

Borough of Baldwin

Financial Statements and Required Supplementary Information and Supplementary Information

**Year Ended December 31, 2024
with Independent Auditor's Report**

MaherDuessel

Pursuing the profession while promoting the public good©
www.md-cpas.com

BOROUGH OF BALDWIN

YEAR ENDED DECEMBER 31, 2024

TABLE OF CONTENTS

Independent Auditor's Report

Financial Statements:

Government-Wide Financial Statements:

| | |
|---------------------------|---|
| Statement of Net Position | 1 |
|---------------------------|---|

| | |
|-------------------------|---|
| Statement of Activities | 2 |
|-------------------------|---|

Fund Financial Statements:

| | |
|------------------------------------|---|
| Balance Sheet - Governmental Funds | 3 |
|------------------------------------|---|

| | |
|--|---|
| Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position | 4 |
|--|---|

| | |
|--|---|
| Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds | 5 |
|--|---|

| | |
|--|---|
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds to the Statement of Activities | 6 |
|--|---|

| | |
|--|---|
| Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund | 7 |
|--|---|

| | |
|---|---|
| Statement of Net Position - Proprietary Funds | 8 |
|---|---|

| | |
|--|---|
| Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds | 9 |
|--|---|

| | |
|---|----|
| Statement of Cash Flows - Proprietary Funds | 10 |
|---|----|

| | |
|---|----|
| Statement of Net Position - Fiduciary Funds | 11 |
|---|----|

| | |
|--|----|
| Statement of Changes in Net Position - Fiduciary Funds | 12 |
|--|----|

BOROUGH OF BALDWIN

YEAR ENDED DECEMBER 31, 2024

TABLE OF CONTENTS

(Continued)

| | |
|-----------------------------------|----|
| Notes to the Financial Statements | 13 |
|-----------------------------------|----|

Required Supplementary Information:

Pension and OPEB Plans:

| | |
|--|----|
| Schedule of Changes in the Borough's Net Pension Liability (Asset) and Related Ratios – Service Employees Plan | 51 |
| Schedule of Changes in the Borough's Net Pension Liability (Asset) and Related Ratios – Police Plan | 52 |
| Schedules of the Borough's Contributions and Investment Returns | 53 |
| Schedule of Changes in the Borough's Total OPEB Liability and Related Ratios | 54 |
| Notes to Schedules of Required Supplementary Information | 55 |

Supplementary Information:

| | |
|--|----|
| Combining Statement of Fiduciary Net Position – Pension Trust Funds | 59 |
| Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds | 60 |

Independent Auditor's Report

**Members of Council
Borough of Baldwin**

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

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

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the Borough as of December 31, 2024, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Business-Type Activities, Each Major Fund, and the Aggregate Remaining Fund Information

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

Basis for Adverse and Unmodified Opinions

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

Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for one of the Borough's legally separate component units (Baldwin Public Library). Accounting principles generally accepted in the United States of America require the financial data for all component units to be reported with the financial data of the Borough's primary government unless the Borough also issues financial statements for the financial reporting entity that include the financial data for its component units. The Borough has not issued such reporting entity financial statements. The effects of not including all of the Borough's legally separate component units on the aggregate discretely presented component units has not been determined.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates

directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maher Duessel

Pittsburgh, Pennsylvania
September 5, 2025

BOROUGH OF BALDWIN

STATEMENT OF NET POSITION

DECEMBER 31, 2024

| | Primary Government | | | Component Unit |
|---|----------------------|----------------------|----------------------|----------------------|
| | Governmental | Business-Type | | Borough of Baldwin |
| | Activities | Activities | Total | Stormwater Authority |
| Assets and Deferred Outflows of Resources | | | | |
| Assets: | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 4,668,185 | \$ 2,913,070 | \$ 7,581,255 | \$ 2,600,664 |
| Taxes receivable, net | 1,365,009 | - | 1,365,009 | - |
| Accounts receivable - sewage, net | - | 107,008 | 107,008 | - |
| Other receivables | 101,254 | - | 101,254 | 706,182 |
| Prepaid expenses | 348,669 | 18,322 | 366,991 | - |
| Internal balances | (16,382) | 16,382 | - | - |
| Total current assets | 6,466,735 | 3,054,782 | 9,521,517 | 3,306,846 |
| Noncurrent assets: | | | | |
| Capital assets, not being depreciated | 1,291,730 | 275,023 | 1,566,753 | 21,755 |
| Capital assets, net of accumulated depreciation | 5,723,471 | 26,307,030 | 32,030,501 | 1,302,342 |
| Total noncurrent assets | 7,015,201 | 26,582,053 | 33,597,254 | 1,324,097 |
| Total Assets | 13,481,936 | 29,636,835 | 43,118,771 | 4,630,943 |
| Deferred Outflows of Resources: | | | | |
| Deferred charges on refunding | - | 335,838 | 335,838 | - |
| Deferred outflows of resources for pension | 771,164 | - | 771,164 | - |
| Deferred outflows of resources for OPEBs | 519,504 | - | 519,504 | - |
| Total Deferred Outflows of Resources | 1,290,668 | 335,838 | 1,626,506 | - |
| Total Assets and Deferred Outflows of Resources | \$ 14,772,604 | \$ 29,972,673 | \$ 44,745,277 | \$ 4,630,943 |
| Liabilities, Deferred Inflows of Resources, and Net Position | | | | |
| Liabilities: | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 109,345 | \$ 1,130,306 | \$ 1,239,651 | \$ 5,294 |
| Accrued payroll | - | 16,477 | 16,477 | - |
| Accrued interest payable | 17,869 | - | 17,869 | - |
| Bonds payable | 280,763 | 874,237 | 1,155,000 | - |
| Financed purchases payable | 119,369 | - | 119,369 | - |
| Compensated absences | 128,089 | - | 128,089 | - |
| Other liabilities | 73,507 | - | 73,507 | - |
| Unearned revenue | 310,669 | - | 310,669 | - |
| Total current liabilities | 1,039,611 | 2,021,020 | 3,060,631 | 5,294 |
| Noncurrent liabilities: | | | | |
| Bonds payable, net of current portion | 3,707,807 | 18,260,193 | 21,968,000 | - |
| Premium on bonds | 279,942 | 127,662 | 407,604 | - |
| Financed purchases payable, net of current portion | 255,537 | - | 255,537 | - |
| Compensated absences, net of current portion | 625,620 | - | 625,620 | - |
| OPEB liability | 6,476,827 | - | 6,476,827 | - |
| Net pension liability | 4,260,242 | - | 4,260,242 | - |
| Total noncurrent liabilities | 15,605,975 | 18,387,855 | 33,993,830 | - |
| Total Liabilities | 16,645,586 | 20,408,875 | 37,054,461 | 5,294 |
| Deferred Inflows of Resources: | | | | |
| Deferred inflows of resources for pension | 144,645 | - | 144,645 | - |
| Deferred inflows of resources for OPEBs | 749,779 | - | 749,779 | - |
| Total Deferred Inflows of Resources | 894,424 | - | 894,424 | - |
| Total Liabilities and Deferred Inflows of Resources | 17,540,010 | 20,408,875 | 37,948,885 | 5,294 |
| Net Position: | | | | |
| Net investment in capital assets | 2,371,783 | 7,655,799 | 10,027,582 | 1,324,097 |
| Restricted: | | | | |
| Supplies and street lighting | 760,807 | - | 760,807 | - |
| Unrestricted | (5,899,996) | 1,907,999 | (3,991,997) | 3,301,552 |
| Total Net Position | (2,767,406) | 9,563,798 | 6,796,392 | 4,625,649 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 14,772,604 | \$ 29,972,673 | \$ 44,745,277 | \$ 4,630,943 |

The notes to the financial statements are an integral part of this statement.

BOROUGH OF BALDWIN

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Change in Net Position | | | Component Unit Baldwin Borough Stormwater Authority |
|---|----------------------|-------------------------|--|--|--|-----------------------------|--------------------|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total | |
| Primary Government: | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| General government | \$ 1,185,756 | \$ 284,457 | \$ 8,711 | \$ - | \$ (892,588) | \$ - | \$ (892,588) | \$ - |
| Public safety - police | 4,616,035 | 226,034 | 628,647 | - | (3,761,354) | - | (3,761,354) | - |
| Public safety - fire | 791,966 | - | 112,448 | - | (679,518) | - | (679,518) | - |
| Public safety - other | 304,171 | - | - | - | (304,171) | - | (304,171) | - |
| Public works - sanitation | 2,972,082 | - | - | - | (2,972,082) | - | (2,972,082) | - |
| Public works - highways | 2,195,104 | - | 593,447 | - | (1,601,657) | - | (1,601,657) | - |
| Culture and recreation - library | 200,000 | - | - | - | (200,000) | - | (200,000) | - |
| Culture and recreation - other | 117,826 | 6,937 | 87,967 | 8,548 | (14,374) | - | (14,374) | - |
| Interest payment on long-term debt | 100,059 | - | - | - | (100,059) | - | (100,059) | - |
| Insurance and employee benefits | 1,805,107 | - | 434,117 | - | (1,370,990) | - | (1,370,990) | - |
| Miscellaneous | 5,198 | - | - | - | (5,198) | - | (5,198) | - |
| Total governmental activities | 14,293,304 | 517,428 | 1,865,337 | 8,548 | (11,901,991) | - | (11,901,991) | - |
| Business-Type Activities: | | | | | | | | |
| Swimming pool | 49,988 | - | - | - | - | (49,988) | (49,988) | - |
| Sewer system | 6,233,307 | 7,183,338 | - | 2,677,553 | - | 3,627,584 | 3,627,584 | - |
| Total business-type activities | 6,283,295 | 7,183,338 | - | 2,677,553 | - | 3,577,596 | 3,577,596 | - |
| Total Primary Government | \$ 20,576,599 | \$ 7,700,766 | \$ 1,865,337 | \$ 2,686,101 | (11,901,991) | 3,577,596 | (8,324,395) | - |
| Component Unit: | | | | | | | | |
| Baldwin Borough Stormwater Authority | \$ 229,423 | \$ 1,090,928 | \$ - | \$ 108,988 | | | | 970,493 |
| General revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property taxes, levied for general purposes | | | | | 7,971,984 | - | 7,971,984 | - |
| Earned income taxes | | | | | 3,251,139 | - | 3,251,139 | - |
| Other taxes levied for general purposes | | | | | 168,562 | - | 168,562 | - |
| County sales tax (Act 77) | | | | | 830,829 | - | 830,829 | - |
| Cable franchise fees | | | | | 404,333 | - | 404,333 | - |
| PURTA and alcohol beverage tax | | | | | 14,898 | - | 14,898 | - |
| Investment earnings | | | | | 211,376 | 60,864 | 272,240 | 54,808 |
| Other | | | | | 86,571 | - | 86,571 | - |
| Loss on disposal of capital assets | | | | | (24,994) | - | (24,994) | - |
| Transfers | | | | | (100,043) | 100,043 | - | - |
| Total general revenues and transfers | | | | | 12,814,655 | 160,907 | 12,975,562 | 54,808 |
| Change in Net Position | | | | | 912,664 | 3,738,503 | 4,651,167 | 1,025,301 |
| Net Position: | | | | | | | | |
| Beginning of year | | | | | (3,680,070) | 5,825,295 | 2,145,225 | 3,600,348 |
| End of year | | | | | \$ (2,767,406) | \$ 9,563,798 | \$ 6,796,392 | \$ 4,625,649 |

The notes to the financial statements are an integral part of this statement.

BOROUGH OF BALDWIN

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2024

| | General Fund | Capital Improvements Fund | Other Governmental Highway Aid Fund | Total Governmental Funds |
|---|---------------------|---------------------------------|--|--------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 3,519,281 | \$ 388,097 | \$ 760,807 | \$ 4,668,185 |
| Taxes receivable, net | 1,365,009 | - | - | 1,365,009 |
| Other receivables | 101,254 | - | - | 101,254 |
| Prepaid expenses | 348,669 | - | - | 348,669 |
| Total Assets | <u>\$ 5,334,213</u> | <u>\$ 388,097</u> | <u>\$ 760,807</u> | <u>\$ 6,483,117</u> |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 109,345 | \$ - | \$ - | \$ 109,345 |
| Other liabilities | 73,507 | - | - | 73,507 |
| Unearned revenue | 310,669 | - | - | 310,669 |
| Due to other funds | 16,382 | - | - | 16,382 |
| Total Liabilities | <u>509,903</u> | <u>-</u> | <u>-</u> | <u>509,903</u> |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | 740,901 | - | - | 740,901 |
| Total Deferred Inflows of Resources | <u>740,901</u> | <u>-</u> | <u>-</u> | <u>740,901</u> |
| Fund Balance: | | | | |
| Nonspendable - prepaids | 348,669 | - | - | 348,669 |
| Restricted: | | | | |
| Supplies and street lighting | - | - | 760,807 | 760,807 |
| Assigned - capital improvements | - | 388,097 | - | 388,097 |
| Unassigned | 3,734,740 | - | - | 3,734,740 |
| Total Fund Balance | <u>4,083,409</u> | <u>388,097</u> | <u>760,807</u> | <u>5,232,313</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | <u>\$ 5,334,213</u> | <u>\$ 388,097</u> | <u>\$ 760,807</u> | <u>\$ 6,483,117</u> |

The notes to the financial statements are an integral part of this statement.

BOROUGH OF BALDWIN

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

DECEMBER 31, 2024

Total Fund Balance - Governmental Funds \$ 5,232,313

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. 7,015,201

Property taxes and earned income taxes receivable will be collected next year, but are not considered available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds. 740,901

The net pension liability is not reflected on the fund financial statements. (4,260,242)

Deferred outflows and inflows of resources for pension are recorded and amortized in the statement of net position. However, these items are not recorded on the fund financial statements. 626,519

The total OPEB liability for the police and service employees is not recorded on the fund financial statements. (6,476,827)

Deferred outflows and inflows of resources for OPEBs are recorded and amortized in the statement of net position. However, these items are not recorded on the fund financial statements. (230,275)

Long-term liabilities, including bonds and financed purchases payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Additionally, accrued interest is not due and payable in the current period and, therefore, is not reported as a liability in the funds. Long-term liabilities at year-end consist of:

| | | |
|----------------------------|----------------|-------------|
| Bonds payable | \$ (3,988,570) | |
| Bond premium | (279,942) | |
| Financed purchases payable | (374,906) | |
| Accrued interest payable | (17,869) | |
| Compensated absences | (753,709) | (5,414,996) |

Total Net Position - Governmental Activities \$ (2,767,406)

The notes to the financial statements are an integral part of this statement.

BOROUGH OF BALDWIN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2024

| | General Fund | Capital Improvements Fund | Other Governmental Highway Aid Fund | Total Governmental Funds |
|--|-----------------|---------------------------------|--|--------------------------------|
| Revenues: | | | | |
| Taxes | \$ 12,118,543 | \$ - | \$ - | \$ 12,118,543 |
| Licenses and permits | 404,333 | - | - | 404,333 |
| Fines and forfeitures | 50,731 | - | - | 50,731 |
| Interest and rents | 168,183 | 343 | 42,850 | 211,376 |
| Intergovernmental | 1,300,338 | 8,548 | 579,897 | 1,888,783 |
| Charges for services | 517,428 | - | - | 517,428 |
| Other | 63,580 | - | - | 63,580 |
| Total revenues | 14,623,136 | 8,891 | 622,747 | 15,254,774 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 1,072,893 | 201,306 | - | 1,274,199 |
| Public safety - police | 4,842,690 | 73,271 | - | 4,915,961 |
| Public safety - fire | 760,089 | - | - | 760,089 |
| Public safety - other | 291,928 | - | - | 291,928 |
| Public works - sanitation | 2,852,456 | - | - | 2,852,456 |
| Public works - highway | 1,689,246 | - | 409,902 | 2,099,148 |
| Culture and recreation - library | 200,000 | - | - | 200,000 |
| Culture and recreation - other | 75,647 | 53,392 | - | 129,039 |
| Debt service: | | | | |
| Principal | 413,970 | - | - | 413,970 |
| Interest | 129,625 | - | - | 129,625 |
| Insurance and employee benefits | 1,805,107 | - | - | 1,805,107 |
| Miscellaneous | 5,200 | - | - | 5,200 |
| Total expenditures | 14,138,851 | 327,969 | 409,902 | 14,876,722 |
| Excess (Deficiency) of Revenues Over Expenditures | 484,285 | (319,078) | 212,845 | 378,052 |
| Other Financing Sources (Uses): | | | | |
| Refund of prior year expenditures | (74,338) | - | - | (74,338) |
| Refunds of prior year revenues | 46,598 | - | - | 46,598 |
| Proceeds from financed purchases | 99,044 | - | - | 99,044 |
| Transfers in | - | 450,000 | - | 450,000 |
| Transfers out | (450,697) | (99,346) | - | (550,043) |
| Total other financing sources (uses) | (379,393) | 350,654 | - | (28,739) |
| Net Change in Fund Balance | 104,892 | 31,576 | 212,845 | 349,313 |
| Fund Balance: | | | | |
| Beginning of year | 3,978,517 | 356,521 | 547,962 | 4,883,000 |
| End of year | \$ 4,083,409 | \$ 388,097 | \$ 760,807 | \$ 5,232,313 |

The notes to the financial statements are an integral part of this statement.

BOROUGH OF BALDWIN

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

FOR THE YEAR ENDED DECEMBER 31, 2024

| | |
|---|--------------------------|
| Net Change in Fund Balance - Governmental Funds | \$ 349,313 |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> | |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents the difference between depreciation, loss on disposals, and capital outlays in the current period.</p> | |
| Capital outlays | \$ 454,752 |
| Loss on disposal of capital assets | (24,994) |
| Less: depreciation expense | <u>(509,341)</u> |
| | (79,583) |
| <p>Some taxes will not be collected until after the year-end; they are not considered "available" revenues in the governmental funds. Unavailable revenues changed by this amount during the year.</p> | |
| | 103,971 |
| <p>The issuance of long-term obligations provides financial resources to the governmental funds. Likewise, the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net position. Long-term obligations changed by this amount during the year.</p> | |
| | 314,926 |
| <p>Governmental funds report the effect of original issue discounts and premiums when the long-term obligation is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p> | |
| | 27,994 |
| <p>Changes in the net pension liability and related deferred inflows of resources and deferred outflows of resources do not affect current financial resources and, therefore, are not reflected on the fund financial statements.</p> | |
| | 149,590 |
| <p>Changes in the OPEB liability and related deferred inflows of resources and outflows of resources does not affect current financial resources and, therefore, is not reflected on the fund financial statements.</p> | |
| | 24,670 |
| <p>Interest on long-term obligations in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The difference in interest accrued in the statement of activities versus the amount due is shown here.</p> | |
| | 1,574 |
| <p>Compensated absences are not recorded on the fund financial statements. The value of this item changed by this amount during the year.</p> | |
| | <u>20,209</u> |
| Change in Net Position of Governmental Activities | <u>\$ 912,664</u> |

The notes to the financial statements are an integral part of this statement.

BOROUGH OF BALDWIN

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

YEAR ENDED DECEMBER 31, 2024

| | Budget | | | Variance with |
|--|---------------------|---------------------|----------------|-------------------|
| | Original | Final | Actual | Final Budget |
| Revenues: | | | | |
| Taxes | \$ 12,022,290 | \$ 12,072,150 | \$ 12,118,543 | \$ 46,393 |
| Licenses and permits | 355,240 | 355,240 | 404,333 | 49,093 |
| Fines and forfeitures | 60,000 | 60,000 | 50,731 | (9,269) |
| Interest and rents | 168,575 | 172,059 | 168,183 | (3,876) |
| Intergovernmental | 796,868 | 1,231,327 | 1,300,338 | 69,011 |
| Charges for services | 227,200 | 450,090 | 517,428 | 67,338 |
| Other | 18,000 | 60,943 | 63,580 | 2,637 |
| Total revenues | 13,648,173 | 14,401,809 | 14,623,136 | 221,327 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 1,011,522 | 1,082,244 | 1,078,093 | 4,151 |
| Public safety - police | 4,507,321 | 4,748,484 | 4,842,690 | (94,206) |
| Public safety - fire | 742,000 | 742,000 | 760,089 | (18,089) |
| Public safety - other | 309,660 | 316,160 | 291,928 | 24,232 |
| Public works - sanitation | 2,934,953 | 2,934,953 | 2,852,456 | 82,497 |
| Public works - highway | 1,863,291 | 1,863,291 | 1,689,246 | 174,045 |
| Culture and recreation - library | 200,000 | 200,000 | 200,000 | - |
| Culture and recreation - other | 141,974 | 88,974 | 75,647 | 13,327 |
| Debt service | 547,218 | 568,906 | 543,595 | 25,311 |
| Insurance and employee benefits | 1,758,287 | 1,758,587 | 1,805,107 | (46,520) |
| Total expenditures | 14,016,226 | 14,303,599 | 14,138,851 | 164,748 |
| Excess (Deficiency) of Revenues Over Expenditures | (368,053) | 98,210 | 484,285 | 386,075 |
| Other Financing Sources (Uses): | | | | |
| Refund of prior year expenditures | (27,000) | (39,000) | (74,338) | (35,338) |
| Refunds of prior year revenues | 25,000 | 46,598 | 46,598 | - |
| Proceeds from capital asset disposition | 25,000 | 25,000 | - | (25,000) |
| Proceeds from financed purchases | - | - | 99,044 | 99,044 |
| Transfers to other funds | - | (450,000) | (450,697) | (697) |
| Total other financing sources (uses) | 23,000 | (417,402) | (379,393) | 38,009 |
| Net Change in Fund Balance | \$ (345,053) | \$ (319,192) | 104,892 | \$ 424,084 |
| Fund Balance: | | | | |
| Beginning of year | | | 3,978,517 | |
| End of year | | | \$ 4,083,409 | |

The notes to the financial statements are an integral part of this statement.

BOROUGH OF BALDWIN

STATEMENT OF NET POSITION PROPRIETARY FUNDS

DECEMBER 31, 2024

| | Sewer System Fund | Other Enterprise Swimming Pool Fund | Total |
|--|----------------------|--|----------------------|
| Assets and Deferred Outflows of Resources | | | |
| Assets: | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 2,910,987 | \$ 2,083 | \$ 2,913,070 |
| Accounts receivable - sewage, net | 107,008 | - | 107,008 |
| Prepays | 18,322 | - | 18,322 |
| Due from other funds | 16,382 | - | 16,382 |
| Total current assets | 3,052,699 | 2,083 | 3,054,782 |
| Noncurrent assets: | | | |
| Sewer infrastructure | 32,741,229 | - | 32,741,229 |
| Swimming pool | - | 2,471,541 | 2,471,541 |
| Equipment | 947,697 | 99,346 | 1,047,043 |
| Construction in progress | 275,023 | - | 275,023 |
| Accumulated depreciation | (7,957,585) | (1,995,198) | (9,952,783) |
| Total noncurrent assets | 26,006,364 | 575,689 | 26,582,053 |
| Total Assets | 29,059,063 | 577,772 | 29,636,835 |
| Deferred Outflows of Resources: | | | |
| Deferred charges on refunding | 335,838 | - | 335,838 |
| Total Assets and Deferred Outflows of Resources | \$ 29,394,901 | \$ 577,772 | \$ 29,972,673 |
| Liabilities and Net Position | | | |
| Liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 1,130,290 | \$ 16 | \$ 1,130,306 |
| Accrued payroll | 16,477 | - | 16,477 |
| Bonds payable | 874,237 | - | 874,237 |
| Total current liabilities | 2,021,004 | 16 | 2,021,020 |
| Noncurrent liabilities: | | | |
| Bonds payable | 18,260,193 | - | 18,260,193 |
| Premium on bonds | 127,662 | - | 127,662 |
| Total noncurrent liabilities | 18,387,855 | - | 18,387,855 |
| Total Liabilities | 20,408,859 | 16 | 20,408,875 |
| Net Position: | | | |
| Net investment in capital assets | 7,080,110 | 575,689 | 7,655,799 |
| Unrestricted | 1,905,932 | 2,067 | 1,907,999 |
| Total Net Position | 8,986,042 | 577,756 | 9,563,798 |
| Total Liabilities and Net Position | \$ 29,394,901 | \$ 577,772 | \$ 29,972,673 |

The notes to the financial statements are an integral part of this statement.

BOROUGH OF BALDWIN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2024

| | Sewer System Fund | Other Enterprise Swimming Pool Fund | Total |
|--|----------------------|--|--------------|
| Operating Revenues: | | | |
| User charges | \$ 6,340,163 | \$ - | \$ 6,340,163 |
| Total operating revenues | 6,340,163 | - | 6,340,163 |
| Operating Expenses: | | | |
| Administration | 863,745 | 5,304 | 869,049 |
| Engineering services | 120,780 | - | 120,780 |
| Maintenance | 30,488 | - | 30,488 |
| Depreciation | 601,964 | 44,684 | 646,648 |
| Insurance and employee benefits | 41,748 | - | 41,748 |
| Sanitation - ALCOSAN | 3,011,431 | - | 3,011,431 |
| Sanitation - Pleasant Hills | 1,077,764 | - | 1,077,764 |
| Total operating expenses | 5,747,920 | 49,988 | 5,797,908 |
| Net Operating Income (Loss) | 592,243 | (49,988) | 542,255 |
| Non-operating Revenues (Expenses): | | | |
| Shared contracted intergovernmental services | 843,175 | - | 843,175 |
| ALCOSAN grant | 2,657,553 | - | 2,657,553 |
| Interest income | 60,864 | - | 60,864 |
| Interest expense | (485,387) | - | (485,387) |
| Total non-operating revenues (expenses) | 3,076,205 | - | 3,076,205 |
| Capital Contributions: | | | |
| Tap-in fees | 20,000 | - | 20,000 |
| Total capital contributions | 20,000 | - | 20,000 |
| Income (Loss) before Transfers | 3,688,448 | (49,988) | 3,638,460 |
| Transfers in from other funds | - | 100,043 | 100,043 |
| Change in Net Position | 3,688,448 | 50,055 | 3,738,503 |
| Net Position: | | | |
| Beginning of year | 5,297,594 | 527,701 | 5,825,295 |
| End of year | \$ 8,986,042 | \$ 577,756 | \$ 9,563,798 |

The notes to the financial statements are an integral part of this statement.

BOROUGH OF BALDWIN

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2024

| | Sewer System Fund | Other Enterprise Swimming Pool Fund | Total |
|--|----------------------|--|---------------------|
| Cash Flows From Operating Activities: | | | |
| Cash received from user charges | \$ 6,354,776 | \$ - | \$ 6,354,776 |
| Cash paid for operations and maintenance | (4,726,454) | (5,343) | (4,731,797) |
| Net cash provided by (used in) operating activities | 1,628,322 | (5,343) | 1,622,979 |
| Cash Flows From Capital and Related Financing Activities: | | | |
| Payments for tap-in fees | 20,000 | - | 20,000 |
| Purchase of capital assets | (4,491,831) | (99,346) | (4,591,177) |
| Cash received from non-operating revenue | 3,500,728 | - | 3,500,728 |
| Principal paid on financed purchases | (32,994) | - | (32,994) |
| Principal paid on debt | (839,191) | - | (839,191) |
| Interest paid on debt | (469,279) | - | (469,279) |
| Net cash provided by (used in) capital and related financing activities | (2,312,567) | (99,346) | (2,411,913) |
| Cash Flows From Investing Activities: | | | |
| Interest and dividends | 60,864 | - | 60,864 |
| Cash Flows From Non-Capital Financing Activities: | | | |
| Transfers (to) from other funds | 9,668 | 100,043 | 109,711 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (613,713) | (4,646) | (618,359) |
| Cash and Cash Equivalents: | | | |
| Beginning of year | 3,524,700 | 6,729 | 3,531,429 |
| End of year | <u>\$ 2,910,987</u> | <u>\$ 2,083</u> | <u>\$ 2,913,070</u> |
| Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities: | | | |
| Net operating income (loss) | \$ 592,243 | \$ (49,988) | \$ 542,255 |
| Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation expense | 601,964 | 44,684 | 646,648 |
| Change in operating assets and liabilities: | | | |
| Accounts receivable - sewage | 14,613 | - | 14,613 |
| Prepaid expenses | (6,707) | - | (6,707) |
| Accounts payable | 428,703 | (39) | 428,664 |
| Accrued payroll | (2,494) | - | (2,494) |
| Net cash provided by (used in) operating activities | <u>\$ 1,628,322</u> | <u>\$ (5,343)</u> | <u>\$ 1,622,979</u> |

The notes to the financial statements are an integral part of this statement.

BOROUGH OF BALDWIN

STATEMENT OF NET POSITION FIDUCIARY FUNDS

DECEMBER 31, 2024

| | Pension Trust Funds |
|---|------------------------|
| Assets | |
| Cash and cash equivalents | \$ - |
| Investments: | |
| Equity mutual funds | 19,680,941 |
| Fixed income mutual funds | 10,471,264 |
| Total Assets | \$ 30,152,205 |
| Liabilities and Net Position | |
| Liabilities: | |
| Benefits payable | \$ 1,375 |
| Total Liabilities | 1,375 |
| Net Position: | |
| Restricted for pension benefits | 30,150,830 |
| Total Liabilities and Net Position | \$ 30,152,205 |

The notes to the financial statements are an integral part of this statement.

BOROUGH OF BALDWIN

STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2024

| | Pension Trust Funds |
|--|------------------------|
| Additions: | |
| Contributions: | |
| Borough | \$ 839,555 |
| Commonwealth | 434,117 |
| Plan members | 272,029 |
| | |
| Total contributions | 1,545,701 |
| | |
| Investment earnings (loss): | |
| Net appreciation (depreciation) in fair value of investments | 962,402 |
| Interest and dividends | 1,706,951 |
| | |
| Total investment earnings (loss) | 2,669,353 |
| | |
| Total additions | 4,215,054 |
| Deductions: | |
| Benefits | 1,856,251 |
| Administrative expenses | 48,859 |
| | |
| Total deductions | 1,905,110 |
| | |
| Change in Net Position | 2,309,944 |
| Net Position: | |
| Beginning of year | 27,840,886 |
| | |
| End of year | \$ 30,150,830 |

The notes to the financial statements are an integral part of this statement.

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

1. The Reporting Entity

The Borough of Baldwin (Borough) was incorporated under the laws of the Commonwealth of Pennsylvania in 1952 and operates under an elected Mayor-Council form of government. Members of Council (Council) appoint a Borough Secretary to administer the day-to-day operations of the Borough. The major functions of the Borough include public safety, maintenance of the Borough infrastructure, sanitation and sewage control, maintenance of parks and other recreational facilities for use by Borough residents, and general administrative functions necessary to facilitate Borough resident needs and responsibilities.

Consistent with applicable guidance, the criteria used by the Borough to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given situation, the Borough reviews the applicability of the following criteria:

The Borough is financially accountable for:

1. Organizations that make up the legal entity.
2. Legally separate organizations if the Council appoints a voting majority of the organizations' governing body and the Borough is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Borough.
 - a. Impose its Will - If the Borough can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
 - b. Financial Benefit or Burden - Exists if the Borough (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.
3. Organizations that are fiscally dependent on the Borough. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the Borough.
4. In management's judgment, exclusion of the component unit would render the financial statements misleading.

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

Component Unit

The following separately administered organizations meet the criteria for inclusion in the Borough's reporting entity.

Borough of Baldwin Stormwater Authority

The Borough of Baldwin Stormwater Authority (Authority) is a body corporate and politic, organized under the Municipality Authorities Act of 1945, as amended and supplemented, having been duly organized, under said Act by the Borough. The Authority commenced operations on January 8, 2021.

The Authority is considered to be a component unit of the Borough due to the Borough's selection of the governing body of the Authority and the Borough's accountability for Authority fiscal matters. The Authority is presented as a discretely presented component unit and reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Borough. Separate financial statements for the Authority are available at the Authority.

Baldwin Public Library

The Baldwin Public Library (Library) is a non-profit educational institution. The Library is primarily funded through public donations and an annual subsidy from the Borough. The Borough contributed \$200,000 to the Library during 2024. All members of the Library Board must be approved and appointed by the Council. Although the Library qualifies for inclusion in the Borough's financial reporting entity, Borough management has opted to exclude the Library from these primary government financial statements. Separate financial statements for the Library are available at the Library.

On February 1, 2018, the Borough, in consideration of one dollar and other good and valuable consideration paid by the Library, sold and conveyed to the Library a building located at 5230 Wolfe Drive, Pittsburgh, Pennsylvania, 15236 (Property). The Borough and Library were joint applicants in seeking a grant from the Pennsylvania Department of Education's Keystone Recreation, Park, & Conservation Fund in the amount of \$500,000 to fund the conversion of the Property into a library facility. The Borough's Library facility relocated to the Property upon conversion.

Prior to the sale, on October 17, 2017, the Borough and Library entered into a lease agreement, which commenced on the date the Library moved into the Property and expires

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

twenty-five years thereafter, plus any partial month necessary to cause the lease to expire on the last day of the month. The Borough has the option to extend the lease term for three additional periods of twenty-five years each upon giving written notice to the Library not later than ninety days before the expiration of the initial lease term or any extended lease term. The Borough shall pay to the Library annual rent in the amount of one dollar on or before January 1 of each calendar year during lease term or any extended lease term. As additional rent and consideration for its use of the premises, the Borough shall also reimburse the Library for certain costs and provide certain services to the Property as set forth in the lease.

2. Summary of Significant Accounting Policies

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Borough and its component unit. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from its legally separate component unit for which the primary government is financially accountable.

Revenue Classification on the Government-Wide Statement of Activities

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers for services provided and rents, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within 60 days to pay liabilities of the current period. Major revenues that are susceptible to accrual in governmental funds are taxes, grants from other governments, and interest on investments. The Borough does not consider revenues from fines, forfeits, and penalties to be available until received.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and OPEBs, and claims and judgments, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Borough's proprietary funds are charges to customers for sales and services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Borough reports the following major governmental funds:

The *General Fund* is the Borough's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The *Capital Improvements Fund* is used to account for disbursements related to capital projects within the Borough.

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

Additionally, the Borough reports the following other governmental fund:

The *Highway Aid Fund* is established and restricted under Act 655 of the Commonwealth of Pennsylvania. Funding is received from the Commonwealth of Pennsylvania and is restricted in use for the maintenance, repair, and construction of roads, streets, and bridges for which the Borough is responsible.

The Borough reports the following major proprietary fund:

The *Sewer System Fund* is used to account for resources derived from sewer billings to Borough residents and related disbursements.

Additionally, the Borough reports the following other proprietary fund:

The *Swimming Pool Fund* is used to account for resources derived from the swimming pool user fees and related disbursements.

The Borough reports the following fiduciary funds:

The *Pension Trust Funds* are used to account for assets held by the Borough in a trustee capacity for employee retirement. These funds were established to provide pension benefits for the Borough's eligible policemen and service employees.

When both restricted and unrestricted resources are available for use, it is the Borough's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Borough considers all investments with maturities of three months or less when purchased as cash. Restricted cash and cash equivalents include unspent bond proceeds that are restricted for use in accordance with the terms of the bonds.

Fair Value Measurement

The Borough categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Allowance for Doubtful Accounts

Receivables are reported at their net value. Where appropriate, receivables are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2024, the Borough reported an allowance for doubtful accounts in the General Fund of \$769,367 related to real estate taxes and in the Sewer Fund of \$652,384 related to sewer charges. Sewer receivables also include sewer charges based on billings made during the following month and unbilled charges.

The Authority has not made an allowance for doubtful accounts because the related amounts are not material to the Authority's financial statements.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses and are accounted for on the consumption method.

Capital Assets

Capital assets, which include property, plant, equipment, and sewer infrastructure assets, are reported in the applicable governmental or proprietary fund and business-type activities columns in the government-wide financial statements. Capital assets are defined by the Borough as land, buildings, equipment, and infrastructure valued at more than \$15,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The Borough has elected to account for general infrastructure assets (roads, bridges, sidewalks, and similar items) prospectively from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 34 (calendar year 2004 for the Borough). The Borough reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Borough are depreciated using the straight-line method over the following estimated useful lives:

| | |
|-----------------------|-------------|
| Sewer infrastructure | 40 years |
| System infrastructure | 30 years |
| Swimming pool | 30 years |
| Buildings | 40 years |
| Site improvements | 10-25 years |
| Parks and playgrounds | 20 years |
| Equipment | 5-10 years |
| Stormwater lines | 40 years |

Stormwater lines, meters, and other equipment used to operate the water system acquired prior to January 8, 2021 are the property of the Borough. Stormwater system assets acquired after this date are the property of the Authority.

Compensated Absences

In accordance with the terms of its various collective bargaining unit agreements, the Borough is responsible to pay eligible employees up to 100 days (police) and 75 days (service employees) of accumulated unused sick days at their daily rate of pay upon separation of service from the Borough. The Borough recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee retirements. As of December 31, 2024, the value of accumulated sick days to be paid in future years is \$753,709.

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as refunding adjustments, where applicable and to the extent material, are amortized over the life of the bonds using the effective interest method.

In the fund financial statements, the face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are also reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

In the fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed upon the funds. These levels are as follows:

- Nonspendable - This category represents funds that are not in spendable form and includes prepaid expenses.
- Restricted - This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties.
- Committed - This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the Council. Such commitment is made via a Council resolution and must be made prior to the end of the fiscal year. Removal of this commitment requires a Council resolution. The Borough currently does not have any committed funds.
- Assigned - This category represents intentions of the Borough to use the funds for specific purposes, as designated by the Council. This category includes amounts set aside for capital improvements costs.
- Unassigned - This category represents all other funds not otherwise defined.

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

The Borough's policy is to use funds in the order of the most restrictive to the least restrictive.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control for all funds. Annual operating budgets are adopted each fiscal year through the passage of an annual budget ordinance. The same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a GAAP basis, with exception of capital leases. Capital leases are accounted for as an other financing source and expenditure in the year the lease is entered into for the full value of the lease. The difference between the basis used and that which is consistent with GAAP is not material.

The Borough may, in its reasonable discretion, modify the budget after its final adoption provided such modifications are within the current year's revenues or such additional monies as required therefore are promptly made available through borrowing as allowed by law.

All annual appropriations lapse at year-end. The level of control (level at which expenditures cannot legally exceed appropriations) over expenditures in budgeted funds is by department.

Expenditures in Excess of Appropriations

The Borough exceeded certain budgetary appropriations as a result of changes in plans. The excess was primarily covered by favorable revenue variances.

Interfund Receivables, Payables, and Transfers

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

Transactions between funds that are not expected to be repaid are accounted for as transfers. Interfund transfers for the year ended December 31, 2024, were as follows:

| Fund | Transfer In | Transfer Out | Due To | Due From |
|---------------------------|-------------------|-------------------|------------------|------------------|
| Governmental activities: | | | | |
| General Fund | \$ - | \$ 450,697 | \$ 16,382 | \$ - |
| Capital Improvements Fund | 450,000 | 99,346 | - | - |
| Business-type activities: | | | | |
| Sewer System Fund | - | - | - | 16,382 |
| Swimming Pool Fund | 100,043 | - | - | - |
| Total | <u>\$ 550,043</u> | <u>\$ 550,043</u> | <u>\$ 16,382</u> | <u>\$ 16,382</u> |

Transfers primarily related to funds provided by the General Fund to the Swimming Pool Fund to support operations and to the Capital Improvements Fund to fund capital projects.

As of December 31, 2024, the General Fund owed the Sewer System Fund \$16,382 mainly related to payroll transactions.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Borough has one item that qualifies for reporting in this category:

The deferred charge on refunding resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position and the governmental funds balance sheet 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 assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Borough has one item that qualifies for reporting in this category:

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

Unavailable revenue is reported only on the balance sheet and represents property taxes which will not be collected within the available period. This amount will be recognized as an inflow of resources in the period the amounts become available.

Deferred Outflows/Inflows of Resources for Pension and OPEB

In conjunction with pension and OPEB accounting requirements, the difference between expected and actual experience, changes in assumptions, and the net difference between expected and actual earnings on pension plan investments is recorded as a deferred outflow/inflow of resources related to pensions and OPEBs on the government-wide financial statements. This amount is determined based on the actuarial valuations performed for the pension and OPEB plans. Notes 7 and 12 present additional information about the pension and OPEB plans, respectively.

Net Position

The Borough classifies net position into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.
- Restricted - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with restricted assets.
- Unrestricted - This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position. The Borough's deficit net position at December 31, 2024 in governmental activities relates primarily to unfunded long-term liabilities for pension and OPEB benefits.

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

Adopted Pronouncements

The following GASB Statements were adopted for the year ended December 31, 2024: Statement Nos. 100 (Accounting Changes and Error Corrections) and 101 (Compensated Absences). These statements had no significant impact on the Borough's financial statements for the year ended December 31, 2024.

Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 102 (Certain Risk Disclosures), 103 (Financial Reporting Model Improvements), and 104 (Disclosure of Certain Capital Assets). Management has not yet determined the impact of these statements on the financial statements.

3. Deposits and Investments

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. government obligations, short-term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. The statutes allow pooling of governmental funds for investment purposes. Fiduciary fund investments may also be made in corporate stocks and bonds, real estate, and other investments consistent with sound business practice.

The Borough does not have a formal deposit and investment policy; as such, the Borough has no policy on custodial credit risk, credit risk, interest rate risk, or concentration of credit risk. The Borough adheres to state statutes and prudent business practice. Deposits of the governmental funds are either maintained in demand deposits or savings accounts. There were no deposit or investment transactions during the year that were in violation of state statutes.

The following is a description of the Borough's deposit and investment risks:

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. As of December 31, 2024, \$6,327,460 of the Borough's bank balance of \$6,577,460 was exposed to custodial credit risk, which is

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. As of December 31, 2024, the carrying amounts of the Borough's deposits were \$6,491,258.

In addition to the deposits noted above, included in cash and cash equivalents is the following short-term investment:

Pennsylvania Local Government Investment Trust (PLGIT) of \$1,089,997. PLGIT has received an AAA rating from Standard & Poor's. The investments in PLGIT are "pooled" with other local governments and school districts in an effort to maximize return and minimize costs associated with investing. PLGIT invests in two basic types of federal securities: obligations backed by the full faith and credit of the United States Government and short-term obligations of the United States Government or its agencies or instrumentalities (which may or may not be backed by the full faith and credit of the United States Government). The PLGIT Trust may also invest in full faith and credit obligations of the Commonwealth of Pennsylvania and its agencies and may also have repurchase agreements. Finally, the trust is also authorized to invest in certificates of deposit which are insured by the FDIC or which are collateralized as provided by law. The Borough's investments in PLGIT is the same as the value of the pool shares and is reported at amortized cost, which approximates market. All investments in an external investment pool that is not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania. \$1,089,997 of the Borough's investments in PLGIT 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.

Pension

The Pension Trust Funds' investments are held separately from those of other Borough funds. Assets in the Pension Trust Funds are stated at fair value and are comprised of various mutual funds.

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

The Pension Trust Fund investments are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The following table summarizes the Borough's investments related to its Pension Trust Funds at December 31, 2024:

| Investment | Police | Service | Total |
|---------------------------|----------------------|---------------------|----------------------|
| Cash and cash equivalents | \$ - | \$ - | \$ - |
| Mutual funds: | | | |
| Equity | 16,616,683 | 3,064,258 | 19,680,941 |
| Fixed income | 8,955,874 | 1,515,390 | 10,471,264 |
| Total | <u>\$ 25,572,557</u> | <u>\$ 4,579,648</u> | <u>\$ 30,152,205</u> |

At December 31, 2024, all of the Borough's investments are considered Level 1. Equity and fixed income mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those funds.

The following is a description of the Pension Trust Funds' deposit and investment risks:

Credit Risk - For investments, the risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Pension Trust Funds have an investment policy that limits its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2024, the Borough's investments were comprised entirely of mutual funds and were not rated.

Interest Rate Risk – The Pension Trust Funds investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk – The Pension Trust Funds place no limit on the amount invested in any one issuer.

Concentration of credit risk for investments in marketable securities is mitigated by the overall diversification of managed investment portfolios. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values of investments will occur in the near-term and that such changes could materially affect the amount reported on the combining statement of fiduciary net position.

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

Component Unit

The following is a description of the Authority's deposit and investment risks:

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned to it. As of December 31, 2024, \$250,000 of the Authority's bank balance was insured by the FDIC and \$2,100,796 was exposed to custodial credit risk, but is collateralized in accordance with Act 72 of the Pennsylvania State Legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have a carrying amount of \$2,600,664 at December 31, 2024.

4. Capital Assets

A summary of changes in capital assets during fiscal year 2024 is as follows:

| | Balance at January 1, 2024 | Additions | Deletions/ Transfers | Balance at December 31, 2024 |
|---|-------------------------------|-------------|-------------------------|---------------------------------|
| Governmental Activities: | | | | |
| Non-depreciable assets: | | | | |
| Land | \$ 1,291,730 | \$ - | \$ - | \$ 1,291,730 |
| Total non-depreciable assets | 1,291,730 | - | - | 1,291,730 |
| Depreciable assets: | | | | |
| Buildings | 9,303,687 | 223,801 | - | 9,527,488 |
| Machinery and equipment | 1,061,236 | - | - | 1,061,236 |
| Vehicles | 1,989,481 | 230,951 | (46,143) | 2,174,289 |
| Furniture and fixtures | 200,729 | - | - | 200,729 |
| | 12,555,133 | 454,752 | (46,143) | 12,963,742 |
| Less: accumulated depreciation: | | | | |
| Buildings | (4,895,053) | (307,651) | - | (5,202,704) |
| Machinery and equipment | (895,655) | (36,141) | - | (931,796) |
| Vehicles | (766,761) | (161,683) | 21,149 | (907,295) |
| Furniture and fixtures | (194,610) | (3,866) | - | (198,476) |
| | (6,752,079) | (509,341) | 21,149 | (7,240,271) |
| Total depreciable assets | 5,803,054 | (54,589) | (24,994) | 5,723,471 |
| Governmental activities capital assets, net | \$ 7,094,784 | \$ (54,589) | \$ (24,994) | \$ 7,015,201 |

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

| | Balance at January 1, 2024 | Additions | Deletions/ Transfers | Balance at December 31, 2024 |
|---|-------------------------------|---------------------|-------------------------|---------------------------------|
| Business-Type Activities: | | | | |
| Non-depreciable assets: | | | | |
| Construction in progress | \$ 1,919,403 | \$ 158,977 | \$ (1,803,357) | \$ 275,023 |
| Depreciable assets: | | | | |
| Sewer infrastructure | 26,605,018 | 4,332,854 | 1,803,357 | 32,741,229 |
| Swimming pool | 2,471,541 | - | - | 2,471,541 |
| Equipment | 947,697 | 99,346 | - | 1,047,043 |
| | <u>30,024,256</u> | <u>4,432,200</u> | <u>1,803,357</u> | <u>36,259,813</u> |
| Less: accumulated depreciation: | | | | |
| Sewer infrastructure | (6,461,827) | (540,719) | - | (7,002,546) |
| Swimming pool | (1,950,514) | (44,684) | - | (1,995,198) |
| Equipment | (893,794) | (61,245) | - | (955,039) |
| | <u>(9,306,135)</u> | <u>(646,648)</u> | <u>-</u> | <u>(9,952,783)</u> |
| Total depreciable assets | <u>20,718,121</u> | <u>3,785,552</u> | <u>1,803,357</u> | <u>26,307,030</u> |
| Business-type activities capital assets, net | <u>\$ 22,637,524</u> | <u>\$ 3,944,529</u> | <u>\$ -</u> | <u>\$ 26,582,053</u> |

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

Governmental Activities:

| | |
|--|-------------------|
| General government | \$ 53,530 |
| Public safety | 246,473 |
| Public works | 203,928 |
| Culture and recreation | <u>5,410</u> |
| Total depreciation expense - governmental activities | <u>\$ 509,341</u> |

Business-Type Activities:

| | |
|---|-------------------|
| Sewer | \$ 601,964 |
| Pool | <u>44,684</u> |
| Total depreciation expense - business-type activities | <u>\$ 646,648</u> |

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

Component Unit

The Authority's capital assets are comprised of the following:

| | Balance at January 1, 2024 | Additions | Deletions/ Transfers | Balance at December 31, 2024 |
|------------------------------|-------------------------------|------------|-------------------------|---------------------------------|
| Non-depreciable assets: | | | | |
| Construction in progress | \$ 708,155 | \$ 21,755 | \$ (708,155) | \$ 21,755 |
| Total non-depreciable assets | 708,155 | 21,755 | (708,155) | 21,755 |
| Depreciable assets: | | | | |
| Sewer Infrastructure | - | 594,187 | 708,155 | 1,302,342 |
| Total depreciable assets | - | 594,187 | 708,155 | 1,302,342 |
| Accumulated depreciation | - | - | - | - |
| Net capital assets | \$ 708,155 | \$ 615,942 | \$ - | \$ 1,324,097 |

5. Real Estate Taxes

Real estate taxes based on assessed valuations provided by Allegheny County (County) are levied on February 1 of the taxable year. The 2024 assessed value of real estate property totaled approximately \$970 million. Real estate taxes are billed and collected by an elected tax collector. Taxes paid by April 15 are given a 2% discount. Amounts paid after September 1 are assessed a 10% penalty. Any uncollected balances at the end of the year following the taxable year are collected by an outside service.

Under the Borough Code, the Borough is permitted to levy real estate taxes up to 30 mills for general purposes. Additional taxes may be levied for certain specified purposes. Borough real estate taxes were levied at the rate of 6.78 mills.

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

6. Long-Term Debt

Long-term debt activity for the year ended December 31, 2024 was as follows:

| | January 1, 2024 | Additions | Reductions | Refunding | December 31, 2024 | Due Within One Year |
|---|----------------------|------------------|-----------------------|-------------|----------------------|------------------------|
| <u>Governmental activities:</u> | | | | | | |
| G.O. Bonds - 2017 | \$ 1,547,382 | \$ - | \$ (89,062) | \$ - | \$ 1,458,320 | \$ 93,513 |
| G.O. Bonds - 2020A | 2,707,000 | - | (176,750) | - | 2,530,250 | 187,250 |
| Direct Borrowing- | | | | | | |
| Financed purchases | 424,020 | 99,044 | (148,158) | - | 374,906 | 119,369 |
| Compensated absences | 773,918 | - | (20,209) | - | 753,709 | 128,089 |
| OPEB liability | 6,481,472 | - | (4,645) | - | 6,476,827 | - |
| Net pension liability | 5,593,980 | - | (1,333,738) | - | 4,260,242 | - |
| Governmental activities long-term liabilities | <u>\$ 17,527,772</u> | <u>\$ 99,044</u> | <u>\$ (1,772,562)</u> | <u>\$ -</u> | <u>\$ 15,854,254</u> | <u>\$ 528,221</u> |
| <u>Business-type activities:</u> | | | | | | |
| G.O. Bonds - 2017 | \$ 1,927,621 | \$ - | \$ (110,941) | \$ - | \$ 1,816,680 | \$ 116,487 |
| G.O. Bonds - 2020 | 8,510,000 | - | (330,000) | - | 8,180,000 | 345,000 |
| G.O. Bonds - 2020A | 5,031,000 | - | (328,250) | - | 4,702,750 | 347,750 |
| G.O. Bonds - 2021 | 4,505,000 | - | (70,000) | - | 4,435,000 | 65,000 |
| Direct Borrowing- | | | | | | |
| Financed purchases | 32,994 | - | (32,994) | - | - | - |
| Business-type activities long-term liabilities | <u>\$ 20,006,615</u> | <u>\$ -</u> | <u>\$ (872,185)</u> | <u>\$ -</u> | <u>\$ 19,134,430</u> | <u>\$ 874,237</u> |

General Obligation Bonds – 2017

In 2017, the Borough issued \$4,575,000 in General Obligation Bonds Series 2017 (2017 Bonds) with interest rates from 2.00% to 3.75%. The 2017 Bonds are due serially through December 2035. Payments are made semi-annually on May 1 and November 1. Proceeds are to fund a variety of capital projects in the Borough and pay the costs of issuing the bonds. These bonds are expected to be repaid from future tax revenues and from future sewer system revenues.

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

General Obligation Bonds – 2020

In 2020, the Borough issued \$9,145,000 in General Obligation Bonds Series 2020 (2020 Bonds) with interest rates from 2.00% to 4.00%. The 2020 Bonds are due serially through November 2043. Payments are made semi-annually on May 1 and November 1. Proceeds were used to currently refund \$370,000 and \$1,635,000 of the Borough's 2011 Bonds and 2012A Bonds, respectively, partially refund \$6,905,000 of the Borough's 2012B Bonds, and pay the costs of issuing the bonds. These bonds are expected to be repaid from future tax revenues and from future sewer system revenues.

General Obligation Bonds – 2020A

In 2020, the Borough issued \$9,165,000 in General Obligation Bonds Series 2020A (2020A Bonds) with interest rates from 2.00% to 4.00%. The 2020A Bonds are due serially through November 2035. Payments are made semi-annually on May 1 and November 1. Proceeds were used to currently refund \$3,075,000 and \$5,750,000 of the Borough's 2015 Bonds and 2015 Refunding Bonds, respectively and pay the costs of issuing the bonds. These bonds are expected to be repaid from future tax revenues and from future sewer system revenues.

General Obligation Bonds – 2021

In 2021, the Borough issued \$4,710,000 in General Obligation Bonds Series 2021 (2021 Bonds) with interest rates of 2.00%. The 2021 Bonds are due serially through November 2037. Payments are made semi-annually on May 1 and November 1. Proceeds were used to currently refund \$4,710,000 of the Borough's 2021B Bonds and pay the costs of issuing the bonds. These bonds are expected to be repaid from future tax revenues and from future sewer system revenues.

The Borough's general obligation bonds contain a provision that in the event of default, the holder of the bonds shall have the right to recover the amount due by bringing an action in assumpsit under the Local Government Unit Debt Act of the General Assembly of the Commonwealth of Pennsylvania (Debt Act). The Debt Act provides that any judgement shall have an appropriate priority upon the funds next coming into the treasury of the Borough.

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

Annual debt service requirements of the Borough's General Obligations Bonds are as follows:

| | Governmental Activities | | Business-type Activities | |
|-----------|-------------------------|-------------------|--------------------------|---------------------|
| | Principal | Interest | Principal | Interest |
| 2025 | \$ 280,763 | \$ 105,281 | \$ 874,237 | \$ 448,830 |
| 2026 | 370,490 | 95,573 | 824,511 | 416,598 |
| 2027 | 404,216 | 86,984 | 815,784 | 397,958 |
| 2028 | 409,943 | 77,707 | 830,058 | 380,471 |
| 2029 | 423,146 | 68,270 | 841,855 | 362,404 |
| 2030-2034 | 1,629,211 | 219,461 | 5,135,790 | 1,539,230 |
| 2035-2039 | 470,801 | 48,866 | 5,507,196 | 865,734 |
| 2040-2043 | - | - | 4,304,999 | 257,338 |
| Total | <u>\$ 3,988,570</u> | <u>\$ 702,142</u> | <u>\$ 19,134,430</u> | <u>\$ 4,668,563</u> |

Financed Purchases - Direct Borrowing

The Borough has entered into various financed purchases for vehicles with maturity dates ranging from 2024 to 2028. Interest rates for these leases range from 2.98% to 6.26%. These leases require either quarterly or annual payments of principal and interest and contain a bargain purchase option at the end of the lease term. During the year ended December 31, 2024, the Borough entered into a new financed purchase agreement for vehicles in the amount of \$99,044 and made lease payments totaling \$148,158.

The future minimum lease obligations and the net present value of the minimum lease payments related to these financed purchases as of December 31, 2024 were as follows:

| | |
|---|-------------------|
| 2025 | \$ 119,369 |
| 2026 | 117,878 |
| 2027 | 97,116 |
| 2028 | 93,240 |
| Less: amounts representing interest | <u>(52,697)</u> |
| Present value of minimum lease payments | <u>\$ 374,906</u> |

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

7. Pension Plans

Summary of Significant Accounting Policies

Financial information of the Borough's pensions plans (Plans) is presented on the accrual basis of accounting. Employer contributions to each plan are recognized when due as required by applicable law.

Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

Investments of the plans are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Assets of the plans are invested primarily in mutual funds and common/collective funds. There were no investment transactions with related parties during the year.

Plan Descriptions

The Borough administers two single-employer defined benefit pension plans that cover substantially all full-time employees: Police Pension Plan (Police Plan) and Service Employees Pension Plan (Service Employees' Plan). Both plans provide retirement benefits and special provisions for death benefits to plan members.

Plan provisions are established by municipal ordinance with the authority for municipal contributions required by Act 205 of the Commonwealth of Pennsylvania (Act). The plans do not issue separate reports.

The plans are governed by the Council, which is responsible for the management of Plan assets. Signature Financial Planning and RiversEdge have been designated by the Borough to handle investment management in both plans. Resources accumulated to provide pension benefits are presented in the Borough's financial statements as the Pension Trust Funds.

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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

| | Police | Service Employees |
|---|--------|-------------------|
| Inactive plan members or beneficiaries currently receiving benefits | 31 | 22 |
| Inactive plan members entitled to but not yet receiving benefits | 1 | 3 |
| Active plan members | 23 | 7 |
| Total plan members | 55 | 32 |

The pension plans provide pension benefits, deferred allowances, and death and disability benefits. The Borough makes annual contributions to the pension plans equal to the amount required to adequately fund the benefits provided under the plans.

Specific provisions of each plan are presented below:

Police:

A policeman hired prior to January 1, 2010, may retire after reaching the age of 50 with 25 years of service with the Borough. Those hired on or after January 1, 2010, may retire after reaching the age of 55 with 25 years of service. Benefits vest after 12 years of service. The retirement benefit equals a monthly benefit of 50% of gross pay (base pay if hired after January 1, 2016) averaged over the last 36 months of employment, plus a service increment of \$20 for each year of service in excess of 25 years, up to a maximum of \$100. The plan also contains a cost-of-living adjustment for policemen hired prior to January 1, 2016.

Pension provisions include death and disability benefits whereby the disabled policeman or surviving spouse is entitled to receive payments. A surviving spouse, until death, will continue to receive a survivor benefit in the amount of 50% of the monthly retirement benefit. In the event of death, each of the participant's dependent children will receive an equal share of the benefit until their 18th birthday. The disabled policeman is entitled to receive disability payments for life equal to 50% of final 36 months' average salary offset by Social Security disability benefits.

Service Employees:

A member may retire after reaching the age of 62 and accumulating 12 years of aggregate service with the Borough. Participants are fully vested after completion of seven years of service. Employees who retire are entitled to pension payments for the remainder of their lives equal to 1.5% of average earnings (total pay averaged over the highest five out of

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

seven years of employment) multiplied by years of service. After twenty-five years of service, the benefit is 50% of average monthly earnings. The plan was closed to new entrants as of January 1, 2011.

Pension provisions include death and disability benefits whereby the disabled employee or surviving spouse is entitled to receive payments. A surviving spouse will receive a refund of contributions with interest and a lump sum of vested accrued benefit if death occurs before retirement; after retirement the surviving spouse receives the benefit payment in force at the time death occurs. The disabled employee is entitled to receive a refund of contribution with interest and a monthly benefit equal to the vested accrued benefit a date of disablement.

Both plans provide terminated employees with a return of their contributions, plus interest.

Contributions and Funding Policy

The Plans are funded by the Borough on an annual basis pursuant to the provisions of the Act. The Act requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). The MMO calculation is based upon the biennial actuarial valuation. Employees are not required to contribute under the Act; such contributions are subject to collective bargaining. The Commonwealth of Pennsylvania allocates certain funds to assist in pension funding. Any financial requirement established by the MMO, which exceeds the Commonwealth of Pennsylvania allocation must be funded by the Borough.

For the year ended December 31, 2024, employee contributions were required as follows: Police contributed 8.0% and Service Employees contributed 6.0%. Certain pension information and calculations are based upon an actuarial valuation performed as of January 1, 2023; however, this valuation is not used for funding purposes. The January 1, 2023 valuation was used in the calculation of the Borough's 2024 MMO.

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

The Commonwealth of Pennsylvania allocates certain funds to assist in pension funding. Any financial requirement established by the MMO which exceeds the Commonwealth of Pennsylvania allocation must be funded by the Borough. Payments made to the plans were sufficient to meet the MMOs in 2024. The following table reflects contribution information for 2024:

| | Police | Service Employees | Total |
|---|--------------|-------------------|--------------|
| MMO | \$ 1,258,831 | \$ 14,841 | \$ 1,273,672 |
| Contributions: | | | |
| Borough | \$ 829,772 | \$ 9,783 | \$ 839,555 |
| Allocation of state aid | 429,059 | 5,058 | 434,117 |
| Total | 1,258,831 | 14,841 | 1,273,672 |
| Employee | 237,359 | 34,670 | 272,029 |
| Total contributions | \$ 1,496,190 | \$ 49,511 | \$ 1,545,701 |
| Covered payroll | \$ 3,167,366 | \$ 520,006 | |
| Employee contributions as a % of covered payroll | 7.49% | 6.67% | |

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

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

Net Pension Liability (Asset)

The components of the net pension liability (asset) of the Plans at December 31, 2024 were as follows:

| | Police | Service Employees |
|---|---------------------|----------------------|
| Total pension liability | \$ 29,703,145 | \$ 4,707,927 |
| Plan fiduciary net position | (25,572,557) | (4,578,273) |
| Net pension liability (asset) | <u>\$ 4,130,588</u> | <u>\$ 129,654</u> |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | <u>86.09%</u> | <u>97.25%</u> |

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods in the measurement:

| | Police | Service Employees |
|----------------------------|---------------------|----------------------|
| Actuarial valuation date | 1/1/2023 | 1/1/2023 |
| Actuarial cost method | Entry Age Normal | Entry Age Normal |
| Actuarial assumptions: | | |
| Investment rate of return | 7.00% | 7.00% |
| Projected salary increases | 4.75% | 4.00% |
| Underlying inflation rate | 2.50% | 2.50% |

PubS-2010 (Police) and PubG-2010 (Service Employees) projected from the year 2015 with rates derived from the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report.

Changes in Actuarial Assumptions – There were no changes in actuarial assumptions.

Investment Policy – The Plans' policies in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

plans' investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Long-Term Expected Rate of Return – The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Plans' target asset allocation as of December 31, 2024:

| Asset Class | Target Allocation | | Long-Term Expected Real Rate of Return | |
|----------------------|-------------------|-------------------|--|-------------------|
| | Police | Service Employees | Police | Service Employees |
| Equities | 60.0% | 60.0% | 4.25%-9.27% | 4.25%-9.27% |
| Fixed income | 40.0% | 40.0% | 0.88%-4.32% | 0.88%-4.32% |
| Cash and equivalents | 0.0% | 0.0% | 0.47%-1.07% | 0.47%-1.07% |
| | 100.0% | 100.0% | | |

Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2024, the annual money-weighted rate of return on the Police and Service Employees Plan investments, net of investment expense, was 9.37% and 11.84%, respectively.

Concentrations – At December 31, 2024, the Plan had no investments in any one issuer that represented 5% or more of either Plan's fiduciary net position.

Discount Rate – The discount rate used to measure the total pension liability for the Police Plan and Service Employees Plan was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Borough's contributions will be made based on the

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

yearly MMO calculation. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the net pension liability (asset) of the Plans calculated using the discount rates described above, as well as what the Plans' net pension liabilities (assets) would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

| | <u>1% Decrease (6.00%)</u> | <u>Current Discount Rate (7.00%)</u> | <u>1% Increase (8.00%)</u> |
|------------------------|--------------------------------|--|--------------------------------|
| Police Plan | <u>\$ 7,555,754</u> | <u>\$ 4,130,588</u> | <u>\$ 1,272,767</u> |
| | <u>1% Decrease (6.00%)</u> | <u>Current Discount Rate (7.00%)</u> | <u>1% Increase (8.00%)</u> |
| Service Employees Plan | <u>\$ 574,546</u> | <u>\$ 129,654</u> | <u>\$ (254,513)</u> |

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

Changes in the Net Pension Liability (Asset)

The changes in the net pension liability (asset) at December 31, 2024 were as follows:

| <u>Police Plan:</u> | Increases / Decreases | | |
|--|----------------------------|--------------------------------|----------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
| Balances at December 31, 2023 | \$ 28,802,017 | \$ 23,506,714 | \$ 5,295,303 |
| Changes for the year: | | | |
| Service cost | 470,454 | - | 470,454 |
| Interest | 1,995,240 | - | 1,995,240 |
| Differences between expected and actual experience | - | - | - |
| Contributions - employer | - | 1,258,831 | (1,258,831) |
| Contributions - employee | - | 237,359 | (237,359) |
| Net investment income | - | 2,168,430 | (2,168,430) |
| Benefit payments, including refunds | (1,564,566) | (1,564,566) | - |
| Administrative expense | - | (34,211) | 34,211 |
| Net changes | 901,128 | 2,065,843 | (1,164,715) |
| Balances at December 31, 2024 | <u>\$ 29,703,145</u> | <u>\$ 25,572,557</u> | <u>\$ 4,130,588</u> |
| Plan fiduciary net position as a percentage of the total pension liability | | | <u>86.09%</u> |

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

Service Employees Plan:

| | Increases / Decreases | | |
|--|----------------------------|--------------------------------|----------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
| Balances at December 31, 2023 | \$ 4,632,849 | \$ 4,334,172 | \$ 298,677 |
| Changes for the year: | | | |
| Service cost | 49,065 | - | 49,065 |
| Interest | 317,698 | - | 317,698 |
| Changes of benefit terms | - | - | - |
| Differences between expected and actual experience | - | - | - |
| Contributions - employer | - | 14,841 | (14,841) |
| Contributions - employee | - | 34,670 | (34,670) |
| Net investment income | - | 500,923 | (500,923) |
| Benefit payments, including refunds | (291,685) | (291,685) | - |
| Administrative expense | - | (14,648) | 14,648 |
| Net changes | 75,078 | 244,101 | (169,023) |
| Balances at December 31, 2024 | <u>\$ 4,707,927</u> | <u>\$ 4,578,273</u> | <u>\$ 129,654</u> |
| Plan fiduciary net position as a percentage of the total pension liability | | | <u>97.25%</u> |

Pension Expense and Deferred Inflows of Resources and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2024, the Borough recognized pension expense of approximately \$1,100,000.

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

At December 31, 2024, deferred outflows of resources and deferred inflows of resources related to the Plans from the following sources:

| | Police | Service Employees |
|---|-------------------|----------------------|
| Deferred Outflows of Resources: | | |
| Changes in assumption | \$ 274,133 | \$ - |
| Differences between expected and actual experience | 39,895 | - |
| Net difference between projected and actual earnings on pension plan investments | 405,128 | 52,008 |
| Total deferred outflows of resources | <u>\$ 719,156</u> | <u>\$ 52,008</u> |
| Deferred Inflows of Resources: | | |
| Differences between expected and actual experience | <u>\$ 144,645</u> | <u>\$ -</u> |

Amortization of the deferred outflows of resources and deferred inflows of resources related to the Plans is as follows:

| Year ending December 31, | Police | Service Employees |
|--------------------------|-------------------|----------------------|
| 2025 | \$ 454,891 | \$ 76,635 |
| 2026 | 645,570 | 136,224 |
| 2027 | (422,388) | (119,509) |
| 2028 | (103,562) | (41,342) |
| 2029 | - | - |
| Total | <u>\$ 574,511</u> | <u>\$ 52,008</u> |

8. Defined Contribution Plan

The Borough also provides pension benefits for its service employees hired after January 1, 2011 through a defined contribution pension plan (plan). This plan is in accordance with Internal Revenue Code Section 414(H). Benefits to retired employees depend on amounts contributed plus investment earnings. Employee contributions to the plan as specified in the plan document are 2% of base compensation for all service employees.

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

Employees contributed approximately \$42,000 during 2024. The Borough contributed approximately \$84,000 during 2024 on behalf of its eligible employees.

9. Deferred Compensation Plan

The Borough provides all full-time employees an option to participate in a deferred compensation plan (Plan) created in accordance with Internal Revenue Code Section 457 (Section 457). The Plan permits participants to defer a portion of their salary until future years. Participation in the Plan is optional. The deferred compensation is not available to the employee until termination, retirement, or death. At December 31, 2024, all amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, are held in trust solely for the benefit of the participants. Deferred compensation assets at December 31, 2024 totaled approximately \$2.2 million.

10. Commitments and Contingent Liabilities

Various claims and lawsuits are pending against the Borough. The ultimate outcome of these claims and lawsuits cannot presently be determined and, accordingly, no provision for amounts arising from settlements has been made in these financial statements. In the opinion of management and legal counsel, the effect on the financial statements of potential losses on any claim and/or lawsuit should not be material.

In 1997, the United States Environmental Protection Agency (USEPA) identified 51 communities tributary to the Allegheny County Sanitary Authority (ALCOSAN) whose sanitary sewers had been subject to wet weather overflows. The Borough signed an Administrative Consent Order (ACO) in 2004. The ACO details the timetable for completion of each phase which will involve inspecting, mapping, correcting, and monitoring the sewer system. The Borough is subject to a civil penalty for untimely completion of each term or provision of the ACO. The Borough paid no civil penalties for the year ended December 31, 2024.

The Borough participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. The Borough believes that

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Borough.

11. Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Borough carries commercial insurance. There have been no significant changes in insurance coverage since the prior year.

For its worker's compensation insurance coverage, the Municipality participates in the Municipal Risk Management Worker's Compensation Pooled Trust (Trust), a public entity risk pool operated for the benefit of approximately 200 cities, municipalities, boroughs, townships, and municipal authorities. Trust underwriting and rate-setting policies are established after consultation with an independent actuary and certain approvals of the Pennsylvania Department of Labor and Industry as mandated by Act 44 of 1993 (Act 44). All Trust participants may be subject to a supplemental assessment/dividend based on the overall experience of the participants, pursuant to Act 44. Each participant of the Trust agrees to jointly and severally assume and discharges the liabilities arising under the Worker's Compensation Act and Occupational Disease Act of each and every participant of the Trust. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. The Trust purchases excess insurance coverage with statutory limits. The retention for this excess coverage is \$750,000 per occurrence. There were no significant reductions in insurance coverage from coverage in the prior year. Political subdivisions joining the Trust must remain members for a minimum of four years; a member may withdraw from the Trust after that time by giving ninety days' notice, subject to approval by the Trust actuary under specified circumstances related to the continued fiscal stability of the pool. At the time of withdrawal, the participant is responsible for their share of assessments but has no claim on any other assets of the Trust. Estimates of any additional assessments are unknown.

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

12. Other Post-Employment Benefits (OPEBs)

Plan Description

In addition to the pension benefits described in Note 7, the Borough provides post-employment health care benefits to all retired police officers who were hired before January 1, 2016 and non-uniformed union employees, in accordance with collective bargaining agreements, as well as certain non-union employees. The plan is a single-employer defined benefit plan. The benefit limits and employee and employer contributions are established through the agreements. The plan is not accounted for as a trust fund, an irrevocable trust has not been established, and the plan does not issue a separate report. Expenditures for post-retirement health care benefits are recognized in the General Fund when paid by the Borough.

The Borough provides post-retirement medical, dental, and vision coverage to all eligible police retirees in accordance with the requirements set forth by the collective bargaining agreement. Upon early, normal, or disability retirement, the Borough will provide coverage at the level in effect at retirement. The coverage will continue until the earlier of eligibility for similar coverage from another source, the retiree's Medicare eligibility, or the retiree's death. Retirees hired after December 31, 2005 must contribute, on a monthly basis, the dollar amount equal to the premium increases from the time of retirement. Retirees who waive coverage shall receive annual compensation equal to 33% of the premium for applicable coverage.

The Borough provides post-retirement medical, dental, and vision coverage to all eligible non-uniformed, union, and certain non-union retirees. Upon attaining age 62, the Borough will provide coverage at the individual level. The coverage will continue until the retiree's Medicare eligibility. Retirees are not required to contribute.

As of January 1, 2023 (the date of the latest actuarial valuation), the plan consisted of 31 active plan participants and 10 retirees met the eligibility requirements to receive OPEBs.

Contributions

The contribution requirements of OPEB Plan members and the Borough are established and may be amended by the Borough. The OPEB plan is not funded. The employer's contributions are financed on a pay-as-you-go basis. In 2024, the Borough paid \$395,094 in OPEB premiums, net of reimbursement.

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

Total OPEB Liability

The Borough's total OPEB liability was measured as of December 31, 2024 and was determined by an actuarial valuation as of January 1, 2023.

The total OPEB liability for the current year was computed as of the latest actuarial valuation using the following actuarial assumptions:

| | | | | | |
|---------------------------|---|-------------|-------------|-------------|-------------|
| Actuarial valuation date | 1/1/2023 | | | | |
| Actuarial cost method | Entry Age Normal | | | | |
| Amortization method | Straight-line | | | | |
| Asset valuation method | N/A - the OPEB plan is unfunded | | | | |
| Actuarial assumptions: | | | | | |
| Investment rate of return | 4.25% | | | | |
| Assumed retirement age | Police: later of age 55 & 25 years service Other employees: age 62 | | | | |
| Annual trend rates: | | | | | |
| Year | <u>2025</u> | <u>2026</u> | <u>2027</u> | <u>2028</u> | <u>2029</u> |
| Medical | 6.25% | 5.75% | 5.25% | 4.75% | 4.50% |
| Dental | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% |
| Vision | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |

A few assumptions were updated for the January 1, 2023 actuarial report that impacted the calculation of the total OPEB liability. The significant changes from the January 1, 2023 actuarial report were the increase of the interest rate assumption from 2.50% to 4.25% and the annual trend rates were updated.

There were no changes in benefit terms from the January 1, 2023 actuarial valuation.

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

Changes in the Total OPEB Liability

The changes in the total OPEB liability of the Borough for the year ended December 31, 2024 were as follows:

| | Total OPEB Liability |
|--|-------------------------|
| Balance at December 31, 2023 | \$ 6,481,472 |
| Changes for the year: | |
| Service cost | 155,636 |
| Interest | 272,966 |
| Differences between expected & actual experience | - |
| Changes of assumptions | - |
| Benefits paid | (433,247) |
| Balances at December 31, 2024 | <u>\$ 6,476,827</u> |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following represents the total OPEB liability calculated using the stated discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

| 1% Decrease (3.25%) | Current Discount Rate (4.25%) | 1% Increase (5.25%) |
|------------------------|----------------------------------|------------------------|
| <u>\$ 6,908,228</u> | <u>\$ 6,476,827</u> | <u>\$ 6,080,725</u> |

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

Sensitivity of the Total OPEB Liability to Changes in the Medical Trend Rate

The following presents the total OPEB liability calculated using the stated medical trend assumption, as well as what the total OPEB liability would be if it were calculated using the medical trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

| <u>1% Decrease</u> | <u>Current</u> | <u>1% Increase</u> |
|---------------------|---------------------|---------------------|
| <u>\$ 5,947,226</u> | <u>\$ 6,476,827</u> | <u>\$ 7,069,593</u> |

OPEB Expense and Deferred Inflows of Resources

For the year ended December 31, 2024, the Borough recognized OPEB expense of approximately \$409,000.

At December 31, 2024, the Borough reported deferred outflows and inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 16,441 | \$ 224,510 |
| Changes of assumptions | <u>503,063</u> | <u>525,269</u> |
| | <u>\$ 519,504</u> | <u>\$ 749,779</u> |

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

Deferred outflows of resources related to the Authority's pension will be recognized in pension expense as follows:

| <u>Year Ending December 31,</u> | | |
|---------------------------------|----|------------------|
| 2025 | \$ | (20,025) |
| 2026 | | (20,025) |
| 2027 | | (20,025) |
| 2028 | | (20,025) |
| 2029 | | (24,187) |
| Thereafter | | (125,988) |
| | \$ | <u>(230,275)</u> |

13. Municipal Employers Insurance Trust

The Borough participates as a member in Municipal Employers Insurance Trust (d/b/a Municipal Benefit Services (MBS)), a public entity risk pool. MBS provides certain benefits including, but not limited to, the following coverages: health benefits, short-term accident and sickness disability benefits, long-term accident and sickness disability benefits, dental benefits, vision care, prescription drugs, and life insurance for those eligible employers. All participants of MBS may be subject to supplemental premiums based on the overall experience of the participating members. Reserves generated by MBS for self-insured health premiums paid by members exceeding claims and expenses are held by MBS for the benefit of all participating members. A portion of the excess reserves are deposited in eligible clients' Rate Mitigation Accounts (RMA) as determined by MBS's actuary. RMA funds are held by MBS and are available to the Borough to reduce future costs associated with participating coverage. RMA funds are forfeited if the member terminates participation in the MBS medical insurance program.

BOROUGH OF BALDWIN

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

14. Guarantee of Debt

The Borough guarantees certain obligations of the Pleasant Hills Authority (Authority) and the Library. Outstanding obligations guaranteed by the Borough at December 31, 2024 consist of the following:

Guaranteed Revenue Note, Series of 2017

On June 29, 2017, the Pennsylvania Infrastructure Investment Authority (Pennvest) approved a loan up to the maximum amount of \$17,474,300 to fund the cost of constructing alterations, additions, and improvements to the Authority's sanitary sewer system, bearing interest at 1.387% for the first sixty months and 2.001% for the remainder of the loan term. Interest-only payments on the unpaid principal are payable monthly beginning with the first calendar month following a loan advance. Upon final draw-down by the Authority, the unpaid principal and interest become due and payable according to the amortization schedule in the loan agreement. The outstanding balance of the loan is \$13,858,988 at December 31, 2024.

Guaranteed Loan

In 2018, the Library entered into a \$600,000 loan agreement with Bridgeway Capital, Inc. The interest rate on the loan is 5.75%. Interest-only payments will be made for eighteen months, followed by one hundred one (101) equal monthly payments of principal and interest as if the loan were fully amortized over twenty years. The proceeds are to be used to fund the conversion of the Property into a library facility. The Borough has guaranteed the obligation of the Library.

REQUIRED SUPPLEMENTARY INFORMATION

BOROUGH OF BALDWIN

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN

SCHEDULE OF CHANGES IN THE BOROUGH'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

SERVICE EMPLOYEES PLAN

YEARS ENDED DECEMBER 31,

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total Pension Liability: | | | | | | | | | | |
| Service cost | \$ 49,065 | \$ 47,178 | \$ 58,864 | \$ 56,600 | \$ 66,863 | \$ 61,807 | \$ 58,783 | \$ 66,983 | \$ 56,701 | \$ 58,717 |
| Interest | 317,698 | 310,813 | 298,267 | 287,838 | 300,917 | 291,239 | 274,315 | 262,965 | 247,009 | 240,839 |
| Changes of benefit terms | - | 55,490 | - | - | - | 49,007 | - | - | - | - |
| Differences between expected and actual experience | - | 17,746 | - | (222,746) | - | 47,975 | - | (82,555) | - | 713 |
| Changes of assumptions | - | - | - | 91,720 | - | - | - | 236,500 | - | - |
| Benefit payments, including refunds of member contributions | (291,685) | (232,368) | (241,926) | (228,883) | (235,226) | (209,589) | (190,107) | (141,129) | (127,583) | (124,519) |
| Net Changes in Total Pension Liability | 75,078 | 198,859 | 115,205 | (15,471) | 132,554 | 240,439 | 142,991 | 342,764 | 176,127 | 175,750 |
| Total Pension Liability - Beginning | 4,632,849 | 4,433,990 | 4,318,785 | 4,334,256 | 4,201,702 | 3,961,263 | 3,818,272 | 3,475,508 | 3,299,381 | 3,123,631 |
| Total Pension Liability - Ending (a) | \$ 4,707,927 | \$ 4,632,849 | \$ 4,433,990 | \$ 4,318,785 | \$ 4,334,256 | \$ 4,201,702 | \$ 3,961,263 | \$ 3,818,272 | \$ 3,475,508 | \$ 3,299,381 |
| Plan Fiduciary Net Position: | | | | | | | | | | |
| Contributions - employer | \$ 14,841 | \$ 89,137 | \$ 142,511 | \$ 146,094 | \$ 107,628 | \$ 144,707 | \$ 87,051 | \$ 105,518 | \$ 103,101 | \$ 104,941 |
| Contributions - member | 34,670 | 37,657 | 37,244 | 30,285 | 28,690 | 25,234 | 29,988 | 32,710 | 31,459 | 31,075 |
| Other income | - | - | - | - | - | - | - | 3,194 | - | - |
| Net investment income | 500,923 | 668,504 | (946,161) | 594,521 | 559,533 | 706,682 | (218,993) | 535,954 | 241,159 | (79,640) |
| Benefit payments, including refunds of member contributions | (291,685) | (249,838) | (241,926) | (228,883) | (235,226) | (209,589) | (190,107) | (141,129) | (127,583) | (124,519) |
| Administrative expense | (14,648) | (18,938) | (17,937) | (13,500) | (19,455) | (15,658) | (19,907) | (18,534) | (25,834) | (22,753) |
| Other changes | - | - | - | (2,429) | (550) | - | - | (1,776) | - | 462 |
| Net Change in Plan Fiduciary Net Position | 244,101 | 526,522 | (1,026,269) | 526,088 | 440,620 | 651,376 | (311,968) | 515,937 | 222,302 | (90,434) |
| Plan Fiduciary Net Position - Beginning | 4,334,172 | 3,807,650 | 4,833,919 | 4,307,831 | 3,867,211 | 3,215,835 | 3,527,803 | 3,011,866 | 2,789,564 | 2,879,998 |
| Plan Fiduciary Net Position - Ending (b) | \$ 4,578,273 | \$ 4,334,172 | \$ 3,807,650 | \$ 4,833,919 | \$ 4,307,831 | \$ 3,867,211 | \$ 3,215,835 | \$ 3,527,803 | \$ 3,011,866 | \$ 2,789,564 |
| Net Pension Liability (Asset) - Ending (a-b) | \$ 129,654 | \$ 298,677 | \$ 626,340 | \$ (515,134) | \$ 26,425 | \$ 334,491 | \$ 745,428 | \$ 290,469 | \$ 463,642 | \$ 509,817 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 97.25% | 93.55% | 85.87% | 111.93% | 99.39% | 92.04% | 81.18% | 92.39% | 86.66% | 84.55% |
| Covered Payroll | \$ 520,006 | \$ 627,611 | \$ 624,304 | \$ 605,702 | \$ 573,795 | \$ 572,978 | \$ 695,704 | \$ 729,962 | \$ 762,381 | \$ 787,288 |
| Net Pension Liability (Asset) as a Percentage of Covered Payroll | 24.93% | 47.59% | 100.33% | -85.05% | 4.61% | 58.38% | 107.15% | 39.79% | 60.81% | 64.76% |

See accompanying notes to schedules of required supplementary information.

BOROUGH OF BALDWIN

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN

SCHEDULE OF CHANGES IN THE BOROUGH'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

POLICE PLAN

YEARS ENDED DECEMBER 31,

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total Pension Liability: | | | | | | | | | | |
| Service cost | \$ 470,454 | \$ 449,121 | \$ 485,456 | \$ 489,426 | \$ 535,353 | \$ 507,735 | \$ 551,331 | \$ 551,004 | \$ 539,842 | \$ 514,135 |
| Interest | 1,995,240 | 1,932,547 | 1,870,166 | 1,809,176 | 1,750,100 | 1,669,644 | 1,641,500 | 1,554,009 | 1,471,855 | 1,392,859 |
| Differences between expected and actual experience | - | 61,461 | - | (670,621) | - | (770,069) | - | (435,242) | - | 1,132,778 |
| Changes of assumptions | - | - | - | 1,270,989 | - | - | - | 1,098,744 | - | (48,884) |
| Benefit payments, including refunds of member contributions | (1,564,566) | (1,452,115) | (1,525,835) | (1,251,212) | (1,097,181) | (1,088,996) | (896,313) | (900,769) | (852,543) | (855,971) |
| Net Changes in Total Pension Liability | 901,128 | 991,014 | 829,787 | 1,647,758 | 1,188,272 | 318,314 | 1,296,518 | 1,867,746 | 1,159,154 | 2,134,917 |
| Total Pension Liability - Beginning | 28,802,017 | 27,811,003 | 26,981,216 | 25,333,458 | 24,145,186 | 23,826,872 | 22,530,354 | 20,662,608 | 19,503,454 | 17,368,537 |
| Total Pension Liability - Ending (a) | \$ 29,703,145 | \$ 28,802,017 | \$ 27,811,003 | \$ 26,981,216 | \$ 25,333,458 | \$ 24,145,186 | \$ 23,826,872 | \$ 22,530,354 | \$ 20,662,608 | \$ 19,503,454 |
| Plan Fiduciary Net Position: | | | | | | | | | | |
| Contributions - employer | \$ 1,258,831 | \$ 1,279,347 | \$ 1,173,424 | \$ 1,160,331 | \$ 1,128,406 | \$ 1,254,872 | \$ 930,813 | \$ 991,571 | \$ 847,269 | \$ 863,379 |
| Contributions - member | 237,359 | 219,726 | 206,345 | 208,460 | 198,652 | 226,532 | 215,055 | 218,009 | 209,289 | 202,289 |
| Other income | - | - | - | - | - | - | - | 3,656 | - | - |
| Net investment income | 2,168,430 | 3,014,871 | (3,599,070) | 2,951,703 | 1,700,056 | 3,265,692 | (1,523,768) | 2,345,832 | 1,296,290 | (764,187) |
| Benefit payments, including refunds of member contributions | (1,564,566) | (1,452,322) | (1,525,835) | (1,251,212) | (1,097,181) | (1,088,996) | (896,313) | (900,769) | (852,543) | (855,971) |
| Administrative expense | (34,211) | (36,669) | (36,548) | (34,126) | (38,155) | (32,799) | (33,298) | (57,452) | (51,839) | (54,717) |
| Other changes | - | - | - | 2,429 | 550 | - | - | (1,237) | - | - |
| Net Change in Plan Fiduciary Net Position | 2,065,843 | 3,024,953 | (3,781,684) | 3,037,585 | 1,892,328 | 3,625,301 | (1,307,511) | 2,599,610 | 1,448,466 | (609,207) |
| Plan Fiduciary Net Position - Beginning | 23,506,714 | 20,481,761 | 24,263,445 | 21,225,860 | 19,333,532 | 15,708,231 | 17,015,742 | 14,416,132 | 12,967,666 | 13,576,873 |
| Plan Fiduciary Net Position - Ending (b) | \$ 25,572,557 | \$ 23,506,714 | \$ 20,481,761 | \$ 24,263,445 | \$ 21,225,860 | \$ 19,333,532 | \$ 15,708,231 | \$ 17,015,742 | \$ 14,416,132 | \$ 12,967,666 |
| Net Pension Liability (Asset) - Ending (a-b) | \$ 4,130,588 | \$ 5,295,303 | \$ 7,329,242 | \$ 2,717,771 | \$ 4,107,598 | \$ 4,811,654 | \$ 8,118,641 | \$ 5,514,612 | \$ 6,246,476 | \$ 6,535,788 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 86.09% | 81.61% | 73.65% | 89.93% | 83.79% | 80.07% | 65.93% | 75.52% | 69.77% | 66.49% |
| Covered Payroll | \$ 3,167,366 | \$ 3,033,301 | \$ 2,754,509 | \$ 2,722,201 | \$ 2,617,906 | \$ 2,779,438 | \$ 2,769,625 | \$ 2,631,966 | \$ 2,499,223 | \$ 2,537,780 |
| Net Pension Liability (Asset) as a Percentage of Covered Payroll | 130.41% | 174.57% | 266.08% | 99.84% | 156.90% | 173.12% | 293.13% | 209.52% | 249.94% | 257.54% |

See accompanying notes to schedules of required supplementary information.

BOROUGH OF BALDWIN

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN

SCHEDULES OF THE BOROUGH'S CONTRIBUTIONS AND INVESTMENT RETURNS

YEARS ENDED DECEMBER 31,

SERVICE EMPLOYEES PLAN:

| Schedule of Baldwin Borough's Contributions | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Actuarially determined contribution | \$ 14,841 | \$ 89,137 | \$ 142,511 | \$ 146,094 | \$ 107,628 | \$ 144,707 | \$ 87,051 | \$ 105,518 | \$ 103,101 | \$ 104,941 |
| Contributions in relation to the actuarially determined contribution | <u>14,841</u> | <u>89,137</u> | <u>142,511</u> | <u>146,094</u> | <u>107,628</u> | <u>144,707</u> | <u>87,051</u> | <u>105,518</u> | <u>103,101</u> | <u>104,941</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | <u>\$ 520,006</u> | <u>\$ 627,611</u> | <u>\$ 624,304</u> | <u>\$ 605,702</u> | <u>\$ 573,795</u> | <u>\$ 572,978</u> | <u>\$ 695,704</u> | <u>\$ 729,962</u> | <u>\$ 762,381</u> | <u>\$ 789,011</u> |
| Contributions as a percentage of covered payroll | 2.85% | 14.20% | 22.83% | 24.12% | 18.76% | 25.26% | 12.51% | 14.46% | 13.52% | 13.30% |
| Investment Returns | | | | | | | | | | |
| Annual money-weighted rate of return, net of investment expense | 11.84% | 17.46% | -19.95% | 14.04% | 14.76% | 22.54% | -6.34% | 18.19% | 8.79% | -2.77% |

POLICE PLAN:

| Schedule of Baldwin Borough's Contributions | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Actuarially determined contribution | \$ 1,258,831 | \$ 1,279,347 | \$ 1,173,424 | \$ 1,160,331 | \$ 1,128,406 | \$ 1,254,872 | \$ 930,813 | \$ 991,571 | \$ 847,269 | \$ 863,379 |
| Contributions in relation to the actuarially determined contribution | <u>1,258,831</u> | <u>1,279,347</u> | <u>1,173,424</u> | <u>1,160,331</u> | <u>1,128,406</u> | <u>1,254,872</u> | <u>930,813</u> | <u>991,571</u> | <u>847,269</u> | <u>863,379</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | <u>\$ 3,167,366</u> | <u>\$ 3,033,301</u> | <u>\$ 2,754,509</u> | <u>\$ 2,722,201</u> | <u>\$ 2,617,906</u> | <u>\$ 2,779,438</u> | <u>\$ 2,769,625</u> | <u>\$ 2,631,966</u> | <u>\$ 2,499,223</u> | <u>\$ 2,526,389</u> |
| Contributions as a percentage of covered payroll | 39.74% | 42.18% | 42.60% | 42.62% | 43.10% | 45.15% | 33.61% | 37.67% | 33.90% | 34.17% |
| Investment Returns | | | | | | | | | | |
| Annual money-weighted rate of return, net of investment expense | 9.37% | 14.98% | -15.13% | 13.27% | 8.86% | 21.05% | -9.10% | 16.40% | 10.07% | -5.70% |

See accompanying notes to schedules of required supplementary information.

BOROUGH OF BALDWIN

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION - TOTAL OPEB LIABILITY

SCHEDULE OF CHANGES IN THE BOROUGH'S TOTAL OPEB LIABILITY AND RELATED RATIOS

YEARS ENDED DECEMBER 31, *

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Total OPEB Liability: | | | | | | | |
| Service cost | \$ 155,636 | \$ 151,840 | \$ 265,135 | \$ 258,668 | \$ 201,533 | \$ 177,549 | \$ 172,797 |
| Interest | 272,966 | 270,318 | 178,241 | 174,027 | 190,773 | 189,998 | 187,334 |
| Changes of benefit terms | - | - | - | 99,725 | - | - | - |
| Differences between expected and actual experience | - | (131,409) | - | (218,265) | 33,216 | - | - |
| Changes of assumptions | - | (689,415) | - | 553,667 | 378,892 | - | - |
| Benefit payments, including refunds of member contributions | (433,247) | (295,484) | (262,912) | (278,183) | (286,596) | (294,400) | (271,643) |
| Net Changes in Total OPEB Liability | (4,645) | (694,150) | 180,464 | 589,639 | 517,818 | 73,147 | 88,488 |
| Total OPEB Liability - Beginning | <u>6,481,472</u> | <u>7,175,622</u> | <u>6,995,158</u> | <u>6,405,519</u> | <u>5,887,701</u> | <u>5,814,554</u> | <u>5,726,066</u> |
| Total OPEB Liability - Ending (a) | <u><u>\$ 6,476,827</u></u> | <u><u>\$ 6,481,472</u></u> | <u><u>\$ 7,175,622</u></u> | <u><u>\$ 6,995,158</u></u> | <u><u>\$ 6,405,519</u></u> | <u><u>\$ 5,887,701</u></u> | <u><u>\$ 5,814,554</u></u> |

* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend compiled, the Borough is presenting information for those years only for which information is available.

See accompanying notes to schedules of required supplementary information.

BOROUGH OF BALDWIN

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2024

1. Pension Information

Actuarial Methods and Assumptions Used in Determining the Contribution Rate (MMO)

The information presented in the required supplementary pension schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

| | Police | Service Employees |
|--|--|--|
| Actuarial valuation date | 1/1/2023 | 1/1/2023 |
| Actuarial cost method | Entry Age Normal | Entry Age Normal |
| Actuarial assumptions: | | |
| Investment rate of return | 7.00% | 7.00% |
| Projected salary increases | 4.75% | 4.00% |
| Underlying inflation rate | 2.50% | 2.50% |
| Mortality | PubS-2010 mortality projected from 2015 with rates derived from the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report. | PubG-2010 mortality projected from 2015 with rates derived from the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report. |
| Additional Information Related to Funding: | | |
| Amortization method | Level Dollar Closed | Level Dollar Closed |
| Amortization period | 8 years aggregate | 4 years aggregate |
| Asset valuation method | 4-Year Smoothing | 4-Year Smoothing |

BOROUGH OF BALDWIN

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2024

Benefit Changes

Service Employees Pension Plan

The benefit level for participants who complete 25 or more years of service was increased from 46% to 48% effective January 1, 2022. Along with the increase in the benefit, the employee contributions will be increased to 5% effective January 1, 2020 and 6% effective January 1, 2022.

Police Pension Plan

None

Changes in Assumptions

Service Employees Pension Plan

None

Police Pension Plan

None

BOROUGH OF BALDWIN

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2024

2. OPEB Information

The information presented in the required supplementary OPEB schedule was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Actuarial Data:

Valuation Date: January 1, 2023
Actuarial Cost Method: Entry age normal cost
Amortization Method: Level dollar

Economic Assumptions:

Discount Rate: 4.25%
Inflation: 2.50%
Annual Trend Rates for OPEB Costs:

| Year | Medical | Dental/Vision |
|------|---------|---------------|
| 2023 | 7.50% | 3.50/2.00% |
| 2024 | 6.72% | 3.50/2.00% |
| 2025 | 6.25% | 3.50/2.00% |
| 2026 | 5.75% | 3.50/2.00% |
| 2027 | 5.25% | 3.50/2.00% |
| 2028 | 4.75% | 3.50/2.00% |

Demographic Assumptions:

Mortality: Police: 2010 Public Retirement Plan - Public Safety mortality table
Non-Uniformed: 2010 Public Retirement Plan - General Employees mortality table

Mortality Improvement: Projected from the year 2015 with rates derived from the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report

Withdrawal: Police: Table T-1, Actuary's Pension Handbook
Non-Uniformed: None assumed

Disablement: Police: Rates derived from the Social Security Administration's 2010 projections of disability incidence (ultimate rates only)
Non-Uniformed: None assumed

BOROUGH OF BALDWIN

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2024

Valuation Retirement Age: Normal Retirement Age, or attained age if currently eligible to retire

Participation: 100% of those eligible for employer-paid post-retirement coverage

Coverage Level: Future Retirees: Police: 15% individual, 25% employee/spouse; 60% family
Non-Uniformed: 10% individual, 90% employee/spouse

Current Retirees: Continuation of current coverage level; retirees with dependent child coverage are assumed to have 2 children who remain on coverage until the retirees' age 62

Spouse Age: Female spouse assumed to be 3 years younger than male spouse

Current Premium Schedules:

| | Police | | | Non-Uniformed |
|-------------------|--------------|--------------|--------------|---------------------------------------|
| | PPO 10 | PPO \$500 | HMO | PPO |
| Single | \$ 10,726.44 | \$ 9,996.84 | \$ 14,318.28 | Rates at each level vary based on age |
| Parent/Child(ren) | \$ 25,807.92 | \$ 24,053.04 | \$ 34,449.96 | |
| Husband/Wife | \$ 28,881.48 | \$ 26,932.44 | \$ 38,573.88 | |
| Family | \$ 33,188.04 | \$ 30,931.20 | \$ 44,301.60 | |

| | Police | | Non-Uniformed | |
|--------|-------------|-----------|---------------|-----------|
| | Dental | Vision | Dental | Vision |
| Single | \$ 386.52 | \$ 76.92 | \$ 441.96 | \$ 76.92 |
| Other | \$ 1,198.92 | \$ 152.76 | \$ 1,370.88 | \$ 152.76 |

SUPPLEMENTARY INFORMATION

BOROUGH OF BALDWIN

COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS

DECEMBER 31, 2024

| | Police Pension Fund | Service Employees Pension Fund | Total |
|---|------------------------|--------------------------------------|----------------------|
| Assets | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - |
| Investments: | | | |
| Equity mutual funds | 16,616,683 | 3,064,258 | 19,680,941 |
| Fixed income mutual funds | 8,955,874 | 1,515,390 | 10,471,264 |
| Total Assets | <u>\$ 25,572,557</u> | <u>\$ 4,579,648</u> | <u>\$ 30,152,205</u> |
| Liabilities and Net Position | | | |
| Liabilities: | | | |
| Benefits payable | \$ - | \$ 1,375 | \$ 1,375 |
| Total Liabilities | - | 1,375 | 1,375 |
| Net Position: | | | |
| Restricted for pension benefits | 25,572,557 | 4,578,273 | 30,150,830 |
| Total Liabilities and Net Position | <u>\$ 25,572,557</u> | <u>\$ 4,579,648</u> | <u>\$ 30,152,205</u> |

BOROUGH OF BALDWIN

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2024

| | Police Pension Fund | Service Employees Pension Fund | Total |
|--|---------------------------|--------------------------------------|----------------------|
| Additions: | | | |
| Contributions: | | | |
| Borough | \$ 829,772 | \$ 9,783 | \$ 839,555 |
| Commonwealth | 429,059 | 5,058 | 434,117 |
| Plan members | 237,359 | 34,670 | 272,029 |
| | <u>1,496,190</u> | <u>49,511</u> | <u>1,545,701</u> |
| Total contributions | | | |
| | <u>1,496,190</u> | <u>49,511</u> | <u>1,545,701</u> |
| Investment earnings (loss): | | | |
| Net appreciation (depreciation) in fair value of investments | 713,005 | 249,397 | 962,402 |
| Interest and dividends | 1,455,425 | 251,526 | 1,706,951 |
| | <u>2,168,430</u> | <u>500,923</u> | <u>2,669,353</u> |
| Total investment earnings (loss) | | | |
| | <u>2,168,430</u> | <u>500,923</u> | <u>2,669,353</u> |
| Total additions | <u>3,664,620</u> | <u>550,434</u> | <u>4,215,054</u> |
| Deductions: | | | |
| Benefits | 1,564,566 | 291,685 | 1,856,251 |
| Administrative expenses | 34,211 | 14,648 | 48,859 |
| | <u>1,598,777</u> | <u>306,333</u> | <u>1,905,110</u> |
| Total deductions | | | |
| | <u>1,598,777</u> | <u>306,333</u> | <u>1,905,110</u> |
| Change in Net Position | 2,065,843 | 244,101 | 2,309,944 |
| Net Position: | | | |
| Beginning of year | 23,506,714 | 4,334,172 | 27,840,886 |
| | <u>23,506,714</u> | <u>4,334,172</u> | <u>27,840,886</u> |
| End of year | <u>\$ 25,572,557</u> | <u>\$ 4,578,273</u> | <u>\$ 30,150,830</u> |