



BOROUGH OF MOUNT PENN

ANNUAL AUDIT AND FINANCIAL REPORT

And Report of Independent Auditor

As of and for the Year Ended December 31, 2025

Report of Independent Auditor

Members of Council
Borough of Mount Penn
Mount Penn, Pennsylvania

Opinion

We have audited the accompanying financial statements of the general fund, special revenue funds, capital projects fund, and trust and agency fund of the Borough of Mount Penn, Pennsylvania (the "Borough") as of and for the year ended December 31, 2025, and the related debt statement and statement of capital expenditures.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, special revenue funds, capital projects fund, and the trust and agency fund of the Borough, as of December 31, 2025, and the respective changes in financial position and related debt statement and statement of capital expenditures for the year then ended in accordance with the financial reporting provisions prescribed by the Department of Community and Economic Development of the Commonwealth of Pennsylvania ("DCED") as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough, as of December 31, 2025, or changes in financial position for the year then ended.

Basis for Opinion

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 audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Borough on the basis of the financial reporting provisions of the DCED, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the DCED. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the DCED. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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.

Cherry Bekaert LLP

Reading, Pennsylvania
September 10, 2026

2025 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT

061203 MT PENN BORO, BERKS COUNTY



BALANCE SHEET

DCED-CLGS-30 (09-09)

MT PENN BORO, BERKS County
BALANCE SHEET
December 31, 2025

		Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
Assets and Other Debits											
100-120	Cash and Investments	663,827	126,844	416,087				710,054			1,916,812
140-144	Tax Receivable										
121-129, 145-149	Accounts Receivable (excluding taxes)										
130.00	Due From Other Funds	7,420	13,055								20,475
131-139, 150-159	Other Current Assets	2,107									2,107
160-169	Fixed Assets										
180-189	Other Debits	3,292									3,292
Total Assets and Other Debits		676,646	139,899	416,087				710,054			1,942,686
Liabilities and Other Credits											
210-229	Payroll Taxes and Other Payroll Withholdings	3,386									3,386
200-209, 231-239	All Other Current Liabilities										
230.00	Due To Other Funds	13,275	7,200								20,475

MT PENN BORO, BERKS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2025

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Taxes									
301.00	Real Estate Taxes	1,288,003	248,450						1,536,453
305.00	Occupation Taxes (levied under municipal code)								
308.00	Residence Taxes (levied by cities of the 3rd Class)								
309.00	Regional Asset District Sales Tax (Allegheny County municipalities only)								
310.00	Per Capita Taxes	519							519
310.10	Real Estate Transfer Taxes	105,232							105,232
310.20	Earned Income Taxes / Wage Taxes	499,991							499,991
310.30	Business Gross Receipts Taxes	102,347							102,347
310.40	Occupation Taxes (levied under Act 511)								
310.50	Local Services Tax **	63,103							63,103
310.60	Amusement / Admission Taxes								
310.70	Mechanical Device Taxes								
310.90	Other: _____								
	Other: _____								
Total Taxes		2,059,195	248,450						2,307,645

Licenses and Permits									
320-322	All Other Licenses and Permits	13,532							13,532
321.80	Cable Television Franchise Fees	31,508							31,508
Total Licenses and Permits		45,040							45,040

Fines and Forfeits									
330-332	Fines and Forfeits	14,510							14,510
Total Fines and Forfeits		14,510							14,510

MT PENN BORO, BERKS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2025

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Interest, Rents and Royalties									
341.00	Interest Earnings	28,217	2,311	16,087				101,606	148,221
342.00	Rents and Royalties	33,000							33,000
Total Interest, Rents and Royalties		61,217	2,311	16,087				101,606	181,221

Federal									
351.03	Highways and Streets								
351.09	Community Development								
351.00	All Other Federal Capital and Operating Grants								
352.01	National Forest								
352.00	All Other Federal Shared Revenue and Entitlements								
353.00	Federal Payments in Lieu of Taxes								
Total Federal									

State									
354.03	Highways and Streets	480,233							480,233
354.09	Community Development								
354.15	Recycling / Act 101								
354.00	All Other State Capital and Operating Grants	56,729							56,729
355.01	Public Utility Realty Tax (PURTA)	1,803							1,803
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		83,008						83,008
355.04	Alcoholic Beverage Licenses	200							200
355.05	General Municipal Pension System State Aid	37,297							37,297
355.07	Foreign Fire Insurance Tax Distribution	17,452							17,452
355.08	Local Share Assessment/Gaming Proceeds								
355.09	Marcellus Shale Impact Fee Distribution								

MT PENN BORO, BERKS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2025

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

State									
355.00	All Other State Shared Revenues and Entitlements								
356.00	State Payments in Lieu of Taxes								
Total State		593,714	83,008						676,722

Local Government Units									
357.03	Highways and Streets								
357.00	All Other Local Governmental Units Capital and Operating Grants								
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services								
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes	16,139							16,139
Total Local Government Units		16,139							16,139

Charges for Service									
361.00	General Government	7,270							7,270
362.00	Public Safety	150,972							150,972
363.20	Parking								
363.00	All Other Charges for Highway & Street Services	12,381							12,381
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)								
364.30	Solid Waste Collection and Disposal Charge (trash)	589,185							589,185
364.60	Host Municipality Benefit Fee for Solid Waste Facility								
364.00	All Other Charges for Sanitation Services								
365.00	Health								
366.00	Human Services								
367.00	Culture and Recreation								
368.00	Airports								

MT PENN BORO, BERKS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2025

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Charges for Service									
369.00	Bars								
370.00	Cemeteries								
372.00	Electric System								
373.00	Gas System								
374.00	Housing System								
375.00	Markets								
377.00	Transit Systems								
378.00	Water System								
379.00	All Other Charges for Service								
Total Charges for Service		759,808							759,808

Unclassified Operating Revenues									
383.00	Special Assessments								
386.00	Escheats (sale of personal property)								
387.00	Contributions and Donations from Private Sectors								
388.00	Fiduciary Fund Pension Contributions						42,300		42,300
389.00	All Other Unclassified Operating Revenues	537							537
Total Unclassified Operating Revenues		537					42,300		42,837

Other Financing Sources									
391.00	Proceeds of General Fixed Asset Disposition								
392.00	Interfund Operating Transfers	24,321		400,000					424,321
393.00	Proceeds of General Long-Term Debt								
394.00	Proceeds of Short Term-Debt								

MT PENN BORO, BERKS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2025

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Other Financing Sources									
395.00	Refunds of Prior Year Expenditures								
Total Other Financing Sources		24,321		400,000					424,321

TOTAL REVENUES

3,574,481	333,769	416,087				143,906	4,468,243
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EXPENDITURES

General Government									
400.00	Legislative (Governing) Body	18,620							18,620
401.00	Executive (Manager or Mayor)	98,507							98,507
402.00	Auditing Services / Financial Administration	27,200							27,200
403.00	Tax Collection	41,321							41,321
404.00	Solicitor / Legal Services	11,955							11,955
405.00	Secretary / Clerk	44,161							44,161
406.00	Other General Government Administration	23,583	194						23,777
407.00	IT-Networking Services-Data Processing	22,851							22,851
408.00	Engineering Services	24,740							24,740
409.00	General Government Buildings and Plant	75,407							75,407
Total General Government		388,345	194						388,539

Public Safety

410.00	Police	1,300,122							1,300,122
411.00	Fire	18,356	163,642						181,998
412.00	Ambulance / Rescue	7,704	41,142						48,846
413.00	UCC and Code Enforcement	210,457							210,457

MT PENN BORO, BERKS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2025

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Public Safety									
414.00	Planning and Zoning	14,043							14,043
415.00	Emergency Management and Communications	600							600
416.00	Militia and Armories								
417.00	Examination of Licensed Occupations								
418.00	Public Scales (weights and measures)								
419.00	Other Public Safety								
Total Public Safety		1,551,282	204,784						1,756,066

Health and Human Services									
420.00-425.00	Health and Human Services	4,860							4,860
Total Health and Human Services		4,860							4,860

Public Works - Sanitation									
426.00	Recycling Collection and Disposal	203,873							203,873
427.00	Solid Waste Collection and Disposal (garbage)	378,731							378,731
428.00	Weed Control								
429.00	Wastewater / Sewage Treatment and Collection								
Total Public Works - Sanitation		582,604							582,604

Public Works - Highways and Streets									
430.00	General Services - Administration	119,169							119,169
431.00	Cleaning of Streets and Gutters		3,150						3,150
432.00	Winter Maintenance – Snow Removal		27,004						27,004
433.00	Traffic Control Devices	1,869	10,609						12,478
434.00	Street Lighting		36,569						36,569

MT PENN BORO, BERKS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2025

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Public Works - Highways and Streets									
435.00	Sidewalks and Crosswalks	90,601							90,601
436.00	Storm Sewers and Drains	96,999							96,999
437.00	Repairs of Tools and Machinery	13,864	25,447						39,311
438.00	Maintenance and Repairs of Roads and Bridges	856	4,688						5,544
439.00	Highway Construction and Rebuilding Projects	500,485							500,485
Total Public Works - Highways and Streets		823,843	107,467						931,310

Other Public Works Enterprises									
440.00	Airports								
441.00	Cemeteries								
442.00	Electric System								
443.00	Gas System								
444.00	Markets								
445.00	Parking								
446.00	Storm Water and Flood Control								
447.00	Transit System								
448.00	Water System								
449.00	Water Transport and Terminals								
Total Other Public Works Enterprises									

Culture and Recreation									
451.00	Culture-Recreation Administration	61							61
452.00	Participant Recreation								
453.00	Spectator Recreation								
454.00	Parks								

MT PENN BORO, BERKS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2025

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Culture and Recreation									
455.00	Shade Trees								
456.00	Libraries								
457.00	Civil and Military Celebrations								
458.00	Senior Citizens' Centers								
459.00	All Other Culture and Recreation								
Total Culture and Recreation		61							61

Community Development									
461.00	Conservation of Natural Resources								
462.00	Community Development and Housing								
463.00	Economic Development								
464.00	Economic Opportunity								
465-469	All Other Community Development								
Total Community Development									

Debt Service									
471.00	Debt Principal (short-term and long-term)	34,957	11,660						46,617
472.00	Debt Interest (short-term and long-term)	9,449	3,755						13,204
475.00	Fiscal Agent Fees								
Total Debt Service		44,406	15,415						59,821

Employer Paid Benefits and Withholding Items									
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	26,712							26,712
482.00	Judgments and Losses								
483.00	Pension / Retirement Fund Contributions	44,954							44,954

MT PENN BORO, BERKS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2025

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Employer Paid Benefits and Withholding Items									
484.00	Worker Compensation Insurance	30,032							30,032
487.00	Other Group Insurance Benefits	90,084							90,084
Total Employer Paid Benefits and Withholding Items		191,782							191,782

Insurance									
486.00	Insurance, Casualty, and Surety	27,194							27,194
Total Insurance		27,194							27,194

Unclassified Operating Expenditures									
488.00	Fiduciary Fund Benefits and Refunds Paid							37,553	37,553
489.00	All Other Unclassified Expenditures							2,522	2,522
Total Unclassified Operating Expenditures								40,075	40,075

Other Financing Uses									
491.00	Refund of Prior Year Revenues								
492.00	Interfund Operating Transfers	400,000	24,321						424,321
493.00	All Other Financing Uses								
Total Other Financing Uses		400,000	24,321						424,321

TOTAL EXPENDITURES	4,014,377	352,181						40,075	4,406,633
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	-439,896	-18,412	416,087					103,831	61,610
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MT PENN BORO
December 31, 2025

DEBT STATEMENT											
OUTSTANDING BONDS AND NOTES											
Listed below are all currently outstanding bond and note issues according to our files, excluding bond issues redeemed or refunded and defeased. Please show the principal payments and make any other necessary corrections and additions.											
Purpose	Bond (B) Capital Lease (C) Lease Rental (L) Note (N)	Issue Year (yyyy)	Maturity Year (yyyy)	Original Amount of Issue	Outstanding Beginning of Year (1)	Principal Incurred This Year	Principal Paid This Year	Current Year Accretion on Compound Interest Bonds	Outstanding at Year End (1)	Plus (less) Unamortized Premium (Discount)	Total Balance
General Obligation Bonds and Notes											
M&T Bank Loan	Note	2022	2032	373,285	285,877	0	34,957	0	250,920		250,920
Revenue Bonds and Notes											
Lease Rental Debt											
Bobcat Lease	Capital Leases	2023	2028	89,431	51,944	0	11,660	0	40,284		40,284
Other											

(1) - excludes unamortized premium/discount	Total bonds and notes outstanding	291,204
	Capitalized lease obligations	0
	Net debt	291,204

MT PENN BORO, BERKS County
STATEMENT OF CAPITAL EXPENDITURES
December 31, 2025

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government			
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police			
Recreation			
Sewer			
Solid Waste			
Streets / Highways	11,660	569,497	581,157
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES	11,660	569,497	581,157

EMPLOYEE COMPENSATION

Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials) 324,737

Independent Public Accountant/Certified Public Accountant Submission Page
Opinion page was provided in lieu of signature page.

SIGNATURE AND VERIFICATION

Signed: Cherry Bekaert LLP Appointed Auditor/CPA

December 31, 2025

NOTES / COMMENTS

Note 1 – The financial statements are prepared on a regulatory basis of accounting within the format prescribed by the Department of Community and Economic Development of the Commonwealth of Pennsylvania (“DCED”), which is a basis of accounting other than accounting principles generally accepted in the United States of America. As permitted by the DCED, the Borough of Mount Penn (the “Borough”) prepares its financial statements on the modified cash basis of accounting. Consequently, revenues are recognized when received rather than when earned and expenditures are recognized when paid rather than when the liability is incurred.

Note 2 – The Borough has a non-uniformed defined contribution pension plan that is not included in this report because it does not meet the definition of a fiduciary fund. The Borough contributed \$2,654 to the non-uniformed defined contribution plan in 2025.