

**BOROUGH OF YOUNGWOOD
WESTMORELAND COUNTY, PENNSYLVANIA**

**PRIMARY GOVERNMENT FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2025**

**Borough of Youngwood
December 31, 2025
Table of Contents**

	<u>Page</u>
Independent Auditors' Report	1
Management Discussion and Analysis Report	3
Statement of Net Position - December 31, 2025	6
Statement of Activities - For the Year Ended December 31, 2025	7
Balance Sheet - Governmental Funds - December 31, 2025	8
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position - December 31, 2025	9
Statement of Revenues, Expenditures and Changes in Net Position Governmental Funds - For the Year Ended December 31, 2025	10
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - For the Year Ended December 31, 2025	11
Statement of Revenues, Expenditures and Changes in Net Position Budget and Actual - General Fund and Special Revenue Funds - the Year Ended December 31, 2025	12
Statement of Net Position - Proprietary Funds - December 31, 2025	13
Statement of Revenues, Expenditures and Changes in Net Position Proprietary Funds - For the Year Ended December 31, 2025	14
Statement of Cash Flows - Proprietary Funds - For the Year Ended December 31, 2025	15
Notes to the Primary Government Financial Statements	17
Supplementary Information	29

DeBlasio & DeBlasio Associates

A Professional Corporation

Certified Public Accountants

4000 Hempfield Plaza Blvd., Suite 913
Greensburg, PA 15601
724.836.3449
724.837.2889 Fax

The American Institute of Certified Public Accountants
The Pennsylvania Institute of Certified Public Accountants

447 Washington Avenue
Bridgeville, PA 15017
412.221.7100
412.221.7306 Fax

INDEPENDENT AUDITORS' REPORT

The Members of the Borough of Youngwood
Youngwood, Pennsylvania

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Youngwood, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Borough of Youngwood's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Borough of Youngwood, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Youngwood, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Youngwood'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.

Auditors' 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 auditors' 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 of Youngwood's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Youngwood's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 12 and 29 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.



DeBlasio & DeBlasio Associates
Certified Public Accountants
Greensburg, Pennsylvania
April 30, 2026



17 South 6th Street, Youngwood, Pennsylvania 15697

Phone: (724) 925-3660 Fax (724) 925-2121 Email: ywdboro@youngwood.org

Kris Long
Mayor

Scott Palmquist
Council President

**BOROUGH OF YOUNGWOOD
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2025**

The Management Discussion and Analysis (MD&A) of the Borough of Youngwood's financial performance provides an overall review of the Borough's financial activities for the calendar year ended December 31, 2025. The MD&A is to provide the reader an insight into management's analysis of the audit and is to be read in conjunction with the Borough's audited financial statements, including the independent auditors' report, financial statements, and notes to the financial statements.

Using this Annual Report

This annual report consists of two kinds of financial statements which present differing views of the Borough's finances. The Statement of Net Position and the Statement of Activities (pages six and seven) provide information about the activities of the Borough as a whole and a long-term view of the Borough's finances. The governmental activities statements present how these services were financed in the short term, as well as what remains for future spending.

Fund financial statements begin on page eight. Fund financial statements report the Borough's operations in more detail than the government wide statements by providing information about the Borough's most significant funds. The basic statements also include notes explaining information shown in greater detail on the financial statements.

The statements and notes are followed by required supplementary information that contains data pertaining to the pension plans.

Overview of the Financial Statements

The analysis of the Borough begins on page six. The Statement of Net Position and the Statement of Activities report information about all of the assets and liabilities using the accrual basis of accounting, which is similar to the type of accounting used in the private sector. The current year's revenues and expenditures are recorded when identified, not when cash is actually paid or received. These two statements reflect the financial condition of the Borough. In

times of good financial health, net position (the difference between assets and liabilities) should increase. The fluctuation of net position of a government unit occurs on an annual basis with the changes in the economy and activity within the governmental unit. The Borough's net assets have decreased by \$309,802 from December 31, 2024, to December 31, 2025. The Borough completed three grant projects that were paid in 2025. The grant funding for these projects will be reimbursed in 2026.

Financial Highlights

The government-wide financial statements report information about the Borough as a whole using the full accrual basis of accounting.

- The total net position (assets less liabilities) on a government wide basis was \$3,160,071 as of December 31, 2025, compared to \$3,469,873 on December 31, 2024, representing a decrease of \$309,802.
- While Real Estate Taxes and Real Estate Transfer Tax came in under budget by \$14,029. They were offset by the favorable variance in Local Service Tax and Earned Income Tax in the amount of \$31,467.00. In addition, the interest rates have still remained positive through 2025 thus a favorable variance in the amount of \$25,092.

Governmental Fund Types Financial Statements

The Governmental Funds financial statements provide more detailed information about the Borough's most significant funds using the modified accrual basis of accounting. Less significant funds are reported in total under "Non-Major Funds."

The Borough of Youngwood's fund types are:

- General Fund – general operating fund of the Borough. Includes all financial resources except those required to be accounted for in another fund.
- Non-Major Funds – Tracks activities relating to Liquid Fuels and Capital Reserves.

Total Governmental Funds
Financial Highlights

Balance Sheet

- As of December 31, 2025, the Borough's total governmental funds reported fund balance was \$2,315,381, a decrease of \$389,402 when compared to 2024.

Statement of Revenues, Expenditures and Changes in Fund Balances

- Taxes, program revenues and other revenues of the Borough's governmental activities amounted to \$1,507,490 in 2025, compared to \$1,664,687 in 2024, representing a \$157,197 decrease. There was a decrease in Real Estate Tax collected. However, the Delinquent Real Estate Collected increased which offset the

decrease. There was a decrease in grants due to timing of grant funded projects. Donations decreased as the Borough's 125th Anniversary was celebrated in 2024 and the initiation of the Hometown Heroes Banner Program was started. In addition, in 2024 there was a significant insurance reimbursement. Although there were decreases as listed above, there were positive increases in 2025 such as Act 511 taxes and building permits due to commercial remodels.

- Total expenses equaled \$1,896,892 in 2025, representing a \$335,661 increase when compared to 2024. The majority of increase is due to engineering fees for grant projects and the actual projects that were completed in 2025 with grant funding reimbursement due in 2026. Also, additional property was purchased for the Public Works Facility.

Budgetary Variances Highlights

- Total General Fund Revenues were above budget by \$216,877. Budgetary estimates differed in the following areas:
 - Local Enabling Act Taxes were over budget by \$27,719. The budget figures were raised, however, the Borough budgets on the conservative side due to the ever-changing economy.
 - Interest, Rents and Royalties was over budget by \$25,092 due to moving funds to better interest-bearing accounts.
 - Intergovernmental Revenues were over budget by \$34,118 due to transferring of funds from within.
 - Miscellaneous Revenues were over budget by \$120,148. This line item is continuously a variable as it depends on what unknown revenues are received such as Sale of General Assets and Park'N'Pool Wage reimbursement.
- Total General Fund Expenditures were over budget at \$547,408. Budgetary estimates differed in the following areas:
 - General Government was over budget by \$224,823 due to Engineering Fees for various projects, increase in insurance costs and purchase of property.
 - Public Works was over budget by \$184,314 due to grant funded street projects and stormwater project.
 - Culture and Recreation were over budget by \$129,451 due to the fact that the wages of the Park & Pool are not part of the Borough's budget as the funding is reimbursed by the Park & Pool. In addition, a grant project was completed at the park.

The Borough completed the year with a \$357,089 deficit due to grant funded projects being completed in 2025 with funding reimbursement to come in 2026.

Diane M. Schaefer

Diane M. Schaefer
Borough Manager

Primary Government Financial Statements

**Borough of Youngwood
Statement of Net Position
December 31, 2025**

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 2,250,237	\$ 39,753	\$ 2,289,990
Taxes Receivable	50,513	-	50,513
Prepaid Insurance	37,515	-	37,515
Other Receivable	<u>70,877</u>	<u>-</u>	<u>70,877</u>
Total Current Assets	<u>2,409,142</u>	<u>39,753</u>	<u>2,448,895</u>
Noncurrent Assets			
Net Pension Asset	<u>209,501</u>	<u>-</u>	<u>209,501</u>
Capital Assets			
Land	34,459	-	34,459
Land Improvements	310,433	-	310,433
Machinery and Equipment	1,085,842	-	1,085,842
Buildings and Building Improvements	2,150,265	-	2,150,265
Furniture and Equipment	97,284	10,900	108,184
Accumulated Depreciation	<u>(1,498,364)</u>	<u>(6,486)</u>	<u>(1,504,850)</u>
Total Capital Assets	<u>2,179,919</u>	<u>4,414</u>	<u>2,184,333</u>
Total Noncurrent Assets	<u>2,389,420</u>	<u>4,414</u>	<u>2,393,834</u>
Total Assets	<u>4,798,562</u>	<u>44,167</u>	<u>4,842,729</u>
Deferred Outflows of Resources			
Deferred Outflows Related to Pension	208,068	-	208,068
Unamortized Loss on Refunding	<u>19,942</u>	<u>-</u>	<u>19,942</u>
Total Deferred Outflows of Resources	<u>228,010</u>	<u>-</u>	<u>228,010</u>
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Expenses	51,610	38,183	89,793
Current Portion of Bond Payable	<u>75,544</u>	<u>-</u>	<u>75,544</u>
Total Current Liabilities	<u>127,154</u>	<u>38,183</u>	<u>165,337</u>
Noncurrent Liabilities			
Noncurrent Portion of Bond Payable	<u>1,553,709</u>	<u>-</u>	<u>1,553,709</u>
Total Liabilities	<u>1,680,863</u>	<u>38,183</u>	<u>1,719,046</u>
Deferred Inflow of Resources			
Deferred Inflows Related to Pension	<u>191,622</u>	<u>-</u>	<u>191,622</u>
Net Position			
Net Invested in Capital Assets	-	4,414	4,414
Restricted	179,140	4,098	183,238
Unrestricted	<u>2,974,947</u>	<u>(2,528)</u>	<u>2,972,419</u>
Total Net Position	<u>\$ 3,154,087</u>	<u>\$ 5,984</u>	<u>\$ 3,160,071</u>

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

Borough of Youngwood
Statement of Activities
For the Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Government Activities	Business-Type Activities	Total
Governmental Activities						
General Government	\$ 604,907	\$ 68,867	\$ 14,356	\$ (521,684)	\$ -	\$ (521,684)
Public Safety	94,270	-	17,649	(76,621)	-	(76,621)
Public Works	668,665	343	108,060	(560,262)	-	(560,262)
Culture and Recreation	219,226	-	32,600	(186,626)	-	(186,626)
Other	27,816	-	-	(27,816)	-	(27,816)
Interest on Debt	39,144	-	-	(39,144)	-	(39,144)
Depreciation	<u>153,985</u>	<u>-</u>	<u>-</u>	<u>(153,985)</u>	<u>-</u>	<u>(153,985)</u>
Total Governmental Activities	<u>1,808,013</u>	<u>69,210</u>	<u>172,665</u>	<u>(1,566,138)</u>	<u>-</u>	<u>(1,566,138)</u>
Business Type Activities						
Cemetery Fund	<u>34,689</u>	<u>20,891</u>	<u>-</u>	<u>-</u>	<u>(13,798)</u>	<u>(13,798)</u>
Total Business-Type Activities	<u>34,689</u>	<u>20,891</u>	<u>-</u>	<u>-</u>	<u>(13,798)</u>	<u>(13,798)</u>
Total Primary Government	<u>\$ 1,842,702</u>	<u>\$ 90,101</u>	<u>\$ 172,665</u>	<u>(1,566,138)</u>	<u>(13,798)</u>	<u>(1,579,936)</u>
General Revenues						
Taxes:						
Property taxes, levied for general purposes, net				461,877	-	461,877
Taxes levied for specific purposes				518,997	-	518,997
Licenses permits, fines and forfeits				60,205	-	60,205
Investment Earnings				107,547	-	107,547
Miscellaneous				<u>121,508</u>	<u>-</u>	<u>121,508</u>
Total General Revenues				<u>1,270,134</u>	<u>-</u>	<u>1,270,134</u>
Change in Net Position				(296,004)	(13,798)	(309,802)
Net Position at December 31, 2024				<u>3,450,091</u>	<u>19,782</u>	<u>3,469,873</u>
Net Position, Ending				<u>\$ 3,154,087</u>	<u>\$ 5,984</u>	<u>\$ 3,160,071</u>

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

**Borough of Youngwood
Balance Sheet
Governmental Funds
December 31, 2025**

	General	Capital Projects	Non Major Funds	Total Gov. Funds
Assets				
Current Assets				
Cash	\$ 1,628,849	\$ 438,778	\$ 182,610	\$ 2,250,237
Taxes Receivable	50,513	-	-	50,513
Due From Other Funds	-	-	6,337	6,337
Other Receivables	70,877	-	-	70,877
Prepaid Insurance	<u>37,515</u>	<u>-</u>	<u>-</u>	<u>37,515</u>
Total Assets	<u>\$ 1,787,754</u>	<u>\$ 438,778</u>	<u>\$ 188,947</u>	<u>\$ 2,415,479</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 47,026	\$ -	\$ 4,584	\$ 51,610
Due to Other Fund	6,337	-	-	6,337
Deferred Revenue	<u>42,151</u>	<u>-</u>	<u>-</u>	<u>42,151</u>
Total Liabilities	<u>\$ 95,514</u>	<u>\$ -</u>	<u>\$ 4,584</u>	<u>\$ 100,098</u>
Fund Balances				
Nonspendable	\$ 37,515	\$ -	\$ -	\$ 37,515
Restricted	3,000	-	176,140	179,140
Committed	-	438,778	8,223	447,001
Unassigned	<u>1,651,725</u>	<u>-</u>	<u>-</u>	<u>1,651,725</u>
Total Fund Balances	<u>1,692,240</u>	<u>438,778</u>	<u>184,363</u>	<u>2,315,381</u>
Total Liabilities and Fund Balances	<u>\$ 1,787,754</u>	<u>\$ 438,778</u>	<u>\$ 188,947</u>	<u>\$ 2,415,479</u>

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

**Borough of Youngwood
Reconciliation of the Governmental Funds Balances Sheet
to the Statement of Net Position
December 31, 2025**

Total Fund Balances - Governmental Funds \$ 2,315,381

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

Revenue that is deferred in the funds financial statement because it is not available and recognized as revenue in the government-wide financial statements 42,152

Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds

Land	\$	34,459	
Land Improvements		310,433	
Machinery and Equipment		1,085,842	
Building and Building Improvements		2,150,265	
Furniture and Equipment		97,284	
Accumulated Depreciation		<u>(1,498,364)</u>	
			2,179,919
Net Pension Asset			209,501

Pension related deferred outflows of resources and deferred inflow of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:

Unamortized Loss on Refunding		19,942	
Deferred Outflows Related to Pension		208,068	
Deferred Inflows Related to Pension		<u>(191,622)</u>	
			36,388

Bonds payable obligations are not due and payable in the current period and are not reported in the funds:

Bond Premium		(9,254)	
General Obligation Bond Payable		<u>(1,620,000)</u>	
			<u>(1,629,254)</u>

Total Net Position - Governmental Activities **\$ 3,154,087**

Borough of Youngwood
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2025

	General	Capital Projects	Non Major Fund	Total Governmental Funds
Revenues				
Real Property Taxes	\$ 456,719	\$ -	\$ -	\$ 456,719
Local Enabling Act Taxes	518,997	-	-	518,997
Licenses and Permits	56,481	-	-	56,481
Fines and Forfeits	3,724	-	-	3,724
Interest, Rents and Royalties	75,092	22,473	9,983	107,548
Intergovernmental Revenues	64,604	804	107,255	172,663
Charges for Services	33,176	-	36,034	69,210
Miscellaneous	<u>122,148</u>	<u>-</u>	<u>-</u>	<u>122,148</u>
Total Revenue	<u>1,330,941</u>	<u>23,277</u>	<u>153,272</u>	<u>1,507,490</u>
Expenses				
General Government	733,712	-	-	733,712
Public Safety	94,270	-	-	94,270
Public Works	535,080	-	167,644	702,724
Culture and Recreation	151,451	-	67,776	219,227
Other Expenditures	27,815	-	-	27,815
Debt Service:				
Principal	80,000	-	-	80,000
Interest	<u>39,144</u>	<u>-</u>	<u>-</u>	<u>39,144</u>
Total Expenditures	<u>1,661,472</u>	<u>-</u>	<u>235,420</u>	<u>1,896,892</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(330,531)</u>	<u>23,277</u>	<u>(82,148)</u>	<u>(389,402)</u>
Other Financing Sources/(Uses)				
Operating Transfers In	-	26,558	-	26,558
Operating Transfers Out	<u>(26,558)</u>	<u>-</u>	<u>-</u>	<u>(26,558)</u>
Total Other Financing Sources(Uses)	<u>(26,558)</u>	<u>26,558</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(357,089)	49,835	(82,148)	(389,402)
Beginning Fund Balance	<u>2,049,329</u>	<u>388,943</u>	<u>266,511</u>	<u>2,704,783</u>
Ending Fund Balance	<u>\$ 1,692,240</u>	<u>\$ 438,778</u>	<u>\$ 184,363</u>	<u>\$ 2,315,381</u>

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

Borough of Youngwood
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
For the Year Ended December 31, 2025

Net Change in Fund Balances - Governmental Funds \$ (389,402)

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the period.

Capital Outlays	\$	125,240
Depreciation Expense		(153,985)

Some revenues not collected as of the year ended are not considered available revenues in the governmental funds. This is the change in the amounts that were not considered available in the current year.		5,158
---	--	-------

Amortization of Bond Premiums		(640)
-------------------------------	--	-------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Pension Expense		37,625
-----------------	--	--------

Repayment of long-term bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net position		80,000
---	--	--------

		<u>93,398</u>
Change in net position of governmental activities		\$ <u>(296,004)</u>

Borough of Youngwood
Statement of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - General Fund
For the Year Ended December 31, 2025

Revenues	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Real Property Taxes	\$ 467,000	\$ 456,719	\$ (10,281)
Local Enabling Act Taxes	491,278	518,997	27,719
Licenses and Permits	63,300	56,481	(6,819)
Fines and Forfeits	3,000	3,724	724
Interest, Rents and Royalties	50,000	75,092	25,092
Intergovernmental Revenues	30,486	64,604	34,118
Charges for Services	7,000	33,176	26,176
Miscellaneous	<u>2,000</u>	<u>122,148</u>	<u>120,148</u>
Total Revenue	<u>1,114,064</u>	<u>1,330,941</u>	<u>216,877</u>
Expenses			
General Government	508,889	733,712	(224,823)
Public Safety	107,265	94,270	12,995
Public Works	350,766	535,080	(184,314)
Culture and Recreation	22,000	151,451	(129,451)
Other Expenditures	6,000	27,815	(21,815)
Debt Service:			
Principal	80,000	80,000	-
Interest	<u>39,144</u>	<u>39,144</u>	<u>-</u>
Total Expenditures	<u>1,114,064</u>	<u>1,661,472</u>	<u>(547,408)</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(330,531)</u>	<u>(330,531)</u>
Operating Transfers Out	<u>-</u>	<u>(26,558)</u>	<u>(26,558)</u>
Net Change in Fund Balance	-	(357,089)	(357,089)
Fund Balance, January 1		<u>2,049,329</u>	
Fund Balance, December 31		<u>\$ 1,692,240</u>	

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

**Borough of Youngwood
Statement of Net Position
Proprietary Funds
December 31, 2025**

	<u>Enterprise Funds</u>
	<u>Cemetery Fund</u>
Assets	
Current Assets	
Cash	\$ 35,655
Investments	<u>4,098</u>
Total Current Assets	<u>39,753</u>
Noncurrent Assets	
Property, Plant & Equipment	10,900
Accumulated Depreciation	<u>(6,486)</u>
Total Noncurrent Assets	<u>4,414</u>
Total Assets	<u>\$ 44,167</u>
Liabilities and Net Position	
Liabilities	
Current Liabilities	
Accounts Payable	\$ <u>38,183</u>
Total Current Liabilities	<u>38,183</u>
Net Position	
Net Invested in Capital Assets	4,414
Restricted	4,098
Unrestricted	<u>(2,528)</u>
Total Net Position	<u>5,984</u>
Total Liabilities and Net Position	<u>\$ 44,167</u>

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

Borough of Youngwood
Statement of Revenues, Expenditures and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2025

	<u>Enterprise Funds</u>
	Cemetery Fund
<hr/>	
Revenues	
Miscellaneous	\$ 5,042
Ground Opening	<u>14,507</u>
Total Revenue	<u>19,549</u>
Expenses	
Operating Expenses	<u>34,689</u>
Total Expenditures	<u>34,689</u>
Operating Income (Loss)	(15,140)
Non-Operating Revenues (Expenses):	
Interest Revenue	<u>1,342</u>
Net Income (Loss)	<u>(13,798)</u>
Beginning Net Position	<u>19,782</u>
Ending Net Position	<u>\$ 5,984</u>

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

**Borough of Youngwood
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025**

	<u>Enterprise Funds</u>
	<u>Cemetery Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Other Sources	\$ 19,549
Interest Received	1,342
Cash Paid to Suppliers and Employees	<u>(20,290)</u>
Net Cash Provided (Used) by Operating Activities	<u>601</u>
Cash Flow from Investing Activities:	
Gain/(Loss) on Investment	<u>25</u>
Net Cash Provided (Used) by Investing Activities:	<u>25</u>
Net Increase (Decrease) in Cash and Cash Equivalents	626
Cash and Cash Equivalents, January 1	<u>39,127</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 39,753</u></u>

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

Borough of Youngwood
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Enterprise Funds
	Cemetery Fund
Reconciliation of Excess of Revenues Over (Under) Expenses to Net Cash Provided (Used) by Operating Activities	
Excess of Revenues Over (Under) Expenses	\$ (13,798)
Adjustments to Reconcile Excess of Revenues Over (Under) Expenses to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	309
Changes in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	14,115
(Increase) Decrease in Investments	<u>(25)</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>601</u>
 Supplemental Disclosure of Cash Flow Information	
Cash paid during the year for interest	\$ <u>-</u>

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

Notes to Primary Government Financial Statements

Borough of Youngwood
Notes to the Financial Statements
December 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Youngwood (the Borough) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Borough's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The more significant of the government's accounting policies are described below.

A) Reporting Entity

The Borough of Youngwood (Borough) is a governmental entity which accepted the provisions of the Act of May 4, 1927 (P.L. 519) known as "The Borough Code". The general supervision of the affairs of the Borough is in the hands of seven registered electors of the Borough, who are Borough Council Persons. The following services are provided: highways and streets, public safety, health and social, culture-recreation, education, public improvements, planning and zoning, and general administrative.

B) Basis of Presentation

The accounts of the Borough are organized on the basis of funds, each of which is considered a separate fiscal and accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two generic fund types as follows:

Governmental Fund Types

General Fund –

The General Fund is the general operating fund of the Borough. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Special Revenue Funds –

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Fund Types

Enterprise Fund –

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing services, to the general public on a continuing basis is financed through user charges.

Borough of Youngwood
Notes to the Financial Statements
December 31, 2025

C) Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases, (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The accrual basis of accounting is used by all governmental fund types and agency funds. Under the accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

D) Total Columns on Combined Statements

Total columns on the Combined Statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

E) Cash and Cash Equivalents

Various restrictions on deposits and investments are imposed by state statutes. These are summarized as follows:

Deposits:

The Borough is required by Act 72 of the Commonwealth of Pennsylvania, dated August 6, 1971, to maintain deposits that are properly collateralized. Collateralization is permitted to be on a “pooled” basis.

Investments:

The Borough is authorized to invest in U.S. Treasury Bills and short term obligations of the Federal Government or its instrumentality obligations.

Borough of Youngwood
Notes to the Financial Statements
December 31, 2025

Custodial Credit Risk:

Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits might not be recovered. The Borough does not have a formal deposit policy regarding custodial credit risk. As of December 31, 2025, \$2,040,578 of the Borough's bank balance of \$2,294,734 was exposed to custodial credit, which 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. As of December 31, 2025, \$254,155 of the Borough's bank balances were covered by FDIC insurance.

Interest Rate Risk:

Interest rate risk arises from investments and is defined as "The risk that changes in interest rates will adversely affect the fair value of the investment." During the year and at year end, December 31, 2025, the Borough's investments consisted of deposits with financial institutions and had no significant interest rate risk.

F) Budget

The Borough follows the budget procedures required by Public Law.

Each September, all Borough departments are required to submit their annual budget requests for the ensuing year. In early October, preliminary budgets are prepared. Once all of the departmental budget requests have been reviewed, a proposed cash basis budget is presented to the Borough Council. The proposed budget reflects, as nearly as possible, the estimated cash basis revenues and expenditures for the upcoming year.

Once approved by the Borough Council, the budget is summarized in a format prescribed by the Pennsylvania Department of Community and Economic Development. The proposed budget is then made available for public inspection, by public notice, for at least twenty days prior to the date set for adoption. Likewise, the date set for final action on the budget is made a matter of public notice for at least ten days. The proposed budget, as amended, is adopted no later than December 31 for the following year. Appropriations lapse at year end. Subsequent to published public notice, should any proposed revisions to the budget increase estimated expenditures in the proposed budget by more than 10% in the aggregate or more and than 25% in any function over the proposed budget made available for public inspection, the revised budget must be made available again for public inspection before adoption. Once adopted, the approval of the Borough Council is required to amend the total appropriation.

G) Interfund Transactions

During the course of normal operations, the Borough has transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. Loans are reported as receivables or payables as appropriate and are subject to elimination upon consolidation. The accompanying financial statements reflect all other such transactions as transfers.

Borough of Youngwood
Notes to the Financial Statements
December 31, 2025

H) Use of Estimates

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

I) Deferred Outflows/ Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense of expenditure until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future periods and so will not be recognized as an inflow of resources until that time.

J) Fund Equity

The Borough has implemented GASB Statement No. 54. GASB Statement No. 54 establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Additionally, the definitions of the general fund, special revenue fund type, capital projects fund type and permanent fund type are clarified by the provisions in the Statement. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of prepares and users. Definition of other governmental fund types also have been modified for clarity and consistency.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Borough Council the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the borough council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Borough of Youngwood
Notes to the Financial Statements
December 31, 2025

Assigned fund balance. This classification reflects the amounts constrained by the Borough's "intent" to be used for specific purposes, but are neither restricted nor committed. The Borough's Supervisors and Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Borough's policy to use externally restricted resources first, the unrestricted resources - committed, assigned, and unassigned - in order as needed.

K) Financial Reporting for Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pennsylvania Municipal Retirement System (PMRS) and additions to/ deductions from PMRS' fiduciary net position have been determined on the same basis as they are reported by PMRS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Borough's employer contributions are recognized when due and the Borough has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of PMRS. Investments are reported at fair value.

NOTE 2: PROPERTY TAXES

The Borough's property taxes are levied and receivable on March 1, based on the assessed (taxable) value as of the prior January 1, for all general property located in the Borough. All taxes are due and payable by May 31 and are considered delinquent effective June 1. Annually, as of December 31, all delinquent taxes are submitted to the County Tax Claim Bureau for collection.

NOTE 3: NON-UNIFORMED PENSION PLAN

A) Plan Description

General. The Youngwood Borough pension plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No.490 adopted pursuant to Act 15 of 1974. The plan participates in the Pennsylvania Municipal Retirement System (PMRS) which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). A copy of the CAFR can be obtained by contacting the PMRS accounting office. The Borough also has a police pension plan with PMRS. The borough is no longer contributing to this plan and the adjustment for the pension is immaterial to the financial statements, therefore that plan is not reflected in these financial statements.

**Borough of Youngwood
Notes to the Financial Statements
December 31, 2025**

Plan Membership. Membership of the plan consisted of the following at December 31, 2025:

Active plan members	5
Retirees and beneficiaries currently receiving benefits	7
Terminated plan members entitled to but not yet receiving benefits	<u>5</u>
Total	<u>17</u>

Benefit Provisions. The plan provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living allowances are provided at the discretion of the plan.

B) Summary of Significant Accounting Policies

Basis of Accounting - The plan’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due, in accordance with Act 205, as amended. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments - Investments are reported at fair value. The plan’s assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable investment securities. Disclosures required by Statement No. 3 of the Governmental Accounting Standards Board for aggregate PMRS investments are included in PMRS’s separately issued CAFR.

C) Contributions

Act 205 requires that annual contributions be based upon the plan’s minimum municipal obligation (MMO). The MMO is based upon the plan’s biennial actuarial valuation.

In accordance with the plans’ governing Ordinance, members are required to contribute 4.5 percent to the plan.

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

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

Net Pension Liability - The Employees' Retirement net pension liability was measured as of December 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability of the Borough of Youngwood at December 31, 2025, were as follows:

Borough of Youngwood
Notes to the Financial Statements
December 31, 2025

Total Pension Liability	\$ 1,516,598
Employee's Retirement Plan Fiduciary Net Position	<u>(1,726,099)</u>
Borough's Net Pension Asset	<u>\$ (209,501)</u>

Employee's Retirement Plan Net Position as a
Percentage of Total Pension Liability 113.81%

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of December 31, 2025, using the following actuarial assumptions, applied to all periods included in the measurement:

Mortality Rates - Were based on the Mortality Improvement Scale MP-2018.

Investment Rate of Return - 5.5 % compounded annually, net of expenses.

Cost of Living - 2.2% per year, subject to plan limitation

Discount Rate - The discount rate used to measure the total pension liability was 5.5%.

For the year ended December 31, 2025, the Borough recognized pension expense of \$7,674. At December 31, 2025, the reported deferred outflows of resources and deferred inflows of resources related to pensions are as follows:

	Deferred Inflow of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 163,298	\$ -
Changes in assumptions	28,324	-
Net difference between projected and actual earnings on pension plan investments	-	200,394
Contributions subsequent to the measurement date	<u>-</u>	<u>7,674</u>
Total	<u>\$ 191,622</u>	<u>\$ 208,068</u>

The \$7,674 reported as deferred outflows of resources related to pensions results from contributions made by the Borough prior to the fiscal year end, but subsequent to the measurement date of December 31, 2025. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	<u>Amount</u>
2025	\$ (46,695)
2026	(5,143)
2027	20,596
2028	40,014

Borough of Youngwood
Notes to the Financial Statements
December 31, 2025

Changes in Net Pension Liability - Changes in the Employees' Retirement net pension liability for the year ended December 31, 2025 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c)
Balances at 12/31/2024	\$ 1,732,407	\$ 1,889,568	\$ (157,161)
Changes for the year:			
Service Costs	28,102	-	28,102
Interest	90,310	-	90,310
Changes of benefits	19,967	-	19,967
Changes of assumptions	(42,486)	-	(42,486)
Differences between expected and actual experience	(233,397)	-	(233,397)
Contributions - employer	-	15,480	(15,480)
Contributions - PMRS assessment	-	100	(100)
Contributions - member	-	11,720	(11,720)
PMRS investment income	-	93,148	(93,148)
Market Value investment income	-	(200,070)	200,070
Benefit payments	(78,305)	(78,305)	-
PMRS administrative expense	-	(440)	440
Additional administrative expense	-	(5,102)	5,102
Net Change	(215,809)	(163,469)	(52,340)
Balances at 12/31/2025	\$ 1,516,598	\$ 1,726,099	\$ (209,501)

Sensitivity of the Net Pension Liability to Changes in Discount Rate - The following presents the net pension liability of the Borough, calculated using the discount rate of 5.25%, as well as what the Borough's net pension would be if it were calculated using a discount rate that is 1 percentage point lower (4.25%) or 1 percentage point higher (6.25%) than the current rate:

	Discount Rate	Net Pension Liability
1% decrease	4.50	\$ (27,951)
Current discount rate	5.50	\$ (209,501)
1% increase	6.50	\$ (362,625)

NOTE 4: CASH EQUIVALENTS

Cash Equivalents include highly liquid investments with original maturities of three months or less.

Borough of Youngwood
Notes to the Financial Statements
December 31, 2025

NOTE 5: GOVERNMENT FUND REPORTING

<u>Classification/Fund</u>	<u>Purpose</u>	<u>Amount</u>
Nonspendable		
General Fund	Prepaid Items	\$ 37,515
Restricted		
Non Major	Highway	176,140
General	Playground	3,000
Committed		
Non Major	Recreation Fund	8,223
Capital Fund	Capital Improvements	438,778
Unassigned		
General Fund		<u>1,651,725</u>
Total Fund Balance		<u>\$ 2,315,381</u>

NOTE 6: PROPERTY, PLANT, AND EQUIPMENT

A) Enterprise Fund

Fixed assets of the enterprise fund are capitalized at cost when purchased or constructed. When fixed assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts, and the gain or loss on disposition is reflected in operations. Maintenance and repair costs are charged to operations as incurred and renewals and improvement are added to asset accounts. Depreciation is provided over the estimated useful lives using the straight-line method.

B) Governmental Fund

General fixed assets acquired for general governmental purposes are recorded as expenditures in the governmental fund when purchased or constructed. Assets received as gifts or donations are recorded at fair market value at the time of receipt. Interest costs incurred during construction periods related to major construction projects are capitalized as part of the cost of the related asset, if material.

Borough of Youngwood
Notes to the Financial Statements
December 31, 2025

Primary Government capital asset activity for the year ended is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities				
Nondepreciable Assets				
Land	\$ 34,459	\$ -	\$ -	\$ 34,459
Total Nondepreciable	<u>34,459</u>	<u>-</u>	<u>-</u>	<u>34,459</u>
Depreciable Assets:				
Land Improvements	293,510	16,923	-	310,433
Buildings	2,041,948	108,317	-	2,150,265
Furniture and Equipment	97,284	-	-	97,284
Machinery	<u>1,111,622</u>	<u>-</u>	<u>(25,780)</u>	<u>1,085,842</u>
Total Depreciable	<u>3,544,364</u>	<u>125,240</u>	<u>(25,780)</u>	<u>3,643,824</u>
Accumulated Depreciation:				
Land Improvements	(165,055)	(22,220)	-	(187,275)
Buildings	(453,685)	(55,983)	-	(509,668)
Furniture and Equipment	(69,195)	-	-	(69,195)
Machinery	<u>(682,224)</u>	<u>(75,782)</u>	<u>25,780</u>	<u>(732,226)</u>
Total Accumulated Depreciation	<u>(1,370,159)</u>	<u>(153,985)</u>	<u>25,780</u>	<u>(1,498,364)</u>
Net Depreciable Capital Assets	<u>2,174,205</u>	<u>(28,745)</u>	<u>-</u>	<u>2,145,460</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,208,664</u>	<u>\$ (28,745)</u>	<u>\$ -</u>	<u>\$ 2,179,919</u>
	Beginning Balance	Additions	Retirements	Ending Balance
Business-Type Activities				
Depreciable Assets:				
Buildings	\$ 10,900	\$ -	\$ -	\$ 10,900
Total	<u>10,900</u>	<u>-</u>	<u>-</u>	<u>10,900</u>
Accumulated Depreciation:				
Buildings	<u>(6,176)</u>	<u>(310)</u>	<u>-</u>	<u>(6,486)</u>
Total	<u>(6,176)</u>	<u>(310)</u>	<u>-</u>	<u>(6,486)</u>
Net Capital Assets	<u>\$ 4,724</u>	<u>\$ (310)</u>	<u>\$ -</u>	<u>\$ 4,414</u>

NOTE 7: DEFERRED COMPENSATION PLAN

Employees of the Borough of Youngwood may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

Borough of Youngwood
Notes to the Financial Statements
December 31, 2025

The deferred compensation plan is available to all employees of the Borough. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency.

The deferred compensation plan is administered by an unrelated financial institution. Under the terms of the IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the Borough. As part of its fiduciary role, the Borough has an obligation of due care in selecting the third-party administrator. In the opinion of the Borough legal counsel, the Borough has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

NOTE 8: LONG-TERM DEBT

Long-term debt consists of the following at December 31, 2025:

General Obligation Bonds, Series of 2020

General Obligation Bonds	
Series of 2020	\$ 1,620,000
Less: Current Portion	75,000
Less: Current Portion Premium	(544)
Plus: Premium	<u>9,254</u>
Total	<u>\$ 1,703,710</u>

The maximum amount for future maturities of loan principal at December 31, 2025 is summarized below:

December 31	Principal	Interest	Total
2026	\$ 75,000	\$ 36,744	\$ 111,744
2027	85,000	35,244	120,244
2028	80,000	33,544	113,544
2029	85,000	31,944	116,944
2030-2034	450,000	132,863	582,863
2035-2039	505,000	80,719	585,719
2040-2042	<u>340,000</u>	<u>18,113</u>	<u>358,113</u>
Total	<u>\$ 1,620,000</u>	<u>\$ 369,171</u>	<u>\$ 1,989,171</u>

On February 20, 2020, the Borough issued \$2,065,000 of General Obligation Bonds 2020 Series, of which the final maturity is November 1, 2042. Proceeds of the 2020 bond were used to refund the Series 2012 bonds. The Borough received cash of \$115,776 from the Series 2020 bonds after all issue costs and refundings were complete. These proceeds of the bond issue will be utilized for capital projects. The interest rates of the new issue vary from 2.000% to 3.000% per annum. The balance on the bond was \$1,700,000 at December 31, 2025.

Borough of Youngwood
Notes to the Financial Statements
December 31, 2025

During 2025, general long-term debt changed as follows:

	<u>Principal Outstanding January</u>	<u>New Issues</u>	<u>Debt Retired</u>	<u>Principal Outstanding December 31</u>	<u>Amounts Due Within One Year</u>
Obligation Bonds					
Series of 2020	\$ <u>1,700,000</u>	\$ <u>-</u>	\$ <u>80,000</u>	\$ <u>1,620,000</u>	\$ <u>75,000</u>
Add:					
Unamortized Bond Premium	<u>9,798</u>	<u>-</u>	<u>544</u>	<u>9,254</u>	<u>544</u>
Total Debt	\$ <u><u>1,709,798</u></u>	\$ <u><u>-</u></u>	\$ <u><u>80,544</u></u>	\$ <u><u>1,629,254</u></u>	\$ <u><u>75,544</u></u>

NOTE 9: SUBSEQUENT EVENT

Subsequent events have been evaluated through the Independent Auditors' Report date which is the date the financial statements were available to be issued.

Supplementary Information

Youngwood Borough Nonuniformed Pension Plan
Schedule of Changes in Net Pension Liability and Schedule of Employer Contributions
As of December 31, 2025
(Unaudited)

Schedule of Changes in Net Pension Liability

<u>Total Pension Liability</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Service Costs (beginning of year)	\$ 28,102	\$ 28,830	\$ 23,390	\$ 27,264	\$ 29,102
Interest (includes interest on service cost)	90,310	88,573	88,946	88,110	86,315
Differences between expected and actual experience	(233,397)	-	(30,803)	-	(30,848)
Change in assumptions	(42,486)	-	-	-	47,093
Change in benefits	19,967	-	-	-	-
Benefit payments, including refunds of member contributions	(78,305)	(88,328)	(98,509)	(92,132)	(99,057)
Net change in total pension liability	(215,809)	29,075	(16,976)	23,242	32,605
Total pension liability - beginning	<u>1,732,407</u>	<u>1,703,332</u>	<u>1,720,308</u>	<u>1,697,066</u>	<u>1,664,461</u>
Total pension asset - ending	<u>\$ 1,516,598</u>	<u>\$ 1,732,407</u>	<u>\$ 1,703,332</u>	<u>\$ 1,720,308</u>	<u>\$ 1,697,066</u>
<u>Plan fiduciary net position</u>					
Contributions - employer	\$ 15,480	\$ 16,294	\$ 16,468	\$ 16,974	\$ 12,617
Contributions - PMRS assessment	100	40	60	-	20
Contributions - member	11,720	11,734	9,342	10,327	10,829
PMRS investment income	93,148	91,253	89,024	87,876	85,893
Market Value investment income	(200,070)	97,094	(331,119)	169,257	111,054
Benefit payments	(78,305)	(88,328)	(98,509)	(92,132)	(99,057)
PMRS administrative expense	(440)	(400)	(420)	(360)	(380)
Additional administrative expense	(5,102)	(5,111)	(4,704)	(4,977)	(3,742)
Net Change in plan fiduciary net position	\$ (163,469)	\$ 122,576	\$ (319,858)	\$ 186,965	\$ 117,234
Plan fiduciary net position - beginning	<u>1,889,568</u>	<u>1,766,992</u>	<u>2,086,850</u>	<u>1,899,885</u>	<u>1,782,651</u>
Plan fiduciary net position - ending	<u>\$ 1,726,099</u>	<u>\$ 1,889,568</u>	<u>\$ 1,766,992</u>	<u>\$ 2,086,850</u>	<u>\$ 1,899,885</u>
Net Pension Liability Ending	<u>\$ (209,501)</u>	<u>\$ (157,161)</u>	<u>\$ (63,660)</u>	<u>\$ (366,542)</u>	<u>\$ (202,819)</u>
Plan fiduciary net position as a percentage of the Total Pension Liability	113.80%	109.07%	103.74%	121.31%	111.95%
Covered employee payroll	188,255	196,772	169,605	204,492	215,248
Net pension liability as a percentage of covered employee payroll	-111.29%	-72.87%	-37.53%	-179.25%	-94.23%

Schedule of Employer Contributions

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contribution	\$ 15,480	\$ 11,015	\$ 14,810	\$ 16,073	\$ 6,251
Contributions in Relation to the Actuarially Determined Contribution	15,580	16,334	16,528	16,974	12,637
Contribution Deficiency/(Excess)	<u>\$ (100)</u>	<u>\$ (5,319)</u>	<u>\$ (1,718)</u>	<u>\$ (901)</u>	<u>\$ (6,386)</u>
Covered - Employee Payroll	\$ 188,255	\$ 196,772	\$ 169,605	\$ 204,492	\$ 215,248
Contributions as a percentage of covered employee payroll	8.28%	8.30%	9.74%	8.30%	5.87%

Youngwood Borough Nonuniformed Pension Plan
Schedule of Changes in Net Pension Liability and Schedule of Employer Contributions
As of December 31, 2025
(Unaudited)

Schedule of Changes in Net Pension Liability

<u>Total Pension Liability</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Service Costs (beginning of year)	\$ 24,404	\$ 25,308	\$ 29,525	\$ 28,402	\$ 42,209
Interest (includes interest on service cost)	85,433	83,712	81,854	81,235	77,889
Changes of benefit terms		10,794			
Differences between expected and actual experience	-	920	-	(6,019)	(1,130)
Change in assumptions	-	-	-	43,050	6,286
Benefit payments, including refunds of member contributions	<u>(96,374)</u>	<u>(77,704)</u>	<u>(65,681)</u>	<u>(65,613)</u>	<u>(38,812)</u>
Net change in total pension liability	13,463	43,030	45,698	81,055	86,442
Total pension liability - beginning	<u>1,650,998</u>	<u>1,607,968</u>	<u>1,562,270</u>	<u>1,481,215</u>	<u>1,394,773</u>
Total pension asset - ending	<u>\$ 1,664,461</u>	<u>\$ 1,650,998</u>	<u>\$ 1,607,968</u>	<u>\$ 1,562,270</u>	<u>\$ 1,481,215</u>
<u>Plan fiduciary net position</u>					
Contributions - employer	\$ 8,498	\$ 9,537	\$ 8,771	\$ 18,639	\$ 18,503
Contributions - PMRS assessment	420	40	20	40	20
Contributions - member	9,147	9,127	10,260	10,348	15,027
PMRS investment income	84,946	88,678	85,101	78,921	80,159
Market Value investment income	237,136	(234,655)	182,113	52,144	(87,281)
Benefit payments	(96,374)	(77,704)	(65,681)	(65,613)	(38,812)
PMRS administrative expense	(420)	(360)	(360)	(360)	(360)
Additional administrative expense	<u>(2,936)</u>	<u>(3,957)</u>	<u>(3,914)</u>	<u>(3,866)</u>	<u>(3,342)</u>
Net Change in plan fiduciary net position	\$ 240,417	\$ (209,294)	\$ 216,310	\$ 90,253	\$ (16,086)
Plan fiduciary net position - beginning	<u>1,542,234</u>	<u>1,751,528</u>	<u>1,535,218</u>	<u>1,444,965</u>	<u>1,461,051</u>
Plan fiduciary net position - ending	<u>\$ 1,782,651</u>	<u>\$ 1,542,234</u>	<u>\$ 1,751,528</u>	<u>\$ 1,535,218</u>	<u>\$ 1,444,965</u>
Net Pension Liability Ending	<u>\$ (118,190)</u>	<u>\$ 108,764</u>	<u>\$ (143,560)</u>	<u>\$ 27,052</u>	<u>\$ 36,250</u>
Plan fiduciary net position as a percentage of the Total Pension Liability	107.10%	93.41%	108.93%	98.27%	97.55%
Covered employee payroll	179,715	184,605	218,772	218,618	309,977
Net pension liability as a percentage of covered employee payroll	-65.77%	58.92%	-65.62%	12.37%	11.69%

Schedule of Employer Contributions

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 8,858	\$ 9,537	\$ 8,535	\$ 17,371	\$ 18,503
Contributions in Relation to the Actuarially Determined Contribution	<u>8,918</u>	<u>9,577</u>	<u>8,791</u>	<u>18,679</u>	<u>18,523</u>
Contribution Deficiency/(Excess)	<u>\$ (60)</u>	<u>\$ (40)</u>	<u>\$ (256)</u>	<u>\$ (1,308)</u>	<u>\$ (20)</u>
Covered - Employee Payroll	\$ 17,715	\$ 184,605	\$ 218,772	\$ 218,618	\$ 309,977
Contributions as a percentage of covered employee payroll	4.96%	5.19%	4.02%	8.54%	5.98%