BOROUGH OF BATH

Financial Statements,
Independent Auditor's Report
and Supplementary Information

December 31, 2024

CAMPBELL, RAPPOLD & YURASITS LLP
Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Members of the Borough Council
Borough of Bath
Bath, PA

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Borough of Bath as of December 31, 2024, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Borough of Bath's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Borough of Bath's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Borough of Bath's basic financial statements. Management's budgetary comparisons on pages 30-31 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2025 on our consideration of Borough of Bath's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Borough of Bath's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Borough of Bath's internal control over financial reporting and compliance.

Campbell, Foppold & Yurasits LLP

September 26, 2025

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

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 2,297,993	$ 272,276	$ 2,570,269
Investments	133,440	-	133,440
Due from Other Funds	372,748	-	372,748
Total Current Assets	2,804,181	272,276	3,076,457
Noncurrent Assets:			
Land, Building and Improvements	2,304,551	-	2,304,551
Machinery and Equipment	946,229	-	946,229
Recreation	110,593	-	110,593
Total Noncurrent Assets	3,361,373	-	3,361,373
TOTAL ASSETS	6,165,554	272,276	6,437,830
LIABILITIES			
Current Liabilities:			
Accrued Expenses	1,830	-	1,830
Due to Other Funds	372,748	-	372,748
Current Portion of Long-Term Debt	55,000	-	55,000
Total Current Liabilities	429,578	-	429,578
Noncurrent Liabilities:			
Long-Term Debt	275,000	-	275,000
Total Noncurrent Liabilities	275,000	-	275,000
TOTAL LIABILITIES	704,578	-	704,578
NET POSITION			
Invested in Capital Assets, Net of Related Debt	3,031,373	-	3,031,373
Restricted for:			
Capital Projects	72,523	-	72,523
Special Projects	182,996	-	182,996
Special Revenue	349,156	-	349,156
Unrestricted	1,824,928	272,276	2,097,204
TOTAL NET POSITION	$ 5,460,976	$ 272,276	$ 5,733,252

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

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Total
Governmental Activities:							
General Government	$ 612,369	$ 7,699	$ 35,841	$ -	$ (568,829)	$ -	$ (568,829)
Public Safety	225,165	21,449	16,158	54,266	(133,292)	-	(133,292)
Public Works	358,048	6,436	73,638	-	(277,974)	-	(277,974)
Cultural and Recreation	84,108	-	-	-	(84,108)	-	(84,108)
Insurance and Employee Benefits	198,013	-	-	-	(198,013)	-	(198,013)
Interest on Long-Term Debt	8,662	-	-	-	(8,662)	-	(8,662)
Total Governmental Activities	1,486,365	35,584	125,637	54,266	(1,270,878)	-	(1,270,878)
Business Type Activities:							
Sanitation	373,166	417,550	8,225	-	-	52,609	52,609
MS4	62,670	-	-	-	-	(62,670)	(62,670)
Total Business-Type Activities	435,836	417,550	8,225	-	-	(10,061)	(10,061)
Total Primary Government	$ 1,922,201	$ 453,134	$ 133,862	$ 54,266	$ (1,270,878)	$ (10,061)	$ (1,280,939)
General Revenues:							
Taxes:							
Property Taxes, levied for general purposes, net					$ 936,895	$ -	$ 936,895
Property Taxes, levied for fire protection, net					27,523	-	27,523
Other Taxes, levied for general purposes, net					531,175	-	531,175
Licenses and Permits					95,379	-	95,379
Fines and Forfeits					59,844	-	59,844
Miscellaneous Income					4,013	-	4,013
Interest and Rental Income					98,254	16,622	114,876
Transfers In/(Out)					(38,248)	39,339	1,091
Total General Revenues, Special Items, Extraordinary Items, and Transfers					1,714,835	55,961	1,770,796
Change in Net Position					443,957	45,900	489,857
Net Position - Beginning					5,017,019	226,376	5,243,395
Net Position - Ending					$ 5,460,976	$ 272,276	$ 5,733,252

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

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

	Major Funds			Non-Major Fund	
	General	Capital Projects	State Liquid Fuels	Fire	Total
ASSETS					
Cash and Cash Equivalents	$ 1,503,566	$ 445,271	$ 345,677	$ 3,479	$ 2,297,993
Investments	133,440	-	-	-	133,440
Due From Other Funds	372,748	-	-	-	372,748
TOTAL ASSETS	$ 2,009,754	$ 445,271	$ 345,677	$ 3,479	$ 2,804,181
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accrued Expenses	$ 1,830	$ -	$ -	$ -	$ 1,830
Due to Other Funds	-	372,748	-	-	372,748
TOTAL LIABILITIES	1,830	372,748	-	-	374,578
FUND BALANCES					
Assigned	25,628	-	-	-	25,628
Restricted	23,928	72,523	345,677	-	442,128
Committed	133,440	-	-	3,479	136,919
Unassigned	1,824,928	-	-	-	1,824,928
TOTAL FUND BALANCES	2,007,924	72,523	345,677	3,479	2,429,603
TOTAL LIABILITIES AND FUND BALANCES	$ 2,009,754	$ 445,271	$ 345,677	$ 3,479	$ 2,804,181

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

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

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		$ 2,429,603
Amounts Reported for Governmental Activities in the Statement of Net Position - Modified Cash Basis are Different Because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds.		3,361,373
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Note Payable	(330,000)	(330,000)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		$ 5,460,976

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

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

	Major Funds			Non-Major Fund	
	General	Capital Projects	State Liquid Fuels	Fire	Total
REVENUES					
Taxes	$ 1,468,070	$ -	$ -	$ 27,523	$ 1,495,593
Licenses and Permits	95,379	-	-	-	95,379
Fines and Forfeitures	59,844	-	-	-	59,844
Interest and Rents	88,178	5,230	4,113	733	98,254
Intergovernmental Revenues	55,614	54,266	70,023	-	179,903
Charges for Services	35,584	-	-	-	35,584
Other Revenues	4,013	-	-	-	4,013
TOTAL REVENUES	1,806,682	59,496	74,136	28,256	1,968,570
EXPENDITURES					
General Government	542,870	69,499	-	-	612,369
Public Safety	197,069	-	-	28,096	225,165
Public Works - Highways and Streets	326,119	31,929	-	-	358,048
Culture and Recreation	84,108	-	-	-	84,108
Insurance and Employee Benefits	198,013	-	-	-	198,013
Debt Service - Principal Retirement	55,000	-	-	-	55,000
Debt Service - Interest	8,662	-	-	-	8,662
TOTAL EXPENDITURES	1,411,841	101,428	-	28,096	1,541,365
EXCESS (DEFICIT) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES PAID	394,841	(41,932)	74,136	160	427,205
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	15,091	44,046	-	1,391	60,528
Operating Transfers Out	(98,776)	-	-	-	(98,776)
Total Other Financing Sources (Uses)	(83,685)	44,046	-	1,391	(38,248)
Net Change in Fund Balances	311,156	2,114	74,136	1,551	388,957
Fund Balances, January 1	1,696,768	70,409	271,541	1,928	2,040,646
FUND BALANCES, DECEMBER 31	$ 2,007,924	$ 72,523	$ 345,677	$ 3,479	$ 2,429,603

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

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

Net Change in Fund Balances - Governmental Funds	$	388,957
Amounts Reported for Governmental Activities in the Statement of Activities - Modified Cash Basis are Different Because:		
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position - Modified Cash Basis		55,000
Change in Net Position of Governmental Activities	$	443,957

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

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

	Sanitation Fund	MS4 Fund	Total Proprietary Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents - Unrestricted	$ 210,400	$ 61,876	$ 272,276
Total Current Assets	210,400	61,876	272,276
TOTAL ASSETS	$ 210,400	$ 61,876	$ 272,276
LIABILITIES			
Current Liabilities:			
Due To General Fund	$ -	$ -	$ -
Total Current Liabilities	-	-	-
TOTAL LIABILITIES	-	-	-
NET POSITION			
Unrestricted	210,400	61,876	272,276
Total Net Position	210,400	61,876	272,276
TOTAL LIABILITIES AND NET POSITION	$ 210,400	$ 61,876	$ 272,276

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

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

	Sanitation Fund	MS4 Fund	Total Proprietary Funds
OPERATING REVENUES:			
Charges for Services	$ 417,550	$ -	$ 417,550
Intergovernmental Revenues	8,225	-	8,225
Total Operating Revenues	425,775	-	425,775
OPERATING EXPENSES:			
Contractual Services	358,295	-	358,295
Collection and Other Fees	2,663	2,500	5,163
Professional Fees	125	53,100	53,225
Information Technology	11,208	5,929	17,137
Office Supplies	-	1,141	1,141
Recycling	875	-	875
Total Operating Expense	373,166	62,670	435,836
OPERATING GAIN (LOSS)	52,609	(62,670)	(10,061)
NON-OPERATING REVENUES:			
Interest Revenue	14,282	2,340	16,622
Total Non-operating Revenues	14,282	2,340	16,622
OTHER FINANCING SOURCES			
Operating Transfers In	-	53,339	53,339
Operating Transfers Out	(14,000)	-	(14,000)
Total Other Financing Sources	(14,000)	53,339	39,339
Net Increase (Decrease)	52,891	(6,991)	45,900
Change in Net Position	52,891	(6,991)	45,900
Total Net Position - January 1	157,509	68,867	226,376
TOTAL NET POSITION - December 31	$ 210,400	$ 61,876	$ 272,276

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

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

	Sanitation Fund	MS4 Fund	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	$ 425,775	$ -	$ 425,775
Cash Payment to Suppliers for Goods and Services	(475,002)	(62,670)	(537,672)
Net Cash Used in Operating Activities	(49,227)	(62,670)	(111,897)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating Transfers In (Out)	(14,000)	53,339	39,339
Net Cash Provided by (Used in) Noncapital Financing Activities	(14,000)	53,339	39,339
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Received	14,282	2,340	16,622
Net Cash Provided by Investing Activities	14,282	2,340	16,622
Net Decrease in Cash and Cash Equivalents	(48,945)	(6,991)	(55,936)
Cash and Cash Equivalents, January 1	259,345	68,867	328,212
CASH AND CASH EQUIVALENTS, DECEMBER 31	$ 210,400	$ 61,876	$ 272,276
Reconciliation of Operating Gain (Loss) to Net Cash Provided Operating Activities			
Operating Gain (Loss)	$ 52,609	$ (62,670)	$ (10,061)
Adjustment to Reconcile Operating Gain (Loss) to Net Cash Used in Operating Activities			
Changes in Assets and Liabilities:			
Decrease in Amounts Due to Other Funds	(101,836)	-	(101,836)
Total Adjustments	(101,836)	-	(101,836)
Net Cash Used in Operating Activities	$ (49,227)	$ (62,670)	$ (111,897)

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

BOROUGH OF BATH
STATEMENT OF NET POSITION – MODIFIED CASH BASIS –
FIDUCIARY FUND
DECEMBER 31, 2024

	Custodial Funds
ASSETS:	
Cash and Cash Equivalents - Restricted	$ 20,752
Total Assets	$ 20,752
LIABILITIES:	
Due to Depositors	$ -
Total Liabilities	-
NET POSITION:	
Restricted	20,752
Total Liabilities and Net Position	$ 20,752

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

BOROUGH OF BATH
STATEMENT OF CHANGES IN NET POSITION – MODIFIED CASH BASIS – FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Custodial Funds
ADDITIONS:	
Collections from Other Entities	$ 35,325
Donations from Private Sector	1,600
Interest	147
Total Additions	37,072
DEDUCTIONS:	
Payments to Other Entities	39,647
Transfers Out	1,091
Total Deductions	40,738
NET DECREASE	(3,666)
NET POSITION:	
Net Position, January 1	24,418
Net Position, December 31	$ 20,752

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

1. Entity

The Borough of Bath (the "Borough") was incorporated in 1856 under the provisions of the constitution and general statutes of the Commonwealth of Pennsylvania ("Commonwealth").

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

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

2. Summary of Significant Accounting Policies

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

Fund Accounting

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

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation

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

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

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

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

Basis of Presentation - Fund Accounting

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

Governmental Fund Types

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

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation - Fund Accounting (Continued)

Governmental Fund Types (Continued)

The acquisition, use and balances of the Borough's expendable financial resources and the related liabilities are accounted for through the following governmental funds:

- ***General Fund (Major Fund)*** - is used to account for all financial transactions applicable to the general operations of the Borough except for those required to be accounted for in another fund.

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

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

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

- ***Capital Projects Fund (Major Fund)*** - is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary Fund Types

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

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

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

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation - Fund Accounting (Continued)

Proprietary Fund Types (Continued)

MS4 Fund - is used to account for the operation, maintenance and expansion of the existing stormwater system in the Borough and is operated in a manner similar to a private business enterprise and is intended to be self-supporting.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the Borough in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following is the Borough's fiduciary fund type:

- ***Custodial Funds*** - are used to account for funds held in escrow for other parties. The principal source of revenue for these funds are collections from other entities.

Basis of Accounting

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

Measurement Focus

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

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

2. Summary of Significant Accounting Policies (Continued)

Budgets and Non-GAAP Budgetary Basis of Accounting

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

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

- Public hearings are conducted to obtain taxpayer comment.

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

- Each month the administration prepares a detailed budget report. The report cites the past month and year-to-date activity, as well as encumbrances and unencumbered balances by account.

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

- Formal budgetary integration is employed as a management control device during the year for the General Fund.

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

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

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

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

2. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents on the Statement of Net Position – Modified Cash Basis are considered to be cash on hand and demand deposits.

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

Investments

Certificates of deposit held for investment purposes with original maturities greater than three months are reported at amortized cost, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.*

The certificates of deposit in which the Borough invests are nonnegotiable and nonparticipating interest-earning investment contracts, and therefore are not considered debt securities subject to fair value reporting. As such, they are excluded from the definition of investments required to be reported at fair value under GASB 31.

The Borough has formally adopted the provisions of GASB Statement No. 31 and reports its held-to-maturity certificates of deposit at amortized cost.

Interfund Transactions

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

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

Restricted Assets

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

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental column in the government-wide financial statements. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

2. Summary of Significant Accounting Policies (Continued)

Net Position

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

Leases

The Borough reports their financial statements in accordance with the modified cash basis of accounting. As such, the Borough does not report capital lease transactions or donated capital assets because the acquisition of these assets did not involve a cash inflow or outflow at the time of acquisition or receipt.

Transfers

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

Management Estimates

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

Government – Wide Fiduciary and Proprietary Fund Net Position

Net Position is divided into three components:

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

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

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

2. Summary of Significant Accounting Policies (Continued)

Governmental Fund Balances

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

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

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

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

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

3. Deposits with Financial Institutions and Investments

General

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

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

3. Deposits with Financial Institutions and Investments (Continued)

Cash (Cash on Hand and Bank Balances)

At December 31, 2024, the carrying amount of the Borough's bank deposits, including certificates of deposit, at two financial institutions including Custodial Funds, totaled $2,724,361 and the corresponding bank balances were $2,950,428 of which $500,000 was insured by the Federal Deposit Insurance Corporation ("FDIC"); the uninsured bank balances of $2,450,428 were collateralized, as described below.

Under Act No. 72 of the 1972 Session of the Pennsylvania General Assembly (the "Act of 72"), financial institutions were granted the authority to secure the deposits of public bodies by pledging a pool of assets, as defined in the Act of 72, to cover all public funds deposited in excess of FDIC limits. The uninsured bank balances of the Borough in the amount of $2,450,428 were collateralized by this pool of assets maintained by the Borough's depository institutions.

In addition, the Borough included in cash, amounts held on hand in petty cash. At December 31, 2024, the petty cash balance was $100.

Investments

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

	Amortized Cost	Fair Value	Maturity 0-5 Years	Standard & Poor's Rating
Governmental Activities:				
Certificate of Deposit	$ 133,440	$ -	133,440	N/A
	$ 133,440	$ -	$ 133,440	

Measurement

Investments in qualifying external investment pools and certificates of deposit are reported at amortized cost basis.

Interest Rate Risk

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

Credit Risk

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

3. Deposits with Financial Institutions and Investments (Continued)

Concentration of Credit Risk

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

Custodial Credit Risk

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

4. Real Estate Taxes

Based upon assessed valuations provided by the County ($56,191,100 in 2024), the Borough bills and collects its own property taxes. The schedule for property taxes levied for 2024 is as follows:

January 1	- levy date
February 1	- billing date
February 1 – March 31	- face payment period
April 1 – May 31	- 2% discount period
June 1 - December 31	- 10% penalty period
January 1	- lien date

The Borough continues to collect delinquent real estate taxes through December of the current year. At that time, all unpaid real estate taxes are turned over to the County of Northampton Tax Claim Bureau for further collection. The 2024 municipal tax rate for all purposes was 17.45 mils ($17.45 per $1,000 of assessed valuation).

5. Capital Assets

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

	Balance Jan. 1, 2024	Additions	Retirements	Balance Dec. 31, 2024
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land, Building and Improvements	$ 2,304,551	$ -	$ -	$ 2,304,551
Machinery and Equipment	946,229	-	-	946,229
Recreation	110,593	-	-	110,593
Governmental Activities Capital Assets at Historical Cost	$ 3,361,373	$ -	$ -	$ 3,361,373

No depreciation has been provided for the governmental activities' capital assets.

6. Long-Term Debt

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

	Balance Outstanding Jan. 1, 2024	Additions	Reductions	Balance Outstanding Dec. 31, 2024	Amounts Due Within One Year
Governmental Activities:					
Installment Loan: 10-Year Loan Payable to Institution, fixed annual interest rate of 2.25%. Payable in annual installments, matures December, 2030.	$ 385,000	$ -	$ (55,000)	$ 330,000	$ 55,000
	$ 385,000	$ -	$ (55,000)	$ 330,000	$ 55,000

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

During the year ended December 31,	Principal	Interest
2025	$ 55,000	$ 7,425
2026	55,000	6,188
2027	55,000	4,950
2028	55,000	3,712
2029	55,000	2,475
2030	55,000	1,030
Totals	$ 330,000	$ 25,780

7. Fund Balances

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

	General Fund	Capital Projects Fund	Fire Fund	State Liquid Fuels Fund	Totals
Unassigned	$ 1,824,928	$ -	$ -	$ -	$ 1,824,928
Restricted	23,928	72,523	-	345,677	442,128
Committed	133,440	-	3,479	-	136,919
Assigned	25,628	-	-	-	25,628
Totals	$ 2,007,924	$ 72,523	$ 3,479	$ 345,677	$ 2,429,603

8. Inter-fund Receivables and Payables

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

	Due From Other Funds	Due to Other Funds
Governmental Activities		
General Fund	$ 372,748	$ -
Capital Projects Fund	-	372,748
	$ 372,748	$ 372,748

9. Inter-fund Transfers

Inter-fund transfers during 2024 were as follows:

	Transfers from Other Funds	Transfers to Other Funds
Governmental Activities		
General Fund	$ 15,091	$ 98,776
Capital Projects Fund	44,046	-
Fire Fund	1,391	-
Business Type Activities		
Sanitation Fund	-	14,000
MS4 Fund	53,339	-
Fiduciary Type Activities		
Custodial Funds	-	1,091
	$ 113,867	$ 113,867

10. Defined Contribution Pension Plan

The Borough provides pension benefits for all its eligible full-time employees through a single employer defined contribution money purchase pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All full-time employees are eligible to participate. The plan requires contributions in an amount equal to 7% of the employee's salary each year as defined by the plan. The plan is eligible to receive an allocation of state aid from the General Municipal Pension System Aid Program which must be used for pension funding. Any funding requirement in excess of aid must be paid by the Borough. The Borough's contributions for each employee and investment earnings allocated to each employee's account are fully vested after five years of continuous service. The Borough's contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the Borough's current contribution requirement. Plan provisions and contribution requirements are established by, and may be amended by, the Borough Council, in accordance with Commonwealth of Pennsylvania law. The plan does not issue stand-alone financial statements. The Borough's contributions paid to the plan during 2024 was $18,684.

11. Risk Management and Litigation

Risk Management

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

11. Risk Management and Litigation (Continued)

Litigation

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

12. Commitments and Contingencies

Federal and State Grants

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

Insurance

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

Leases

The Borough entered a long-term copier lease agreement commencing in January 2024 with a monthly lease payment of $195. The lease expires December 2028. Lease payments are recognized as expenditures when paid.

13. Subsequent Events

Management has considered events subsequent to December 31, 2024 that affect the Borough through September 26, 2025, the date the financial statements were available to be issued, and has determined that no material subsequent events exist that require recognition or disclosure.

SUPPLEMENTARY INFORMATION

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

	Actual	Original Budget	Variance Favorable (Unfavorable)
REVENUES RECEIVED			
Taxes	$ 1,468,070	$ 1,397,171	$ 70,899
Licenses and Permits	95,379	49,775	45,604
Fines and Forfeitures	59,844	21,982	37,862
Interest and Rents	88,178	53,984	34,194
Intergovernmental Revenues	55,614	34,185	21,429
Charges for Services	35,584	36,374	(790)
Other Revenues	4,013	-	4,013
Total Revenues Received	$ 1,806,682	$ 1,593,471	$ 213,211
EXPENDITURES PAID			
General Government	$ 542,870	$ 629,000	$ 86,130
Public Safety	197,069	214,001	16,932
Public Works - Highways and Streets	326,119	378,774	52,655
Culture and Recreation	84,108	70,136	(13,972)
Insurance and Employee Benefits	198,013	142,909	(55,104)
Debt Service - Principal Retirement	55,000	55,000	-
Debt Service - Interest	8,662	12,000	3,338
Total Expenditures Paid	1,411,841	1,501,820	89,979
EXCESS OF REVENUES RECEIVED OVER EXPENDITURES PAID	394,841	91,651	303,190
Other Financing Sources (Uses)			
Transfers In	15,091	14,000	1,091
Transfers Out	(98,776)	(105,651)	6,875
Total Other Financing Sources (Uses), Net	(83,685)	(91,651)	7,966
EXCESS OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES PAID AND OTHER FINANCING USES	311,156	-	311,156
FUND BALANCE - JANUARY 1, 2024	1,696,768	1,696,768	-
FUND BALANCE - DECEMBER 31, 2024	$ 2,007,924	$ 1,696,768	$ 311,156

See independent auditor's report on supplementary information.

BOROUGH OF BATH
STATE LIQUID FUELS FUND – SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES – MODIFIED CASH BASIS – BUDGET COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2024

	Actual	Original Budget	Variance Favorable (Unfavorable)
REVENUES RECEIVED			
Interest and Rents	$ 4,113	$ 250	$ 3,863
Intergovernmental Revenues	70,023	69,321	702
Total Revenues Received	$ 74,136	$ 69,571	$ 4,565
EXPENDITURES PAID			
Public Works - Highways and Streets	$ -	$ -	$ -
Total Expenditures Paid	-	-	-
EXCESS OF REVENUES RECEIVED OVER EXPENDITURES PAID	74,136	69,571	4,565
Other Financing Sources (Uses)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses), Net	-	-	-
EXCESS OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES PAID AND OTHER FINANCING USES	74,136	69,571	4,565
FUND BALANCE - JANUARY 1, 2024	271,541	271,541	-
FUND BALANCE - DECEMBER 31, 2024	$ 345,677	$ 341,112	$ 4,565

See independent auditor's report on supplementary information.

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

To the Members of the Borough Council
Borough of Bath
Bath, PA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Borough of Bath as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Borough of Bath's basic financial statements and have issued our report thereon dated September 26, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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Report on Compliance and Other Matters

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

Purpose of this Report

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

Campbell, Coppold & Yurasits LLP

September 26, 2025