BOROUGH OF FOUNTAIN HILL

Financial Statements,
Independent Auditor's Report
and Supplementary Information

December 31, 2024

CAMPBELL, RAPPOLD & YURASITS LLP
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INDEPENDENT AUDITOR'S REPORT

To the Members of the Borough Council
Borough of Fountain Hill
Fountain Hill, PA

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Borough of Fountain Hill 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 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Borough of Fountain Hill and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis of Accounting

We draw attention to Note 2 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 these financial statements in accordance with the modified cash basis of accounting described in Note 2, 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Borough of Fountain Hill's basic financial statements. Management's budgetary comparison, pension schedules, and combining schedules on pages 44-52 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 relate 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 budgetary comparison, pension schedules, and combining schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2026 on our consideration of Borough of Fountain Hill's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Borough of Fountain Hill's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Borough of Fountain Hill's internal control over financial reporting and compliance.

Campbell, Rappold & Yurasits LLP

August 28, 2026

BOROUGH OF FOUNTAIN HILL
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 172,601	$ 830,481	$ 1,003,082
Investments	5,496,381	1,909,366	7,405,747
Internal Balances	77,172	39,776	116,948
Total Current Assets	5,746,154	2,779,623	8,525,777
Noncurrent Assets:			
Land	899,842	-	899,842
Buildings and Improvements	2,391,023	9,956,613	12,347,636
Machinery and Equipment	331,550	223,858	555,408
Vehicles	1,849,623	-	1,849,623
Infrastructure	6,665,753	-	6,665,753
Accumulated Depreciation	(4,117,642)	(8,718,947)	(12,836,589)
Total Noncurrent Assets	8,020,149	1,461,524	9,481,673
TOTAL ASSETS	13,766,303	4,241,147	18,007,450
LIABILITIES			
Current Liabilities:			
Credit Card Payable	6,413	-	6,413
Accrued Expenses	5,384	-	5,384
Internal Balances	39,776	77,172	116,948
Current Portion of Long-Term Debt	76,349	-	76,349
Total Current Liabilities	127,922	77,172	205,094
Noncurrent Liabilities:			
Long-Term Debt	198,426	-	198,426
Total Noncurrent Liabilities	198,426	-	198,426
TOTAL LIABILITIES	326,348	77,172	403,520
NET POSITION			
Invested in Capital Assets, Net of Related Debt	7,745,374	1,461,524	9,206,898
Restricted for:			
Capital Projects	722,275	-	722,275
Special Revenue	24,171	-	24,171
Unrestricted	4,948,135	2,702,451	7,650,586
TOTAL NET POSITION	$ 13,439,955	$ 4,163,975	$ 17,603,930

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

BOROUGH OF FOUNTAIN HILL
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Total
Governmental Activities:							
General Government	$ 399,812	$ 9,930	$ 3,241	$ -	$ (386,641)	$ -	$ (386,641)
Public Safety	1,694,855	35,710	26,093	-	(1,633,052)	-	(1,633,052)
Health and Human Services	1,440	-	-	-	(1,440)	-	(1,440)
Public Works - Highways and Streets	454,390	-	127,364	100,000	(227,026)	-	(227,026)
Public Works - Other Services	13,640	-	-	-	(13,640)	-	(13,640)
Culture and Recreation	270,614	40,314	-	-	(230,300)	-	(230,300)
Insurance and Employee Benefits	1,013,550	-	188,747	-	(824,803)	-	(824,803)
Interest on Long-Term Debt	13,464	-	-	-	(13,464)	-	(13,464)
Depreciation Expense - Unallocated	417,023	-	-	-	(417,023)	-	(417,023)
Total Governmental Activities	4,278,788	85,954	345,445	100,000	(3,747,389)	-	(3,747,389)
Business Type Activities:							
Sewer	1,477,309	1,389,980	-	-	-	(87,329)	(87,329)
Health and Sanitation	752,301	724,032	-	-	-	(28,269)	(28,269)
Stormwater	93,218	222,123	-	-	-	128,905	128,905
Total Business-Type Activities	2,322,828	2,336,135	-	-	-	13,307	13,307
Total Primary Government	$ 6,601,616	$ 2,422,089	$ 345,445	$ 100,000	$ (3,747,389)	$ 13,307	$ (3,734,082)
General Revenues:							
Taxes:							
Property Taxes, levied for general purposes, net					$ 2,066,733	$ -	$ 2,066,733
Property Taxes, levied for fire protection, net					18,395	-	18,395
Property Taxes, levied for library protection, net					91,924	-	91,924
Real Estate Transfer Taxes					91,839	-	91,839
Earned Income Taxes					797,198	-	797,198
Mercantile Taxes					107,828	-	107,828
Local Services Taxes					226,313	-	226,313
Other Taxes, levied for general purposes, net					4,547	-	4,547
Licenses and Permits					74,569	-	74,569
Fines and Forfeitures					54,143	-	54,143
Miscellaneous Income					85,752	-	85,752
Interest and Rental Income					313,065	96,741	409,806
Transfers In/(Out)					-	-	-
Total General Revenues, Special Items, Extraordinary Items, and Transfers					3,932,306	96,741	4,029,047
Change in Net Position					184,917	110,048	294,965
Net Position - Beginning					13,255,038	4,053,927	17,308,965
Net Position - Ending					$ 13,439,955	$ 4,163,975	$ 17,603,930

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

BOROUGH OF FOUNTAIN HILL
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	Major Funds		Non-Major Funds		
	General	Capital Reserve	Special Revenue	Capital Projects	Total
ASSETS					
Cash and Cash Equivalents	$ 43,680	$ -	$ 128,921	$ -	$ 172,601
Investments	3,779,479	1,080,436	612,295	24,171	5,496,381
Due from Other Funds	77,172	-	-	-	77,172
TOTAL ASSETS	$ 3,900,331	$ 1,080,436	$ 741,216	$ 24,171	$ 5,746,154
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Credit Card Payable	$ 6,413	$ -	$ -	$ -	$ 6,413
Accrued Expenses	5,384	-	-	-	5,384
Due to Other Funds	35,083	-	4,693	-	39,776
TOTAL LIABILITIES	46,880	-	4,693	-	51,573
FUND BALANCES					
Assigned	-	-	14,248	-	14,248
Restricted	-	-	722,275	24,171	746,446
Committed	-	1,080,436	-	-	1,080,436
Unassigned	3,853,451	-	-	-	3,853,451
TOTAL FUND BALANCES	3,853,451	1,080,436	736,523	24,171	5,694,581
TOTAL LIABILITIES AND FUND BALANCES	$ 3,900,331	$ 1,080,436	$ 741,216	$ 24,171	$ 5,746,154

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

BOROUGH OF FOUNTAIN HILL
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES TO THE STATEMENT OF NET POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2024

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		$ 5,694,581
Amounts Reported for Governmental Activities in the Statement of Net Position - Modified Cash Basis are Different Because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $12,137,791 and the accumulated depreciation is $4,117,642.		8,020,149
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Notes Payable	$ (274,775)	(274,775)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		$ 13,439,955

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

BOROUGH OF FOUNTAIN HILL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Major Funds		Non-Major Funds		
	General	Capital Reserve	Special Revenue	Capital Projects	Total
REVENUES					
Taxes	$ 3,294,458	$ -	$ 110,319	$ -	$ 3,404,777
Licenses and Permits	74,569	-	-	-	74,569
Fines and Forfeitures	54,143	-	-	-	54,143
Interest and Rents	240,267	41,858	29,712	1,228	313,065
Intergovernmental Revenues	318,081	-	127,364	-	445,445
Charges for Services	85,954	-	-	-	85,954
Other Revenues	85,752	-	-	-	85,752
TOTAL REVENUES	4,153,224	41,858	267,395	1,228	4,463,705
EXPENDITURES					
General Government	399,812	-	-	-	399,812
Public Safety	1,694,730	-	125	-	1,694,855
Health and Human Services	1,440	-	-	-	1,440
Public Works - Highways and Streets	429,563	-	24,827	-	454,390
Public Works - Other Services	13,640	-	-	-	13,640
Culture and Recreation	179,000	-	91,614	-	270,614
Insurance and Employee Benefits	1,013,550	-	-	-	1,013,550
Debt Service - Principal Retirement	73,222	-	-	-	73,222
Debt Service - Interest	13,464	-	-	-	13,464
Capital Outlay	216,846	-	-	-	216,846
TOTAL EXPENDITURES	4,035,267	-	116,566	-	4,151,833
EXCESS OF REVENUES RECEIVED OVER EXPENDITURES PAID	117,957	41,858	150,829	1,228	311,872
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	250,000	-	-	250,000
Operating Transfers Out	(250,000)	-	-	-	(250,000)
Total Other Financing Sources (Uses)	(250,000)	250,000	-	-	-
Net Change in Fund Balances	(132,043)	291,858	150,829	1,228	311,872
Fund Balances, January 1	3,985,494	788,578	585,694	22,943	5,382,709
FUND BALANCES, DECEMBER 31	$ 3,853,451	$ 1,080,436	$ 736,523	$ 24,171	$ 5,694,581

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

BOROUGH OF FOUNTAIN HILL
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

Net Change in Fund Balances - Governmental Funds		$ 311,872
Amounts Reported for Governmental Activities in the Statement of Activities - Modified Cash Basis are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities - Modified Cash Basis, the cost of those expenditures is not reported but treated as a capital asset on the Statement of Net Position - Modified Cash Basis		
Capital Outlay	$ 216,846	
Less: Depreciation Expense	(417,023)	
		(200,177)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position - Modified Cash Basis		73,222
Change in Net Position of Governmental Activities		$ 184,917

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

BOROUGH OF FOUNTAIN HILL
STATEMENT OF NET POSITION – MODIFIED CASH BASIS – ALL PROPRIETARY FUNDS
DECEMBER 31, 2024

	Sewer Fund	Health and Sanitation Fund	Stormwater Fund	Total Proprietary Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents - Unrestricted	$ 353,130	$ 264,635	$ 212,716	$ 830,481
Investments - Unrestricted	1,078,811	297,650	532,905	1,909,366
Due from Other Funds	27,473	12,303	-	39,776
Total Current Assets	1,459,414	574,588	745,621	2,779,623
Noncurrent Assets:				
Fixed Assets, Less Accumulated Depreciation	1,448,646	12,878	-	1,461,524
Total Noncurrent Assets	1,448,646	12,878	-	1,461,524
TOTAL ASSETS	$ 2,908,060	$ 587,466	$ 745,621	$ 4,241,147
LIABILITIES				
Current Liabilities:				
Due to Other Funds	$ 42,580	$ 20,875	$ 13,717	$ 77,172
Total Current Liabilities	42,580	20,875	13,717	77,172
TOTAL LIABILITIES	42,580	20,875	13,717	77,172
NET POSITION				
Invested in Capital Assets	1,448,646	12,878	-	1,461,524
Unrestricted	1,416,834	553,713	731,904	2,702,451
Total Net Position	2,865,480	566,591	731,904	4,163,975
TOTAL LIABILITIES AND NET POSITION	$ 2,908,060	$ 587,466	$ 745,621	$ 4,241,147

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

BOROUGH OF FOUNTAIN HILL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION – MODIFIED CASH BASIS – ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Sewer Fund	Health and Sanitation Fund	Stormwater Fund	Total Proprietary Funds
OPERATING REVENUES:				
Charges for Services	$ 1,377,400	$ 690,985	$ 222,123	$ 2,290,508
Intergovernmental Revenues	-	20,744	-	20,744
Miscellaneous Income	12,580	12,303	-	24,883
Total Operating Revenues	1,389,980	724,032	222,123	2,336,135
OPERATING EXPENSES:				
Personnel	150,200	69,133	30,740	250,073
Supplies	14,249	13,857	1,036	29,142
Professional Services	23,522	9,291	22,534	55,347
Employee Benefits	147,792	147,792	14,615	310,199
Insurance	37,965	37,945	10,203	86,113
Repairs and Maintenance	91,392	-	4,362	95,754
Disposal System	794,471	464,660	-	1,259,131
Miscellaneous	-	1,034	9,728	10,762
Depreciation and Amortization	217,718	8,589	-	226,307
Total Operating Expenses	1,477,309	752,301	93,218	2,322,828
OPERATING INCOME (LOSS)	(87,329)	(28,269)	128,905	13,307
NON-OPERATING REVENUES:				
Interest Revenue	54,415	17,532	24,794	96,741
Total Non-operating Revenues	54,415	17,532	24,794	96,741
Income (Loss) Before Transfers	(32,914)	(10,737)	153,699	110,048
Transfers In (Out)	-	-	-	-
Change in Net Position	(32,914)	(10,737)	153,699	110,048
Total Net Position - January 1	2,898,394	577,328	578,205	4,053,927
TOTAL NET POSITION - December 31	$ 2,865,480	$ 566,591	$ 731,904	$ 4,163,975

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

BOROUGH OF FOUNTAIN HILL
STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS –
ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Sewer Fund	Health and Sanitation Fund	Stormwater Fund	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	$ 1,389,980	$ 724,032	$ 222,123	$ 2,336,135
Cash Payment to Suppliers for Goods and Services	(989,072)	(539,090)	(47,863)	(1,576,025)
Cash Payments to Employees for Services	(255,647)	(196,285)	(31,638)	(483,570)
Net Cash Provided by (Used in) Operating Activities	145,261	(11,343)	142,622	276,540
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Received	54,415	17,532	24,794	96,741
Purchase of Investments	(263,277)	(15,928)	(123,327)	(402,532)
Sale of Investments	119,831	54,299	-	174,130
Net Cash Provided by (Used in) Investing Activities	(89,031)	55,903	(98,533)	(131,661)
Net Increase in Cash and Cash Equivalents	56,230	44,560	44,089	144,879
Cash and Cash Equivalents, January 1	296,900	220,075	168,627	685,602
CASH AND CASH EQUIVALENTS, DECEMBER 31	$ 353,130	$ 264,635	$ 212,716	$ 830,481
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)	$ (87,329)	$ (28,269)	$ 128,905	$ 13,307
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	217,718	8,589	-	226,307
Increase in Due from Other Funds	(27,473)	(12,303)	-	(39,776)
Increase in Due to Other Funds	42,345	20,640	13,717	76,702
Total Adjustments	232,590	16,926	13,717	263,233
Net Cash Provided by (Used in) Operating Activities	$ 145,261	$ (11,343)	$ 142,622	$ 276,540

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

BOROUGH OF FOUNTAIN HILL
STATEMENT OF NET POSITION – MODIFIED CASH BASIS –
ALL FIDUCIARY FUNDS
DECEMBER 31, 2024

	Custodial Funds
ASSETS:	
Cash and Cash Equivalents - Restricted	$ 190,706
Total Assets	$ 190,706
LIABILITIES:	
Due to Depositors	$ -
Total Liabilities	-
NET POSITION:	
Restricted	190,706
Total Liabilities and Net Position	$ 190,706

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

BOROUGH OF FOUNTAIN HILL
STATEMENT OF CHANGES IN NET POSITION – MODIFIED CASH BASIS –
ALL FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Custodial Funds
ADDITIONS:	
Collections from Other Entities	$ 78,673
Total Additions	78,673
DEDUCTIONS:	
Payments to Other Entities	65,069
Total Deductions	65,069
NET INCREASE	13,604
NET POSITION:	
Net Position, January 1	177,102
Net Position, December 31	$ 190,706

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

1. Entity

The Borough of Fountain Hill (the "Borough") was incorporated in 1893 under the provisions of the constitution and general statutes of the Commonwealth of Pennsylvania ("Commonwealth").

The Borough Council, a seven-member group, and a Mayor, is the level of government responsible for providing a full range of municipal services including those mandated by statute or ordinance. These include public safety, highways and streets, culture and recreation, public improvements, planning and zoning, and general administrative services. The Borough receives funding from local and state government sources and must comply with the concomitant requirements of these funding source entities.

In evaluating the Borough as a reporting entity, management has addressed all potential component units for which the Borough may or may not be financially accountable, and as such, be includable within the Borough's financial statements. In accordance with Statement of Governmental Accounting Standards Board (GASB) No. 14 and No. 39, the Borough is financially accountable if it appoints a voting majority of the organization governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burden on the Borough. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Following is a brief description of the component unit meeting the above criteria and as a result included within the financial reporting entity, a description of the component unit's relationship with the Borough, and a discussion of how component unit information has been incorporated into the financial statements:

The Fountain Hill Stormwater Authority ("Authority") was incorporated October 23, 2019, under the Pennsylvania Municipal Authorities Act of 1945, approved May 2, 1945, as amended and supplemented. The Authority was formed to operate, maintain, and expand the existing Borough of Fountain Hill stormwater system, as a municipal authority. The Authority, by virtue of its Articles of Incorporation and of the Municipal Authorities Act, existence shall terminate fifty years from the date of filing, unless extended by an amendment to the Articles of Incorporation. The Authority is governed by a five-member Board of Directors who are residents of Borough of Fountain Hill. The Authority funds are blended into the Proprietary Funds. Separate financial statements for Fountain Hill Stormwater Authority are audited by Campbell, Rappold & Yurasits LLP.

2. Summary of Significant Accounting Policies

The financial statements of Borough of Fountain Hill have been prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) and is described more fully under Basis of Accounting and Measurement Focus. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are described below to enhance the usefulness of the financial statements to the reader.

2. Summary of Significant Accounting Policies (Continued)

Fund Accounting

The accounts of the Borough are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, expenditures, or expenses, and other financing sources and uses. These various funds are summarized by type in the financial statements. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Basis of Presentation

The Borough's basic financial statements consist of government-wide statements, including a Statement of Net Position – Modified Cash Basis and a Statement of Activities – Modified Cash Basis, and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements (i.e. the Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis) report information on all of the non-fiduciary activities of the Borough as a whole. As a general rule the effect of interfund activity has been eliminated from these statements. Governmental activities which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately in the government-wide financial statements from business-type activities which rely, to a significant extent on fees and charges for support.

The Statement of Net Position – Modified Cash Basis presents the financial condition of the governmental and business-type activity of the Borough at fiscal year-end. The Statement of Activities – Modified Cash Basis presents a comparison between direct expenses and program revenues for the business-type activity of the Borough and for each function of the Borough's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Borough.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Borough's enterprise fund are service charges for sewer, health and sanitation and stormwater. Operating expenses for the Borough's enterprise funds include treatment and collection costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses.

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation - Fund Accounting

For financial reporting purposes, the Borough's funds have been grouped by fund type and are presented in this report in the following manner:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the Borough are financed. The acquisition, use and balances of the Borough's expendable financial resources and the related liabilities are accounted for through the following governmental funds:

- ***General Fund (Major Fund)*** - is used to account for all financial transactions applicable to the general operations of the Borough except for those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid through the General Fund.

- ***Special Revenue Funds (Non-Major Funds)*** - are used to account for proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The following are special revenue fund types:

  State Liquid Fuels Fund - is utilized to account for the financial activity of the Borough's motor vehicle fuel tax allocation from the Commonwealth of Pennsylvania.

  Fire Fund - is utilized to account for the financial activity of the Borough's fire tax revenue and its related expenditures.

  Library Fund - is utilized to account for the financial activity of the Borough's library tax revenue and its related expenditures.

  Playground Fund - is utilized to account for the financial activity of the Borough's playground revenue and its related expenditures.

- ***Capital Projects Fund*** - is used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Capital Projects (Non-Major) and Capital Reserve (Major) funds are included in the accompanying financial statements as Capital Projects Funds.

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation - Fund Accounting (Continued)

Proprietary Fund Types

Proprietary funds are used to account for the Borough's ongoing activities that are similar to those often found in the private sector. The measurement focus is based upon the determination of net income. The Borough has one type of proprietary fund - the Enterprise Fund.

- ***Enterprise Fund*** - is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income are appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Borough has three Enterprise Funds described below.

  Sewer Fund - is used to account for the operation and maintenance of the sanitary sewage treatment plant and is operated in a manner similar to a private business enterprise and is intended to be self-supporting.

  Health and Sanitation Fund - is used to account for the administration of the collection and disposal of municipal waste and recycling materials in the Borough and is operated in a manner similar to a private business enterprise and is intended to be self-supporting.

  Stormwater Fund - is used to account for the operation, maintenance and expansion of the existing stormwater system in the Borough and is operated in a manner similar to a private business enterprise and is intended to be self-supporting.

Fiduciary Fund Types

The fiduciary fund category includes pension and other employee benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Fiduciary funds are used to account for assets held by the Borough in a trustee or custodial capacity for the benefit of individuals, private organizations, or other governments and that are not available to support the Borough's own programs. The Borough reports only custodial funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Borough maintains a custodial fund to account for escrow funds held by the Borough for projects within the Borough. The following is the Borough's fiduciary fund type presented:

- ***Custodial Funds*** - are used to account for funds held in escrow for other parties. The principal source of additions for these funds are collections of developer escrow deposits to be used as expense reimbursements for legal and engineering fees.

2. Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Management Focus

Basis of Accounting

Basis of accounting refers to the timing of recognition of revenues and expenditures or expenses in the financial statements regardless of the measurement focus. The modified cash basis of accounting is followed for all governmental, proprietary and fiduciary funds of the Borough. The modified cash basis differs from GAAP in that certain revenues and the related assets are recognized when received rather than when earned and certain expenditures or expenses are recognized when paid rather than when a liability is incurred. Modifications to the cash basis of accounting include: fixed assets are capitalized and depreciated over their economic useful lives, the recording of long-term debt proceeds and principal payments as liabilities, the recording of payroll withholdings when withheld from employees' pay and recording of credit card liabilities. The Statement of Revenues, Expenditures and Changes in Fund Balance - Modified Cash Basis - Governmental Funds presents the results of the Borough's activities; it does not purport to present the net income or loss for the period as a whole.

Measurement Focus

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types are accounted for on a spending or "financial flow" measurement focus. This means the Borough has elected to report on a modified cash basis while reporting long-term indebtedness in the General Fund. Governmental fund-type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with this activity are included on their statements of assets, liabilities, and net position. The reported fund equity is segregated into contributed capital and net position - modified cash basis. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in equity.

Custodial funds use "income determination" as its measurement focus. Collections from other entities are recognized in the period in which collections are made. Payments to other entities are recognized when paid.

2. Summary of Significant Accounting Policies (Continued)

Budgets and Non-GAAP Budgetary Basis of Accounting

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

- In accordance with the Borough Code and Borough procedures, at least thirty days prior to adoption, the Borough Manager submits to the Borough Council, with whom the legal level of budgetary control resides, a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year. Departments for budgetary purposes are general government, public safety, public works and culture and recreation.

- Public hearings are conducted to obtain taxpayer comment.

- By December 31, the budget is legally enacted for all governmental funds through passage of an ordinance. Expenditures for the budget may not legally exceed appropriations and prior year fund balance reserves. This is done as a level of budgetary control.

- All modifications, transfers and amendments must be approved by Borough Council.

- Formal budgetary integration is employed as a management control device during the year for the General Fund, State Liquid Fuels Fund, Sewer Fund and the Health and Sanitation Fund.

- The legally required and adopted budgets of the Borough are for the General Fund, State Liquid Fuels Fund, Sewer Fund and the Health and Sanitation Fund.

- Budgets for the General Fund, State Liquid Fuels Fund, Sewer Fund and the Health and Sanitation Fund are adopted on a modified cash basis of accounting discussed above.

- Borough Council may authorize supplemental appropriations during the year. No supplemental appropriations were made during fiscal 2024. Borough Council must approve all over expenditures of appropriations or transfers of appropriated amounts.

The Schedule of Revenues, Expenditures and Other Financing Sources - Modified Cash Basis - Budget Comparison presents comparisons of legally adopted budgets with actual data. The budget has been prepared on the modified cash basis, which is the same basis of accounting used to prepare the financial statements as described more fully in Note 2. The Borough Council approves by a motion the total appropriations in the budget. Fund Balance and any revisions to the budget also require approval by Borough Council. There were no amendments to the budget as presented in the current year.

2. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents on the Statement of Net Position – Modified Cash Basis are comprised of cash on hand, demand deposits with financial institutions, and short-term investments with original maturities of three months or less as of the date of acquisition.

For the purpose of the proprietary funds, "Statement of Cash Flows – Modified Cash Basis", cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent and all highly liquid investments with an original maturity of three months or less.

Investments

The Borough's investments consist of the Pennsylvania Local Government Investment Trust ("PLGIT") and pension fund assets. The Authority has adopted GASB Statements No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, No. 72, *Fair value Measurement and Application* and No. 79, *Certain External Investment Pools and Pool Participants*. In accordance with these Statements, investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values. Investments in qualifying external investment pools are reported at amortized cost basis.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value. Insurance holdings, if any, are valued at reported contract values.

Interfund Transactions

Certain inter-fund transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Other inter-fund transactions are reported as transfers. Non-recurring or non-routine permanent transfers of net position are reported as residual transfers of net position. All other inter-fund transfers are reported as operating transfers.

Restricted Assets

Cash has been restricted to the extent of escrows payable and specific uses.

2. Summary of Significant Accounting Policies (Continued)

Capital Assets

The Borough reports its financial statements in accordance with the modified cash basis of accounting. Under this basis of accounting, capital assets, which include property, plant, and equipment, are recorded when acquired through cash disbursements or cash-based financing transactions.

Capital assets are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets reported in the governmental and business-type activities are depreciated using the straight-line method over the estimated useful life of components ranging from 5 to 50 years. Capital assets are defined by the Borough as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year.

Leases

The Borough reports its financial statements in accordance with the modified cash basis of accounting. As such, the Borough does not report lease assets or related lease liabilities because the acquisition or recognition of those assets and liabilities did not involve a cash inflow or outflow at the time of acquisition or commencement.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Borough or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Borough's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Transfers

Legally authorized payments or authorizations to make payments from a fund receiving revenue to a fund through which the resources are to be expended are reported as operating transfers.

Management Estimates

The preparation of financial statements prepared with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies (Continued)

Government – Wide Fiduciary and Proprietary Fund Net Position

Net Position is divided into three components:

- Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

- Restricted – consist of assets that are restricted by the Borough's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

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

Governmental Fund Balances

The fund balance of Governmental Fund Types and the Fiduciary Funds are classified in four separate categories. The categories, and their general meanings, are as follows:

- Restricted fund balance - indicates the portion of the fund balance that can only be spent for specific purposes because of constitutional provisions, legislation, or constraints that are externally imposed.

- Committed fund balance - indicates the portion of the fund balance that can only be used for specific purposes determined by formal action of the Council.

- Assigned fund balance - indicates the portion of the fund balance that has been appropriated for specific purposes by authorization of the Council.

- Unassigned fund balance - indicates the portion of the fund balance that is available for appropriation and expenditure, in future periods.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position – Modified Cash Basis will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position – Modified Cash Basis will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

The Borough of Fountain Hill has not recorded any deferred outflows/inflows of resources because the Borough has elected to report its financial activities on the modified cash basis of accounting.

3. Deposits with Financial Institutions and Investments

General

Under Section 1316 of the Pennsylvania Borough Code, the Borough is authorized to invest in United States Treasury Bills, short-term obligations of the U.S. Government or its agencies or instrumentalities, obligations of the U.S. Government or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision, shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the only investments of that company are in the authorized investments for Borough funds listed above and certificates of deposit purchased from institutions insured by the Federal Deposit Insurance Corporation or similar agencies to the extent that such accounts are so insured. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

The deposit and investment policy of the Borough adheres to the statutes of the Commonwealth. Deposits of the Borough are either maintained in demand deposits or are held in bank money market accounts. There were no deposit or investment transactions during the year that were in violation of either the Commonwealth's statutes or the policy of the Borough.

Cash (Cash on Hand and Bank Balances)

At December 31, 2024, the carrying amount of the Borough's bank deposits at one financial institution (including Custodial Funds) totaled $1,193,488 and the corresponding bank balances were $1,357,635 of which $250,000 was insured by the Federal Deposit Insurance Corporation ("FDIC"); the uninsured bank balances of $1,107,635 were collateralized, as described below.

Under Act No. 72 of the 1972 Session of the Pennsylvania General Assembly (the "Act of 72"), financial institutions were granted the authority to secure the deposits of public bodies by pledging a pool of assets, as defined in the Act of 72, to cover all public funds deposited in excess of FDIC limits. The uninsured bank balances of the Borough in the amount of $1,107,635 were collateralized by this pool of assets maintained by the Borough's depository institutions.

In addition, the Borough included in cash, amounts held on hand in petty cash. At December 31, 2024, the petty cash balance was $300.

Investments

The Borough uses Pennsylvania Local Government Investment Trust ("PLGIT"), an external investment pool, that was created to meet the investment needs of local governments, school districts, municipal authorities, and other types of governments in the Commonwealth of Pennsylvania. PLGIT's investment objective is to seek high current income, consistent with preservation of capital and maintenance of liquidity.

3. Deposits with Financial Institutions and Investments (Continued)

Investments (Continued)

Investments in PLGIT are similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as investments in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PLGIT investments included in these statements will not be assigned a credit risk category. These assets maintain a stable net asset value of $1 per share.

All investments in an external investment pool that is not SEC registered are subject to oversight by the Commonwealth of Pennsylvania. PLGIT issues separately audited financial statements that are available to the public. Further information regarding PLGIT and its investment strategies can be found at www.plgit.com.

PLGIT-Class shares require no minimum balance, no minimum initial investment, and have a one-day minimum investment period. PLGIT/PRIME is a variable rate investment portfolio which requires no minimum balance, no minimum initial investment, and limits redemptions or exchanges to two per calendar month.

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

	Amortized Cost	Fair Value	Maturity 0-5 Years	Standard & Poor's Rating
Governmental Activities:				
Pennsylvania Local Government Investment Trust - Class	$ 2,789,520	$ -	$ 2,789,520	AAAm
Pennsylvania Local Government Investment Trust - PLGIT/PRIME	2,706,861	-	2,706,861	AAAm
	$ 5,496,381	$ -	$ 5,496,381	
Business-Type Activities:				
Pennsylvania Local Government Investment Trust - Class	$ 333,726	$ -	$ 333,726	AAAm
Pennsylvania Local Government Investment Trust - PLGIT/PRIME	1,575,640	-	1,575,640	AAAm
	$ 1,909,366	$ -	$ 1,909,366	

Measurement

Investments with readily determinable fair value and all investments in debt securities are reported at their fair values. Investments in qualifying external investment pools are reported at amortized cost basis.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

3. Deposits with Financial Institutions and Investments (Continued)

Investments (Continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. When making investments, the Borough can combine monies from more than one fund under the Borough's control for the purchase of a single investment and join with other political subdivisions in the purchase of a single investment.

Concentration of Credit Risk

The Borough places limits on the amount the Borough may invest in any one issuer.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a financial institution failure, the Borough's deposits may not be returned to the Borough. The Pennsylvania Local Government Code and the Borough's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits other than the following provisions for deposits: Pennsylvania Act 72 requires that a financial institution secure deposits made by state or local government units pledging securities in an undivided collateral pool held by a depository regulated under state law.

4. Real Estate Taxes

Based upon assessed valuations provided by the County ($230,844,800 in 2024), the Borough bills and collects its own property taxes. The schedule for property taxes levied for 2024 is as follows:

January 1	- levy date
March 1	- billing date
March 1 – April 30	- 2% discount period
April 1 – June 30	- face payment period
July 1 – December 31	- 10% penalty period
January 1 (following year)	- lien date

The Borough continues to collect delinquent real estate taxes through December of the current year. At that time, all unpaid real estate taxes are turned over to the County of Lehigh Tax Claim Bureau for further collection. The 2024 municipal tax rate for all purposes was 9.61 mils ($9.61 per $1,000 of assessed valuation).

5. Inter-fund Receivables and Payables

Inter-fund receivable and payable balances as of December 31, 2024 are as follows:

	Due From Other Funds	Due to Other Funds
Governmental Activities		
General Fund	$ 77,172	$ 35,083
State Liquid Fuels Fund	-	4,693
Business Type Activities		
Sewer Fund	27,473	42,580
Health and Sanitation Fund	12,303	20,875
Stormwater Fund	-	13,717
	$ 116,948	$ 116,948

6. Inter-fund Transfers

Inter-fund transfers during 2024 were as follows:

	Transfers from Other Funds	Transfers to Other Funds
Governmental Activities		
General Fund	$ -	$ 250,000
Capital Reserve Fund	250,000	-
	$ 250,000	$ 250,000

7. Capital Assets

Capital asset activity for the year ended December 31, 2024, was as follows:

	Balance Jan. 1, 2024	Additions	Retirements	Balance Dec. 31, 2024
Governmental Activities:				
Capital Assets Being Depreciated				
Land	$ 899,842	$ -	$ -	$ 899,842
Buildings and Improvements	2,378,413	12,610	-	2,391,023
Machinery and Equipment	307,747	23,803	-	331,550
Vehicles	1,849,623	-	-	1,849,623
Infrastructure	6,485,320	180,433	-	6,665,753
Total Capital Assets Being Depreciated	11,920,945	216,846	-	12,137,791
Less Accumulated Depreciation	(3,700,619)	(417,023)	-	(4,117,642)
Governmental Activities Capital Assets, Net	$ 8,220,326	$ (200,177)	$ -	$ 8,020,149

Depreciation expense for the governmental activities' capital assets was $417,023.

	Balance Jan. 1, 2024	Additions	Retirements	Balance Dec. 31, 2024
Business-Type Activities:				
Capital Assets Being Depreciated				
Buildings, Plant and Improvements	$ 9,956,613	$ -	$ -	$ 9,956,613
Machinery	223,858	-	-	223,858
Total Capital Assets Being Depreciated	10,180,471	-	-	10,180,471
Less Accumulated Depreciation	(8,492,640)	(226,307)	-	(8,718,947)
Business-Type Capital Assets, Net	$ 1,687,831	$ (226,307)	$ -	$ 1,461,524

Depreciation expense for the Sewer Fund and Health and Sanitation Fund was $217,718 and $8,589, respectively in 2024.

8. Long-Term Debt

Changes in long-term obligations for the year ended December 31, 2024, are as follows:

	Balance Outstanding Jan. 1, 2024	Additions	Reductions	Balance Outstanding Dec. 31, 2024	Amounts Due Within One Year
Governmental Activities:					
General Obligation - Series 2013: 15-year Term Loan Payable to Bank, fixed interest annual interest rate of 2.62%. Payable in monthly installments, matures July 2028. Unsecured.	$ 307,305	$ -	$ (63,688)	$ 243,617	$ 66,401
Ford Interceptor Financed Purchase 5-year Note with a fixed interest rate of 4.30%. Payable in annual installments, matures July, 2027. Secured by vehicle.	40,692	-	(9,534)	31,158	9,948
	$ 347,997	$ -	$ (73,222)	$ 274,775	$ 76,349

The annual debt service requirements to maturity for governmental-type general obligation notes and installment loans, including interest are as follows, as of December 31, 2024:

During the year ended December 31,	Principal	Interest
2025	$ 76,349	$ 10,435
2026	79,463	7,320
2027	82,705	4,078
2028	36,258	722
Totals	$ 274,775	$ 22,555

9. Defined Benefit Retirement Plans

The Borough has two defined benefit pension plans under multi-employer arrangements. One plan, the Borough of Fountain Hill Police Pension Plan, covers uniformed police personnel employed on a full-time basis. The other plan, the Borough of Fountain Hill Employees' ("Non-Uniform") Pension Plan, covers full-time non-uniform employees of the Borough.

Non-Uniform Pension Plan

Plan Description and Funding Policy for the Non-Uniform Employees of the Borough of Fountain Hill

The Pension Plan of the Borough of Fountain Hill is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 326, adopted pursuant to Act 15, of the Commonwealth of Pennsylvania. The Plan participates in the Pennsylvania Municipal Retirement System (PMRS) which was created by the Pennsylvania General Assembly to administer pension plans on a contracted basis for any municipality within Pennsylvania. This agent, multiple-employer public employee retirement system acts as a common investment and administrative agent for participating municipal pension plans. The Borough may withdraw from this contracted service upon giving proper notice.

The Borough makes contributions to a Non-Uniform Pension Plan (the "Plan"). The Plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). The CAFR is available in the PMRS website. A copy of the CAFR can be obtained by writing to Pennsylvania Municipal Retirement System, P.O. Box 1165, Harrisburg, PA 17108-1165 or by calling 1-800-622-7968.

The Borough contributes ten percent (10%) of all eligible employees' compensation. Members of the Plan are allowed to contribute up to twenty percent (20%) of their eligible compensation.

All full-time non-uniformed Borough employees are eligible to participate in the System. Benefits vest after 5 years of service. The normal retirement date is age 65. Early retirement is available for employees with 8 to 20 years of service.

The normal form of payment of retirement benefits is a monthly annuity available for life with survivor benefit of a lump sum or annuity at the option of the member. Retirement benefits are calculated to equal .02 times years of credited service times the last three years average salary. The plan also provides disability benefits.

Act 205, of the Commonwealth of Pennsylvania, requires that annual contributions be based upon the plan's minimum municipal obligation (MMO). The MMO is based upon the plan's biennial actuarial valuation. The most recent actuarial valuation was performed January 1, 2025.

For the year ended December 31, 2024, the Borough recognized pension expense of $60,488.

9. Defined Benefit Retirement Plans (Continued)

Non-Uniform Pension Plan (Continued)

In accordance with the plan's governing ordinance, members are required to contribute 3.5% of their compensation to the plan.

The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of aid must be paid by the municipality in accordance with Act 205.

Administrative costs, including the investment manager, custodial trustee and actuarial services, are charged to the plan and funded through investment earnings.

Plan Membership at December 31, 2024

Inactive Members or Beneficiaries Currently Receiving Benefits	9
Inactive Members Entitled to but not yet Receiving Benefits	2
Active Members	3
Total Members	14

Net Pension Liability (Asset)

The net pension liability (asset) was measured as of December 31, 2024, and the total pension liability was determined by rolling back the liabilities from an actuarial valuation as of January 1, 2025. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

Discount Rate

The discount rate used to measure the total pension liability was 5.50%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

9. Defined Benefit Retirement Plans (Continued)

Non-Uniform Pension Plan (Continued)

Changes in Net Pension Liability (Asset)

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at December 31, 2023	$ 1,443,869	$ 1,424,008	$ 19,861
Changes for the year:			
Service Cost	39,320	-	39,320
Interest Cost	75,536	-	75,536
Changes in Benefit Terms	-	-	-
Changes for Experience	109,536	-	109,536
Changes of Assumptions	(42,621)	-	(42,621)
Contributions - Employer	-	60,488	(60,488)
Contributions - PMRS Assessment	-	280	(280)
Contributions - Member	-	8,017	(8,017)
PMRS Investment Income	-	69,712	(69,712)
Market Value Investment Income	-	91,328	(91,328)
Benefit Payments	(89,951)	(89,951)	-
PMRS Administrative Expense	-	(280)	280
Additional Administrative Expense	-	(3,818)	3,818
Net Changes	91,820	135,776	(43,956)
Balance at December 31, 2024	$ 1,535,689	$ 1,559,784	$ (24,095)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Plan, calculated using the discount rate of 5.50%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 4.50%	Current Discount Rate 5.50%	1% Increase 6.50%
Net Pension Liability (Asset)	$ 157,519	$ (24,095)	$ (178,225)

9. Defined Benefit Retirement Plans (Continued)

Non-Uniform Pension Plan (Continued)

Components of Pension Expense

	2024
Service Cost	$ 39,320
Interest on the Total Pension Liability	75,536
Changes in Benefit Terms	-
Difference between Expected and Actual Experience	(69,712)
Changes of Assumptions	(7,220)
Member Contributions	(8,017)
Projected Earnings on Pension Plan Investments	61,087
Difference between Projected and Actual Earnings on Investments	(38,830)
Pension Plan Administrative Expense	4,098
Other Changes in Fiduciary Net Position	-
Pension Expense	$ 56,262

Uniformed Pension Plan

The Borough of Fountain Hill Police Pension Plan is a single-employer defined benefit pension plan. The Plan was established effective January 1, 1946 and entered into a Joinder Agreement with the Pennsylvania State Association of Boroughs Municipal Retirement Trust (PSABMRT) dated June 21, 1985. The Plan was amended and restated by Ordinance No. 702, effective April 17, 2002. The Plan is governed by the Borough Council of the Borough of Fountain Hill which may amend plan provisions, and which is responsible for the management of Plan assets. The Borough Council has delegated the authority to manage certain Plan assets to the PSABMRT. The plan is required to file Form PC-20 I C biennially with the Pennsylvania Department of the Auditor General's Municipal Pension Reporting Program (MPRP). The most recent filing was as of January 1, 2023.

The Plan covers all full-time uniformed employees of the Borough. The normal retirement date is age 55 with 25 years of service. Participants become 100% vested upon completing 12 years of credited service to the plan. The Plan also provides early retirement, death and disability benefits. The authority under which the benefit provisions have been established, or may be amended, remains with the Borough Council of the Borough of Fountain Hill.

9. Defined Benefit Retirement Plans (Continued)

Uniformed Pension Plan (Continued)

The normal form of retirement benefit is a monthly payment equal to 50% of the members' gross pay averaged over the last 36 months of employment, plus a service increment if any.

For the year ended December 31, 2024, the Borough recognized pension expense of $398,058.

Contributions

The employer follows the funding policy prescribed by Act 205 of 1984 (as amended), which requires that annual contributions be based upon the Minimum Municipal Obligation (MMO) using the plan's most recent biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds state contributions must be funded by the employer.

Employees were required to contribute 8 percent of covered payroll to the Plan. This contribution is governed by the Plan's governing ordinances and collective bargaining.

Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the Plan and funded through the MMO and/or plan earnings.

Plan Membership at December 31, 2024

Inactive Members or Beneficiaries Currently Receiving Benefits	7
Inactive Members Entitled to but not yet Receiving Benefits	0
Active Members	10
Total Members	17

Net Pension Liability

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

9. Defined Benefit Retirement Plans (Continued)

Uniformed Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

Changes in the Net Pension Liability

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2023	$ 6,111,986	$ 5,035,863	$ 1,076,123
Changes for the year:			
Service Cost	277,249	-	277,249
Interest Cost	406,774	-	406,774
Changes in Benefit Terms	-	-	-
Changes for Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	398,058	(398,058)
Contributions - Member	-	48,667	(48,667)
Net Investment Income	-	558,468	(558,468)
Benefit Payments	(266,543)	(266,543)	-
Administrative Expense	-	(37,574)	37,574
Other Changes	-	-	-
Net Changes	417,480	701,076	(283,596)
Balance at December 31, 2024	$ 6,529,466	$ 5,736,939	$ 792,527

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

The following presents the net pension liability of the Plan, calculated using the discount rate of 6.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net Pension Liability	$ 1,730,202	$ 792,527	$ 20,538

9. Defined Benefit Retirement Plans (Continued)

Uniformed Pension Plan (Continued)

Components of Pension Expense

	2024
Service Cost	$ 277,249
Interest on the Total Pension Liability	406,774
Changes in Benefit Terms	-
Difference between Expected and Actual Experience	(41,923)
Changes of Assumptions	50,552
Member Contributions	(48,667)
Projected Earnings on Pension Plan Investments	(323,360)
Difference between Projected and Actual Earnings on Investments	(22,442)
Pension Plan Administrative Expense	37,574
Other Changes in Fiduciary Net Position	-
Pension Expense	$ 335,757

10. Postemployment Benefits Other Than Pensions

Plan Description

The Borough provides coverage for medical benefits to Borough employees based on eligibility requirements set for each group of employees pursuant to Governmental Accounting Standards Board Statement No. 75. The other postemployment benefits (OPEB) are based on negotiated memorandums of understanding with employee contracts. The Plan provides medical/Rx, dental, and vision benefits to eligible retirees, spouses, and dependents. The costs of retiree health care benefits are recognized as expenditures and a net other postemployment benefit payable based on an actuarial valuation. The Plan also provides life insurance in the amount of $4,000 at time of retirement.

Uniformed Employees

Eligibility

Police officers retiring on pension whether due to Normal Retirement or Service-Related Disability Retirement.

10. Postemployment Benefits Other Than Pensions (Continued)

Uniformed Employees (Continued)

Normal Retirement Eligibility

Retiring after attaining age 55 and completing 25 years of service.

Service-Related Disability Retirement Eligibility

Total and permanent disablement that occurs in the line of duty.

Coverage

Eligible retired police officer, spouse and dependents.

Benefits

For officers hired before January 1, 2020, the Borough provides health insurance including medical, dental and vision for the retiree and his/her family until the earlier of the death of the retiree, participation in any other medical insurance program (obtained through employment) or the retiree's Medicare eligibility or age 65. Upon reaching Medicare eligibility or age 65, the retiree may choose to remain on the Borough's post-65 Senior Plan medical, dental and vision coverages until the retiree's spouse reaches age 65. The post-65 Senior Plan coverage is paid by the Borough.

For officers hired between January 1, 2020 and December 31, 2022, the Borough provides health insurance including medical, dental and vision for the retiree until the earlier of the death of the retiree, participation in any other medical insurance program (obtained through employment) or the retiree's Medicare eligibility or age 65 and health insurance including medical, dental and vision for the retiree's spouse and dependents for the first 5 years of retirement.

For officers hired on or after January 1, 2023, the Borough provides health insurance including medical, dental and vision for the retiree until the earlier of the death of the retiree, participation in any other medical insurance program (obtained through employment) or the retiree’s Medicare eligibility or age 65 and health insurance including medical, dental and vision for the retiree’s spouse and dependents for the first 3 years of retirement.

Retiree Contributions

If retired before January 1, 2020, if the retiree chooses to cover his/her spouse after the retiree reaches age 65 he/she must reimburse the Borough 100% of the cost of the spouse’s coverage.

If retired on or after January 1, 2020, the pre-tax amount contractually in place at time of retirement. For 2022, the annual amount is $780, increasing to $1,040 in 2023 and 2024 and $1,300 in 2025 and 2026.

10. Postemployment Benefits Other Than Pensions (Continued)

Uniformed Employees (Continued)

Medical Plans Available

Capital Blue Cross PPO $500/$1,000 Plan in the Pennsylvania Municipal Health Insurance Cooperative administered by Benecon.

Life Insurance

If retired before January 1, 2020, the Borough provides a life insurance policy in the amount of $4,000 for each officer at time of retirement. If retirement after January 31, 2020, no life insurance benefit is offered.

Non-Uniformed Employees

Eligibility

Employees retiring after attaining age 62 and completing 20 years of service.

Coverage

Eligible retired participant.

Benefits

The Borough pays 100% of the cost of medical insurance premiums and 50% of dental premiums for the retiree until the earlier of the death of the retiree, participation in any other medical insurance program (obtained through employment) or the retiree's Medicare eligibility or age 65.

Retiree Contributions

If the retiree elects to continue dental or vision coverage, he must pay 50% of the dental premium cost and/or 100% of the vision premium cost.

From time to time, retirees may be required to contribute the same amount as active employees. The current union contract states that if the cost of family coverage exceeds the previous year's cost by 20%, active employees must contribute the lesser of $50 per month or 50% of the difference in cost between current family coverage and 120% of the prior year's cost of family coverage. If the cost of family coverage does not exceed the previous year's cost by 20%, contribution amounts will remain the same as the previous year. In 2023, Public Works Union members did not contribute toward medical coverage. In 2023, Borough Administration members contributed $260.

10. Postemployment Benefits Other Than Pensions (Continued)

Non-Uniformed Employees (Continued)

Medical Plans Available

For Public Works Union Members: Capital Blue Cross PPO $1,000/$2,000 Plan in the Pennsylvania Municipal Health Cooperative administered by Benecon.

For Borough Administration: Capital Blue Cross PPO $500/$1,000 Plan in the Pennsylvania Municipal Health Cooperative administered by Benecon.

Life Insurance

The Borough provides a life insurance policy for four retirees in the amount contractually in place at time of their retirement.

OPEB Expense

For the year ended December 31, 2024, the Borough recognized OPEB expense of $-0-.

Actuarial Cost Method

The actuarial costs for this valuation are determined under the Entry Age Normal Actuarial Cost Method as described in Paragraph 42 of GAS #75. The Actuarial Present Value of the Projected Benefits of each individual is allocated as a level percentage of pay between entry age and assumed exit age(s) for health care costs. Pays are assumed to increase over that period at the assumed rate of inflation. Entry Age is calculated based upon date of hire. Assumed exit ages are based upon the actuarial assumptions as to termination, disability, death or retirement. The portion of this Actuarial Present Value allocated to a single valuation year is called the Normal Cost. The accumulation of normal costs prior to the current valuation year is the current Actuarial Accrued Liability. Actuarial Accrued Liability is thus also the portion of Actuarial Present Value of the Projected Benefits not provided by the Actuarial Present Value of Future Normal Costs. Under this method, the Actuarial Gains (Losses), as they occur, reduce (increase) the Actuarial Accrued Liability.

Discount Rate

The discount rate used to measure the Total OPEB liability was 2.50%. The discount rate was based on the index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Participant Data

Based on census information as of January 1, 2022, the following eligible employees and retirees were covered by the plan:

Active Members	15
Vested Former Participants	0
Retired Participants	10
Total Participants	25

11. Defined Contribution Pension Plan

The Borough makes contributions to a non-uniform defined contribution plan. The Plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). The CAFR is available in the PMRS website. A copy of the CAFR can be obtained by writing to Pennsylvania Municipal Retirement System, P.O. Box 1165, Harrisburg, PA 17108-1165 or by calling 1-800-622-7968.

The Borough contributes five percent (5%) of all eligible employees' compensation. Members of the Plan are allowed to contribute up to twenty percent (20%) of their eligible compensation. During the year ended December 31, 2024, the Borough contributed $11,349 to the Plan.

12. Fund Balances

The fund balances have been categorized based on the relative strength of the spending constraints placed on the purpose for which the resources can be used, as follows:

	General Fund	Capital Reserve Fund	Capital Projects Fund	Fire Fund	State Liquid Fuels Fund	Library Fund	Playground Fund	Totals
Unassigned	$ 3,853,451	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,853,451
Restricted	-	-	24,171	238,775	329,023	154,477	-	746,446
Committed	-	1,080,436	-	-	-	-	-	1,080,436
Assigned	-	-	-	-	-	-	14,248	14,248
Totals	$ 3,853,451	$ 1,080,436	$ 24,171	$ 238,775	$ 329,023	$ 154,477	$ 14,248	$ 5,694,581

No funds at the Borough had a deficit fund balance or net position at December 31, 2024.

13. Risk Management and Litigation

Risk Management

The Borough is exposed to various risk of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are provided for through insurance from private insurance companies. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred, and the amount of the loss can be reasonably stated. In determining claims, events that might create claims, but for which none have been reported are considered. During the year ended December 31, 2024 and the two previous fiscal years, no settlements exceeded insurance coverage.

13. Risk Management and Litigation (Continued)

Litigation

In the normal course of operations, the Borough is involved in various civil disputes. Management and Borough solicitor estimate that the amount of actual potential claims against the Borough as of December 31, 2024, will not materially affect the financial condition of the Borough.

14. Commitments and Contingencies

Federal and State Grants

The Borough receives Federal and State Grants for specific purposes that are subject to review and audit by Federal and State agencies. Such audits could result in a request for reimbursement by the Federal and State agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the Borough's management, such disallowances, if any, will not be significant to the Borough's basic purpose financial statements.

Compensated Absences

The Borough of Fountain Hill has not accrued compensated absences because the Borough has elected to report its financial activities on the modified cash basis of accounting. However, employees of the Borough are entitled to paid vacation and sick days, depending on their length of service.

Insurance

The Borough is exposed to various risks of loss, including workers' compensation; property, casualty and public official liability; employee benefit administration; employment practice liability; and general liability claims. During the past four calendar years, there have not been any settlements that exceeded insurance coverage. The Borough is contingently liable to the extent any potential future judgment exceeds available insurance coverage.

Leases

The Borough leases three pieces of office equipment under multiple long-term lease agreements with monthly lease payments of $105, $136, and $47, respectively. The leases expire in October 2025, June 2026, and July 2027 respectively. Lease payments are recognized as expenditures when paid.

The Borough also has two long-term subscription-based information technology agreements with monthly payments of $225 and $460, respectively. The agreements expire in December 2025 and October 2027 respectively. Payments are recognized as expenditures when paid.

15. Subsequent Events

Management has considered events subsequent to December 31, 2024 that affect the Borough through August 28, 2026, the date the financial statements were available to be issued, and has determined that no material subsequent events exist that require recognition or disclosure.

SUPPLEMENTARY INFORMATION

BOROUGH OF FOUNTAIN HILL
GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES – MODIFIED CASH BASIS - BUDGET COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2024

	Actual	Original Budget	Variance Favorable (Unfavorable)
REVENUES RECEIVED			
Taxes	$ 3,294,458	$ 3,196,123	$ 98,335
Licenses and Permits	74,569	71,605	2,964
Fines and Forfeitures	54,143	34,750	19,393
Interest and Rents	240,267	136,544	103,723
Intergovernmental Revenues	318,081	267,329	50,752
Charges for Services	85,954	149,800	(63,846)
Other Revenues	85,752	61,605	24,147
Total Revenues Received	$ 4,153,224	$ 3,917,756	$ 235,468
EXPENDITURES PAID			
General Government	$ 412,422	$ 406,722	$ (5,700)
Public Safety	1,694,730	1,769,251	74,521
Health and Human Services	1,440	1,700	260
Public Works - Highways and Streets	620,363	836,359	215,996
Public Works - Other Services	13,640	16,368	2,728
Culture and Recreation	192,436	290,062	97,626
Insurance and Employee Benefits	1,013,550	1,092,332	78,782
Debt Service - Principal and Interest	86,686	84,648	(2,038)
Total Expenditures Paid	4,035,267	4,497,442	462,175
EXCESS (DEFICIT) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES PAID	117,957	(579,686)	697,643
Other Financing Sources (Uses)			
Transfers In	-	-	-
Transfers Out	(250,000)	(250,000)	-
Total Other Financing Sources (Uses), Net	(250,000)	(250,000)	-
DEFICIT OF REVENUES RECEIVED AND OTHER FINANCING SOURCES UNDER EXPENDITURES PAID AND OTHER FINANCING USES	(132,043)	(829,686)	697,643
FUND BALANCE - JANUARY 1, 2024	3,985,494	3,985,494	-
FUND BALANCE - DECEMBER 31, 2024	$ 3,853,451	$ 3,155,808	$ 697,643

See independent auditor's report on supplementary information.

BOROUGH OF FOUNTAIN HILL
SCHEDULE OF BOROUGH CONTRIBUTIONS -
NON-UNIFORM PENSION PLAN
FOR THE LAST TEN YEARS ENDED

Year	Actuarially Determined Contributions	Contributions From Employer	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Payroll
2015	$ 55,468	$ 55,548	$ (80)	$ 283,428	19.60%
2016	39,838	39,879	(41)	355,857	11.21%
2017	65,666	65,706	(40)	359,820	18.26%
2018	74,368	74,468	(100)	390,068	19.09%
2019	71,350	71,350	-	408,697	17.46%
2020	83,152	83,152	-	360,119	23.09%
2021	66,633	66,633	-	298,721	22.31%
2022	50,793	50,793	-	238,485	21.30%
2023	56,788	56,788	-	269,994	21.03%
2024	60,768	60,768	-	229,040	26.53%

See independent auditor's report on supplementary information.

The accompanying notes to supplementary schedules are an integral part of these schedules.

BOROUGH OF FOUNTAIN HILL
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - NON-UNIFORM PENSION PLAN
FOR THE LAST TEN YEARS ENDED

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	$ 39,320	$ 46,351	$ 41,650	$ 52,170	$ 60,668	$ 68,852	$ 64,719	$ 59,700	$ 52,945	$ 41,920
Interest	75,536	74,103	70,458	69,068	61,444	58,917	59,173	55,776	59,161	58,507
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-	-
Changes for Experience	109,536	-	34,994	-	79,126	-	(73,150)	-	(72,946)	-
Changes of Assumptions	(42,621)	-	-	-	34,935	-	-	-	27,618	(20,873)
Transfers	-	-	-	-	-	-	-	(4,563)	(56,196)	-
Benefit Payments, Including Refunds of Member Contributions	(89,951)	(82,380)	(82,380)	(86,065)	(78,934)	(64,155)	(55,441)	(51,575)	(60,411)	(41,768)
Net Change in Total Pension Liability	91,820	38,074	64,722	35,173	157,239	63,614	(4,699)	59,338	(49,829)	37,786
Total Pension Liability - Beginning	1,443,869	1,405,795	1,341,073	1,305,900	1,148,661	1,085,047	1,089,746	1,030,408	1,080,237	1,042,451
Total Pension Liability - Ending	$ 1,535,689	$ 1,443,869	$ 1,405,795	$ 1,341,073	$ 1,305,900	$ 1,148,661	$ 1,085,047	$ 1,089,746	$ 1,030,408	$ 1,080,237
Plan Fiduciary Net Pension										
Contributions - Employer	$ 60,488	$ 56,508	$ 50,473	$ 66,313	$ 82,792	$ 71,030	$ 74,068	$ 65,346	$ 39,619	$ 55,228
Contributions - PMRS Assessment	280	280	320	320	360	320	400	360	260	320
Contributions - Member	8,017	9,450	8,347	10,455	12,604	14,826	13,653	12,594	12,220	9,920
PMRS Investment Income	69,712	67,142	66,845	64,557	53,951	49,302	46,899	43,310	42,132	40,434
Net Investment Income	91,328	72,856	(256,456)	133,752	152,674	140,618	(128,160)	99,058	32,687	(63,570)
Transfers	-	-	-	-	-	-	-	(4,563)	(56,196)	-
Benefit Payments, Including Refunds of Member Contributions	(89,951)	(82,380)	(82,380)	(86,065)	(78,934)	(64,155)	(55,441)	(51,575)	(60,411)	(41,768)
PMRS Administrative Expense	(280)	(280)	(320)	(320)	(360)	(320)	(300)	(320)	(220)	(320)
Additional Administrative Expense	(3,818)	(3,761)	(3,532)	(3,656)	(2,351)	(1,704)	(2,093)	(1,992)	(2,064)	(1,686)
Net Change in Plan Fiduciary Net Position	135,776	119,815	(216,703)	185,356	220,736	209,917	(50,974)	162,218	8,027	(1,442)
Plan Net Position - Beginning	1,424,008	1,304,193	1,520,896	1,335,540	1,114,804	904,887	955,861	793,643	785,616	787,058
Plan Net Position - Ending	$ 1,559,784	$ 1,424,008	$ 1,304,193	$ 1,520,896	$ 1,335,540	$ 1,114,804	$ 904,887	$ 955,861	$ 793,643	$ 785,616
Borough's Net Pension Liability (Asset)	$ (24,095)	$ 19,861	$ 101,602	$ (179,823)	$ (29,640)	$ 33,857	$ 180,160	$ 133,885	$ 236,765	$ 294,621
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101.57%	98.62%	92.77%	113.41%	102.27%	97.05%	83.40%	87.71%	77.02%	72.73%
Covered Employee Payroll	$ 229,040	$ 269,994	$ 238,485	$ 298,721	$ 360,119	$ 408,697	$ 390,068	$ 359,820	$ 355,857	$ 283,428
Borough's Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	-10.52%	7.36%	42.60%	-60.20%	-8.23%	8.28%	46.19%	37.21%	66.53%	103.95%

See independent auditor's report on supplementary information.

The accompanying notes to supplementary schedules are an integral part of these schedules.

Actuarial Assumptions

The total pension liability is based upon the January 1, 2025 actuarial valuation, with liabilities rolled back to December 31, 2024.

A summary of the actuarial assumptions and methods used to determine the 2024 contribution rates are as follows:

- Actuarial cost method - Entry Age
- Amortization Period – Level dollar based on the amortization periods in Act 205
- Asset valuation method – Based on the municipal reserves
- Discount rate - 5.50%, includes inflation at 2.20%
- Salary increases - age related scale with merit and inflation component.
- COLA increases – 2.20% for those eligible for a COLA.
- Pre-Retirement Mortality: Males: PUB-2010 General Employees male table; Females: PUB-2010 General Employees female table
- Healthy Post-Retirement Mortality: Males: RP-2006 annuitant male table; Females: RP-2006 annuitant female table
- Mortality Improvement: Base mortality described above projected from the applicable table's base year to 2023 using Mortality Improvement Scale MP-2018.

See independent auditor's report on supplementary information.

BOROUGH OF FOUNTAIN HILL
SCHEDULE OF BOROUGH CONTRIBUTIONS -
UNIFORMED PENSION PLAN
FOR THE LAST TEN YEARS ENDED

Year	Actuarially Determined Contributions	Contributions From Employer	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Payroll
2015	$ 193,640	$ 193,640	$ -	$ 522,861	37.0%
2016	249,453	249,453	-	661,478	37.7%
2017	265,129	265,129	-	764,709	34.7%
2018	360,560	360,560	-	831,870	43.3%
2019	383,106	383,106	-	807,712	47.4%
2020	359,639	453,278	(93,639)	932,782	48.6%
2021	391,390	391,390	-	1,000,411	39.1%
2022	377,820	377,820	-	1,008,618	37.5%
2023	408,267	408,267	-	1,057,758	38.6%
2024	398,058	398,058	-	1,218,182	32.7%

See independent auditor's report on supplementary information.

The accompanying notes to supplementary schedules are an integral part of these schedules.

BOROUGH OF FOUNTAIN HILL
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - UNIFORMED PENSION PLAN
FOR THE LAST TEN YEARS ENDED

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	$ 277,249	$ 264,677	$ 249,573	$ 238,256	$ 229,346	$ 218,425	$ 176,058	$ 167,674	$ 104,690	$ 99,705
Interest	406,774	381,292	376,349	354,647	345,055	327,162	319,572	305,814	297,282	289,039
Changes of Benefit Terms	-	11,720	-	(15,992)	-	-	-	-	-	-
Changes for Experience	-	(311,670)	-	(99,939)	-	(135,957)	-	(95,660)	-	272,545
Changes of Assumptions	-	-	-	156,258	-	-	-	340,725	-	-
Benefit Payments, Including Refunds of Member Contributions	(266,543)	(266,491)	(263,612)	(276,841)	(281,821)	(300,756)	(278,805)	(277,297)	(282,061)	(278,084)
Net Change in Total Pension Liability	417,480	79,528	362,310	356,389	292,580	108,874	216,825	441,256	119,911	383,205
Total Pension Liability - Beginning	6,111,986	6,032,458	5,670,148	5,313,759	5,021,179	4,912,305	4,695,480	4,254,224	4,134,313	3,751,108
Total Pension Liability - Ending	$ 6,529,466	$ 6,111,986	$ 6,032,458	$ 5,670,148	$ 5,313,759	$ 5,021,179	$ 4,912,305	$ 4,695,480	$ 4,254,224	$ 4,134,313
Plan Fiduciary Net Pension										
Contributions - Employer	$ 398,058	$ 408,267	$ 377,820	$ 391,390	$ 453,278	$ 383,106	$ 360,560	$ 265,129	$ 249,453	$ 193,640
Contributions - Member	48,667	43,875	80,689	80,033	69,941	66,893	64,239	48,763	39,144	26,296
Net Investment Income	558,468	614,506	(576,548)	528,127	377,725	462,091	(136,805)	319,492	109,200	(15,870)
Benefit Payments, Including Refunds of Member Contributions	(266,543)	(266,491)	(263,612)	(276,841)	(281,821)	(300,756)	(278,805)	(277,297)	(282,061)	(278,084)
Administrative Expense	(37,574)	(35,301)	(34,364)	(25,149)	(23,803)	(25,450)	(19,540)	(21,924)	(17,830)	(21,186)
Net Change in Plan Fiduciary Net Position	701,076	764,856	(416,015)	697,560	595,320	585,884	(10,351)	334,163	97,906	(95,204)
Plan Net Position - Beginning	5,035,863	4,271,007	4,687,022	3,989,462	3,394,142	2,808,258	2,818,609	2,484,446	2,386,540	2,481,744
Plan Net Position - Ending	$ 5,736,939	$ 5,035,863	$ 4,271,007	$ 4,687,022	$ 3,989,462	$ 3,394,142	$ 2,808,258	$ 2,818,609	$ 2,484,446	$ 2,386,540
Borough's Net Pension Liability	$ 792,527	$ 1,076,123	$ 1,761,451	$ 983,126	$ 1,324,297	$ 1,627,037	$ 2,104,047	$ 1,876,871	$ 1,769,778	$ 1,747,773
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.9%	82.4%	70.8%	82.7%	75.1%	67.6%	57.2%	60.0%	58.4%	57.7%
Covered Employee Payroll	$ 1,218,182	$ 1,057,758	$ 1,008,618	$ 1,000,411	$ 932,782	$ 801,712	$ 831,870	$ 764,709	$ 661,478	$ 522,861
Borough's Net Pension Liability as a Percentage of Covered Employee Payroll	65.1%	101.7%	174.6%	98.3%	142.0%	202.9%	252.9%	245.4%	267.5%	334.3%

See independent auditor's report on supplementary information.

The accompanying notes to supplementary schedules are an integral part of these schedules.

Actuarial Assumptions

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

A summary of the actuarial assumptions and methods used to determine the 2024 contribution rates are as follows:

- Actuarial cost method - Entry Age Normal
- Amortization method – Level dollar, closed
- Remaining amortization period – 8 years (aggregate)
- Asset valuation method – 4-year smoothing
- Inflation – 2.50%
- Salary increases – 4.75% including inflation
- Investment rate of return – 6.50% net of investment expenses not funded through the MMO, and including inflation
- Mortality – 2010 Public Retirement Plan – Public Safety mortality tables (PubS-2010Mortality Improvement from the year 2020 with rates derived from the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report.
- Retirement Age – Normal Retirement Age, or attained age if currently eligible to retire.

BOROUGH OF FOUNTAIN HILL
COMBINING BALANCE SHEET – MODIFIED CASH BASIS –
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Fire Fund	State Liquid Fuels Fund	Library Fund	Playground Fund	Total
ASSETS					
Cash and Cash Equivalents	$ 25,218	$ 49,577	$ 39,878	$ 14,248	$ 128,921
Investments	213,557	284,139	114,599	-	612,295
Due from Other Funds	-	-	-	-	-
Total Assets	$ 238,775	$ 333,716	$ 154,477	$ 14,248	$ 741,216
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to Other Funds	$ -	4,693	$ -	$ -	$ 4,693
Total Liabilities	-	4,693	-	-	4,693
Fund Balance					
Assigned	-	-	-	14,248	14,248
Restricted	238,775	329,023	154,477	-	722,275
Total Fund Balance	238,775	329,023	154,477	14,248	736,523
Total Liabilities and Fund Balances	$ 238,775	$ 333,716	$ 154,477	$ 14,248	$ 741,216

See independent auditor's report on supplementary information.

BOROUGH OF FOUNTAIN HILL
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS – ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Fire Fund	State Liquid Fuels Fund	Library Fund	Playground Fund	Total
REVENUES RECEIVED					
Taxes	$ 18,395	$ -	$ 91,924	$ -	$ 110,319
Intergovernmental Revenues	-	127,364	-	-	127,364
Interest	10,792	12,905	5,924	91	29,712
Total Revenues Received	29,187	140,269	97,848	91	267,395
EXPENDITURES PAID					
Public Safety	125	-	-	-	125
Public Works - Highways and Streets	-	24,827	-	-	24,827
Culture and Recreation	-	-	91,317	297	91,614
Total Expenditures Paid	125	24,827	91,317	297	116,566
EXCESS (DEFICIT) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES PAID	29,062	115,442	6,531	(206)	150,829
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses), Net	-	-	-	-	-
EXCESS (DEFICIT) OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER FINANCING USES	29,062	115,442	6,531	(206)	150,829
Fund Balances - January 1, 2024	209,713	213,581	147,946	14,454	585,694
Fund Balances - December 31, 2024	$ 238,775	$ 329,023	$ 154,477	$ 14,248	$ 736,523

See independent auditor's report on supplementary information.

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

Members of Borough Council
Borough of Fountain Hill
Fountain Hill, PA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Borough of Fountain Hill, which comprise the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of December 31, 2024, and the related notes to the financial statements, which collectively comprise Borough of Fountain Hill's basic financial statements, and have issued our report thereon dated August 28, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Borough of Fountain Hill's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Borough of Fountain Hill's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Fountain Hill's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

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We did identify a certain deficiency in internal control that we consider to be a material weakness:

Reconciling Bank Statements Regularly

During the audit, we noted that the Borough's bank account balances in the general ledger were not reconciled to the bank statements in a timely manner due to the transition of the Finance Director position. Most of the problems encountered within the area of cash can be avoided if a proper system of checks and balances is incorporated into the Borough's procedures. We recommend that all of the bank accounts be reconciled monthly to the general ledger and that all reconciling items be promptly investigated and adjusted with adequate explanations. Unopened bank statements should be forwarded to a member of management other than the Finance Director. This person should review the bank statements and canceled checks for any strange or unusual items and investigate these items should any be found. Documentation of their review should be made on the face of the bank statements. This practice will provide a very strong check and balance on the internal controls over cash.

There should be a procedure in place to review the bank reconciliation after it is completed. This practice would greatly enforce the checks and balances necessary for strong controls over cash. The bank reconciliation should be reviewed for any unusual items, investigate and fully resolve any such items, and document approval by initialing the reconciliation.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did identify a certain deficiency in internal control that we consider to be a significant deficiency:

Financial Statement Preparation

The Borough currently needs assistance from the auditors to prepare complete, year-end financial statements which includes the required disclosures under the modified cash basis of accounting. Lack of complete financial statements may lead to misstatements or errors going undetected by the Borough Council, or may impact decisions made by outside users of the financial statements.

Views of Responsible Officials and Planned Corrective Actions

Management understands the importance of reconciling bank statements regularly. Bank accounts are to be reconciled monthly by the third-party bookkeeper which will be signed off by the Borough Manager. Unopened bank statements will be forwarded to the Borough Manager for review. For financial statement preparation, management does not possess the expertise necessary to alleviate the significant deficiency, nor does it have the resources required to hire an individual to perform this function. Likewise, management does not find it in the Borough's best interest to engage another firm to prepare financial statements. Therefore, the Borough will continue to rely on the auditors to prepare the financial statements and necessary disclosures.

Borough of Fountain Hill's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Borough of Fountain Hill's response to the findings identified in the above paragraph. Borough of Fountain Hill's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Campbell, Rappold & Yurasits LLP

August 28, 2026