

BOROUGH OF MERCERSBURG

FINANCIAL REPORT

DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

Members of Borough Council
Borough of Mercersburg
Mercersburg, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the modified cash basis financial statements of the governmental activities, the business-type activity, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Borough of Mercersburg (Borough), 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 Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activity, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Borough of Mercersburg, as of December 31, 2024, and the respective changes in modified cash basis financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

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

Emphasis of Matter - Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

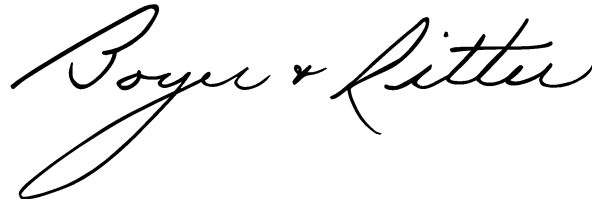
In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Borough's basic financial statements. The combining non-major governmental funds financial statements listed in the Contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major governmental funds financial statements listed in the table of contents as supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

A handwritten signature in cursive script, reading "Boyer & Ritten". The signature is written in black ink and is centered on the page.

Chambersburg, Pennsylvania
July 24, 2025

BOROUGH OF MERCERSBURG

STATEMENT OF NET POSITION - MODIFIED CASH BASIS December 31, 2024

	Primary Government		
	Governmental Activities	Business-Type Activity	Total
ASSETS			
Cash and cash equivalents	\$ 1,669,830	\$ 8,510	\$ 1,678,340
Due from primary government	-	-	-
Capital assets			
Land and construction-in-progress	427,123	-	427,123
Other capital assets, net of depreciation	1,152,956	-	1,152,956
Total assets	\$ 3,249,909	\$ 8,510	\$ 3,258,419
LIABILITIES			
Due to component units	\$ 23,208	\$ -	\$ 23,208
Payroll tax withholdings	9,630	-	9,630
Long-term liabilities			
Due within 1 year	493	-	493
Due in more than 1 year	-	-	-
Total liabilities	33,331	-	33,331
NET POSITION			
Net investment in capital assets	1,579,586	-	1,579,586
Restricted for			
Capital improvements	525,175	-	525,175
Specified purposes	532,697	-	532,697
Unrestricted	579,120	8,510	587,630
Total net position	3,216,578	8,510	3,225,088
Total liabilities and net position	\$ 3,249,909	\$ 8,510	\$ 3,258,419

See Notes to Financial Statements.

Component Units			
Water Authority		Sewer Authority	
\$	224,265	\$	822,589
	10,534		12,674
	405,371		158,482
	2,443,323		2,176,049
\$	3,083,493	\$	3,169,794
\$	-	\$	-
	-		-
	35,576		-
	496,223		-
	531,799		-
	2,316,895		2,334,531
	19,895		248,640
	-		-
	214,904		586,623
	2,551,694		3,169,794
\$	3,083,493	\$	3,169,794

BOROUGH OF MERCERSBURG

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Water Authority	Sewer Authority
					Governmental Activities	Business-Type Activity	Total		
Governmental Activities									
General government	\$ 178,842	\$ 24,697	\$ 25,441	\$ -	\$ (128,704)	\$ -	\$ (128,704)	\$ -	\$ -
Public safety	278,602	23,489	9,121	-	(245,992)	-	(245,992)	-	-
Public works	341,639	19,251	44,928	-	(277,460)	-	(277,460)	-	-
Culture and recreation	37,718	-	-	-	(37,718)	-	(37,718)	-	-
Community development	31,825	-	-	-	(31,825)	-	(31,825)	-	-
Interest expense	231	-	-	-	(231)	-	(231)	-	-
Miscellaneous	124,619	-	-	-	(124,619)	-	(124,619)	-	-
Total governmental activities	993,476	67,437	79,490	-	(846,549)	-	(846,549)	-	-
Total primary government	\$ 993,476	\$ 67,437	\$ 79,490	\$ -	(846,549)	-	(846,549)	-	-
Component Units									
Water Authority	\$ 738,619	\$ 710,246	\$ -	\$ 113,279	-	-	-	84,906	-
Sewer Authority	497,521	492,904	-	24,750	-	-	-	-	20,133
Total component units	\$ 1,236,140	\$ 1,203,150	\$ -	\$ 138,029	-	-	-	84,906	20,133
General Revenues									
Property taxes					389,592	-	389,592	-	-
Local enabling act taxes					273,988	-	273,988	-	-
Investment income					24,649	122	24,771	528	8,166
Miscellaneous income					92,689	-	92,689	31,137	7,282
Gain on disposal of assets					6,160	-	6,160	-	-
Total general revenues					787,078	122	787,200	31,665	15,448
Changes in net position					(59,471)	122	(59,349)	116,571	35,581
Net Position:									
January 1, 2024					3,276,049	8,388	3,284,437	2,435,123	3,134,213
December 31, 2024					<u>\$ 3,216,578</u>	<u>\$ 8,510</u>	<u>\$ 3,225,088</u>	<u>\$ 2,551,694</u>	<u>\$ 3,169,794</u>

See Notes to Financial Statements.

BOROUGH OF MERCERSBURG**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
December 31, 2024**

	General Fund	<u>Special Revenue</u> UDAG
ASSETS		
Cash and cash equivalents	\$ 785,978	\$ 238,873
Total assets	<u>\$ 785,978</u>	<u>\$ 238,873</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to component units	\$ 16,728	\$ -
Payroll tax withholdings	9,630	-
Total liabilities	<u>26,358</u>	<u>-</u>
Fund Balances		
Restricted for:		
Capital improvements	-	-
Specified purposes	180,500	238,873
Unassigned	579,120	-
Total fund balances	<u>759,620</u>	<u>238,873</u>
Total liabilities and fund balances	<u>\$ 785,978</u>	<u>\$ 238,873</u>

See Notes to Financial Statements.

Capital Projects Capital Improvements	Non-Major Governmental Funds	Total Governmental Funds
\$ 184,818	\$ 460,161	\$ 1,669,830
\$ 184,818	\$ 460,161	\$ 1,669,830

\$ -	\$ 6,480	\$ 23,208
-	-	9,630
-	6,480	32,838

184,818	340,357	525,175
-	113,324	532,697
-	-	579,120
184,818	453,681	1,636,992
\$ 184,818	\$ 460,161	\$ 1,669,830

BOROUGH OF MERCERSBURG

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS December 31, 2024

Total fund balances - governmental funds	\$ 1,636,992
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore, they are not reported as assets in governmental funds. The total cost of capital assets is \$3,164,345 and the accumulated depreciation is \$1,584,266.	1,580,079
Long-term liabilities are not due and payable in the current period, and therefore, they are not reported as liabilities in the funds.	
Loan payable	<u>(493)</u>
Total net position - governmental activities	<u><u>\$ 3,216,578</u></u>

See Notes to Financial Statements.

BOROUGH OF MERCERSBURG

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS Year Ended December 31, 2024

	General Fund	Special Revenue UDAG
Revenues		
Taxes	\$ 587,113	\$ -
Licenses and permits	24,697	-
Fines and forfeits	9,482	-
Investment income	11,668	1,659
Rents	28,000	-
Intergovernmental revenue	79,181	-
Charges for service	33,258	-
Miscellaneous income	9,623	-
Total revenues	783,022	1,659
Expenditures		
General government	167,256	-
Public safety	234,656	-
Public works	185,251	-
Culture and recreation	10,338	30,000
Community development	1,825	-
Miscellaneous	124,619	-
Total expenditures	723,945	30,000
Excess (deficiency) of revenues over expenditures	59,077	(28,341)
Other Financing Sources (Uses)		
Proceeds from sale of assets	-	-
Operating transfers in	-	-
Debt service		
Principal	-	-
Interest	-	-
Operating transfers out	(58,256)	-
Total other financing (uses) sources	(58,256)	-
Net changes in fund balances	821	(28,341)
Fund Balances:		
January 1, 2024	758,799	267,214
December 31, 2024	\$ 759,620	\$ 238,873

See Notes to Financial Statements.

Capital Projects Capital Improvements	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 76,468	\$ 663,581
-	-	24,697
-	-	9,482
541	10,781	24,649
-	-	28,000
-	44,928	124,109
-	-	33,258
-	10,445	20,068
541	142,622	927,844
-	12	167,268
-	36,600	271,256
-	54,776	240,027
-	24,601	64,939
-	-	1,825
-	-	124,619
-	115,989	869,934
541	26,633	57,910
-	6,160	6,160
-	58,256	58,256
-	(18,362)	(18,362)
-	(231)	(231)
-	-	(58,256)
-	45,823	(12,433)
541	72,456	45,477
184,277	381,225	1,591,515
\$ 184,818	\$ 453,681	\$ 1,636,992

BOROUGH OF MERCERSBURG

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS Year Ended December 31, 2024

Net changes in fund balances - governmental funds		\$ 45,477
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the period.		
Capital outlays	6,520	
Less depreciation expense	<u>(129,829)</u>	(123,309)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal on loan payable		<u>18,361</u>
Changes in net position - governmental activities		<u>\$ (59,471)</u>

See Notes to Financial Statements.

BOROUGH OF MERCERSBURG

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND - MODIFIED CASH BASIS Year Ended December 31, 2024

	General Fund		
	Budgeted Amounts Original and Final	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 614,000	\$ 587,113	\$ (26,887)
Licenses and permits	25,000	24,697	(303)
Fines and forfeits	4,000	9,482	5,482
Investment income	8,000	11,668	3,668
Rents	28,000	28,000	-
Intergovernmental revenue	52,861	79,181	26,320
Charges for service	22,300	33,258	10,958
Miscellaneous income	46,500	9,623	(36,877)
Total revenues	800,661	783,022	(17,639)
Expenditures			
General government	163,900	167,256	(3,356)
Public safety	352,785	234,656	118,129
Public works	118,124	185,251	(67,127)
Culture and recreation	18,000	10,338	7,662
Community development	1,000	1,825	(825)
Miscellaneous	85,684	124,619	(38,935)
Total expenditures	739,493	723,945	15,548
Excess of revenues over expenditures	61,168	59,077	(2,091)
Other Financing Sources (Uses)			
Refund of prior years' expenditures	2,800	-	(2,800)
Operating transfers in	11,880	-	(11,880)
Operating transfers out	(75,848)	(58,256)	17,592
Total other financing (uses) sources - net	(61,168)	(58,256)	2,912
Net change in fund balance	\$ -	821	\$ 821
Fund Balance:			
January 1, 2024		758,799	
December 31, 2024		<u>\$ 759,620</u>	

See Notes to Financial Statements.

BOROUGH OF MERCERSBURG

STATEMENT OF NET POSITION - PROPRIETARY FUND AND DISCRETELY-PRESENTED COMPONENT UNITS - MODIFIED CASH BASIS

December 31, 2024

		Component Units	
	Recycling	Water Authority	Sewer Authority
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 8,510	\$ 224,265	\$ 822,589
Due from primary government	-	10,534	12,674
Total current assets	8,510	234,799	835,263
Noncurrent Assets			
Land and construction-in-progress	-	405,371	158,482
Property, plant and equipment - net of accumulated depreciation	-	2,443,323	2,176,049
Total noncurrent assets	-	2,848,694	2,334,531
Total assets	\$ 8,510	\$ 3,083,493	\$ 3,169,794
LIABILITIES AND NET POSITION			
Current Liabilities			
Current portion of notes payable	\$ -	\$ 35,576	\$ -
Total current liabilities	-	35,576	-
Noncurrent Liabilities			
Notes payable - net of current portion	-	496,223	-
Total liabilities	-	531,799	-
Net Position			
Invested in capital assets - net of related debt	-	2,316,895	2,334,531
Restricted for capital improvements	-	19,895	248,640
Unrestricted	8,510	214,904	586,623
Total net position	8,510	2,551,694	3,169,794
Total liabilities and net position	\$ 8,510	\$ 3,083,493	\$ 3,169,794

See Notes to Financial Statements.

BOROUGH OF MERCERSBURG

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND AND DISCRETELY- PRESENTED COMPONENT UNITS - MODIFIED CASH BASIS Year Ended December 31, 2024

		Component Units	
	Recycling	Water Authority	Sewer Authority
Operating Revenues			
Charges for services	\$ -	\$ 710,246	\$ 478,500
Connection/tapping fees	-	-	14,404
Other revenue	-	7,286	7,282
Total operating revenues	-	717,532	500,186
Operating Expenses			
Wages and benefits	-	195,855	163,479
Office supplies	-	16,826	17,347
Legal and accounting	-	28,189	22,186
Engineering and contracted services	-	80,392	28,212
Insurance	-	10,891	7,738
Supplies and chemicals	-	79,569	27,550
Utilities	-	37,464	78,763
Maintenance and repairs	-	121,879	49,505
Depreciation	-	132,177	98,537
Other operating	-	15,434	4,204
Total operating expenses	-	718,676	497,521
Operating (loss) income	-	(1,144)	2,665
Nonoperating Revenue (Expense)			
Investment income	122	528	8,166
Grant proceeds	-	113,279	24,750
Refund of prior years' expenses	-	23,851	-
Interest expense	-	(19,943)	-
Total nonoperating revenue - net	122	117,715	32,916
Changes in net position	122	116,571	35,581
Net Position:			
January 1, 2024	8,388	2,435,123	3,134,213
December 31, 2024	\$ 8,510	\$ 2,551,694	\$ 3,169,794

See Notes to Financial Statements.

BOROUGH OF MERCERSBURG

**STATEMENT OF CASH FLOWS - PROPRIETARY FUND AND
DISCRETELY-PRESENTED COMPONENT UNITS - MODIFIED CASH BASIS
Year Ended December 31, 2024**

		Component Units	
	Recycling	Water Authority	Sewer Authority
Cash Flows From Operating Activities			
Cash received from customers	\$ -	\$ 717,532	\$ 500,186
Cash payments for goods and services	-	(399,265)	(235,819)
Cash payments to employees for services	-	(195,855)	(163,479)
Net cash provided by operating activities	-	122,412	100,888
Cash Flows From Capital and Related Financing Activities			
Capital grants received	-	113,279	24,750
Purchases of property, plant and equipment	-	(286,931)	(182,898)
Principal paid on long-term debt	-	(34,260)	-
Interest paid on long-term debt	-	(19,943)	-
Net cash used in capital and related financing activities	-	(227,855)	(158,148)
Cash Flows From Investing Activities			
Investment income	122	528	8,166
Net increase (decrease) in cash and cash equivalents	122	(104,915)	(49,094)
Cash and Cash Equivalents:			
January 1, 2024	8,388	329,180	871,683
December 31, 2024	<u>\$ 8,510</u>	<u>\$ 224,265</u>	<u>\$ 822,589</u>

(Continued)

BOROUGH OF MERCERSBURG**STATEMENT OF CASH FLOWS - PROPRIETARY FUND AND
DISCRETELY-PRESENTED COMPONENT UNITS - MODIFIED CASH BASIS (Continued)
Year Ended December 31, 2024**

		Component Units	
		Water Authority	Sewer Authority
	Recycling		
<hr/>			
Reconciliation of Operating Income (Loss) to Net			
Cash Provided By Operating Activities			
Operating (loss) income	\$ -	\$ (1,144)	\$ 2,665
Adjustments to reconcile operating income (loss)			
to net cash provided by operating activities			
Depreciation	-	132,177	98,537
Refund of prior years' expenses	-	23,851	-
Changes in assets and liabilities:			
Internal balances	-	(12,817)	12,817
Due from primary government	-	(19,655)	(13,131)
Net cash provided by			
operating activities	\$ -	\$ 122,412	\$ 100,888

See Notes to Financial Statements.

BOROUGH OF MERCERSBURG

STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS

December 31, 2024

	Pensions		
	Police	Non-Uniformed	Endowment
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 23,208
Investments	381,410	1,151,308	-
Total assets	\$ 381,410	\$ 1,151,308	\$ 23,208
NET POSITION			
Reserved for:			
Police pension trust fund	\$ 381,410	\$ -	\$ -
Non-Uniformed pension trust fund	-	1,151,308	-
Specified purposes	-	-	23,208
Total net position	\$ 381,410	\$ 1,151,308	\$ 23,208

See Notes to Financial Statements.

BOROUGH OF MERCERSBURG

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS Year Ended December 31, 2024

	Pensions		Endowment
	Police	Non-Uniformed	
Additions			
Contributions			
Employer contributions	\$ -	\$ 40,584	\$ -
Investment income	40,883	121,095	1,124
Total additions	40,883	161,679	1,124
Deductions			
Benefits and claims	6,105	52,879	-
Administrative expenses	4,365	11,375	-
Other expenses	-	-	234
Total deductions	10,470	64,254	234
Net increase	30,413	97,425	890
Net Position:			
January 1, 2024	350,997	1,053,883	22,318
December 31, 2024	<u>\$ 381,410</u>	<u>\$ 1,151,308</u>	<u>\$ 23,208</u>

See Notes to Financial Statements.

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The Borough of Mercersburg (the Borough) was incorporated in 1831 and is located in South Central Pennsylvania. Corporate powers of the Borough are vested in a mayor and seven-member council. The Borough Manager is responsible for the daily operations of the Borough. The Borough provides the following services as authorized by the Borough Code: public safety, public works, health and human services, culture and recreation, community development and general administrative services.

The Borough's financial statements are presented on the modified cash basis of accounting as applied to governmental units, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the authoritative, standard setting body for establishing governmental accounting and financial reporting principles. These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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

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

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Financial Reporting Entity (Continued)

The component units discussed below are included in the Borough's reporting entity because of their operational significance or financial relationship with the Borough:

Discretely-Presented Component Units: The component unit columns presented in the financial statements contain the financial data of the Mercersburg Water Authority and the Mercersburg Sewer Authority. The financial data is presented in separate columns because the Authorities are legally separate from the Borough. The governing bodies are appointed by Borough Council. The Authorities own and operate their respective systems, which serve the areas within the Borough of Mercersburg. The Borough of Mercersburg has guaranteed the debt of the Authorities. The Mercersburg Water Authority and Mercersburg Sewer Authority do not separately issue audited component unit financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government and its component units within the limitations of the modified cash basis of accounting. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included within program revenues are reported as general revenue.

Separate fund financial statements are provided in the report for all governmental, proprietary and fiduciary funds of the Borough, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements. Non-major funds are aggregated and presented in a separate column. Fiduciary funds are reported by fund type.

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued) Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. The principal operating revenue of the Recycling Fund consists of refuse services. The principal operating revenues of the Water and Sewer Authorities are charges for services. Operating expenses include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting these classifications are reported as non-operating revenue or expenses.

Fiduciary fund reporting focuses on net position and changes in net position and is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency 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 programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Borough has no private purpose trust funds or agency funds.

The accounts of the Borough are organized on the basis of funds, each of which is considered a separate accounting entity. The operation of each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances or net positions, revenues and expenditures or expenses, as appropriate.

The Borough has the following major types of funds:

Governmental Funds Governmental funds are those through which most governmental functions of the Borough 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.

General Fund

The General Fund is the Borough's primary operating fund and is always considered as a major fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the Borough. The reporting entity includes the following special revenue funds, of which the Urban Development Action Grant is considered a major fund as of December 31, 2024.

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Governmental Funds (Continued)

Special Revenue Funds (Continued)

Urban Development Action Grant (UDAG) Fund accounts for the loans made available to local businesses and residents for property improvements.

Highway Aid Fund accounts for revenues received from the State Motor License Fund. Costs paid by this fund must be related to the construction, reconstruction, repair and maintenance of the Borough's streets, roads and bridges.

Special Purpose Tax Fund accounts for the portion of real estate taxes levied for special purposes. Those levies are for fire protection, library, emergency ambulance and special road fund.

Playground Fund accounts for the Summer Playground Program that is offered to Borough youths.

Christmas Décor Fund accounts for donations and expenditures related to Christmas street light acquisitions.

Columbia Gas Escrow Fund accounts for funds received in lieu of a bond from Columbia Gas.

Findley Park Escrow Fund accounts for funds received from bonding to repair Findley Park infrastructure.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Capital Improvements is considered a major fund as of December 31, 2024.

The Capital Improvements Fund accounts for financial resources available for the acquisition or construction of major capital facilities.

The Street Improvements Fund accounts for funds related to the on-going maintenance of the Borough's streets.

The Joint Equipment Fund accounts for funds related to the future acquisitions of major capital assets to be split between the Borough, Water Authority and Sewer Authority.

The General Fund Reserve accounts for funds related to investing for future capital acquisitions.

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Governmental Funds (Continued)

Capital Projects Fund (Continued)

Street Projects Fund accounts for funds related to the on-going maintenance of the Borough's streets.

Police Reserve Fund accounts for the funds related to the future acquisition of major capital assets by the Police Department.

Proprietary Funds

Enterprise Fund

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

The Recycling Fund accounts for the financing of services to the general public where all or most of the costs involved are paid in the form of charges to the users of such services.

Fiduciary Funds

Trust Funds

Trust funds are used to account for assets held by the Borough in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Fiduciary funds are reported only at the fund level; therefore, consideration as a major fund is not applicable.

Pension Trust Funds account for the activities of the Non-Uniformed and Police Pension Trust Funds. These trust funds accumulate resources for pension-benefit payments to qualified employees.

Endowment Fund is used strictly for the James Buchanan and Harriet Lane award expenses.

Measurement Focus and Basis of Accounting

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

Measurement Focus

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

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Measurement Focus (Continued)

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

- a. All governmental funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on the funds' balance sheets. The funds' operating statements present sources and uses of available, spendable financial resources during a given period. These funds use fund balances as their measures of available spendable financial resources at the end of the period.
- b. The proprietary and fiduciary funds utilize an economic-resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Proprietary and fiduciary fund equity is classified as net position.

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

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

If the Borough utilized the basis of accounting recognized as generally accepted, the fund financial statements for the governmental funds would be prepared using the modified accrual basis of accounting, while the fund financial statements for the proprietary and fiduciary fund types would be prepared using the accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

Cash and Cash Equivalents Amounts reported as cash and cash equivalents include, as applicable, cash on hand, demand deposits, savings accounts and Certificates of Deposit or short-term investments with maturities of three months or less from the date of acquisition.

Investments Investments are recorded at fair value or amortized cost, depending on the investment type. Unrealized appreciation and depreciation due to changes in the fair values of investments are recognized annually in the pension trust funds.

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Capital Assets and Depreciation The Borough's modified cash basis of accounting reports capital assets resulting from cash transactions or events and reports depreciation when appropriate. Capital assets, which include property, plant and equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Borough as assets with an initial, individual cost of more than \$1,000 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 their estimated fair market values at the dates of donation. The costs of normal maintenance and repairs that do not add to the values of assets or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phases of capital assets of business-type activities and component units is included as part of the capitalized values of the assets constructed.

Property, plant and equipment of the primary government and the discretely-presented component units are depreciated using the straight-line method over the following estimated useful lives as determined by management:

<u>Assets</u>	<u>Years</u>
Land improvements	20-40
Buildings	50-100
Building improvements	25
Vehicles and equipment	3-15
Public domain infrastructure	25-100

Infrastructure Assets As permitted by the provisions of GASB Statement No. 34, the Borough has not capitalized and depreciated those general infrastructure assets acquired prior to January 1, 2004.

Long-Term Debt All long-term bonds, notes and other debt arising from cash transactions or events to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements.

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

Compensated Absences Under the terms of the Borough's employment policies, employees are granted a certain number of vacation days each calendar year and up to five unused vacation days are permitted to be carried over to future years for those employees with 20 or more years of service. Upon retirement from the Borough, employees may apply their remaining balances of unused vacation days toward early retirement. In addition, employees are granted sick leave and any unused sick days are permitted to be carried over to future years. Employees are also permitted to accrue comp time. The total liability for accrued vacation and comp time at December 31, 2024, is \$9,455.

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Equity Classifications

Government-Wide Statements Equity is classified as Net Position and is displayed in three components:

Net investment in capital assets Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted Consists of restricted assets reduced by liabilities related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.

Unrestricted Net amount of assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

Fund Financial Statements

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

Nonspendable Represents fund balance amounts that cannot be spent because they are not in a spendable form or are contractually required to be maintained intact.

Restricted Represents fund balance amounts that are constrained for a specific purpose through restrictions of external parties, through constitutional provisions, or by enabling legislation.

Committed Represents fund balance amounts that can only be used for specific purposes pursuant to the constraints imposed formal action of the Borough Council, the Borough's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Borough Council removes the constraints or changes the specified purpose through the same action used to commit the funds.

Assigned Represents fund balance amounts that are constrained by the government's intent to be used for a specific purpose but are neither restricted nor committed.

Unassigned Represents fund balance amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund.

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Equity Classifications (Continued)

Proprietary Funds The difference among assets and liabilities is reported as net position and classified in the same manner as the government-wide financial statements.

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

Internal and Interfund Balances and Activities

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

Government-Wide Financial Statements Interfund activity and balances resulting from cash transactions or events, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal balances Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.

Internal activities Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-side Statement of Activities, except for the net amount of transfers between governmental and business-type activities, which are reported as transfers. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

Primary government and component unit activity and balances Resources flow between the primary government and discretely-presented component units are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

Fund Financial Statements Interfund activity resulting from cash transactions or events, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

Interfund loans Amounts provided with a requirement for repayment are reported as interfund receivables and payables.

Interfund services Sales or purchases of goods and services between funds are reported as revenues and expenditures or expenses.

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Internal and Interfund Balances and Activities (Continued)

Fund Financial Statements (Continued)

Interfund reimbursements Repayments from funds responsible for certain expenditures or expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures or expenses in the respective funds.

Interfund transfers Flow of assets from one fund to another when repayment is not expected and reported as transfers in and out.

Program Revenues Amounts reported as program revenues include charges for services, operating grants and contributions and capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. General revenues include all taxes.

Operating and Non-Operating Revenues Proprietary funds distinguish operating revenues and expenses from non-operating items. With respect to the Borough's proprietary fund, operating revenues consist principally of sales of trash bags. Operating expenses consist of the administrative expenses. With respect to the component units, operating revenue consists principally of water and sewer rents. Operating expenses include administrative expenses, supplies and chemicals and depreciation on capital assets. All other revenues and expenses not meeting the above criteria are reported as non-operating revenues and expenses.

Pension Plans The Borough has established two single-employer defined-benefit pension plans for the benefit of substantially all full-time employees. They are the Police and Non-Uniformed Pension Plans.

New Accounting Pronouncements

The following list reflects only those pronouncements initially effective in the current or upcoming reporting periods which based on our review, may be applicable to the Borough's reporting requirements.

Following are descriptions of significant pronouncements that were considered or initially selected during the year ended December 31, 2024:

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. The Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements.

GASB Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements (Continued)

The following are descriptions of accounting pronouncements which will be considered for implementation during subsequent years, with modified effective dates as established by GASB Statement No. 95:

GASB Statement No. 102, *Certain Risk Disclosures*, will be effective for the Borough beginning with its year ending December 31, 2025 (fiscal years beginning after June 15, 2024). This Statement establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. The requirements of this Statement apply to the financial statements of all state and local governments.

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the Borough beginning with its year ending December 31, 2026 (fiscal years beginning after June 15, 2025). This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement addresses requirements relating to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, major component unit information and budgetary comparison information.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective for the Borough beginning with its year ending December 31, 2026 (fiscal years beginning after June 15, 2025). This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures. Lease assets, subscription assets, intangible right-to-use assets and intangible assets should be disclosed separately by major class of underlying asset within the note disclosures. This Statement also requires additional disclosures for capital assets held for sale.

The effects of implementation of these standards have not yet been determined.

Use of Estimates The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures, such as estimated useful lives in determining depreciation expense. Accordingly, actual results could differ from those estimates.

Subsequent Events In preparing these financial statements, the Borough has evaluated events and transactions for potential recognition or disclosure through July 24, 2025, the date the financial statements were available to be issued.

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 2. Legal Compliance - Budgets

Borough Council adopts budgets for certain governmental funds on the modified cash basis. The Borough also adopts budgets for the enterprise funds on the cash basis. All annual appropriations lapse at the end of each year and must be re-appropriated. There were no budget revisions during the year.

The Borough utilizes the following procedures to establish the budgetary data reflected in the financial statements:

1. During October, the Borough staff prepares a preliminary budget for the general fund, water authority and sewer authority. The operating budgets include proposed expenditures and revenue.
2. During November, the Borough Council approves the preliminary budget and makes it available to the public. A notice that the preliminary budgets are available for inspection is published in the local newspaper and posted in the borough office for a minimum of ten days.
3. At the regular meeting in December, the Borough holds a public hearing to obtain taxpayer comments after which the budget is legally adopted.
4. All budget revisions require the approval of Borough Council.

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits and Investments

Under Section 1316 of the Borough Code, the Borough is permitted to invest funds, consistent with sound business practices, in the following types of investments:

- United States Treasury bills
- Short-term obligations of the U.S. Government or its agencies or instrumentalities
- Deposits in savings accounts or time deposits, other than certificates of deposit, or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Share Insurance Fund (NCUSIF) to the extent that the accounts are so insured, and for the amounts above the insured maximum, if approved collateral as provided by law shall be pledged by the depository
- Obligations of (i) the United States or its agencies or instrumentalities backed by the full faith and credit of the United States; (ii) the Commonwealth or its agencies or instrumentalities backed by the full faith and credit of the Commonwealth; and (iii) a political subdivision of the Commonwealth or its agencies or instrumentalities backed by the full faith and credit of the political subdivision
- Shares of an investment companies registered under the Investment Company Act of 1940 whose investments are registered under the Securities Act of 1933
- Certificates of deposit purchased from institutions insured by the FDIC or the NCUSIF to the extent that the accounts are so insured

The deposit and investment policies of the Borough adhere to state statutes and prudent business practices. There were no deposit or investment transactions during the year that violated either state statutes or Borough policies.

Deposits: Custodial-Credit Risk

Custodial-credit risk is the risk that in the event of a bank failure, the Borough's deposits and/or investments may not be returned to them. The carrying amount of cash on the Borough's Statement of Net Position includes petty cash of \$300. A summary of the Borough's deposits at December 31, 2024, are as follows:

	Carrying Amount	Bank Balance	Financial Institution
FDIC insured	\$ 250,000	\$ 250,000	Orrstown Bank
Uninsured and collateralized by assets maintained in conformity with Act 72	1,225,523	1,291,200	Orrstown Bank
	<u>\$ 1,475,523</u>	<u>\$ 1,541,200</u>	

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits and Investments (Continued)

Deposits: Custodial-Credit Risk (Continued)

Custodial-credit risk is the risk that in the event of a bank failure, the Water Authority's deposits and/or investments may not be returned to them. A summary of the Water Authority's deposits at December 31, 2024, are as follows:

	Carrying Amount	Bank Balance	Financial Institution
FDIC insured	\$ 215,229	\$ 231,857	Orrstown Bank
FDIC insured	9,036	9,036	Middletown Valley
Uninsured and collateralized by assets maintained in conformity with Act 72	-	-	Orrstown Bank
	<u>\$ 224,265</u>	<u>\$ 240,893</u>	

Custodial-credit risk is the risk that in the event of a bank failure, the Sewer Authority's deposits and/or investments may not be returned to them. A summary of the Sewer Authority's deposits at December 31, 2024, are as follows:

	Carrying Amount	Bank Balance	Financial Institution
FDIC insured	\$ 250,000	\$ 250,000	Orrstown Bank
Uninsured and collateralized by assets maintained in conformity with Act 72	572,589	582,368	Orrstown Bank
	<u>\$ 822,589</u>	<u>\$ 832,368</u>	

All deposits of the Borough are either insured or collateralized. All deposits that exceed the Federal depository insurance coverage level are collateralized under the Pooling Method. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities maintained in conformity with Act 72 of 1971. Act 72 of 1971 is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis and authorizing the appointment of custodians to act as pledgers of the assets. The Borough has no policy regarding custodial-credit risk for deposits.

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits and Investments (Continued)

Investments

As of December 31, 2024, the Borough had the following investments, which are included in cash and cash equivalents on the Statement of Net Position:

	Credit Rating	Weighted Average Maturity	Carrying Value	Bank Balance
Pennsylvania Local Government Trust (PLGIT)				
PLGIT-Class Shares	AAAm	103 days	\$ 216,507	\$ 216,419
PLGIT/Reserve-Class Shares	AAAm	103 days	9,218	9,218
			<u>\$ 225,725</u>	<u>\$ 225,637</u>

Portfolio Assets

Certain external pool investments held by the Borough meet the portfolio requirements for maturity, quality, diversification, liquidity, and shadow pricing, and qualify for measurement at amortized cost at both the pool and the participating government levels consistent with GASB Statement No. 79. The Borough measures those investments, which include PLGIT, at amortized cost.

The PLGIT Portfolio fund invests primarily in U.S. Treasury and Federal agency securities and repurchase agreements secured by such obligations, as well as certain municipal obligations and collateralized or insured certificates of deposit. The fund manager intends to comply with guidelines similar to those mandated for money market funds as contained in Rule 2a-7 of the Investment Company Act of 1940. The fund maintains a weighted-average maturity to reset of 60 days or less.

PLGIT-Class shares is a flexible option, within the PLGIT Portfolio fund, which requires no minimum balance, no minimum initial investment and a one-day minimum investment period. Dividends are paid monthly.

PLGIT/Reserve-Class shares is an option within the PLGIT Portfolio fund which requires a minimum investment of \$50,000, a one-day minimum investment period, and limits redemptions or exchanges to two per calendar month. Dividends are paid monthly.

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; and Level 3 inputs are significant unobservable inputs. Presently, the investments currently held by the Borough are valued at amortized cost and are not subject to the fair value categorization disclosures.

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits and Investments (Continued)

Portfolio Assets (Continued)

Weighted-Average Maturity The weighted-average maturity (WAM) method expresses investment time horizons, the time when investments become due and payable, in years or months, weighted to reflect the dollar size of individual investments within an investment type. WAMs are computed for each investment type. A portfolio's WAM is derived by dollar-weighting the WAM for each investment type.

Interest-Rate Risk The Borough and Authority do not have formal investment policies that limit investment maturities as a means of managing the entities' exposures to fair value losses arising from increasing interest rates.

Credit Risk As indicated above, Section 1316 of the Borough Code limits the composition of the Borough's investments, and the Borough has no investment policy that would further limit its investment choices.

Concentration of Credit Risk The Borough places no limit on the amounts invested in any one issuer. The Borough's investment in PLGIT represents 100% of the Borough's total investments.

Police and Non-Uniformed Pension Plan investments are disclosed separately in Note 8.

Note 4. Property Taxes

Property taxes are levied on March 1 for the tax year. Taxes are payable at a 2.00% discount if paid before May 1 and at a 10.00% penalty if paid after the due date of June 30. Outstanding real estate taxes are turned over to Franklin County on the first of January each year. After proper notification is made to a property owner, a lien is filed on or about May 1 and must remain in effect for a period of two years before a tax sale may occur. Taxes are recorded as revenue by the Borough when received from the tax collector. Unpaid taxes as of December 31 are turned over to the County, which handles collections and placement of liens, if necessary. The assessed value upon which the 2024 levy was based was \$13,071,250. The property tax rate for 2024 was 30.36 mills, which was to fund general governmental services and for purposes other than the payment of principal and interest on long-term debt. The 2024 millage included 2.40 mills for fire protection, 1.05 mills for library, 0.40 mills for emergency ambulance service and 2.00 mills for special road fund tax. Current tax collections for the year ended December 31, 2024, were 98.28% of the tax levy.

The Borough has not entered into any tax abatement agreements as of December 31, 2024.

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 5. Interfund Activity

Individual fund receivables and payables at December 31, 2024, are as follows:

	Due to Component Units	Due from Primary Government
General Fund	\$ 16,728	\$ -
Joint Equipment Fund	6,480	-
Mercersburg Water Authority	-	10,534
Mercersburg Sewer Authority	-	12,674
	<u>\$ 23,208</u>	<u>\$ 23,208</u>

All interfund receivable/payable balances resulted from time lags between the dates that (1) interfund goods and services were provided or reimbursable expenditures occurred, (2) transactions were recorded in the accounting system and (3) payments between funds were made. All balances are expected to be repaid within the following year.

Transfers between funds at December 31, 2024, are as follows:

Fund	Transfers Out	Transfers In
General	\$ 58,256	\$ -
Street improvement	-	48,256
Joint equipment	-	6,000
Police reserve	-	3,000
Playground	-	1,000
	<u>\$ 58,256</u>	<u>\$ 58,256</u>

Transfers and payments within the Borough are substantially for purposes of subsidizing operating functions or funding capital projects and asset acquisition on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets

Capital asset activity resulting from modified cash basis transactions or events for the year ended December 31, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 427,123	\$ -	\$ -	\$ 427,123
Construction-in-progress	55,031	-	55,031	-
Total capital assets not being depreciated	482,154	-	55,031	427,123
Capital assets, being depreciated				
Buildings and improvements	202,371	-	-	202,371
Machinery and equipment	578,294	1,435	19,876	559,853
Infrastructure	1,914,882	60,116	-	1,974,998
Total capital assets being depreciated	2,695,547	61,551	19,876	2,737,222
Less accumulated depreciation for:				
Buildings and improvements	(94,276)	(10,381)	-	(104,657)
Machinery and equipment	(465,495)	(26,620)	(19,876)	(472,239)
Infrastructure	(914,542)	(92,828)	-	(1,007,370)
Total accumulated depreciation	(1,474,313)	(129,829)	(19,876)	(1,584,266)
Total capital assets, being depreciated, net	1,221,234	(68,278)	-	1,152,956
Governmental Activities capital assets, net	\$ 1,703,388	\$ (68,278)	\$ 55,031	\$ 1,580,079

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets (Continued)

There was no construction-in-progress at December 31, 2024.

Depreciation expense was charged to functions/programs of the primary government as follows:

	Amount
Governmental Activities:	
General government	\$ 13,009
Public safety	7,346
Public works	106,695
Culture and recreation	2,779
Total depreciation expense - governmental activities	<u>\$ 129,829</u>

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets (Continued)

Discretely-Presented Component Units

Capital asset activity resulting from modified cash basis transactions or events for the Water Authority for the year ended December 31, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 21,408	\$ -	\$ -	\$ 21,408
Construction-in-progress	261,670	277,097	154,804	383,963
Total capital assets not being depreciated	283,078	277,097	154,804	405,371
Capital assets being depreciated				
Buildings and improvements	2,616,172	-	-	2,616,172
Machinery and equipment	467,306	164,638	-	631,944
Infrastructure	4,935,418	-	-	4,935,418
Total capital assets being depreciated	8,018,896	164,638	-	8,183,534
Less accumulated depreciation for:				
Buildings and improvements	(1,876,255)	(35,306)	-	(1,911,561)
Machinery and equipment	(209,285)	(35,178)	-	(244,463)
Infrastructure	(3,522,494)	(61,693)	-	(3,584,187)
Total accumulated depreciation	(5,608,034)	(132,177)	-	(5,740,211)
Total capital assets being depreciated, net	2,410,862	32,461	-	2,443,323
Water Authority capital assets, net	\$ 2,693,940	\$ 309,558	\$ 154,804	\$ 2,848,694

Construction-in-progress consists of the following projects at December 31, 2024:

	Amount
Water Treatment Plant Project - Park Avenue	\$ 284,498
Water Treatment Plant Project - Buck Run	99,465
	<u>\$ 383,963</u>

Depreciation expense totaling \$132,177 was charged to the Water Authority.

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets (Continued)

Discretely-Presented Component Units (Continue)

Capital asset activity resulting from modified cash basis transactions or events for the Sewer Authority for the year ended December 31, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Construction-in-progress	16,103	132,379	-	148,482
Total capital assets not being depreciated	26,103	132,379	-	158,482
Capital assets, being depreciated				
Buildings and improvements	2,574,739	-	-	2,574,739
Machinery and equipment	452,130	50,519	-	502,649
Infrastructure	1,765,559	-	-	1,765,559
Total capital assets being depreciated	4,792,428	50,519	-	4,842,947
Less accumulated depreciation for:				
Buildings and improvements	(1,393,430)	(45,289)	-	(1,438,719)
Machinery and equipment	(254,767)	(36,843)	-	(291,610)
Infrastructure	(920,164)	(16,405)	-	(936,569)
Total accumulated depreciation	(2,568,361)	(98,537)	-	(2,666,898)
Total capital assets being depreciated, net	2,224,067	(48,018)	-	2,176,049
Sewer Authority capital assets, net	\$ 2,250,170	\$ 84,361	\$ -	\$ 2,334,531

Construction-in-progress consists of the following projects at December 31, 2024:

	Amount
Wastewater Treatment Plant Upgrade	\$ 33,664
UV Project	114,818
	<u>\$ 148,482</u>

Depreciation expense totaling \$98,537 was charged to the Sewer Authority.

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt

The reporting entity's long-term bonds, notes and other debt arising from cash transactions or events is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities and amounts to be repaid from component units.

The following is a summary of changes in long-term debt arising from cash transactions or events for the year ended December 31, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Primary Government					
PA Infrastructure Bank Loan	\$ 18,854	\$ -	\$ 18,361	\$ 493	\$ 493
Component Units					
Water Authority					
Water Revenue Note					
Series A of 2020	\$ 285,841	\$ -	\$ 12,443	\$ 273,398	\$ 12,917
Series B of 2020	192,889	-	19,279	173,610	19,776
Series C of 2020	87,329	-	2,538	84,791	2,883
	<u>\$ 566,059</u>	<u>\$ -</u>	<u>\$ 34,260</u>	<u>\$ 531,799</u>	<u>\$ 35,576</u>

PA Infrastructure Bank Loan - On December 30, 2013, the Borough signed a loan agreement with PA Department of Transportation for \$1,000,000 to be used for road improvements on various streets throughout the Borough. The annual interest rate is 1.625%. Principal and interest is due in 120 monthly installments with the first 24 payments being interest only payments due and payable beginning the first day of the month following the first annual anniversary of the loan disbursement, with final payment scheduled for January 21, 2024. There is a \$493 balance outstanding as of December 31, 2024.

Water Revenue Note, Series A of 2020 - This \$300,000 note has a 24-month drawdown period and has an annual interest rate of 3.75%. The proceeds of this note are to be used for working capital for the water system related to unanticipated expenditures. Interest only payments are due for the first 24 months followed by 216 monthly installments, including interest through October 16, 2040.

Water Revenue Note - Series B of 2020 - This \$265,000 note has an annual interest rate of 2.55%. Proceeds of this note were used to refinance the Authority's Series of 2013 Note. This note is payable in 156 monthly installments of \$1,998, including interest with final payment scheduled for December 16, 2032.

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

Water Revenue Note - Series C of 2020 - The proceeds of this \$100,000 note are to be used for construction of a new source well and other improvements to the water system. This note was payable in 35 monthly installments of \$522, including interest at 2.35%, with final balloon payment scheduled for October 16, 2023. In October 2023, this note was modified to extend the term for five years at an interest rate of 5.50% based on a 20-year amortization. This modification allows for an additional 59 monthly installments of \$606, including interest, with final balloon payment scheduled for October 16, 2028.

All debt outstanding at December 31, 2024, is general obligation debt supported by the full faith and credit of the Borough and the respective Authorities. The Borough and the Authorities have pledged gross receipts and revenues generated from the use of the systems as its principal source of funds to pay debt service on these loans. The Borough has guaranteed the Authorities loans.

The annual debt service requirements to maturity, including principal and interest, for long-term debt, as of December 31, 2024, are as follows:

Year	Primary Government		
	Principal	Interest	Total
2025	\$ 493	\$ -	\$ 493

Year	Component Units					
	Water Authority			Sewer Authority		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 35,576	\$ 18,624	\$ 54,200	\$ -	\$ -	\$ -
2026	36,541	17,660	54,201	-	-	-
2027	37,736	16,465	54,201	-	-	-
2028	111,827	14,598	126,425	-	-	-
2029	36,900	10,022	46,922	-	-	-
2030-2034	153,534	33,497	187,031	-	-	-
2035-2039	101,340	13,408	114,748	-	-	-
2040	18,345	308	18,653	-	-	-
	\$ 531,799	\$ 124,582	\$ 656,381	\$ -	\$ -	\$ -

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 8. Defined-Benefit Pension Plans

The Borough contributes to two single-employer defined-benefit pension plans: Police Retirement Plan and Non-Uniformed Employees' Pension Plan. Each Plan provides retirement and death and disability benefits. The Police Retirement Plan is controlled by the provisions of Ordinance No. 5-7, as amended pursuant to Act 581. The Non-Uniformed Pension Plan is controlled by the provisions of Ordinance No. 5-8, adopted pursuant to Act 120. Both plans are governed by the Borough of Mercersburg Borough Council which may amend plan provisions, and which is responsible for the management of plan assets. The Borough has delegated the authority to manage certain plan assets to Brinker Capital. These plans are audited by the Commonwealth of Pennsylvania, and an auditor's report and financial statements are issued. Those financial statements may be obtained by contacting the Borough Office at 113 South Main Street, Mercersburg, PA 17236. Unless otherwise indicated, the plans' information in this note is provided as of the latest actuarial valuation dated January 1, 2024. Actuarial valuations are performed every two years. The following is a summary of funding policies, contribution methods and benefit provisions:

	Police Retirement Plan	Non-Uniformed Pension Plan
Year established and governing authority	1/1/79, Borough of Mercersburg	1/1/92, Borough of Mercersburg
Determination of contribution requirements:		
Employer	Actuarially-determined	Actuarially-determined
Plan members	None	None
Funding of administrative costs	Investment earnings and/or contributions	Investment earnings and/or contributions
Funding of contributions	Commonwealth allocation and Borough	Commonwealth allocation and Borough
Period required to fully vest	12 years	7 years
Plan eligibility	All full-time members of the Police Department join upon employment.	All full-time members of the non-uniformed employees age 21 or older join upon employment
Normal retirement benefit	Age 50 and 25 years of accrual service 50.00% of average compensation	Age 62 1.75% of average compensation times accrual service (maximum 35 years)

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 8. Defined-Benefit Pension Plans (Continued)

Summary of funding policies, contribution methods and benefit provisions (Continued):

	Police Retirement Plan	Non-Uniformed Pension Plan
Early retirement benefit	All employees with 20 years of service, actuarially reduced to early retirement date	Age 55 and 10 years of vesting service, with reduced benefits
Disability benefit	50.00% of the final, one month salary offset by social security benefits and any disability insurance benefit payable which is funded by the plan	None
Pre-retirement death benefit	A Survivor Annuity Death Benefit is payable to the beneficiary in an amount equal to 50.00% of pension payable had the participant been retired at the time of death	A Survivor Annuity Death Benefit is payable to the beneficiary in an amount equal to the benefit that would have been payable if retirement date had occurred on the date of death
Post-retirement death benefit	A Survivor Annuity Death Benefit is payable to the beneficiary in an amount equal to 50.00% of pension payable to the participant	A Survivor Annuity Death Benefit is payable to the beneficiary in an amount equal to the benefit that would have been payable if retirement date had occurred on the date of death

At December 31, 2024, Plan membership consisted of the following:

	Police Retirement Plan	Non-Uniformed Pension Plan
Active plan members	1	7
Retirees and beneficiaries currently receiving benefits	1	8
DROP participants	0	0
Terminated plan members entitled to, but not yet receiving benefits	0	9
Total	2	24

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 8. Defined-Benefit Pension Plans (Continued)

Contributions Act 205 requires that annual contributions be based upon the plans' Minimum Municipal Obligation (MMO). The MMO is based upon the plans' biennial actuarial valuation. Employees presently are not required to contribute. The State provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds the State and employee contributions must be funded by the employer in accordance with Act 205. In accordance with Act 205, the value required to be contributed to the Police Retirement Plan and Non-Uniformed Pension Plan were \$0 and \$40,584, respectively. The Borough's actual contributions to the Police Retirement Plan and Non-Uniformed Pension Plan were equal to the required contributions. The Borough recognized pension subsidy revenue from the Commonwealth in the amount of \$0 during 2024.

Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions.

Basis of Accounting The plans' policy is to prepare financial statements on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and when 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 plans.

Investment Policy The plans are governed by the Borough Council which is responsible for the management of the plans' assets. The Borough Council has delegated authority to manage certain plan assets to Brinker Capital. Best estimates of geometric, real rates of return for each major class included in the plans' target-asset allocations as of December 31, 2024, are summarized in the following tables:

Asset Class	Long-Term Expected Real Rate of Return	
	Police Retirement Plan	Non-Uniformed Pension Plan
Domestic equities	4.40%	4.40%
International equities	5.80%	5.80%
Fixed income	2.30%	2.30%
Global credit	3.80%	3.80%
Absolute return	2.60%	2.60%

Asset Class	Target-Asset Allocation	
	Police Retirement Plan	Non-Uniformed Pension Plan
Domestic equities	47%	47%
International equities	17%	17%
Fixed income	22%	22%
Global credit	7%	7%
Absolute return	7%	7%

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 8. Defined-Benefit Pension Plans (Continued)

Methods Used to Value Investments Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Rate of Return For the year ended December 31, 2024, the annual, money-weighted rate of return on pension plan investments, net of pension plan investment expense for the Police Retirement Plan and the Non-Uniformed Pension Plan was 10.87% and 10.83%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investments

The Plans are authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act.

As of December 31, 2024, the Plans held the following investments:

Police Retirement Plan			
Investment Type	Maturity	12/31/2024	Level 1
Investment by Fair Value Level			
Money market funds	Less than one year	\$ 14,125	\$ 14,125
Mutual funds			
Fixed income	Less than one year	76,833	76,833
Domestic equity	Less than one year	32,431	32,431
International equity	Less than one year	12,973	12,973
Exchange traded funds			
Bonds	Less than one year	55,814	55,814
Equity securities	Less than one year	189,234	189,234
Total investments by fair value level		<u>\$ 381,410</u>	<u>\$ 381,410</u>

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 8. Defined-Benefit Pension Plans (Continued)

Investments (Continued)

Non-Uniformed Pension Plan			
Investment Type	Maturity	12/31/2024	Level 1
Investment by Fair Value Level			
Money market funds	Less than one year	\$ 42,635	\$ 42,635
Mutual funds			
Fixed income	Less than one year	231,901	231,901
Domestic equity	Less than one year	97,894	97,894
International equity	Less than one year	39,153	39,153
Exchange traded funds			
Bonds	Less than one year	168,429	168,429
Equity securities	Less than one year	571,296	571,296
Total investments by fair value level		<u>\$ 1,151,308</u>	<u>\$ 1,151,308</u>

The Police Retirement and Non-Uniformed Pension Plans categorize their 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 values of assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant, other observable inputs; Level 3 inputs are significant unobservable inputs. All investments are reported at fair value as Level 1 investments under GASB Statement No. 72.

Interest-Rate Risk The Plans do not have a formal investment policy that limit their exposure to fair value losses arising from increasing interest rates.

Credit Risk Diversified Investment Act 1940 Funds are commingled pools rather than individual securities. As a result, these accounts are not rated.

Custodial-Credit Risk Plans' assets were not exposed to custodial-credit risk. Brinker Capital holds most assets in the portfolios, and even though Brinker Capital may act as custodian or directed trustee, assets are registered "for the benefit" of the customer. Therefore, the assets are held by the mutual fund company and not by Brinker or any of its affiliates.

Foreign-Currency Risk Plans' assets held were not exposed to foreign-currency risk.

Derivatives Diversified Investment Act 1940 Funds may use derivatives as part of their investment strategy. These accounts are commingled pools rather than individual securities.

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 8. Defined-Benefit Pension Plans (Continued)

Investments (Continued)

Concentration Risk

There are no assets legally reserved for purposes other than the payment of plan-member benefits. At December 31, 2024, the Plans held the following investments, the fair values of which exceeded 5.00% or more of net position available for benefits:

Police Retirement Plan		
	Fair Value 12/31/2024	Percentage of Net Position Available for Benefits
Doubleline Total Return Bond I	\$ 43,550	11.42%
iShares Core MSCI Total International Stock ETF	\$ 51,146	13.41%
iShares Core US Aggregate Bonds ETF	\$ 44,587	11.69%
Vanguard Mega Cap ETF	\$ 19,169	5.03%
Vanguard Total Stock Market ETF	\$ 109,599	28.74%

Non-Uniformed Pension Plan		
	Fair Value 12/31/2024	Percentage of Net Position Available for Benefits
Doubleline Total Return Bond I	\$ 131,447	11.42%
iShares Core MSCI Total International Stock ETF	\$ 154,385	13.41%
iShares Core US Aggregate Bonds ETF	\$ 134,562	11.69%
Vanguard Mega Cap ETF	\$ 57,883	5.03%
Vanguard Total Stock Market ETF	\$ 330,899	28.74%

Commitment Related to Pension Assets, Pension Liabilities, Pension Expense and Deferred Outflows/ Inflows of Resources Related to Pensions

At December 31, 2024, the Borough realized a net pension asset of \$235,559 for the Police Retirement Plan and a net pension asset of \$91,857 for the Non-Uniformed Pension Plan. Because of the use of the modified cash basis of accounting framework in the preparation of the financial statements, the net pension assets are not reported in the Borough's financial statements as an asset and are instead disclosed herein as a commitment. In accordance with the modified cash basis of accounting, pension expense or expenditures are only reported with contributions are paid by the Borough.

For the year ended December 31, 2024, the Borough Plans' incurred pension expense of \$(26,530) and \$48,503 for the Police Retirement Plan and Non-Uniformed Pension Plan, respectively.

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 8. Defined-Benefit Pension Plans (Continued)

Commitment Related to Pension Assets, Pension Liabilities, Pension Expense and Deferred Outflows/ Inflows of Resources Related to Pensions (Continued)

Changes in the total pension liability, plan fiduciary net position and net pension (asset) liability during the year were as follows:

Police Retirement Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Changes in Net Pension Asset			
Balances at December 31, 2023	\$ 140,967	\$ 350,997	\$ (210,030)
Service cost	4,761	-	4,761
Interest cost	7,853	-	7,853
Differences between expected and actual experience	(1,625)	-	(1,625)
Net investment income	-	37,749	(37,749)
Benefits (including contribution refunds)	(6,105)	(6,105)	-
Administrative expense	-	(1,231)	1,231
Net changes	4,884	30,413	(25,529)
Balances at December 31, 2024	\$ 145,851	\$ 381,410	\$ (235,559)

Non-Uniformed Pension Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Changes in Net Pension Liability (Asset)			
Balances at December 31, 2023	\$ 930,763	\$ 1,053,883	\$ (123,120)
Service cost	39,492	-	39,492
Interest cost	51,951	-	51,951
Differences between expected and actual experience	90,124	-	90,124
Contributions - employer	-	40,584	(40,584)
Contributions - state	-	-	-
Net investment income	-	111,796	(111,796)
Benefits (including contribution refunds)	(52,879)	(52,879)	-
Administrative expense	-	(2,076)	2,076
Net changes	128,688	97,425	31,263
Balances at December 31, 2024	\$ 1,059,451	\$ 1,151,308	\$ (91,857)

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 8. Defined-Benefit Pension Plans (Continued)

Commitment Related to Pension Assets, Pension Liabilities, Pension Expense and Deferred Outflows/ Inflows of Resources Related to Pensions (Continued)

At December 31, 2024, the Borough reported deferred outflows and inflows of resources related to the Police Retirement and Non-Uniformed Pension Plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Police Retirement Plan		
Differences between expected and actuarial experience	\$ 14,904	\$ (70,592)
Change of assumptions	7,606	(2,523)
Net difference between projected and actual earnings	33,974	(35,349)
Total Police Retirement Plan	56,484	(108,464)
Non-Uniform Pension Plan		
Differences between expected and actuarial experience	71,731	-
Net difference between projected and actual earnings	98,167	(105,090)
Total Non-Uniform Pension Plan	169,898	(105,090)
Total Pension Plans	\$ 226,382	\$ (213,554)

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

Year Ending December 31:	Police Retirement Plan	Non-Uniformed Pension Plan	Total Pension Plans
2025	\$ (16,411)	\$ 29,433	\$ 13,022
2026	(12,905)	39,458	26,553
2027	(21,099)	(9,628)	(30,727)
2028	(1,558)	5,545	3,987
2029	(7)	-	(7)
	\$ (51,980)	\$ 64,808	\$ 12,828

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 8. Defined-Benefit Pension Plans (Continued)

Actuarial Assumptions The total pension liability was determined by an actuarial valuation as of December 31, 2024, using the following actuarial assumptions applied to all periods included in the measurement:

Actuarial Assumptions	Police Retirement Plan	Non-Uniformed Pension Plan
Inflation	2.50%	2.50%
Salary increases	4.50%	4.00%
Investment rate of return	5.50%	5.50%
Pre-retirement mortality table	None	Pub-2010, General
Pre-retirement projection scale	None	MP-2021
Post-retirement mortality	Pub-2010, Safety	Pub-2010, General
Post-retirement projection scale	MP-2021	MP-2021

As required by Paragraph 202(b) of Act 205 of 1984, all actuarial assumptions were determined based on agreement between the Plans' actuary and the municipality. Additionally, the Plan's investment manager's input was solicited in determining the rate-of-return assumption.

Discount Rate The discount rate is equal to the assumed rate of return. Pursuant to paragraph #43 of Statement No. 67 of the GASB, we have determined that the crossover test for projecting asset depletion is unnecessary as the annual, required contributions are actuarially determined, the cost method for funding (entry-age normal) is a traditional individual method, amortization periods are closed and of reasonable length, and all benefits are valued.

Sensitivity of the Net Pension Asset to Changes in the Discount Rate The following presents the net pension asset of the Police Retirement Plan calculated using the discount rate of 5.50%, as well as what the Plan's net pension asset would be if it were calculated using a discount rate that is one percentage lower (4.50%) or one percentage point higher (6.50%) than the current rate:

	1% Decrease 4.50%	Current Discount Rate 5.50%	1% Increase 6.50%
Net Pension Liability (Asset)	\$ (222,946)	\$ (235,559)	\$ (246,967)

The following presents the net pension asset of the Non-Uniformed Pension Plan calculated using the discount rate of 5.50% as well as what the Plan's net pension asset would be if it were calculated using a discount rate that is one percentage point lower (4.50%) or one percentage point higher (6.50%) than the current rate:

	1% Decrease 4.50%	Current Discount Rate 5.50%	1% Increase 6.50%
Net Pension Liability (Asset)	\$ 48,087	\$ (91,857)	\$ (207,702)

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 9. Environmental Concerns

The Authorities operate a water treatment facility and a wastewater treatment facility. If a leak or contamination occurred, the Borough and Authority could be liable for the cost to clean up the leak or contamination.

Note 10. Contingencies

The Borough participates in numerous grant programs for which it will be contingently liable for any disallowed expenditures. At December 31, 2024, the Borough was not aware of any such disallowances.

Note 11. Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees and natural disasters. Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in settlement coverage. Settlement amounts have not exceeded insurance coverage for the current or three prior years.

Note 12. Segment Information for Enterprise Funds

The Borough maintains an Enterprise Fund which provides sanitation services. Segment information as of and for the year ended December 31, 2024, follows:

	Recycling
Investment income	\$ 122
Change in net assets	122
Net working capital	8,510
Total assets	8,510
Total equity	8,510

BOROUGH OF MERCERSBURG

NOTES TO FINANCIAL STATEMENTS

Note 13. Significant Commitments

The Borough has not entered into any significant commitments as of December 31, 2024.

In December 2024, the Sewer Authority purchased a UV System from Sherwood Logan for a total cost of \$309,263 with a down payment of \$92,779. As of December 31, 2024, \$216,484 is outstanding to be paid.

The Water Authority has not entered into any significant commitments as of December 31, 2024.

Note 14. Subsequent Events

Borough of Mercersburg

In March 2025, the Borough approved the demolition of the Band Building by Rockwell Construction for a cost of \$41,541.

Sewer Authority

In January 2025, the Sewer Authority approved to purchase and install a VFD controller by PSI for a cost of \$15,056.

In February 2025, the Sewer Authority approved to purchase and install a submersible pump for the Findley Park Pump Station by Envirep for a cost of \$62,990.

Water Authority

No subsequent events

Note 15. Major Customers and Vendors

During the year ended December 31, 2024, net operating revenue of the Mercersburg Sewer Authority derived from Mercersburg Academy represented 21.64% of total net operating revenue.

During the year ended December 31, 2024, net operating revenue of the Mercersburg Water Authority derived from Mercersburg Academy represented 16.24% of total net operating revenue.

OTHER INFORMATION

BOROUGH OF MERCERSBURG

**SCHEDULE OF CHANGES IN THE BOROUGH'S NET PENSION LIABILITY
AND RELATED RATIOS - POLICE RETIREMENT PLAN**

Year Ended December 31,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 4,761	\$ 5,132	\$ 12,533	\$ 12,051	\$ 11,582	\$ 11,219	\$ 10,594	\$ 4,832	\$ 4,523	\$ 6,343
Interest cost	7,853	7,927	12,624	11,660	10,804	11,014	9,878	6,394	6,007	12,498
Changes of assumptions	-	-	372	-	(3,042)	12,109	4,858	1,973	-	(4,541)
Differences between expected and actual experience	(1,625)	(7,839)	(97,222)	(228)	1,936	(8,578)	(1,656)	42,891	1,512	(68,475)
Benefits (including contribution refunds)	(6,105)	(6,614)	(6,105)	(6,105)	(6,614)	(5,596)	(6,105)	(6,105)	(6,614)	(14,326)
Net changes in total pension liability	4,884	(1,394)	(77,798)	17,378	14,666	20,168	17,569	49,985	5,428	(68,501)
Total pension liability - beginning	140,967	142,361	220,159	202,781	188,115	167,947	150,378	100,393	94,965	163,466
Total pension liability - ending	\$ 145,851	\$ 140,967	\$ 142,361	\$ 220,159	\$ 202,781	\$ 188,115	\$ 167,947	\$ 150,378	\$ 100,393	\$ 94,965
Plan Fiduciary Net Position										
Employer contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,409	\$ -	\$ -	\$ -	\$ -
State contributions	-	-	7,793	7,545	1,667	-	-	-	-	-
Net investment income	37,749	45,324	(64,094)	36,384	41,458	48,111	(18,061)	37,297	11,746	(6,347)
Benefits (including contribution refunds)	(6,105)	(6,614)	(6,105)	(6,105)	(6,614)	(5,596)	(6,105)	(6,105)	(6,614)	(14,326)
Administrative expenses	(1,231)	(5,943)	(1,160)	(1,202)	(8,040)	(1,055)	(7,290)	(3,287)	-	(11,250)
Other changes	-	509	-	-	-	-	-	-	-	495
Net change in plan fiduciary net position	30,413	33,276	(63,566)	36,622	28,471	42,869	(31,456)	27,905	5,132	(31,428)
Plan net position - beginning	350,997	317,721	381,287	344,665	316,194	273,325	304,781	276,876	271,744	303,172
Plan net position - ending	\$ 381,410	\$ 350,997	\$ 317,721	\$ 381,287	\$ 344,665	\$ 316,194	\$ 273,325	\$ 304,781	\$ 276,876	\$ 271,744
Borough's net pension (asset) liability	\$ (235,559)	\$ (210,030)	\$ (175,360)	\$ (161,128)	\$ (141,884)	\$ (128,079)	\$ (105,378)	\$ (154,403)	\$ (176,483)	\$ (176,779)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	261.51%	248.99%	223.18%	173.19%	169.97%	168.09%	162.74%	202.68%	275.79%	286.15%
Covered Employee Payroll	\$ 62,966	\$ 62,070	\$ 60,263	\$ 102,604	\$ 98,836	\$ 95,036	\$ 97,031	\$ 94,696	\$ 93,590	\$ 89,486
Borough's Net Pension Liability as a Percentage of Covered Employee Payroll	-374.11%	-338.38%	-290.99%	-157.04%	-143.55%	-134.77%	-108.60%	-163.05%	-188.57%	-197.55%

This schedule is presented to illustrate the requirement to show information for 10 years.

BOROUGH OF MERCERSBURG

SCHEDULE OF EMPLOYER CONTRIBUTIONS

POLICE RETIREMENT PLAN

Year Ended December 31,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ -	\$ -	\$ 7,793	\$ 7,545	\$ 1,667	\$ 1,409	\$ -	\$ -	\$ -	\$ -
Contribution deposited	-	-	7,793	7,545	1,667	1,409	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll used for MMO	\$ 59,683	\$ 60,263	\$ 102,580	\$ 100,583	\$ 98,740	\$ 96,446	\$ 91,849	\$ 88,734	\$ 85,563	\$ 81,825
Contributions as a percentage of covered employee payroll	0.00%	0.00%	7.60%	7.50%	1.69%	1.46%	0.0%	0.0%	0.0%	0.0%

BOROUGH OF MERCERSBURG

SCHEDULE OF INVESTMENT RETURNS

POLICE RETIREMENT PLAN

Year Ended December 31,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rates of return, net of investment expense	10.87%	14.73%	-16.92%	10.61%	13.28%	17.82%	-6.07%	13.69%	4.38%	-2.20%

This schedule is presented to illustrate the requirement to show information for 10 years.

BOROUGH OF MERCERSBURG

**SCHEDULE OF CHANGES IN THE BOROUGH'S NET PENSION LIABILITY
AND RELATED RATIOS - NON-UNIFORMED PENSION PLAN**

Year Ended December 31,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 39,492	\$ 32,721	\$ 40,749	\$ 42,852	\$ 41,349	\$ 38,636	\$ 28,855	\$ 39,294	\$ 38,472	\$ 22,632
Interest cost	51,951	49,646	52,336	51,297	48,756	49,385	46,215	46,648	43,396	47,275
Changes of assumptions	-	-	1,595	-	(4,274)	110,013	(2,289)	9,009	-	34,696
Differences between expected and actual experience	90,124	5,966	(87,323)	(24,994)	(938)	(75,235)	(2,244)	(64,877)	23,751	(79,501)
Benefits (including contribution refunds)	(52,879)	(54,526)	(45,715)	(47,195)	(33,078)	(27,058)	(29,518)	(17,788)	(88,761)	(15,389)
Net changes in total pension liability	128,688	33,807	(38,358)	21,960	51,815	95,741	41,019	12,286	16,858	9,713
Total pension liability - beginning	930,763	896,956	935,314	913,354	861,539	765,798	724,779	712,493	695,635	685,922
Total pension liability - ending	\$ 1,059,451	\$ 930,763	\$ 896,956	\$ 935,314	\$ 913,354	\$ 861,539	\$ 765,798	\$ 724,779	\$ 712,493	\$ 695,635
Plan Fiduciary Net Position										
Employer contributions	\$ 40,584	\$ 9,656	\$ 14,525	\$ 19,709	\$ 1,753	\$ 1,761	\$ -	\$ -	\$ 2,225	\$ 12,618
State contributions	-	31,289	44,012	40,428	52,495	53,414	51,528	49,937	48,121	43,129
Deficiency contributions	-	-	-	-	-	-	-	-	-	781
Net investment income	111,796	135,184	(185,170)	104,207	113,767	127,972	(44,881)	86,444	61,818	(9,539)
Benefits (including contribution refunds)	(52,879)	(54,526)	(45,715)	(47,195)	(33,078)	(27,058)	(29,518)	(17,788)	(88,761)	(15,389)
Administrative expenses	(2,076)	(7,277)	(1,407)	(2,443)	(11,265)	(1,654)	(9,526)	(3,781)	-	(7,250)
Other changes	-	3,256	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	97,425	117,582	(173,755)	114,706	123,672	154,435	(32,397)	114,812	23,403	24,350
Plan net position - beginning	1,053,883	936,301	1,110,056	995,350	871,678	717,243	749,640	634,828	611,425	587,075
Plan net position - ending	\$ 1,151,308	\$ 1,053,883	\$ 936,301	\$ 1,110,056	\$ 995,350	\$ 871,678	\$ 717,243	\$ 749,640	\$ 634,828	\$ 611,425
Borough's net pension (asset) liability	\$ (91,857)	\$ (123,120)	\$ (39,345)	\$ (174,742)	\$ (81,996)	\$ (10,139)	\$ 48,555	\$ (24,861)	\$ 77,665	\$ 84,210
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	108.67%	113.23%	104.39%	118.68%	108.98%	101.18%	93.66%	103.43%	89.10%	87.89%
Covered Employee Payroll	\$ 315,119	\$ 182,296	\$ 162,915	\$ 229,181	\$ 238,360	\$ 228,137	\$ 266,844	\$ 197,370	\$ 278,994	\$ 272,117
Borough's Net Pension Liability as a Percentage of Covered Employee Payroll	-29.15%	-67.54%	-24.15%	-76.25%	-34.40%	-4.44%	18.20%	-12.60%	27.84%	30.95%

This schedule is presented to illustrate the requirement to show information for 10 years.

BOROUGH OF MERCERSBURG

SCHEDULE OF EMPLOYER CONTRIBUTIONS

NON-UNIFORMED PENSION PLAN

Year Ended December 31,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 40,584	\$ 40,945	\$ 58,537	\$ 60,137	\$ 54,248	\$ 55,175	\$ 39,717	\$ 48,503	\$ 50,346	\$ 55,747
Contribution deposited	40,584	40,945	58,537	60,137	54,248	55,175	51,528	49,937	50,346	115,234
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,811)	\$ (1,434)	\$ -	\$ (59,487)
Covered employee payroll used for MMO	\$ 185,215	\$ 189,421	\$ 211,825	\$ 235,793	\$ 221,051	\$ 227,707	\$ 178,218	\$ 286,416	\$ 288,483	\$ 266,867
Contributions as a percentage of covered employee payroll	21.91%	21.62%	27.63%	25.50%	24.54%	24.23%	28.91%	17.44%	17.45%	43.18%

BOROUGH OF MERCERSBURG

SCHEDULE OF INVESTMENT RETURNS

NON-UNIFORMED PENSION PLAN

Year Ended December 31,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rates of return, net of investment expense	10.83%	15.19%	-16.90%	10.60%	13.24%	17.96%	-6.14%	13.53%	10.58%	-1.64%

This schedule is presented to illustrate the requirement to show information for 10 years.

BOROUGH OF MERCERSBURG

SINGLE-EMPLOYER PENSION PLANS NOTES TO OTHER INFORMATION Year Ended December 31, 2024

	Police Retirement Plan	Non-Uniform Pension Plan
Actuarial Valuation Date	12/31/2024	12/31/2024
Actuarial Assumptions		
Inflation	2.50%	2.50%
Salary Increases	4.50%	4.00%
Investment Rate of Return	5.50%	5.50%
Pre-Retirement Mortality Mortality Table	None	Pub-2010, General
Projection Scale	None	MP-2021
Post-Retirement Mortality Mortality Table	Pub-2010, Safety	Pub-2010, General
Projection Scale	MP-2021	MP-2021
Retirement Age	Age 50 and 25 years of service	Age 62
Actuarial Cost Method	Entry-age normal	Entry-age normal

SUPPLEMENTARY INFORMATION

BOROUGH OF MERCERSBURG**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS -
MODIFIED CASH BASIS****December 31, 2024**

	Capital Projects				
	Police Reserve	General Fund Reserve	Street Projects	Joint Equipment	Street Improvement
ASSETS					
Cash and cash equivalents	\$ 33,668	\$ 130,716	\$ 57,005	\$ 51,110	\$ 74,338
Total assets	<u>\$ 33,668</u>	<u>\$ 130,716</u>	<u>\$ 57,005</u>	<u>\$ 51,110</u>	<u>\$ 74,338</u>
LIABILITIES					
Due to component units	\$ -	\$ -	\$ -	\$ 6,480	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,480</u>	<u>\$ -</u>
FUND BALANCES					
Restricted					
Capital improvements	\$ 33,668	\$ 130,716	\$ 57,005	\$ 44,630	\$ 74,338
Specified purposes	-	-	-	-	-
Total fund balances	<u>\$ 33,668</u>	<u>\$ 130,716</u>	<u>\$ 57,005</u>	<u>\$ 44,630</u>	<u>\$ 74,338</u>
Total liabilities and fund balances	<u>\$ 33,668</u>	<u>\$ 130,716</u>	<u>\$ 57,005</u>	<u>\$ 51,110</u>	<u>\$ 74,338</u>

Special Revenue					Total Non-Major Governmental Funds
Highway Aid	Playground Fund	Christmas Décor Fund	Columbia Gas Escrow Fund	Findley Park Escrow Fund	
\$ 77,068	\$ 82	\$ 1,093	\$ 553	\$ 34,528	\$ 460,161
\$ 77,068	\$ 82	\$ 1,093	\$ 553	\$ 34,528	\$ 460,161
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,480
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,480
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 340,357
77,068	82	1,093	553	34,528	113,324
\$ 77,068	\$ 82	\$ 1,093	\$ 553	\$ 34,528	\$ 453,681
\$ 77,068	\$ 82	\$ 1,093	\$ 553	\$ 34,528	\$ 460,161

BOROUGH OF MERCERSBURG

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS -
MODIFIED CASH BASIS**

Year Ended December 31, 2024

	Capital Projects				
	Police Reserve	General Fund Reserve	Street Projects	Joint Equipment	Street Improvement
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	53	383	820	2,340	2,735
Intergovernmental revenue	-	-	-	-	-
Miscellaneous income	-	-	-	167	-
Total revenues	53	383	820	2,507	2,735
Expenditures					
General government	-	12	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	1,619	-
Culture and recreation	-	-	-	-	-
Total expenditures	-	12	-	1,619	-
Excess of revenues over expenditures	53	371	820	888	2,735
Other Financing Sources (Uses)					
Operating transfers in	3,000	-	-	6,000	48,256
Debt service -principal	-	-	-	-	-
Debt service -interest	-	-	-	-	-
Proceeds from sale of assets	-	-	-	6,160	-
Total other financing sources (uses)	3,000	-	-	12,160	48,256
Net changes in fund balances	3,053	371	820	13,048	50,991
Fund Balances:					
January 1, 2024	30,615	130,345	56,185	31,582	23,347
December 31, 2024	<u>\$ 33,668</u>	<u>\$ 130,716</u>	<u>\$ 57,005</u>	<u>\$ 44,630</u>	<u>\$ 74,338</u>

Highway Aid	Special Revenue					Total Non-Major Governmental Funds
	Special Purpose Tax	Playground Fund	Christmas Décor Fund	Columbia Gas Escrow Fund	Findley Park Escrow Fund	
\$ -	\$ 76,468	\$ -	\$ -	\$ -	\$ -	\$ 76,468
4,356	-	26	8	1	59	10,781
44,928	-	-	-	-	-	44,928
-	-	10,278	-	-	-	10,445
49,284	76,468	10,304	8	1	59	142,622
-	-	-	-	-	-	12
-	36,600	-	-	-	-	36,600
45,483	7,550	-	-	112	12	54,776
-	13,725	10,299	577	-	-	24,601
45,483	57,875	10,299	577	112	12	115,989
3,801	18,593	5	(569)	(111)	47	26,633
-	-	-	1,000	-	-	58,256
-	(18,362)	-	-	-	-	(18,362)
-	(231)	-	-	-	-	(231)
-	-	-	-	-	-	6,160
-	(18,593)	-	1,000	-	-	45,823
3,801	-	5	431	(111)	47	72,456
73,267	-	77	662	664	34,481	381,225
\$ 77,068	\$ -	\$ 82	\$ 1,093	\$ 553	\$ 34,528	\$ 453,681