 56,092	\$ 57,635	\$ 50,567
Interest Cost	32,249	59,297	18,705	26,969	29,106	24,112	24,999
Changes in Benefit Terms	-	-	-	-	-	-	-
Differences between Expected and Actual Experience	42,716	(193,654)	(183,004)	-	(61,726)	-	-
Changes of Assumptions	24,306	6,376	(13,788)	68,778	23,474	(23,649)	28,564
Benefit Payments	(59,297)	-	(30,244)	(24,567)	(17,692)	(22,591)	(21,312)
Other Changes	-	-	-	-	-	-	-
<b>Net Change in OPEB Liability</b>	<b>88,045</b>	<b>(44,425)</b>	<b>(134,529)</b>	<b>129,361</b>	<b>29,254</b>	<b>35,507</b>	<b>82,818</b>
<b>Total OPEB Liability - Beginning</b>	<b>732,791</b>	<b>777,216</b>	<b>911,745</b>	<b>782,384</b>	<b>753,130</b>	<b>717,623</b>	<b>634,805</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 820,836</b>	<b>\$ 732,791</b>	<b>\$ 777,216</b>	<b>\$ 911,745</b>	<b>\$ 782,384</b>	<b>\$ 753,130</b>	<b>\$ 717,623</b>
 <b>Covered Employee Payroll</b>	 <b>\$ 3,867,419</b>	 <b>\$ 3,850,919</b>	 <b>\$ 3,850,919</b>	 <b>\$ 3,481,617</b>	 <b>\$ 3,481,617</b>	 <b>\$ 3,246,432</b>	 <b>\$ 3,246,432</b>
 <b>Borough's Net Pension Liability (Asset) as a</b>							
<b>Percentage of Covered Employee Payroll</b>	<b>21.22%</b>	<b>19.02%</b>	<b>20.18%</b>	<b>26.19%</b>	<b>22.47%</b>	<b>23.20%</b>	<b>22.10%</b>

\*This schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, which information is available, is shown.

## OTHER SUPPLEMENTAL INFORMATION

**BOROUGH OF KUTZTOWN  
COMBINING BALANCE SHEET  
ALL SPECIAL REVENUE FUNDS**

**For the Year Ended December 31, 2024**

	<b>Fire Protection Fund</b>	<b>Recreation Tax Fund</b>	<b>Non-Major Road Tax Fund</b>	<b>Highway Aid Fund</b>	<b>Ambulance Fund</b>	<b>Total Special Revenue Funds</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 470,415	\$ 84,028	\$ 178,344	\$ 224,532	\$ 4,569	\$ 961,888
Real estate taxes receivable	2,246	1,123	2,808	-	1,404	7,581
Due from other funds	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 472,661</b>	<b>\$ 85,151</b>	<b>\$ 181,152</b>	<b>\$ 224,532</b>	<b>\$ 5,973</b>	<b>\$ 969,469</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>						
Nonspendable	-	-	-	-	-	-
Restricted	472,661	85,151	181,152	224,532	5,973	969,469
<b>Total fund balances</b>	<b>472,661</b>	<b>85,151</b>	<b>181,152</b>	<b>224,532</b>	<b>5,973</b>	<b>969,469</b>
<b>Total liabilities and fund balances</b>	<b>\$ 472,661</b>	<b>\$ 85,151</b>	<b>\$ 181,152</b>	<b>\$ 224,532</b>	<b>\$ 5,973</b>	<b>\$ 969,469</b>

**BOROUGH OF KUTZTOWN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ALL SPECIAL REVENUE FUNDS**

**For the Year Ended December 31, 2024**

	<b>Fire Protection Fund</b>	<b>Recreation Tax Fund</b>	<b>Non-Major Road Tax Fund</b>	<b>Highway Aid Fund</b>	<b>Ambulance Fund</b>	<b>Total Special Revenue Funds</b>
<b>REVENUES</b>						
Real estate taxes	\$ 153,573	\$ 76,788	\$ 191,970	\$ -	\$ 95,973	\$ 518,304
Liquid fuels taxes	-	-	-	128,463	-	128,463
Investment earnings	-	-	-	9,676	-	9,676
<b>Total revenues</b>	<u>153,573</u>	<u>76,788</u>	<u>191,970</u>	<u>138,139</u>	<u>95,973</u>	<u>656,443</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	90,000	90,000
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,000</u>	<u>90,000</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>153,573</u>	<u>76,788</u>	<u>191,970</u>	<u>138,139</u>	<u>5,973</u>	<u>566,443</u>
<b>OTHER FINANCING SOURCES (SOURCES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(65,222)	(55,184)	(180,015)	-	-	(300,421)
<b>Total other financing sources</b>	<u>(65,222)</u>	<u>(55,184)</u>	<u>(180,015)</u>	<u>-</u>	<u>-</u>	<u>(300,421)</u>
<b>Net changes in fund balance</b>	88,351	21,604	11,955	138,139	5,973	266,022
<b>Fund balances - beginning</b>	<u>384,310</u>	<u>63,547</u>	<u>169,197</u>	<u>86,393</u>	<u>-</u>	<u>703,447</u>
<b>Fund balances - ending</b>	<u><b>\$ 472,661</b></u>	<u><b>\$ 85,151</b></u>	<u><b>\$ 181,152</b></u>	<u><b>\$ 224,532</b></u>	<u><b>\$ 5,973</b></u>	<u><b>\$ 969,469</b></u>

**BOROUGH OF KUTZTOWN**  
**COMBINING STATEMENT OF NET POSITION**  
**ALL PROPRIETARY FUNDS**

**As December 31, 2024**

	<b>Major</b>					
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Telecom Fund</b>	<b>Refuse Fund</b>	<b>Total</b>
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 5,177,443	\$ 1,634,749	\$ 3,675,701	\$ 987	\$ 853,986	\$ 11,342,866
Accounts receivable, net of allowance for doubtful accounts	752,683	218,071	241,500	73,759	111,609	1,397,622
Prepaid expenses	49,156	46,287	49,883	22,425	25,251	193,002
Due from other funds	69,737	241,609	47,833	71,299	188,148	618,626
<b>Total current assets</b>	<u>6,049,019</u>	<u>2,140,716</u>	<u>4,014,917</u>	<u>168,470</u>	<u>1,178,994</u>	<u>13,552,116</u>
<b>Non-Current Assets</b>						
Land	-	477,407	813,292	1,422	-	1,292,121
Buildings, net of depreciation	1,218,969	5,090,230	6,257,784	15,900	108,757	12,691,640
Machinery and equipment, net of depreciation	1,184,363	4,644,600	7,945,541	716,566	303,633	14,794,703
Construction in Progress	41,975	-	-	-	36,725	78,700
Unamortized bond costs	13,932	241,386	64,455	-	-	319,773
<b>Total non-current assets</b>	<u>2,459,239</u>	<u>10,453,623</u>	<u>15,081,072</u>	<u>733,888</u>	<u>449,115</u>	<u>29,176,937</u>
<b>Total assets</b>	<u>\$ 8,508,258</u>	<u>\$ 12,594,339</u>	<u>\$ 19,095,989</u>	<u>\$ 902,358</u>	<u>\$ 1,628,109</u>	<u>\$ 42,729,053</u>
<b>Deferred outflows of resources</b>						
	<u>\$ 188,747</u>	<u>\$ 150,502</u>	<u>\$ 123,896</u>	<u>\$ 91,088</u>	<u>\$ 112,101</u>	<u>\$ 666,334</u>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts payable	\$ 306,247	\$ 52,101	\$ 38,744	\$ -	\$ 29,811	\$ 426,903
Sales tax payable	-	-	-	-	-	-
Customer deposits	198,900	-	-	-	-	198,900
Due to other funds	7,585	7,464	-	-	-	15,049
Interest payable	5,984	53,117	27,578	-	-	86,679
Notes payable	120,000	530,000	569,000	-	-	1,219,000
<b>Total current liabilities</b>	<u>638,716</u>	<u>642,682</u>	<u>635,322</u>	<u>-</u>	<u>29,811</u>	<u>1,946,531</u>
<b>NON-CURRENT LIABILITIES:</b>						
Net pension liability	121,700	97,041	79,886	58,732	72,280	429,639
Notes payable	855,000	5,595,000	3,918,000	-	-	10,368,000
<b>Total non-current liabilities</b>	<u>976,700</u>	<u>5,692,041</u>	<u>3,997,886</u>	<u>58,732</u>	<u>72,280</u>	<u>10,797,639</u>
<b>Total liabilities</b>	<u>1,615,416</u>	<u>6,334,723</u>	<u>4,633,208</u>	<u>58,732</u>	<u>102,091</u>	<u>12,744,170</u>
<b>Deferred inflows of resources</b>						
	<u>\$ 21,031</u>	<u>\$ 10,835</u>	<u>\$ 8,920</u>	<u>\$ 17,593</u>	<u>\$ 8,070</u>	<u>\$ 66,449</u>
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	1,470,307	4,087,237	10,529,617	733,888	449,115	17,270,164
Unrestricted net position	5,590,251	2,312,046	4,048,140	183,233	1,180,934	13,314,604
<b>Total net position</b>	<u>\$ 7,060,558</u>	<u>\$ 6,399,283</u>	<u>\$ 14,577,757</u>	<u>\$ 917,121</u>	<u>\$ 1,630,049</u>	<u>\$ 30,584,768</u>

**BOROUGH OF KUTZTOWN**  
**COMBINING STATEMENT OF ADDITIONS, DEDUCTIONS AND CHANGES IN NET POSITION**  
**ALL PROPRIETARY FUNDS**

**For the Year Ended December 31, 2024**

	<b>Major</b>					
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Telecom Fund</b>	<b>Refuse Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>						
Charges for services	\$ 6,796,211	\$ 2,582,549	\$ 2,986,620	\$ 639,851	\$ 1,098,737	\$ 14,103,968
Penalties	36,002	12,265	12,512	-	8,045	68,824
Other fees	-	33,693	49,737	-	-	83,430
Rental income	98,135	-	-	82,343	-	180,478
Other income	2,036	78,779	-	13,294	13,964	108,073
SCADA and equipment lease	-	-	-	123,300	-	123,300
<b>Total operating revenues</b>	<b>6,932,384</b>	<b>2,707,286</b>	<b>3,048,869</b>	<b>858,788</b>	<b>1,120,746</b>	<b>14,668,073</b>
<b>OPERATING EXPENSES</b>						
Costs of furnishing utility	3,293,300	704,170	697,563	331,714	427,274	5,454,021
Employee wages	597,545	476,467	392,238	288,371	354,893	2,109,514
Employee benefits	255,644	239,352	200,106	128,371	161,429	984,902
Employee pension	75,102	70,723	61,883	70,723	75,188	353,619
Insurance	100,875	150,943	122,465	30,960	34,914	440,157
Debt service	53,388	166,739	86,721	-	-	306,848
Depreciation	111,536	408,616	550,874	239,145	91,621	1,401,792
<b>Total operating expenses</b>	<b>4,487,390</b>	<b>2,217,010</b>	<b>2,111,850</b>	<b>1,089,284</b>	<b>1,145,319</b>	<b>11,050,853</b>
<b>Operating income (loss)</b>	<b>2,444,994</b>	<b>490,276</b>	<b>937,019</b>	<b>(230,496)</b>	<b>(24,573)</b>	<b>3,617,220</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest earned	229,582	51,033	121,710	-	32,180	434,505
State grants	-	-	70,168	-	5,940	76,108
Pension & OPEB adjustment	85,521	70,275	57,290	45,102	48,169	306,357
Transfer from component unit	-	-	-	-	-	-
Transfers from other funds	-	48,650	-	20,000	-	68,650
Transfers to other funds	(1,849,112)	-	-	-	(19,112)	(1,868,224)
<b>Total non-operating revenues (expenses)</b>	<b>(1,534,009)</b>	<b>169,958</b>	<b>249,168</b>	<b>65,102</b>	<b>67,177</b>	<b>(982,604)</b>
<b>Changes in net position</b>	<b>910,985</b>	<b>660,234</b>	<b>1,186,187</b>	<b>(165,394)</b>	<b>42,604</b>	<b>2,634,616</b>
<b>Net position, January 1, 2024</b>	<b>6,136,005</b>	<b>5,726,376</b>	<b>13,380,929</b>	<b>1,075,557</b>	<b>1,579,101</b>	<b>27,897,968</b>
<b>Prior Period Adjustment (See Note 16)</b>	<b>13,568</b>	<b>12,673</b>	<b>10,641</b>	<b>6,958</b>	<b>8,344</b>	<b>52,184</b>
<b>Net position, December 31, 2024</b>	<b>\$ 7,060,558</b>	<b>\$ 6,399,283</b>	<b>\$ 14,577,757</b>	<b>\$ 917,121</b>	<b>\$ 1,630,049</b>	<b>\$ 30,584,768</b>

**INDIVIDUAL FUND STATEMENTS  
AND SCHEDULES**



# BOROUGH OF KUTZTOWN

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GENERAL FUND

For the Year Ended December 31, 2024

### REVENUES

#### Taxes

Real estate taxes - current	\$	537,511	
Real estate taxes - prior		20,307	
Real estate transfer tax		88,120	
Earned income tax		643,930	
Per capita		10,905	
Local services tax		79,395	
Admission tax		31,848	
Mechanical tax		<u>500</u>	\$ 1,412,516

#### Fines and Forfeits

Motor vehicle violations		10,291	
Fines		12,440	
Criminal violations		7,165	
Parking tickets		<u>15,970</u>	45,866

#### Licenses and permits

Franchise fee cable		28,942	
Permits / reports		<u>170,054</u>	198,996

#### Intergovernmental

In lieu of taxes - PURTA		1,660	
Beverage licenses		1,150	
Pension state aid		421,534	
Allotment - fireman's relief		25,840	
Federal grants		18,123	
State grants		<u>579,823</u>	1,048,130

#### Charges for Services

General government		838	
Public safety		143,937	
Public works		-	
Cultrue and recreation		<u>109,517</u>	254,292

#### Investment and rental earnings

Interest income		130,443	
Rentals		<u>404,360</u>	534,803

#### MISCELLANEOUS:

Contributions and donations		28,818	
Reimbursements		342,683	
Refund of prior year expenditure		353,419	
Other		<u>17,866</u>	742,786
<b>Total revenues</b>			<b>\$ 4,237,389</b>

## BOROUGH OF KUTZTOWN

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GENERAL FUND (CONTINUED)

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For the Year Ended December 31, 2024

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#### EXPENDITURES

##### *General Government*

##### **Legal**

Solicitor	\$	26,797
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##### **Mayor, Legislative, Borough Manger**

Employee wages	128,311
Employee benefits	60,786
Employee pension	19,989
Insurance	28,272
Contracted services	72,365
Advertising, printing and postage	5,886
Vehicle expenses	1,065
Operating / office expenses	14,033
Dues, meetings and training	10,881
Small tools, equipment and building	21,571

##### **Finance and Accounting**

Audit and accounting fees	18,125
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##### **Tax Collection**

Contracted services	644
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##### **Engineering**

Engineering fees	58,440
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##### **Building and Plant**

Employee wages	1,704
Employee benefits	708
Operating supplies	9,520
Heating and utilities	47,651
Insurance	30,612
Repairs and maintenance	183,970
Contracted services	<u>2,368</u>

##### **Total General Government**

\$	743,698
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# BOROUGH OF KUTZTOWN

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2024

### **Public Safety**

#### **Police**

Employee wages	\$ 1,427,034
Employee benefits	498,846
Employee pension	49,771
Operating Supplies	5,865
Vehicle maintenance and repair	24,361
Uniforms	6,129
Training, seminars, certs	11,328
Ammunition	8,088
Insurance	54,720
Dues, subs and memberships	2,488
Small tools and equipment	4,470
Telephone / communications	61,596
Postage, printing and advertising	2,761
Repairs and maintenance	105
Refuse	570
Contracted services	53,543
Capital purchases	88,304

#### **Fire and Ambulance**

Rent of machine and equipment	63,320
Other services and charges	58,851
Telephone / communications	27,551
Foreign fire tax disbursement	26,606

#### **Inspections and Zoning**

Employee wages	123,021
Employee benefits	116,878
Employee pension	8,840
Vehicle maintenance and repair	41
Heating and utilities	9,091
Operating supplies	2,360
Telephone / communications	5,461
Legal services	22,653
Engineering services	22,069
Small tools and equipment	1,414
Postage, printing and advertising	5,296
Insurance	973
Training, seminars, certs	1,035
Rent of building	15,600
Contracted services	228,688

#### **Emergency Management**

Postage, printing and advertising	127
Contracted services	264

### **Total Public Safety**

\$ 3,040,118

**BOROUGH OF KUTZTOWN**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**GENERAL FUND (CONTINUED)**

**For the Year Ended December 31, 2024**

***Public Works***

**Street Maintenance and Lighting**

Employee wages	\$ 262,582
Employee benefits	110,659
Employee pension	24,539
Training, seminars, certs	3,788
Operating supplies	8,294
Vehicle maintenance and repairs	18,961
Uniforms	2,441
Insurance	22,538
Small tools and equipment	12,463
Repairs and maintenance, land and equipment	22,842
Engineering services	78,743
Telephone / communications	5,558
Postage, printing and advertising	2,268
Contracted services	3,872
Rent of building	37,184
Heating and utilities	70,691
Dues, subs and memberships	-
Capital improvements	1,053,448
Snow removal materials	<u>13,962</u>

***Total Public Works*** \$ 1,754,833

***Culture and Recreation***

**Parks and Pool**

Employee wages	332,442
Employee benefits	104,839
Employee pension	35,109
Operating supplies	9,832
Insurance	27,210
Vehicle maintenance and repairs	2,099
Telephone / communications	372
Postage, printing and advertising	3,135
Heating and utilities	71,272
Repairs and maint. building, land and equipment	67,672
Contracted services	27,481
YMCA programs	7,500
Chemicals	<u>24,785</u>

***Total Culture and Recreation*** \$ 713,748

# BOROUGH OF KUTZTOWN

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2024

### **Debt Service**

Debt principal	\$	-	
Interest expense		-	
<b>Total Debt Service</b>			\$ -

### **Unclassified Expenditures**

C, G & S to Non-Profits		51,060	
Other Miscellaneous		<u>1,487</u>	
<b>Total Unclassified Expenditures</b>			\$ <u>52,547</u>

<b>Total expenditures</b>			<u>6,304,944</u>
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<b>Deficiency of revenues over Expenditures</b>			(2,067,555)
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### **OTHER FINANCING SOURCES AND**

#### **Other Financing Uses**

Interfund transfers in		2,168,645	
Interfund transfers out		<u>(68,650)</u>	<u>2,099,995</u>

<b>Net change in fund balances</b>			32,440
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<b>Fund balance - January 1, 2024</b>			2,128,655
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<b>Prior Period Adjustment (See Note 16)</b>			<u>86,279</u>
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<b>Fund balance - December 31, 2024</b>			<u><b>\$ 2,247,374</b></u>
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**BOROUGH OF KUTZTOWN****STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION  
ELECTRIC FUND****For the Year Ended December 31, 2024**

	<b>Budget</b>	<b>Actual</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 6,551,500	\$ 6,796,211
Penalties	10,000	36,002
Rental income	85,818	98,135
Other income	8,300	2,036
<b>Total operating revenue</b>	<b>6,655,618</b>	<b>6,932,384</b>
<b>OPERATING EXPENSES</b>		
Costs of furnishing utility	3,653,410	3,293,300
Employee wages	564,249	597,545
Employee benefits	288,611	255,644
Employee pension	85,694	75,102
Insurance	79,802	100,875
Debt service	175,000	53,388
Depreciation	-	111,536
<b>Total operating expenses</b>	<b>4,846,766</b>	<b>4,487,390</b>
<b>Operating income</b>	<b>1,808,852</b>	<b>2,444,994</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest earned	2,000	229,582
Pension & OPEB adjustment	-	85,521
Transfers to other fund	(1,810,000)	(1,849,112)
<b>Total non-operating (expenses)</b>	<b>(1,808,000)</b>	<b>(1,534,009)</b>
<b>Changes in net position</b>	<b>852</b>	<b>910,985</b>
<b>Net position, January 1, 2024</b>	<b>(852)</b>	<b>6,136,005</b>
<b>Prior Period Adjustment (See Note 16)</b>	<b>-</b>	<b>13,568</b>
<b>Net position, December 31, 2024</b>	<b>\$ -</b>	<b>\$ 7,060,558</b>

**BOROUGH OF KUTZTOWN****STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION  
WATER FUND****For the Year Ended December 31, 2024**

	<b>Budget</b>	<b>Actual</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 2,104,000	\$ 2,582,549
Penalties	1,000	12,265
Other fees	12,000	33,693
Rental income	5,000	-
Other income	47,000	78,779
<b>Total operating revenues</b>	<b>2,169,000</b>	<b>2,707,286</b>
	-	-
<b>OPERATING EXPENSES</b>		
Costs of furnishing utility	590,996	704,170
Employee wages	474,348	476,467
Employee benefits	271,497	239,352
Employee pension	80,690	70,723
Insurance	133,619	150,943
Debt service	703,000	166,739
Depreciation	-	408,616
<b>Total operating expenses</b>	<b>2,254,150</b>	<b>2,217,010</b>
<b>Operating income (loss)</b>	<b>(85,150)</b>	<b>490,276</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest earned	2,000	51,033
Pension & OPEB adjustment	-	70,275
Transfers from other funds	-	48,650
Transfers to other funds	-	-
<b>Total non-operating revenues (expenses)</b>	<b>2,000</b>	<b>169,958</b>
<b>Changes in net position</b>	<b>(83,150)</b>	<b>660,234</b>
<b>Net position, January 1, 2024</b>	<b>83,150</b>	<b>5,726,376</b>
<b>Prior Period Adjustment (See Note 16)</b>	<b>-</b>	<b>12,673</b>
<b>Net position, December 31, 2024</b>	<b>\$ -</b>	<b>\$ 6,399,283</b>

**BOROUGH OF KUTZTOWN****STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION  
SEWER FUND****For the Year Ended December 31, 2024**

	<b>Budget</b>	<b>Actual</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 2,145,000	\$ 2,986,620
Penalties	1,000	12,512
Other fees	45,000	49,737
Other income	2,400	-
<b>Total operating revenues</b>	<b>2,193,400</b>	<b>3,048,869</b>
<b>OPERATING EXPENSES</b>		
Costs of furnishing utility	682,701	697,563
Employee wages	392,230	392,238
Employee benefits	205,389	200,106
Employee pension	73,557	61,883
Insurance	134,551	122,465
Debt service	615,000	86,721
Depreciation	-	550,874
<b>Total operating expenses</b>	<b>2,103,428</b>	<b>2,111,850</b>
<b>Operating income</b>	<b>89,972</b>	<b>937,019</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest earned	1,000	121,710
State sewer grant	-	70,168
Pension & OPEB adjustment	-	57,290
Transfers from component unit	-	-
Transfers to other funds	-	-
<b>Total non-operating (expenses)</b>	<b>1,000</b>	<b>249,168</b>
<b>Changes in net position</b>	<b>90,972</b>	<b>1,186,187</b>
<b>Net position, January 1, 2024</b>	<b>(90,972)</b>	<b>13,380,929</b>
<b>Prior Period Adjustment (See Note 16)</b>	<b>-</b>	<b>10,641</b>
<b>Net position, December 31, 2024</b>	<b>\$ -</b>	<b>\$ 14,577,757</b>



**BOROUGH OF KUTZTOWN****STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION  
TELECOMMUNICATIONS FUND****For the Year Ended December 31, 2024**

	<b>Budget</b>	<b>Actual</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 630,000	\$ 639,851
Rental income	70,000	82,343
SCADA and equipment lease	134,120	123,300
Other income	5,500	13,294
<b>Total operating revenues</b>	<b>839,620</b>	<b>858,788</b>
<b>OPERATING EXPENSES</b>		
Costs of furnishing utility	324,820	331,714
Employee wages	328,000	288,371
Employee benefits	150,729	128,371
Employee pension	70,000	70,723
Insurance	24,657	30,960
Debt service	-	-
Depreciation	-	239,145
<b>Total operating expenses</b>	<b>898,206</b>	<b>1,089,284</b>
<b>Operating (loss)</b>	<b>(58,586)</b>	<b>(230,496)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest earned	100	-
Pension & OPEB adjustment	-	45,102
Transfers to other funds	-	-
Transfers from other funds	-	20,000
<b>Total non-operating revenues (expenses)</b>	<b>100</b>	<b>65,102</b>
<b>Changes in net position</b>	<b>(58,486)</b>	<b>(165,394)</b>
<b>Net position, January 1, 2024</b>	<b>58,486</b>	<b>1,075,557</b>
<b>Prior Period Adjustment (See Note 16)</b>	<b>-</b>	<b>6,958</b>
<b>Net position, December 31, 2024</b>	<b>\$ -</b>	<b>\$ 917,121</b>

# BOROUGH OF KUTZTOWN

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION REFUSE AND RECYCLING FUND

For the Year Ended December 31, 2024

	<u>Budget</u>	<u>Actual</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 984,000	\$ 1,098,737
Penalties	-	8,045
Other income	6,000	13,964
<b>Total operating revenues</b>	<u>990,000</u>	<u>1,120,746</u>
<b>OPERATING EXPENSES</b>		
Costs of furnishing service	383,405	427,274
Employee wages	331,420	354,893
Employee benefits	189,510	161,429
Employee pension	83,884	75,188
Insurance	17,042	34,914
Depreciation	-	91,621
<b>Total operating expenses</b>	<u>1,005,261</u>	<u>1,145,319</u>
<b>Operating (loss)</b>	<u>(15,261)</u>	<u>(24,573)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest earned	200	32,180
State grants	4,800	5,940
Pension & OPEB adjustment	-	48,169
Transfers to other funds	-	(19,112)
Transfers from other funds	-	-
<b>Total non-operating revenues</b>	<u>5,000</u>	<u>67,177</u>
<b>Changes in net position</b>	(10,261)	42,604
<b>Net position, January 1, 2024</b>	10,261	1,579,101
<b>Prior Period Adjustment (See Note 16)</b>	<u>-</u>	<u>8,344</u>
<b>Net position, December 31, 2024</b>	<u>\$ -</u>	<u>\$ 1,630,049</u>

# BOROUGH OF KUTZTOWN

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the Year Ended December 31, 2024

### Highway Aid Fund

Fund balance - January 1, 2024 \$ 86,393

#### REVENUES AND OTHER FINANCING SOURCES

##### Intergovernmental

Liquid Fuels Tax \$ 128,463

##### Investment earnings

Interest Earnings 9,676 138,139

Total funds available 224,532

#### EXPENDITURES AND OTHER FINANCING USES

##### Public Works

Storm sewer replacement \$ -

##### Other Financing Uses

Transfer to other funds - -

Fund balance - December 31, 2024 \$ 224,532

### Fire Protection Tax Fund

Fund balance - January 1, 2024 \$ 384,310

#### REVENUES AND OTHER FINANCING SOURCES

Real estate tax \$ 153,573

Interest earnings -

##### Other Financing Sources

Transfer from other funds - 153,573

Total funds available 537,883

#### EXPENDITURES AND OTHER FINANCING USES

##### Public Safety

Salaries and wages \$ -

Employee benefits -

Other services -

C,G & S To Non-Profits -

##### Other Financing Uses

Transfer to other funds 65,222 65,222

Fund balance - December 31, 2024 \$ 472,661

# BOROUGH OF KUTZTOWN

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the Year Ended December 31, 2024

### Recreation Tax Fund

<b>Fund balance - January 1, 2024</b>		\$	63,547
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Real estate tax	\$	76,788	
Interest earnings		-	
<b>Other Financing Sources</b>			
Transfer from other funds		-	76,788
<b>Total funds available</b>			140,335
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
<b>Culture and Recreation</b>			
Salaries and wages	\$	-	
Employee benefits		-	
Other services		-	
<b>Other Financing Uses</b>			
Transfer to other funds		55,184	55,184
<b>Fund balance - December 31, 2024</b>		<b>\$</b>	<b>85,151</b>

### Road Tax Fund

<b>Fund balance - January 1, 2024</b>		\$	169,197
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Real estate tax	\$	191,970	
Interest earnings		-	
<b>Other Financing Sources</b>			
Transfer from other funds		-	191,970
<b>Total funds available</b>			361,167
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
<b>Public Works</b>			
Salaries and wages	\$	-	
Employee benefits		-	
Other services		-	
<b>Other Financing Uses</b>			
Transfer to other funds		180,015	180,015
<b>Fund balance - December 31, 2024</b>		<b>\$</b>	<b>181,152</b>

# BOROUGH OF KUTZTOWN

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

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For the Year Ended December 31, 2024

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### Ambulance Tax Fund

<b>Fund balance - January 1, 2024</b>		\$	-
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Real estate tax	\$	95,973	
Interest earnings		-	
<b>Other Financing Sources</b>			
Transfer from other funds		-	95,973
<b>Total funds available</b>			95,973
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
<b>Public Works</b>			
Salaries and wages	\$	-	
Employee benefits		-	
Contributions		90,000	
<b>Other Financing Uses</b>			
Transfer to other funds		-	90,000
<b>Fund balance - December 31, 2024</b>		\$	<u>5,973</u>

**BOROUGH OF KUTZTOWN**  
**POLICE PENSION TRUST FUND**  
**STATEMENT OF ADDITIONS AND DEDUCTIONS**

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**For the Year Ended December 31, 2024**

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**NET POSITION - BEGINNING OF YEAR** \$ 7,715,088

**Additions**

State aid	\$ 49,771
Employee contributions	-
Miscellaneous	59,763

**Investment Earnings**

Interest and dividends	189,717
Realized gains (losses)	593,671
Change in fair value of investments	<u>(75,506)</u>

<b>Total additions</b>	<u>817,416</u>
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**Deductions**

Administrative charges	15,686
Investment expenses	79,178
Employee benefits	<u>341,761</u>

<b>Total deductions</b>	<u>436,625</u>
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<b>Change in net position</b>	<u>380,791</u>
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<b>Net position - end of year</b>	<u><u>\$ 8,095,879</u></u>
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