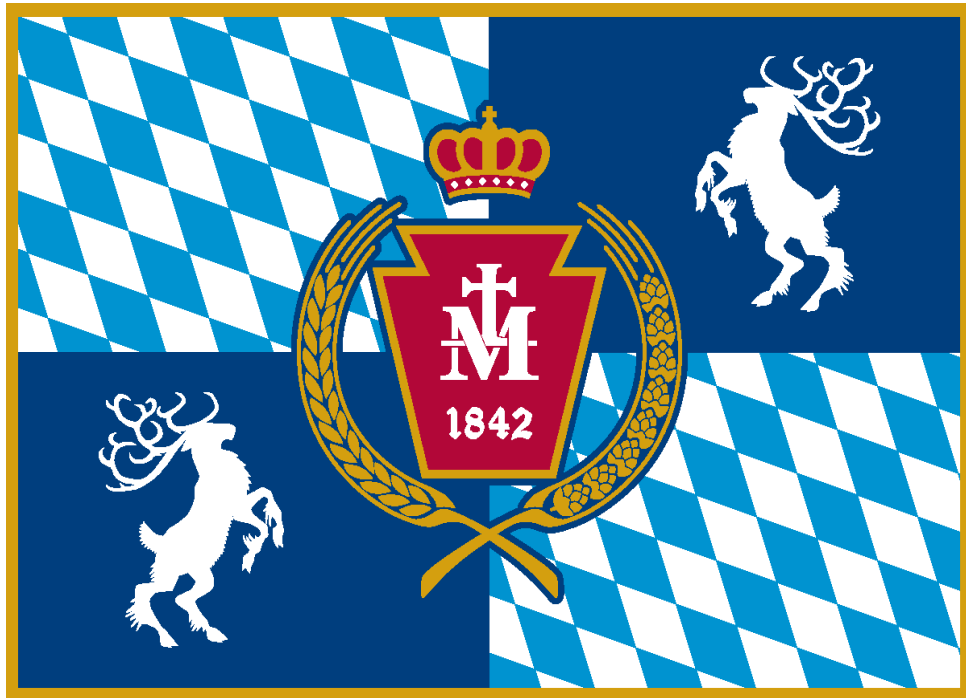


**CITY OF SAINT MARYS, PENNSYLVANIA
DECEMBER 31, 2021**



CITY OF SAINT MARYS, PENNSYLVANIA

Saint Marys, Pennsylvania

FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT

December 31, 2021

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INDEPENDENT AUDITOR’S REPORT

The Honorable Mayor
Members of the City Council
City of Saint Marys, Pennsylvania

Report on the Audit of the Financial Statements

Disclaimer and Unmodified Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Saint Marys, Pennsylvania (the City) as of and for the year ended December 31, 2021, and the related notes to financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-type Activities	Unmodified
Discretely Presented Component Unit	Adverse
General Fund	Unmodified
Parking Garage Fund	Unmodified
Capital Reserve Fund	Unmodified
Sewer Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

We did not audit the financial statements of the St. Marys Municipal Authority Fund, which represent 24.9%, 29.3% and 29.0%, respectively, of the assets, net position and revenues of the business-type activities, as of December 31, 2021, and the respective changes in financial position. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the St. Mary’s Municipal Authority, is based on the reports of the other auditor.

Adverse Opinion on the Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly, the financial position of the discretely presented component units of the City of Saint Marys, Pennsylvania, as of December 31, 2021, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saint Marys, Pennsylvania, as of December 31, 2021, 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 Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse, qualified, and unmodified audit opinions.

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

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

Emphasis of a Matter

As discussed in Note 21 to the financial statements, the 2021 financial statements have been restated to include the St. Mary's Municipal Authority Fund as a blended component unit.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Auditor's Responsibilities for the Audit of the Discretely Presented Component Units

Our responsibility is to conduct an audit of the City's financial statements in accordance with GAAS and *Government Auditing Standards* and to issue an auditor's report. However, because of the matter described in the Adverse Opinion on the Discretely Presented Component Units section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the discretely presented component units.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Auditor's Responsibilities for the Audit of the Governmental Activities, the Business-Type Activities, Each Major Fund, and the Aggregate Remaining Fund Information

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 June 27, 2023, on our consideration of the City'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 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 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 City's internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
June 27, 2023

CITY OF SAINT MARYS, PENNSYLVANIA

Management's Discussion and Analysis

As management of the City of St. Marys, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the calendar year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the City's Primary Government Accounts exceeded its liabilities and deferred inflows of resources at the close of calendar year 2021 by \$45 million. Of this amount, \$25.5 million is from governmental activities and from this \$6.1 million is considered to be unrestricted and can be used to meet the obligations of the City for the next year.
- The unrestricted net position of the business-type activities is \$4.2 million and may be used to meet the ongoing obligations of the business-type activities.
- The City's net position of the governmental activities increased by \$1,199,107 or 5% and the net position of the business-type activities increased by \$1,204,597 or 6.6%. This includes the blended component unit - St. Marys Municipal Authority.
- Total revenue of the governmental activities increased by \$694,084 compared to last year's revenue; and total expenditures of the governmental activities increased by \$458,705 or 5.4 percent compared to last year.
- In the City's business-type activities, total revenue increased by \$227,206 or 6% and expenses decreased by \$440,154 or 14 percent.
- Net investment in capital assets (net capital assets net of related debt) was \$32,360,138 at December 31, 2021, a decrease of \$112,391. This also includes the City's blended component unit.
- The City's real property tax rate stayed the same at 18.5362 mills. In 2019 City Council elected to increase the Earned Income Tax rate from .5% to .7%. The additional income will be used for the reconstruction of roads, streets and bridges.
- The police pension plan net position held in trust to pay pension benefits increased \$1,285,189 or 12.4% and the non-uniformed pension plan net position increased 648,372 or 11.8% in 2021.

CITY OF SAINT MARYS, PENNSYLVANIA

Management's Discussion and Analysis

- As of December 31, 2021, the governmental funds reported a combined ending fund balance of \$7,020,030 an increase of \$1,023,194 from the prior year. Of the ending fund balance, \$80,269 is non-spendable, \$1,583,860 is restricted for various projects, \$6,751 is committed, \$2,271,215 is committed for capital projects, \$297,861 is assigned for other post-employment benefits and compensated absences, and \$145,010 is assigned for increases in pension liability; and \$2,635,064 is unassigned and available for any purpose and to fund any fund balance that is negative.
- The General Fund reported a fund balance of \$3,392,647. The fund balance decreased \$206,794 or 6% from the prior year. There was a transfer of \$572,179 from the General Fund to the Capital Reserve Fund in 2021 for capital projects.
- The City guarantees 1.2 million dollars in debt for various Authorities of the City.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. *The government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a matter similar to private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these reported as net position. Over time, increases or decrease in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. The Statement of Activities also reports the government's expenses and revenues during the year.

CITY OF SAINT MARYS, PENNSYLVANIA

Management's Discussion and Analysis

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community and economic development, culture and recreation and intergovernmental functions. The intergovernmental functions of the City are those activities whereby the City provides financial resources to other governmental entities, primarily the St. Marys Public Library, the St. Marys Ambulance Association and the St. Marys Airport Authority. The City also reports the Component Units on the government-wide statements. The Benzinger Township Municipal Golf Course Authority is a discretely presented component unit.

The business-type activities of the City include the sewage treatment system along with the sewer lines and the blended component unit the St. Marys Municipal Authority.

The government-wide financial statements can be found on pages 22 and 23 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental funds statements tell how general government services such as public safety were financed in the short term as well as what remains for future spending.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in the fund balances provide a reconciliation to facilitate this comparison between governmental funds and government activities.

The City maintains 15 individual governmental funds:

- General Fund, Parking Garage Fund and the Capital Reserve Fund are considered major funds, and information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these funds.

CITY OF SAINT MARYS, PENNSYLVANIA

Management's Discussion and Analysis

- The 12 other governmental funds are considered *nonmajor* governmental funds and they are combined into a single, aggregated presentation in the basic financial statements. Individual fund data for each of these funds is provided in the form of combining statements elsewhere in this report. The 12 nonmajor governmental funds are the Street Lighting Tax Fund, Fire Protection Fund, Recreation Fund, Library Fund, Ambulance Fund, Fire Hydrant Fund, Liquid Fuels Tax Fund, Shade Tree Fund, Community Development Block Grant Fund, Airport Industrial Park Fund, Debt Service Fund, and the Keystone Façade Fund.

On the report on page 83, the City shows the budgetary comparison schedule for all the major funds that receive tax allocations. This schedule will show the annual operating budget for the General Fund. Comparison of budget to actual results is provided for these funds to demonstrate compliance with their budgets.

Proprietary funds. *Services for which the City charges customers a fee are generally reported in Proprietary funds.* Proprietary (enterprise) funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewage treatment system and for the sewer lines.

Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The basic proprietary fund financial statements provide information as follows:

- The Sewer Fund is considered a major proprietary fund of the City and includes the Sewage Treatment Fund, I & I Fund, Sewer Fund and the Sewer Line Replacement funds as sub-funds, and information is presented separately in the *proprietary funds statement of net position, the proprietary funds statement of revenue, expenses and changes in net position, and the proprietary funds statement of cash flows for these major proprietary funds.*
- There are no funds considered as non-major proprietary funds.
- The St. Marys Municipal Authority is considered a blended component unit of the City, and is a sub-fund of the Sewer Fund.

The basic proprietary fund financial statements can be found on pages 28-30 of this report.

Fiduciary funds. The City is the trustee, or *fiduciary*, for its employee's pension plans. It is also responsible for other assets, because of a trust arrangement, which can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate *statement of fiduciary net position and a statement of changes in fiduciary net position.*

CITY OF SAINT MARYS, PENNSYLVANIA

Management's Discussion and Analysis

We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations. The fiduciary funds statements provide information about the financial relationships in which the City acts solely as a *trustee or agent* for the benefit of those outside of the government.

The Police Pension Fund and the Non-Uniformed Employee's Pension Plan (The Municipal Employee's Retirement plan or M.E.R. fund) are the fiduciary funds for the City of St. Marys and can be found on pages 31 and 32 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-77 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. Combining nonmajor funds statements referred to earlier can be found beginning on page 85 of this report.

THE CITY AS A WHOLE

Government-Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position. Overall, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$45,110,488 at the close of the most recent calendar year.

Seventy two percent of the City's net position reflects its investment in capital assets (e.g. land, buildings, and improvements other than buildings, infrastructure, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position (5.4 percent) represents resources that are subject to restrictions as to how they may be used, such restrictions being imposed by legal requirements other than those imposed by the City Council (e.g. state or federal law).

CITY OF SAINT MARYS, PENNSYLVANIA

Management's Discussion and Analysis

Table 1
CITY OF ST MARYS
NET POSITION

	Governmental Activities		Business- Type Activities		Total Primary Government	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
ASSETS						
Current Assets	10,919,865	9,304,894	4,674,139	3,330,608	15,594,004	12,807,295
Other Assets	676,086	489,916	-	-	676,086	489,916
Capital Assets, net	22,933,101	22,602,578	15,861,031	16,340,747	38,794,132	38,771,532
Total Assets	<u>34,529,052</u>	<u>32,397,388</u>	<u>20,535,170</u>	<u>19,671,355</u>	<u>55,064,222</u>	<u>52,068,743</u>
DEFERRED OUTFLOWS OF RESOURCES						
	<u>1,124,911</u>	<u>1,134,151</u>	<u>8,324</u>	<u>-</u>	<u>1,133,235</u>	<u>1,134,151</u>
LIABILITIES						
Long-Term Liabilities	5,682,617	5,221,574	355,993	644,458	6,038,610	5,866,032
Other Liabilities	1,810,080	2,030,283	595,454	640,175	2,405,534	2,670,458
Total Liabilities	<u>7,492,697</u>	<u>7,251,857</u>	<u>951,447</u>	<u>1,284,633</u>	<u>8,444,144</u>	<u>8,536,490</u>
DEFERRED INFLOWS OF RESOURCES						
	<u>2,642,097</u>	<u>1,959,620</u>	<u>728</u>	<u>-</u>	<u>2,642,825</u>	<u>1,959,620</u>
NET POSITION						
Invested in Capital Assets, net of debt	17,122,005	17,246,016	15,238,133	15,226,513	32,360,138	32,472,529
Restricted	2,267,717	2,887,311	168,530	171,793	2,436,247	3,059,104
Unrestricted	6,129,447	4,186,735	4,184,656	2,988,416	10,314,103	7,175,151
Total Net Position	<u>25,519,169</u>	<u>24,320,062</u>	<u>19,591,319</u>	<u>18,386,722</u>	<u>45,110,488</u>	<u>42,706,784</u>

Table 1 shows Total Primary Government net position increased by \$2,403,704 this year. Governmental Activities had an increase of \$1,199,107 while the Business-Type Activities had an increase of \$1,204,597. The increase in current assets in the government activities is \$1,614,971; cash and cash investments increased \$1,056,018; increase of EIT revenue of \$204,691 and Real estate transfer tax of \$48,220; and an increase in the receipt of real estate taxes of 2% which amounts to a little over \$80,000. Net pension assets increased \$890,367.

Capital Assets, net, for primary government, had an increase from last year of \$22,600 (capital assets of \$2,445,009 less depreciation of \$2,422,409) while *net investment in capital assets* had a decrease of \$112,391 for the City combined. The increase of depreciation (\$1,816,812) counter balances the decrease in debt payments of \$364,830.

Governmental Activities unrestricted net position increased from last year by \$1,942,712, or 46%, while the Business-Type Activities unrestricted net position increased from last year by \$1,933,560, or 86%. For the Business-Type Activities, City council increased the base rate fees for residential customers to a flat service address fee of \$50.50 a month. This increased users fees for residential customers by \$658,510. Non-residential customers base rate did not change. The unrestricted net position is available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

CITY OF SAINT MARYS, PENNSYLVANIA

Management's Discussion and Analysis

Table 2
CITY OF ST MARYS
CHANGES IN NET POSITION

	Governmental Activities		Business- Type Activities		Total Primary Government		Total % Change
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	
Revenues:							
Program Revenues:							
Charges for Services	\$ 475,249	\$ 468,927	\$ 4,003,086	\$ 3,752,256	\$ 4,478,335	\$ 4,221,183	6.09%
Operating Grants and Contributions	161,058	195,900	-	579	161,058	196,479	-18.03%
Capital Grants and Contributions	1,389,635	419,492			1,389,635	419,492	231.27%
General Revenue:							
Taxes:							
Total Taxes	6,490,785	6,577,069			6,490,785	6,577,069	-1.31%
Grants and Contributions not restricted to specific programs	983,262	1,122,404			983,262	1,122,404	-12.40%
Sale of Fixed Assets	42,855	46,876	-	4,144	42,855	51,020	-16.00%
Investment Earnings	194,473	64,675	3,115	22,563	197,588	87,238	126.49%
Miscellaneous	370,453	356,669	4,147	3,600	374,600	360,269	3.98%
Total Revenue	\$ 10,107,770	\$ 9,252,012	\$ 4,010,348	\$ 3,783,142	\$ 14,118,118	\$ 13,035,154	8.31%
Expenses:							
General Government	\$ 1,722,001	\$ 1,618,506			\$ 1,722,001	\$ 1,618,506	6.39%
Public Safety	2,291,046	2,393,758			2,291,046	2,393,758	-4.29%
Public Works	3,697,524	3,505,869			3,697,524	3,505,869	5.47%
Human Services	8,440	6,134			8,440	6,134	37.59%
Community & Economic Development	414,153	294,773			414,153	294,773	40.50%
Culture and Recreation	591,220	511,305			591,220	511,305	15.63%
Interest on Long Term Debt	184,279	119,613			184,279	119,613	54.06%
Sewage Treatment/Sewer Lines			\$ 2,805,751	\$ 3,245,905	2,805,751	3,245,905	-13.56%
Total Expenditures	\$ 8,908,663	\$ 8,449,958	\$ 2,805,751	\$ 3,245,905	\$ 11,714,414	\$ 11,695,863	0.16%
Increase in Net Position	\$ 1,199,107	\$ 802,054	\$ 1,204,597	\$ 537,237	\$ 2,403,704	\$ 1,339,291	79.48%
Net Position - January 1	\$ 24,320,062	\$ 23,127,520	\$ 18,386,722	\$ 17,849,485	\$ 42,706,784	\$ 40,977,005	4.22%
Net Position - Adjustment of Net Position		390,488	-	-	-	390,488	
Net Position - December 31	\$ 25,519,169	\$ 24,320,062	\$ 19,591,319	\$ 18,386,722	\$ 45,110,488	\$ 42,706,784	5.63%

Governmental Activities

Table 2 shows revenue and expenditures for both governmental and business-type activities for years 2021 and 2020. Governmental activities revenue for 2021 had an increase from last year of \$855,758 or 9.2%. Total expenditures for governmental activities had an increase of \$458,705 or by 5.4%.

CITY OF SAINT MARYS, PENNSYLVANIA

Management's Discussion and Analysis

Governmental Activities

Some of the program revenue & expense changes that occurred this year compared to last year for the governmental activities are as follows:

Revenue:

- **Tax Revenue:** decrease of \$86,284. An increase of real estate tax revenue of 2%; EIT was \$73,381 over budgeted amount as well as real estate transfer of \$93,000
- **Investment Earnings:** Decreased for the second year. Rates are at .1% compared to 4%
- **Capital Grants & Contributions: \$1,021,465;** ECMS road project at the airport \$697,752; PA Act 101-902 grant for a new recycling truck \$163,044; Grants for updates to parks of \$66,140 and increase in CDBG funding of \$76,297; Jackson Rd project increase of \$43,120
- **Intergovernmental Revenue: \$502,480** - The City received the first payment of the ARPA funding of \$641,622. None of the funding was expensed in 2021.

Expenses:

- **General Government** expenses increased \$103,495 - 6.39%. Wage increases to all full time employees of 2% and health insurance increase of 5.5%; the elimination of the HR department of (\$32,000); a payout of compensated absences of \$28,000 in 2021
- **Public Safety** expenses decreased \$102,712 - 4.29%. Decrease in overtime pay of \$17,000
- **Public Works** expenses increased \$191,655 - 5.47%. Increase in salt and stone for snow removal of \$35,000; increase in supplies for traffic signals of \$17,000; and \$147,700 increase in cost of stone and supplies for repairs to streets and roads
- **Community & Economic Development** expenses increased \$119,380. Increase in projects that were completed in 2021 compared to 2020
- **Culture & Recreation** expenses increase of \$79,915 - 15.63%. Increase in Park expenses of 16000; a increase in pool wages of \$23,622; and the comprehensive plan study of \$16,818.
- **GASB Statement No. 68** recognizes certain costs and changes related to defined benefit pension plans in a different manner than is required by the Commonwealth of Pennsylvania (State), which causes a difference in pension expense for governmental activities. The primary cause of the difference is due to the recognition of pension expense components immediately or at a reduced deferral rate, which differs from the State's allowance.
The cumulative effect on the statement of activities was a decrease to pension expense of \$442,110. This is the difference between the annual required pension contribution per State regulations and the expense calculated for GASB Statement No. 68.

CITY OF SAINT MARYS, PENNSYLVANIA

Management's Discussion and Analysis

Governmental Activities

Expenses:

- The pension expense calculation for GASB No. 68 has no effect on the contributions required by the State and will have no impact on the City's budget for 2022 and future years. The calculation is only for government-wide financial statement purposes. The following chart shows the decrease in pension expense for 2021 according to GASB Statement No. 68.

<u>Pension Expenses for GASB 68</u>	<u>GASB 68 Pension Expense for Defined Benefit Pension Plans</u>		
	<u>2021</u>	<u>2020</u>	<u>Inc/(Dec)</u>
Governmental Activities:			
General Government	\$ (25,067)	\$ (4,209)	\$ (20,858)
Public Works	(106,502)	(16,077)	(90,425)
Community & Economic Dev.	(5,552)	(659)	(4,893)
Culture & Recreation	(3,701)	(464)	(3,237)
Public Safety:			
Police Officers	(281,978)	(255,148)	(26,830)
Other	(19,310)	(2,618)	(16,692)
Total Increase/(Decrease) for GASB 68 Pension Expense	\$ (442,110)	\$ (279,175)	\$ (162,935)
Pension Expense per Commonwealth of PA	\$ 318,100	\$ 315,125	\$ 2,975
Total Pension Expense for GASB 68 Pension Expense	<u>\$ (124,010)</u>	<u>\$ 35,950</u>	<u>\$ (159,960)</u>

The cost of governmental activities for this year is \$8,908,663 compared to \$8,449,958 from last year an increase of \$458,705. However, as shown in the Statement of Activities on page 23, the amount that our taxpayers ultimately financed for these activities through City taxes was \$6,490,785 because some of the cost was paid by those who directly benefited from the programs (\$475,249) or by other governments and organizations that subsidized certain programs with grants and contributions (\$2,533,955).

Table 3 presents the cost of each of the City's governmental programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

CITY OF SAINT MARYS, PENNSYLVANIA

Management's Discussion and Analysis

Governmental Activities

TABLE 3
GOVERNMENTAL ACTIVITIES

	TOTAL COST OF SERVICES		NET COST OF SERVICES	
	2021	2020	2021	2020
General Government	1,722,001	1,618,506	1,558,281	1,468,338
Public Safety	2,291,046	2,393,758	2,093,381	2,201,783
Public Works	3,697,524	3,505,869	2,692,244	3,284,424
Community & Economic Development	414,153	294,773	(50,889)	(80,226)
Culture and Recreation	591,220	511,305	396,985	365,573
All Others	192,719	125,747	192,719	125,747
Totals	<u>8,908,663</u>	<u>8,449,958</u>	<u>6,882,721</u>	<u>7,365,639</u>

Business-Type Activities

The City business-type activities consist of the operation of the sewage treatment plant and the sewer lines. Revenues of the City's business-type activities (see Table 2) increased \$227,206 and expenditures decreased by \$440,154 from last year. Operating revenue for 2021 is \$4,010,348 and operating expenses are \$2,805,751 leaving a positive balance of \$1,204,597. In October of 2020, City Council approved a new sewer rate structure for residential customers. The changes included billing residents monthly and by service address instead of water meter. The sewer base rate increased from \$26.50 a month to \$50.50 a month. The resident was not charged any consumption fees. Charging by service address instead of water meter increased the City's customer base by 415 customers.

With the change in structure and cost of the sewer rates the revenue increased from last year to this year by \$669,752. There was no change in billing for the non-residential sewer customers for 2021.

The biggest change in expenditures for 2021 was the lease agreement to the Municipal Authority. Debt payments for 2021 was \$461,283 less than last year. The Municipal Authorities bond matured and the only outstanding debt is the Pennvest loan. This was the first year that the budget was balanced using user fees to cover the expenditures.

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 24) reported a combined fund balance of \$7,020,030, which is higher than last year's total of \$5,996,836 or a increase of \$1,023,194. The General Funds' *fund balance* decreased \$206,794 in 2021. This year there was a transfer of \$572,179 from the General Fund to the Capital Reserve fund for capital projects. The City transfers a % of the unrestricted fund balance every year after the previous year's audit is completed. This amount was not a budgeted amount to be transferred.

CITY OF SAINT MARYS, PENNSYLVANIA

Management's Discussion and Analysis

For the General Fund, revenue collected was under budget by \$6,278. The City was over budget in all tax revenue sources by \$219,000. The City received federal funding of \$641,622, which was deferred until spent in the coming years. Budgeted items that were not met was fines, interest earnings, business license & permits and intergovernmental revenue. The City budgeted to use some of the unrestricted fund balance of \$131,414 to balance the budget, but did not need the funding. Expenditures and transfers out were under budget projections by \$58,186. All departments in the General Fund were under their budgeted amounts. General Government by \$131,509; Public Safety by \$111,199; Public Works by \$389,985 and Economic Development by \$53,257. The transfer to the capital reserve fund was not budgeted for 2021 making the transfers out over budget by \$584,478.

The Airport Industrial Park Project Fund had a positive fund balance at the end of 2021 of \$854. In 2021 the City refinanced the 2016 bond issue and included the Commonwealth Financing Authority's loan for the airport industrial park project. Total payoff was \$671,154. This fund will be used to receive payments from land sales at the industrial park and for any improvements at the site.

The Parking Garage Fund's *fund balance* has a negative balance of \$242,214 as of December 31, 2021. This is an increase of \$20,127 from last year. The project was audited in 2018 by the Redevelopment Assistance Capital Program and the audit disclosed no findings or observations. The deficit is reduced yearly by the transfer from the General Fund of \$20,000 of parking meter revenue.

The Capital Reserve Fund had an increase in fund balance of \$296,492. The total fund balance of \$2,271,215 is considered a committed fund balance. The Capital Reserve Fund is reserved for future capital projects and equipment. In 2021 there was \$2,542,388 budgeted for capital expenditures, and actual expenses of \$1,876,571. Construction work on Access Rd paid through the ECMS grant was completed in 2021 with a budget remaining of \$124,636. Sara road bridge project was budgeted at \$900,000 but total cost for 2021 was \$669,312. Two trucks for the street department was not received in 2021 showing the budget under by \$226,584. The cost of the vehicles will be carried over to 2022.

The Debt Fund had a fund balance of \$390,975 as of December 31, 2021. This is an increase of \$69,048 from 2020. This fund balance is considered restricted as it is solely used to receive and pay for outstanding debt of the City. This fund shows total annual debt service of the City by principal and interest. In 2021 the City refinanced the 2016 bond issue with a net original premium of \$334,562. Total amount of the issue was \$4,150,000 with interest of 2% to 5% with extending the years by 2 with a maturity date of December 31, 2033.

The City commits 1.908 mills of real estate tax revenue to cover the debt of the 2021 bond issue.

CITY OF SAINT MARYS, PENNSYLVANIA

Management's Discussion and Analysis

The Community Development Block Grant Fund is a fund used to administer grant funds received from the U.S. Department of Housing and Urban Development. These funds are federal funds. Included are the Community Development Block Grant - State's Program and the HOME Investment Partnerships Program. The HOME's program helps qualifying residents with moderate rehabilitation on their homes and the CDBG program is used for qualifying city-wide projects in St. Marys. There were no HOME's activity for 2021. Total cost reimbursed by the CDBG program for 2021 was \$451,946. Project cost consisted of \$185,819; towards housing rehabilitation; \$66,115 towards park projects; \$42,320 towards the spot and blight; \$106,282 towards Christian Food Bank building; \$268 towards sewer laterals and \$51,142 towards admin cost.

The Street Lighting Tax Fund has a fund balance of \$187,275 a decrease of \$3,525 as of December 31, 2021. This fund pays for all lighting that is above the streets and in the parking lots and parking garage. The fund balance is considered to be a restricted fund balance. City Council through an ordinance approved the millage of .5 mills for 2021. \$2,395 went towards the lighting in the new downtown event park and \$9,237 for the historical light post.

The Fire Protection Fund had a fund balance of \$742,568 and increase of \$145,609 for year end. This fund is also a restricted fund balance with Council setting the millage of 1.4 mills of real estate tax revenue with an ordinance. The Fire Protection Fund covers expenditures for truck purchases, truck maintenance and building expenses. \$80,000 is reserved every year for capital cost such as replacing fire trucks.

The Recreation Fund had a fund balance of \$252,210 at the end of 2021 with an increase of \$55,302. This fund balance is also considered restricted as Council sets the millage of 1.2 mills of real estate tax revenue. This money is used to maintain and administer the parks and pool located in town. A full time park director was hired in 2019 to reorganize the structure of administrating the activities at the parks and pool.

The Library and Ambulance Funds are funds used to collect tax revenue and then transfer to their designated agency. The Library Fund receives .58 of a mill annually or \$128,991 and conveys this to the St. Marys Public Library for their services and the Ambulance Fund receives .10 of a mill annually or \$22,240 and this is turned over to the St. Marys Ambulance Service. The fund balance of \$2,579 for the Library Fund and \$1,092 for the Ambulance Fund is considered a restricted fund balance.

The Fire Hydrant Fund receives .3 of a mill annually or \$66,719. This pays for fire hydrant service in the St. Marys area which is provided by the St. Marys Area Water Authority. The fund balance had a decrease of \$568 for 2021 with an ending balance of \$14,529. This fund balance is also considered a restricted fund balance; City Council sets the millage through an ordinance during budget meetings.

The Liquid Fuels Tax Fund had a fund balance of \$403 as of the end of 2021. This money is received from the Commonwealth of Pennsylvania, Department of Transportation. The City receives this funding every year and it pays for snow removal, street repairs, traffic signal cost and maintenance; and storm sewers and drainage. The funding also pays for the street improvement loans through the Pennsylvania Infrastructure Bank. The City reimburses the General Fund because the expenses are paid through the General Fund. The fund balance is considered restricted; the Commonwealth of PA dictates how the money will be spent.

CITY OF SAINT MARYS, PENNSYLVANIA

Management's Discussion and Analysis

The Shade Tree Fund had a fund balance of \$5,897 as of December 31, 2021 with a decrease in fund balance of \$3,559. This fund pays for expenditures to plant, trim, and prune trees in St. Marys. \$9,000 is transferred from the General Fund to cover these cost. The fund balance is considered to be a committed fund balance. City Council decides each year during budget time how much they will contribute for the following fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

For budget year 2021, there were no changes made to the original budget adopted by Council in 2020. Total program revenue for the General Fund is \$6,777,512 and total program expenditures are \$6,126,433 with an excess of revenues over expenditures of \$651,079. Capital asset sales for 2021 were \$6,000 and total funds transferred into the General Fund was \$465,912 and funds transferred out to other City funds was \$1,329,785 leaving a decrease in fund balance of \$206,794 for 2021.

Total actual revenue received was \$264,980 less than budgeted revenue and total actual expenditures incurred were \$58,186 less than budgeted expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2021, the City had \$38,794,132 invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, and street department equipment and sewer lines. This amount represents a net increase (including additions and deductions) of \$22,600, over last year. This information can be found on Table 4.

TABLE 4
CITY OF SAINT MARYS
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)

	Governmental Activities		Business-Type Activities		Primary Government Totals	
	2021	2020	2021	2020	2021	2020
Land	658,810	658,810	16,692	16,692	675,502	675,502
Construction in Progress	134,235	1,242,252	59,631	51,872	193,866	1,294,124
Building & Improvements	10,131,949	10,501,355	156,958	162,959	10,288,907	10,664,314
Equipment	1,880,765	2,124,708	13,934,637	14,353,276	15,815,402	16,477,984
Improvements	1,385,060	385,355	9,514	10,017	1,394,574	395,372
Infrastructure	8,742,282	7,690,098	1,683,599	1,574,138	10,425,881	9,264,236
Totals	\$ 22,933,101	\$ 22,602,578	\$ 15,861,031	\$ 16,168,954	\$ 38,794,132	\$ 38,771,532

CITY OF SAINT MARYS, PENNSYLVANIA

Management's Discussion and Analysis

This year's major additions include:

General Administration capital cost totaled \$23,223. This includes major additions of:

Computer Replacements of \$10,330; Tyler - MyCitizen Engagement of \$1,500
Renovations City Hall improvements of \$11,393

Public Safety capital cost totaled \$19,845. This includes:

Computers, Printers, Office Equipment of \$9,945
Door Access System of \$9,900

Public Works capital cost totaled \$1,870,886. This includes major additions of:

John Deere 310SL HL Backhoe: \$152,707
HVAC upgrade: \$8,151
Sara Road Bridge: \$669,312
Airport Road: \$697,752
Rock Street Apron: \$35,032
2021 Mill & Fill project: \$216,653
2021 Berming Project: 91,279

Culture & Recreation cost totaled \$172,773. This includes major additions of:

Movie Screen: \$4,423 and Computers: \$4,244
Downtown Event Park: \$97,991
Benzinger Park Walkways/Sidewalks/Parking: \$66,115

Public Works - Sanitary Sewer capital cost totaled \$487,920. This includes major additions of:

Equipment: \$328,891
Belt Filter Press of \$253,396; Bobcat - Utility vehicle of \$48,359
Laboratory equipment of \$6,208 and Chart recorders & flow meters: \$20,928
Building Improvements: Brick wall - anaerobic Digester \$2,345
CIPP Lining of sewer lines & laterals of \$156,684

Construction in Progress total cost to date is \$193,866. This includes major additions of:

Park Projects: \$71,119
Route 120: \$35,186 and Pond design & Permits: \$27,930
Erie Avenue & Washington Street Project: \$59,631
Major deletions of (projects completed): \$1,124,836
Sara Road Bridge: \$87,622; Airport Road: \$161,139 and Downtown Event Park: \$876,075

DEBT

At year-end, the City of St. Marys had \$5.8 million in governmental activities notes and bonds outstanding versus \$5.4 million last year - and increase of 1.8% or \$99,165 as shown in Table 5 listed below.

The outstanding debt for the Business-Type Activities of \$622,898 belongs to the St. Marys Municipal Authority.

TABLE 5
CITY OF SAINT MARYS
OUTSTANDING DEBT AT YEAR-END

	Governmental Activities		Business-Type Activities		Primary Government Totals	
	2021	2020	2021	2020	2021	2020
General Obligation Notes	\$ 1,326,534	\$ 1,532,369	\$ 622,898	\$ 942,441	\$ 1,949,432	\$ 2,474,810
Revenue Bonds	4,150,000	3,845,000	-	-	4,150,000	3,845,000
Totals	\$ 5,476,534	\$ 5,377,369	\$ 622,898	\$ 942,441	\$ 6,099,432	\$ 6,319,810

CITY OF SAINT MARYS, PENNSYLVANIA

A summary of long-term debt as of December 31, 2021:

●	Street Improvements	\$1,326,534
●	Bond Issue	\$4,150,000

A summary of long-term debt that the City guarantees as of December 31, 2021:

●	Pennvest Loan; (Municipal Authority)	\$622,898
●	2012 Benzinger Twp. Golf Note Modify;	\$540,989
●	2012 Benzinger Twp. Golf Note	\$49,131
●	2013 Benzinger Twp. Golf Note	\$16,671

The City's Standard & Poor's Underlying rating is: "AA" / Stable Outlook and insured rating is "A+". The City's borrowing base for 2021 is \$8,369,118 - (250% of this for Net non-electoral debt limitation (\$20,922,795) and 350% of this for net non-electoral debt plus lease rental debt. (\$29,291,913).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal-year 2022 budget, tax rates, and fees that will be charged for the business-type activities. One of the factors is the economy. The City's unemployment rate at 12/31/21 was 5.1%; at 12/31/20 it was 7.7%; in 2019 it was 7% and in 2018 the unemployment rate was 3.9%. The COVID-19 pandemic hit the St. Marys area with unemployment in April and May with rates at 26.8% and 20.5%. The unemployment rate did not drop until October of 2020 with a rate of 7.5%. In January of 2021 the unemployment rate was 8.1%.

The City's Total Governmental Funds budget for 2022 is \$13,467,490 and the Enterprise Funds budget for 2022 is \$4,026,662.

For the 2022 budget, City Council raised the tax millage for real estate taxes by 1 mill. Total millage levied increased to 19.5362 mills. Total mills for the general fund increased 1/2 of a mill to 13.0482 mills. In tax dollars this is an increase of \$104,886. The other 1/2 mill went to the Recreation fund with the tax revenue increase of \$104,886 going to balancing the operating budget and for capital improvements.

The City expects to collect in current real estate tax revenue \$4.1M next year at a 95% collection rate. Assessed property value is estimated at \$220,812,675 an increase from last year of \$662,495 or .3%.

Council also raised the rate for the earned income tax to 1%. This is an increase of .3% from last year. This is an increase of \$874,210 in tax revenue. City residents will pay 1.5% of their wages in earned income tax.

With these tax increases the City was able to balance the general fund's operating budget and created a revenue source for capital improvements not just for 2022 but years to come.

CITY OF SAINT MARYS, PENNSYLVANIA

For the Business-Type Funds budget for 2022, City Council voted to change the sewer rates for residential customers. The base rate was changed from \$50.50 to \$45.50. The consumption rate was imposed at \$6.80 per thousand gallons of water usage with a credit of 3 TG of water usage per month. The Resident will be billed quarterly.

For the Non-residential customers the base rate will be set by the water meter size. The sizes range from a 5/8" meter at a base rate of \$151.50 a quarter to 4" meter at \$1,500 a quarter. The non-resident customer will also be charged a consumption fee of \$6.80 per thousand gallons of water usage with no credits allowed.

These changes in billing structure will generate additional revenue of \$52,648. City council thought it more fair to the residents if everyone would pay based on water usage instead of the 2021 base rate fixed at \$50.50 per month.

This additional revenue will be used for capital improvements at the sewage plant and toward the sewer lines.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Saint Marys accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City Finance Director's office at City of Saint Marys, 11 LaFayette Street, Saint Marys, PA 15857.

CITY OF SAINT MARYS, PENNSYLVANIA

STATEMENT OF NET POSITION

December 31, 2021

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and Cash Investments	\$ 7,313,542	\$ 4,107,579	\$ 11,421,121
Taxes Receivable	1,057,379		1,057,379
Accounts Receivable, Net	43,203	513,504	556,707
Due From Other Governments	230,584	80,000	310,584
Allowance for Uncollectible Due from Governments	(69,820)		(69,820)
Internal Balances	39,476	(39,476)	-
Prepaid Expenses	80,269	12,532	92,801
Net Pension Asset	2,225,232		2,225,232
Capital Assets:			
Construction In Progress	134,235	59,631	193,866
Infrastructure	17,019,115	1,902,865	18,921,980
Land	658,810	16,692	675,502
Buildings & Building Improvements	14,598,671	214,871	14,813,542
Equipment	8,136,756	32,008,597	40,145,353
Improvements	2,470,576	10,059	2,480,635
Accumulated Depreciation	(20,085,062)	(18,351,684)	(38,436,746)
Other Assets: Long-Term Note Receivable (net)	676,086		676,086
Total Assets	34,529,052	20,535,170	55,064,222
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources for pensions	1,084,062		1,084,062
Deferred Outflows of Resources for other post employment benefits	40,849	8,324	49,173
Total Deferred Outflows of Resources	1,124,911	8,324	1,133,235
LIABILITIES			
Accounts Payable and Payroll Taxes	466,759	176,204	642,963
Other Accrued Liabilities	112,488	17,982	130,470
Accrued Interest Payable	10,854		10,854
Due To Other Governments		60,875	60,875
Unearned Revenue	729,595	3,100	732,695
Compensated Absences - short - term portion	2,130	6,440	8,570
Compensated Absences - long - term portion	151,768	21,560	173,328
Other Post-Employment Benefits - short - term portion	6,503	7,596	14,099
Other Post-Employment Benefits - long - term portion	201,504	34,792	236,296
Notes Payable - current portion	196,751	323,257	520,008
Notes Payable - long - term portion	1,129,783	299,641	1,429,424
Bonds Payable - current portion	285,000		285,000
Bonds Payable - long -term portion	4,199,562		4,199,562
Total Liabilities	7,492,697	951,447	8,444,144
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources for pensions	2,381,728		2,381,728
Deferred Inflows of Resources for other postemployment benefits	3,572	728	4,300
Deferred Revenue - Real Estate Taxes	253,061		253,061
Deferred Revenue - Other	3,736		3,736
Total Deferred Inflows of Resources	2,642,097	728	2,642,825
NET POSITION			
Net Investment in Capital Assets	17,122,005	15,238,133	32,360,138
Restricted For:			
Community Development Projects	676,086		676,086
Debt Services	390,975	168,530	559,505
Other Purposes	1,200,656		1,200,656
Unrestricted	6,129,447	4,184,656	10,314,103
Total Net Position	\$ 25,519,169	\$ 19,591,319	\$ 45,110,488

CITY OF SAINT MARYS, PENNSYLVANIA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business- Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 1,722,001	\$ 163,720			\$ (1,558,281)		\$ (1,558,281)
Public Safety	2,291,046	129,657	\$ 65,508	\$ 2,500	(2,093,381)		(2,093,381)
Public Works	3,697,524	105,870	17,521	881,889	(2,692,244)		(2,692,244)
Human Services	8,440				(8,440)		(8,440)
Community and Economic Development	414,153		13,746	451,296	50,889		50,889
Culture and Recreation	591,220	76,002	64,283	53,950	(396,985)		(396,985)
Interest On Long-Term Debt	184,279				(184,279)		(184,279)
Total Governmental Activities	<u>\$ 8,908,663</u>	<u>\$ 475,249</u>	<u>\$ 161,058</u>	<u>\$ 1,389,635</u>	<u>\$ (6,882,721)</u>	<u>-</u>	<u>\$ (6,882,721)</u>
Business-Type Activities:							
Sewer	\$ 2,805,751	\$ 4,003,086				\$ 1,197,335	\$ 1,197,335
Total Business-Type Activities	<u>2,805,751</u>	<u>4,003,086</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,197,335</u>	<u>1,197,335</u>
Total Primary Government	<u>\$ 11,714,414</u>	<u>\$ 4,478,335</u>	<u>\$ 161,058</u>	<u>\$ 1,389,635</u>	<u>\$ (6,882,721)</u>	<u>\$ 1,197,335</u>	<u>\$ (5,685,386)</u>
General Revenues:							
Taxes							
Real Estate					\$ 3,791,873		\$ 3,791,873
Per Capita					40,055		40,055
Real Estate Transfer					193,065		193,065
Earned Income					2,149,152		2,149,152
Local Service Tax					316,640		316,640
Intergovernmental Revenues					983,262		983,262
Interest					194,473	\$ 3,115	197,588
Gain on Sale of Capital Assets					42,855		42,855
Miscellaneous					370,453	4,147	374,600
Total General Revenues and Transfers					<u>\$ 8,081,828</u>	<u>\$ 7,262</u>	<u>\$ 8,089,090</u>
Changes in Net Position					<u>\$ 1,199,107</u>	<u>\$ 1,204,597</u>	<u>\$ 2,403,704</u>
Net Position - Beginning					24,320,062	4,894,182	29,214,244
Prior Period Adjustments						13,492,540	13,492,540
Net Position - Beginning - RESTATED					<u>24,320,062</u>	<u>18,386,722</u>	<u>42,706,784</u>
Net Position - Ending					<u>\$ 25,519,169</u>	<u>\$ 19,591,319</u>	<u>\$ 45,110,488</u>

CITY OF SAINT MARYS, PENNSYLVANIA

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021

<u>Assets</u>	General Fund	Parking Garage Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Cash and Cash Investments	\$ 3,656,264	\$ 84,482	\$ 1,896,947	\$ 1,675,849	\$ 7,313,542
Taxes Receivable	954,493			102,886	1,057,379
Accounts Receivable	43,203				43,203
Due from other Governments	32,930		87,994	109,660	230,584
Allowance for Uncollectible Due From Other Governments				(69,820)	(69,820)
Due from Other Funds	46,833		11,976		58,809
Advances to Other Funds			326,696		326,696
Prepaid Items	72,498			7,771	80,269
Long-Term Note Receivable (net)	676,086				676,086
Total Assets	<u>\$ 5,482,307</u>	<u>\$ 84,482</u>	<u>\$ 2,323,613</u>	<u>\$ 1,826,346</u>	<u>\$ 9,716,748</u>
<u>Liabilities, Deferred Inflows of Resources, & Fund Balance</u>					
Liabilities:					
Accounts Payable and Payroll Taxes	\$ 325,082		\$ 52,398	\$ 89,279	\$ 466,759
Accrued Liabilities	110,724			1,764	112,488
Due from Other Funds	11,976			7,357	19,333
Advance from Other Funds		\$ 326,696			326,696
Unearned Revenue	1,008			47,833	48,841
Unearned Revenue - Federal Funding	641,622				641,622
Unearned Revenue - County Funding	39,132				39,132
Total Liabilities	<u>\$ 1,129,544</u>	<u>\$ 326,696</u>	<u>\$ 52,398</u>	<u>\$ 146,233</u>	<u>\$ 1,654,871</u>
Deferred Inflows of Resources:					
Unavailable Revenue - Other	\$ 3,736				\$ 3,736
Unavailable Revenue - Notes Receivable	676,086				676,086
Unavailable Revenue - EIT	108,964				108,964
Unavailable Revenue - Real Estate Taxes	171,330			\$ 81,731	253,061
Total Deferred Inflows of Resources:	<u>\$ 960,116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,731</u>	<u>\$ 1,041,847</u>
Total Liabilities, Deferred Inflow of Resources	<u>\$ 2,089,660</u>	<u>\$ 326,696</u>	<u>\$ 52,398</u>	<u>\$ 227,964</u>	<u>\$ 2,696,718</u>
Fund Balances:					
Nonspendable:	\$ 72,498			\$ 7,771	\$ 80,269
Restricted:				1,583,860	1,583,860
Committed:			\$ 2,271,215	6,751	2,277,966
Assigned:	442,871				442,871
Unassigned:	2,877,278	\$ (242,214)			2,635,064
Total Fund Balances	<u>\$ 3,392,647</u>	<u>\$ (242,214)</u>	<u>\$ 2,271,215</u>	<u>\$ 1,598,382</u>	<u>\$ 7,020,030</u>
Total Liabilities, Deferred Inflow of Resources, & Fund Balances	<u>\$ 5,482,307</u>	<u>\$ 84,482</u>	<u>\$ 2,323,613</u>	<u>\$ 1,826,346</u>	<u>\$ 9,716,748</u>

CITY OF SAINT MARYS, PENNSYLVANIA

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2021

Fund Balances - Total Governmental Funds \$ 7,020,030

Amounts reported for governmental activities in the Statement of Net Assets are different because:

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

Governmental capital assets	\$ 43,018,163	
Less: accumulated depreciation	<u>(20,085,062)</u>	
		22,933,101

Other long term assets have corresponding deferred inflows of resources in the fund financial statements, but were recognized as revenue on the statement of activities in prior years

Long-Term note receivables	\$ 970,000	
Present Value Adjustment of Long-Term note receivable	<u>(293,914)</u>	
		676,086

The net pension asset is not reflected on the fund statements. 2,225,232

Because some taxes will not be collected for several months after the City's year-end, they are not considered "available" revenues in the governmental funds. 108,964

Deferred outflows of resources for pension are recorded and amortized in the statement of net position. Additionally, deferred inflows of resources for pensions are not recorded on the fund financial statements. (1,297,666)

Deferred outflows of resources for OPEB are recorded and amortized in the statement of net position. Additionally, deferred inflows of resources for OPEB are not recorded on the fund financial statements. 37,277

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:

Other Post-Employment benefits	\$ (208,007)	
Compensated absences	(153,898)	
Notes payable	(1,326,534)	
Bonds payable	(4,484,562)	
accrued Interest Payable	<u>(10,854)</u>	
		<u>(6,183,855)</u>

Net Position of Governmental Activities \$ 25,519,169

CITY OF SAINT MARYS, PENNSYLVANIA

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

For The Year Ended December 31, 2021

	CAPITAL PROJECT FUNDS				Total Governmental Funds
	General Fund	Parking Garage Fund	Capital Reserve Fund	Other Governmental Funds	
Revenues:					
Taxes	\$ 5,513,854			\$ 1,331,712	\$ 6,845,566
Intergovernmental	623,222		\$ 885,796	983,438	2,492,456
Charges for Services	255,016			74,935	329,951
Licenses and Permits	19,325				19,325
Fines and Forfeitures	57,236				57,236
Interest Earnings	3,858	\$ 127	2,679	1,639	8,303
Rents & Royalties	68,446			292	68,738
Miscellaneous	236,555		106,110	69,285	411,950
Total Revenues	\$ 6,777,512	\$ 127	\$ 994,585	\$ 2,461,301	\$ 10,233,525
Expenditures:					
Current:					
General Government	\$ 1,428,710				\$ 1,428,710
Public Safety	2,154,580			\$ 254,538	2,409,118
Public Works	2,300,710		7,710	112,636	2,421,056
Human Services	8,440				8,440
Community and Economic Development	47,130			368,754	415,884
Culture and Recreation				521,593	521,593
Debt Service:					
Principal				365,835	365,835
Interest				111,255	111,255
Capital Outlays	35,865		\$ 1,907,861	124,819	2,068,545
Other	150,998			83,097	234,095
Total Expenditures	\$ 6,126,433	\$ -	\$ 1,915,571	\$ 1,942,527	\$ 9,984,531
Excess (Deficiency) of					
Revenues over Expenditures	\$ 651,079	\$ 127	\$ (920,986)	\$ 518,774	\$ 248,994
Other Financing Sources (Uses):					
Refunding Bonds Issued				\$ 4,150,000	\$ 4,150,000
Premium on Refunding Bonds Issued				334,562	\$ 334,562
Payments to refunded Bond Escrow Agent				(3,726,362)	(3,726,362)
Proceeds from Borrowing					
Capital Assets Sales	\$ 6,000		\$ 10,000		16,000
Transfers In	465,912	\$ 20,000	1,207,478	899,389	2,592,779
Transfers Out	(1,329,785)			(1,262,994)	(2,592,779)
Total Other Financing Sources (Uses)	\$ (857,873)	\$ 20,000	\$ 1,217,478	\$ 394,595	\$ 774,200
Net Changes in Fund Balance	\$ (206,794)	\$ 20,127	\$ 296,492	\$ 913,369	\$ 1,023,194
Fund Balance - Beginning	\$ 3,599,441	\$ (262,341)	\$ 1,974,723	\$ 685,013	\$ 5,996,836
Fund Balance - Ending	<u>\$ 3,392,647</u>	<u>\$ (242,214)</u>	<u>\$ 2,271,215</u>	<u>\$ 1,598,382</u>	<u>\$ 7,020,030</u>

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2021

Net Changes in Fund Balances - Total Governmental Funds	\$	1,023,194
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	\$	2,103,545
Less: current year depreciation		<u>(1,764,878)</u>
		338,667
The net effect of various miscellaneous transactions involving capital assets (e.g., sales and trade-ins) is to increase (decrease) net position.		
		(8,145)
Gain (Loss) on Sale of capital assets		
Governmental funds do not report income earned but not received in the current period. In the statement of activities, income is accrued when earned.		
Annual Amortization of Long Term Note Receivable	\$	32,906
Amortization of Long Term Note Receivable - adjusted for year 2009 through 2020		<u>153,264</u>
		186,170
Certain expenses are included in the change in net assets, but do not require the use of current funds, and are not included in the change in fund balance:		
Current Year amortization of issuance costs, discount		
Compensated Absences	\$	256
Other Post-Employment Benefits		<u>1,854</u>
		2,110
The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.		
Proceeds from Issuance of Long Term Debt	\$	(4,150,000)
Current Refunding of Long Term Debt		3,845,000
Bond Issue Costs		(20,806)
Bond Premium		(334,562)
Principal Payments		205,835
Accrued Interest Expense on bonds		<u>(10,854)</u>
		(465,387)
Changes in the net other postemployment benefits liability and related deferred inflows and outflows of resources do not affect current financial resources and, therefore, are not reflected on the fund statements.		
		35,169
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.		
		(354,781)
Changes in the net pension asset and related deferred inflows and outflows of resources do not affect current financial resources and, therefore, are not reflected on the fund statements.		
		<u>442,110</u>
Change in Net Position of Governmental Activities	\$	<u><u>1,199,107</u></u>

CITY OF SAINT MARYS, PENNSYLVANIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS - SEWER FUND
 December 31, 2021

Business-Type Activities - Enterprise Funds

ASSETS

Current Assets:	
Cash and Cash Investments	\$ 4,107,579
Accounts Receivable, Net	513,504
Due from Other Governments	80,000
Prepaid Items	12,532
Total Current Assets	\$ 4,713,615
Noncurrent Assets:	
Capital Assets:	
Construction in Progress	\$ 59,631
Infrastructure	1,902,865
Land	16,692
Buildings and Building Improvements	214,871
Equipment	32,008,597
Land Improvements	10,059
Accumulated Depreciation	(18,351,684)
Total Noncurrent Assets	\$ 15,861,031
Total Assets	\$ 20,574,646

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Resources for other post employment benefits	\$ 8,324
Total Deferred Outflows of Resources	\$ 8,324
Total of Assets & Deferred Outflows of Resources	\$ 20,582,970

LIABILITIES AND NET POSITION

Current Liabilities:	
Accounts Payable and Payroll Taxes	\$ 176,204
Accrued Liabilities	17,982
Due To Other Governments	60,875
Interfund Payables	39,476
Unearned Revenue	3,100
Compensated Absences - Short Term Portion	6,440
Other Post Employee Benefits - Short Term Portion	7,596
Notes Payable - Pennvest	323,257
Total Current Liabilities	\$ 634,930
Non-Current Liabilities:	
Compensated Absences - Long Term Portion	\$ 21,560
Other Post Employee Benefits - Long Term Portion	34,792
Notes Payable - Pennvest	299,641
Total Non-Current Liabilities	355,993
Total Liabilities	\$ 990,923

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows of Resources for other postemployment benefits	\$ 728
Total Deferred Inflows of Resources	\$ 728
Total Liabilities & Deferred Inflow of Resources	\$ 991,651

NET POSITION

Invested in Capital Assets, Net of Related Debt	\$ 15,238,133
Restricted - Debt Service	168,530
Unrestricted	4,184,656
Total Net Position	\$ 19,591,319

CITY OF SAINT MARYS, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - SEWER FUND
For The Year Ended December 31, 2021

Business-Type Activities - Enterprise Funds

Operating Revenues:	
Charges for Services	\$ 4,003,086
Miscellaneous	1,114
Total Operating Revenues	<u>\$ 4,004,200</u>
Operating Expenses:	
Public Works	\$ 1,989,911
Depreciation	803,602
Total Operating Expenses	<u>\$ 2,793,513</u>
Operating Income	<u>\$ 1,210,687</u>
Non-Operating Revenues (Expenditures):	
Interest Income & bond premium amortization	\$ 3,115
Interest Expense & bond amortization on funding	(9,205)
Total Non-Operating Revenues (Expenditures)	<u>\$ (6,090)</u>
Changes In Net Position	\$ 1,204,597
Net Position - Beginning	\$ 4,894,182
Prior Period Adjustment	<u>13,492,540</u>
Net Position - Beginning - RESTATED	<u>\$ 18,386,722</u>
Net Position- Ending	<u><u>\$ 19,591,319</u></u>

CITY OF SAINT MARYS, PENNSYLVANIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS - SEWER FUND
 For The Year Ended December 31, 2021

Business-Type Activities - Enterprise Funds

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 3,816,679
Payments to Suppliers	(1,504,203)
Payments to Employees	(423,603)
Net Cash Provided by Operating Activities	\$ 1,888,873
Cash Flows from Noncapital Financing Activities:	
Increase (Decrease) in Interfund Payables	\$ (756)
(Increase) Decrease in Interfund Receivables	(6,152)
Net Cash Provided by (Used In) Noncapital Financing Activities	\$ (6,908)
Cash Flows from Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	\$ (495,679)
Principal paid on capital debt	(319,543)
Interest paid on capital debt	(9,205)
Net Cash Used in Capital and Related Financing Activities	\$ (824,427)
Cash Flows from Investing Activities	
Interest	\$ 3,115
Net Cash Provided From Investing Activities	\$ 3,115
Net Increase (decrease) in Cash and Cash Investments	\$ 1,060,653
Cash and Cash Equivalents:	
Beginning	\$ 3,046,926
Ending	\$ 4,107,579
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 1,210,687
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	803,602
(Increase) decrease in:	
Accounts Receivable	(187,521)
Prepaid Items	304
Increase (decrease) in:	
Accounts Payable	17,994
Accrued Liabilities	2,575
Net of Deferred Inflows - Outflows	(7,596)
Compensated Absences	6,440
Other Post Employee Benefits	42,388
Net Cash Provided by Operating Activities	\$ 1,888,873

CITY OF SAINT MARYS, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

December 31, 2021

<u>ASSETS</u>	<u>Pension Trust Funds</u>
Cash and Cash Investments	\$ 233,369
Accounts Receivable	462
Investments, at Fair Value:	
Money Market	192,826
U.S. Government Obligations	1,241,389
U.S. Government Related Obligations	2,247,266
Corporate Bonds	2,912,610
Mortgage Backed Securities	175,826
Other Government Bonds	30,637
Domestic Equities	8,785,223
International Mutual Funds	1,948,052
Total Investments	<u>\$ 17,533,829</u>
Total Assets	<u><u>\$ 17,767,660</u></u>
 <u>LIABILITIES</u> 	
Accounts Payable and Escrow Liabilities	<u>\$ 463</u>
Total Liabilities	<u><u>\$ 463</u></u>
 <u>NET POSITION</u> 	
Restricted for Pensions	\$ 17,767,197
Total Net Position	<u><u>\$ 17,767,197</u></u>

CITY OF SAINT MARYS, PENNSYLVANIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended December 31, 2021

	<u>Pension Trust Funds</u>
<u>ADDITIONS</u>	
Contributions:	
Plan Members	\$ 100,544
City Contributions, includes state aid	318,100
Total Contributions	<u>\$ 418,644</u>
Miscellaneous Revenue	\$ 556
Net Investment Income (Loss):	
Net Appreciation (Depreciation) in fair value of Investments	\$ 1,976,157
Interest/Dividends	380,102
Total Investment Income (Loss)	<u>\$ 2,356,259</u>
Total Additions (Deductions)	<u>\$ 2,775,459</u>
<u>DEDUCTIONS</u>	
Benefits	\$ 768,551
Administrative Expenses	73,341
Total Deductions	<u>\$ 841,892</u>
Change in Net Position	\$ 1,933,567
Net Position - Beginning	<u>15,833,630</u>
Net Position - Ending	<u><u>\$ 17,767,197</u></u>

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2021

Note 1 - Reporting Entity

The City of St. Marys, Pennsylvania, a city of the third class, was created by charter granted by the Governor of the Commonwealth of Pennsylvania on June 18, 1992. On November 3, 1992, the citizens of the City approved a home rule charter with a council-manager form of government. The charter became effective on the first Monday of January 1994.

The financial statements include the primary government of the City, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. The primary government financial statements do include financial data for the City's legally separate component units or joint ventures/ jointly governed organizations.

The City has evaluated the following entities as potential component unit: The St. Marys Municipal Authority, the Benzinger Township Municipal Golf Course Authority, The St. Marys Public Library, the St. Marys Area Water Authority, the St. Marys Airport Authority, the St. Mary's Ambulance Association, the Police Pension Plan, and the Non-Uniformed Employees' Pension Plan.

Blended Component Units

The St. Marys Municipal Authority is classified as a blended component of the City of St. Marys and is part of the proprietary funds, as the City appoints the voting majority of the board and has a financial burden in which the debt is expected to be repaid with the City's resources.

Discretely Presented Component Units

The Benzinger Township Municipal Golf Course Authority is considered a discretely component unit, as the City appoints a voting majority of the board and has a financial burden, but the debt is not expected to be repaid with the City's resources. The Authority has been excluded from the City's reporting entity as it has not been audited.

Fiduciary Component Units

Council shall provide for a Police Pension Fund for all full-time members of the City police force. The Police Pension Fund shall be governed by a Police Pension Committee, which shall consist of the Mayor, two (2) other Council Members, the Manager, and one (1) member of the police force. The Police Pension Fund shall provide benefits to members of the police force not exceeding those provided under the Third Class City Code; and the respective rights and obligations of the City and of the members of the police force shall be as provided in the Third Class City Code, except as otherwise provided in the Home Rule Charter.

Council created a pension plan for the City employees who are not members of the police force. Except as otherwise provided in the Home Rule Charter, the benefits, terms and management of the pension fund shall be limited by the provisions of the Third Class City Code relating to employee pensions. The Non-Uniformed Employee Pension Board consists of the Mayor, two (2) other Council Members, the Manager, and one (1) non-uniformed employee chosen by the employees covered by the Pension Fund. The Non-Uniformed Employee Pension Board shall administer the Non-Uniformed Employee Pension Fund and shall make such reasonable rules as it deems necessary to manage the Pension Fund. The Non-Uniformed Employee Pension Fund shall not provide benefits in excess of those permitted by Sections 4342, 4343, and 4343.1 of the Third Class City Code. No City employee shall be required to make any contributions to the Pension Fund in excess of those permitted under the Third Class City Code.

Note 1 - Reporting Entity (Continued)

Related Organizations

The St. Marys Public Library is considered a related organization only, as the City appoints a voting majority of the board but cannot impose its will on the Library and a financial burden or benefit does not exist.

The St. Marys Area Water Authority is considered a related organization only, as the City appoints a voting majority of the board but cannot impose its will on the Authority and a financial burden or benefit does not exist.

The St. Marys Area Airport Authority is considered a related organization only, as the City appoints a voting majority of the board but cannot impose its will on the Authority and a financial burden or benefit does not exist.

The St. Marys Ambulance Association is considered a related organization only, as the City does not appoint a voting majority of the board, cannot impose its will, and a financial burden or benefit does not exist.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements include government-wide financial statements prepared on the accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type. The more significant accounting policies of the City are described below.

A. Basis of Presentation

The City's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2021

Note 2 - Summary of Significant Accounting Policies - (Continued)

A. Basis of Presentation (Continued)

Government-Wide Financial Statements - (Continued)

operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City. The financial statements for the component units of the City are presented on the government-wide financial statements.

Fund Financial Statements

The City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Funds are organized into three categories: governmental, proprietary, and fiduciary. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria: total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category of type; and total assets, deferred outflows of resources; liabilities; deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund or at least 5% of the corresponding total for all governmental and enterprise funds combined. Additionally, any other governmental or enterprise fund may be reported as major if the government's officials believe it is particularly important to financial statements users. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. The measurement focus of governmental funds is on the sources, uses, and balances of current financial resources. The following are the City's major governmental funds:

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2020

Note 2 - Summary of Significant Accounting Policies - (Continued)

B. Fund Accounting - (Continued)

Governmental Funds - (Continued)

General Fund

The General Fund is the primary operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund. The Payroll fund and the Fire Loss Escrow fund are considered pass-through funds and are consolidated into the General fund.

Parking Garage Fund

The Parking Garage Fund is used to account for all activity related to the development of the Parking Garage.

Capital Reserve Fund

The Capital Reserve Fund accounts for financial resources to be used for the acquisition of capital assets or construction of major capital projects.

The other governmental funds of the City account for grants and other resources whose use is restricted, committed or assigned for a particular purpose and or for the accumulation of resources for that purpose.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

Enterprise Funds

Enterprise Funds are used to account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Sewage Treatment Fund, the I & I Fund, Sewer Fund and the Sewer Line Replacement Fund are sub-funds of the Sewer Fund.

The component unit, the St. Marys Municipal Authority, is a blended component unit of the City and is also considered a sub-fund of the Sewer Fund. The City operates the sewage treatment plant and maintains the sewer lines for the Municipal Authority and guarantees their Pennvest loan.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2021

Note 2 - Summary of Significant Accounting Policies - (Continued)

B. Fund Accounting - (Continued)

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as a custodian for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide financial statements.

Pension Trust Funds

The Pension Trust Funds account for the assets of the City's Police Pension and Non-Uniformed Employees' Pension plans.

Custodial Funds

The City has no Custodial Funds.

C. Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or not-current) are included on the statement of net position and the statement of activities present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

The Enterprise funds are also reported using the economic resources measurement focus and accrual basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized 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 City considers revenues to be available when they are collected within 60 days of the end of the year. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2021

Note 2 - Summary of Significant Accounting Policies - (Continued)

C. Measurement Focus and Basis of Accounting - (Continued)

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans. Employer contributions to the Plans are recognized when due as required by applicable law. Investments of the Plans are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price.

Unearned revenues arise when the City receives resources before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. On the governmental fund financial statements, unearned revenues also arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period.

D. Taxes Receivable and Uncollected Taxes

The City considers all taxes assessed and not received within one year uncollectible. Below is the detail of taxes receivable and uncollectible taxes:

Real Estate Taxes Receivable	\$ 318,554
Per Capita Taxes Receivable	511
R.E. Transfer Tax Receivable	43,470
Earned Income Tax Receivable	611,058
Local Service Tax Receivable	<u>83,786</u>
Taxes Receivable, Gross	1,057,379
Less: Uncollected Taxes	<u>(362,025)</u>
Taxes Receivable, Net	<u>\$ 695,354</u>

E. Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the City as assets with a cost of \$5,000 or more and an estimated useful life in excess of one year. Additions, improvements, and the capital outlays that extend the useful life of an asset are capitalized while maintenance and repairs, which do not improve or extend the life of the respective assets, are charge to expense. Donated capital assets are recorded at acquisition value at the date of donation. Depreciation is provided on the straight-line basis over the following estimated useful lives:

<u>Classification</u>	<u>Range of Lives</u>
Buildings & Improvements	10 - 40 Years
Equipment & Vehicles	2 - 20 Years
Infrastructure	15 - 75 Years

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2021

Note 2 - Summary of Significant Accounting Policies - (Continued)

F. Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers, as applicable. Loans are reported as interfund receivables and payables on the fund financial statements. Interfund receivables and payables are eliminated on the government-wide statement of net position. Services provided are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund activity is treated as transfers.

G. Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Government-wide statement of Net position reports \$2,267,717 of restricted net position.

The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

H. Compensated Absences

Officers of the City Police Department shall receive 15 sick days annually and are permitted to accumulate 200 sick days. Sick leave shall be earned on an accrual bases of 4.615 hours per pay period (26). Officers can carry over up to 10 days of vacation from one calendar year to the next. Officers who retire due to age or disability, leave the department prior to retirement by vesting their pension, or are killed in the line of duty shall be paid 50% of their unused sick leave at the rate of pay then in effect.

Non-Uniformed and management employees shall be entitled to 13 sick days annually. Sick leave shall be earned on an accrual basis of 4 hours per pay cycle (26) and are permitted to accumulate 300 sick days; vacation time may be carried over up to a maximum of 10 days from year to year for AFSCME employees and management employees may carry over 25 days of vacation from year to year. AFSCME employees retiring under the City's pension plan shall receive at the time of retirement a lump sum payment equal to \$35 per day for accumulated but unused sick leave. Management employees retiring under the City's pension plan shall receive at the time

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2021

Note 2 - Summary of Significant Accounting Policies - (Continued)

H. Compensated Absences - (Continued)

of retirement a lump sum payment of 15% of accumulated sick leave. An employee who terminates employment because of retirement, layoff, or other employment shall receive accrued vacation entitlement and pay pertaining thereto, at the termination date, at the rate of pay then in effect.

All compensated absences are accrued when incurred in the government-wide and the proprietary financial statements. Compensated absences for year ending 2021 were \$181,898.

I. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

J. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position, with proceeds as increases and payments as decreases to the liability. In the fund financial statements, governmental funds recognize the proceeds received from debt issuance during the current period as other financing sources and payments made on debt during the current period as debt service expenditures.

K. Deferred Inflows/Outflows of Resources

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

In conjunction with pension accounting requirements, the effect of the change in assumptions; the difference between expected and actual experience; and the difference between projected and actual earnings on pension plan investments are recorded as deferred outflows of resources related to pension on the government-wide financial statements. These amounts are determined based on actuarial valuations performed for the plans. Note 11 and Note 12 present additional information about the pension plans.

This also refers to the other post employment benefits.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2021

Note 2 - Summary of Significant Accounting Policies - (Continued)

K. Deferred Inflows/Outflows of Resources - (Continued)

In addition to liabilities, the statement of net position and /or the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position and/or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two item that qualifies for reporting in this category:

In conjunction with pension accounting requirements, the effect of the change in assumptions; the difference between expected and actual experience; and the difference between projected and actual earnings on pension plan investments are recorded as deferred inflows of resources related to pensions on the government-wide financial statements. These amounts are determined based on actuarial valuations performed for the plans. Note 11 and Note 12 present additional information about the pension plans.

This also refers to the other post employment benefits and any unavailable deferred revenue such as real estate taxes.

Note 3 - Cash Deposits and Investments

Commonwealth of Pennsylvania statutes provide for the investment of moneys of governmental and proprietary funds into certain authorized investment types, including United States Treasury bills, short-term obligations of the United States Government or its agencies or instrumentalities, obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, obligations 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, and insured or collateralized time deposits and certificates of deposit.

The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

In addition to the investments authorized by governmental and proprietary funds, investments of the Pension Trust Fund may also be made in corporate stocks and bonds, real estate and other investments consistent with sound business practice.

The deposit and investment policy of the City adheres to the Commonwealth statutes and prudent business practice. There are no deposit or investment transactions during the year that were in violation of either the Commonwealth statutes or the policy of the City.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2021

Note 3 - Cash Deposits and Investments - (Continued)

A. Cash Deposits

Cash deposits are categorized to give an indication of the level of custodial credit risk assumed by the City at December 31, 2021. Category 1 includes cash deposits which are insured by the Federal Deposit Insurance Corporation or collateralized with securities held by the City or by its agent in the City's name.

Category 2 includes cash deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Category 3 includes cash deposits which are uninsured and uncollateralized, or were collateralized in accordance with Act 72, a Commonwealth statute which permits the financial institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name.

At December 31, 2021, the carrying amount of the City's cash deposits with financial institutions was \$4,331,896 and the financial institutions balances totaled \$4,367,946 which is categorized as follows:

Category 1	\$ 486,160
Category 2	<u>3,881,786</u>
Total Cash Deposits	<u>\$ 4,367,946</u>

B. Investments

The City's cash equivalent investments in PLGIT and money markets are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The City's position in the external investment pool is the same as the value of the pool shares and is reported at amortized cost which approximates fair value. PLGIT activities are invested directly in a portfolio of securities, which are held by a third-party custodian. All investments in an external investment pool that is not SEC registered are subject to oversight by the Commonwealth of Pennsylvania. The City can withdraw funds from the external investment pool without limitation or fees upon adequate notice as defined below.

The Pennsylvania Local Government Investment Trust (PLGIT), operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, Certain External Investment Pools and Pool Participants, and thus, reports all investments at net asset value (NAV) rather than market value. The PLGIT Portfolio, which includes PLGIT-Class and PLGIT/Reserve-Class, and PLGIT-PRIME invest in high-quality debt instruments, which are generally money market instruments but may include instruments with a maturity over one year.

Funds in PLGIT-Class may be withdrawn at any time by redeeming shares. Shares will be redeemed at the net asset value per share next determined after receipt of a request for withdrawal in proper form. This determination is made at the conclusion of each Business Day. PLGIT/Reserve-Class shares and PLGIT/PRIME shares may be redeemed through ACH transfer or by first exchanging them for PLGIT-Class shares and then redeem those PLGIT Class shares; orders to redeem PLGIT/Reserve-Class shares and PLGIT/PRIME shares may be placed at any time.

C. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**CITY OF SAINT MARYS,
PENNSYLVANIA**

**NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021**

Note 3 - Cash Deposits and Investments - (Continued)

D. Pension Trust Funds

The investments of the Pension Trust Funds are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

The Police Pension Fund and Non-Uniformed Employees' Pension Fund investment policies do not specifically define what the Funds are allowed to invest in. The investment policies give the investment manager full responsibility for security selection and diversification, but prohibits engaging in short sales, margin transactions, or purchasing collectibles, privately held securities, futures, options, highly leveraged derivative securities, or other specialized investment activities which may subject the assets to undue risk. Additionally the Fund may not invest in any class of mutual fund that pays 12b-1, sub-TA, or similar fees unless those fees are used to offset Plan administrative expenses, including the fees of the investment manager. The investment manager may not engage in a prohibited transaction under section 503(b) of the Internal Revenue Code or in any other activity inconsistent with its duties as a fiduciary.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, securities that are uninsured and not registered in the name of the Pension Trust Funds and are held by either the counterparty to the transaction or the counterparty's trust department or agent but not in the government's name will not be returned to the Pension Trust Funds. All of the Pension Trust Funds's investments are held by the Pension Trust Funds' agent.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The investment policy requires diversification of investments and prohibits specialized investment activities but other wise does not directly address credit risk.

At December 31, 2021, the credit quality ratings of the Pension Trust Funds' investments are as follows:

Investment Type	Fair Value	Rating
US Government Obligations:		
US Treasury Bonds	\$ 1,241,389	AA+
US Government Related Obligations:		
US Agency Bonds	\$ 2,247,266	AA+
Mortgage Backed Securities:	\$ 175,826	AA+
Corporate Bonds:		
Domestic	106,427	BBB-
Domestic	310,925	BBB
Domestic	886,916	BBB+
Domestic	177,669	AA-
Domestic	734,132	A-
Domestic	193,977	A
Domestic	283,880	A+
Domestic	132,100	AA+
Domestic	86,584	AAA
Total Corporate Bonds	\$ 2,912,610	
Other Government Bonds	\$ 30,637	
Domestic Equities:		
Common Stocks	7,792,036	N/A
Class A	765,599	N/A
Class B	60,840	N/A
Class C	123,236	N/A
COM USD0.01 WI	43,512	N/A
Total Domestic Equities	\$ 8,785,223	N/A
International Equities:		
International Mutual funds	\$ 1,948,052	N/A
Money Market Funds	\$ 192,826	N/A
Total Investments	\$ 17,533,829	

**CITY OF SAINT MARYS,
PENNSYLVANIA**

**NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021**

Note 3 - Cash Deposits and Investments - (Continued)

D. Pension Trust Funds - (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy does not directly address interest rate risk. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's investments in the Pension Trust Funds subject to interest rate risk at December 31, 2021 included the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Remaining Maturities (Years)</u>				
		<u>0-5</u>	<u>6-10</u>	<u>11-15</u>	<u>16-20</u>	<u>26-30</u>
US Government Obligations	\$ 1,241,389	\$ 725,331	\$ 516,058			
US Govt. Agency Obligations	2,247,266	1,631,350	419,380	133,115	63,421	
Corporate Bonds	2,912,610	1,511,953	1,373,797	26,860		
Mortgage Backed Securities	175,826		33,756	32,586	23,458	86,026
Other	30,637	30,637				
Total by Maturity Dates	<u>\$ 6,607,728</u>	<u>\$ 3,899,271</u>	<u>\$ 2,342,991</u>	<u>\$ 192,561</u>	<u>\$ 86,879</u>	<u>\$ 86,026</u>
Domestic Equities	8,785,223					
International Equities	1,948,052					
Money Market Funds	192,826					
Total Investments	<u>\$ 17,533,829</u>					

The City's pension trust funds categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The pension trust funds have the following recurring fair value measurements at December 31, 2021:

<u>Investments by Fair value Level</u>	<u>Total</u>	<u>Fair Value Measurements</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed Income:				
Bonds	<u>\$ 6,414,902</u>	<u>\$ 5,057,616</u>	<u>\$ 1,357,286</u>	
Equity and Equity Mutual funds:				
Domestic - Large Cap Core	8,785,223	8,785,223		
International	<u>1,948,052</u>		<u>1,948,052</u>	
Total Equity and Equity Mutual Funds	10,733,275	8,785,223	1,948,052	
Short - Term Funds	<u>192,826</u>	<u>192,826</u>		
Total Investments by Fair Value Level	<u>\$ 17,341,003</u>	<u>\$ 14,035,665</u>	<u>\$ 3,305,338</u>	<u>\$ -</u>

Fixed Income, equity and equity mutual funds, and short-term funds classified in Level 1 are valued using prices quoted in active markets for those securities. Level 2 inputs are inputs - other than quoted prices - included within Level 1 that are observable for the asset or liability, either directly or indirectly.

CITY OF SAINT MARYS,
PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2021

Note 4 - Capital Assets

Depreciation expense was charged to the various functions of the primary government as follows:

<u>Governmental Activities</u>	<u>Depreciation Expense</u>
General Government	\$ 81,931
Public Safety	218,022
Public Works	1,392,838
Culture and Recreation	71,816
Community Economic Development	271
Total Depreciation Expense	<u>\$ 1,764,878</u>
<u>Business-type Activities</u>	<u>Depreciation Expense</u>
Sewer	<u>\$ 803,602</u>

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**CITY OF SAINT MARYS,
PENNSYLVANIA**

**NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021**

Note 4 - Capital Assets - (Continued)

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 658,810			\$ 658,810
Construction in progress	1,242,252	\$ 16,819	\$ (1,124,836)	134,235
Total capital assets not being depreciated	<u>1,901,062</u>	<u>16,819</u>	<u>(1,124,836)</u>	<u>793,045</u>
Capital assets being depreciated:				
Buildings & Building Improvements	14,579,127	19,544		14,598,671
Equipment	8,097,922	193,049	(154,215)	8,136,756
Land Improvements	1,430,395	1,040,181		2,470,576
Infrastructure	15,060,327	1,958,788		17,019,115
Total capital assets being depreciated	<u>39,167,771</u>	<u>3,211,562</u>	<u>(154,215)</u>	<u>42,225,118</u>
Less accumulated depreciation for:				
Buildings & Building Improvements	(4,077,772)	(388,950)		(4,466,722)
Equipment	(5,973,214)	(428,847)	146,070	(6,255,991)
Land Improvements	(1,045,040)	(40,476)		(1,085,516)
Infrastructure	(7,370,228)	(906,605)		(8,276,833)
Total accumulated depreciation	<u>(18,466,254)</u>	<u>(1,764,878)</u>	<u>146,070</u>	<u>(20,085,062)</u>
Total capital assets being depreciated, net	<u>20,701,517</u>	<u>1,446,684</u>	<u>(8,145)</u>	<u>22,140,056</u>
Government activities capital assets, net	<u>\$ 22,602,579</u>	<u>\$ 1,463,503</u>	<u>\$ (1,132,981)</u>	<u>\$ 22,933,101</u>
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 16,692			\$ 16,692
Construction in progress	51,872	\$ 7,759		59,631
Total capital assets not being depreciated	<u>68,564</u>	<u>7,759</u>	<u>-</u>	<u>76,323</u>
Capital assets being depreciated:				
Buildings & Building Improvements	212,526	2,345		214,871
Land Improvements	10,059			10,059
Equipment	31,679,706	328,891		32,008,597
Infrastructure	1,746,181	156,684		1,902,865
Total capital assets being depreciated:	<u>33,648,472</u>	<u>487,920</u>	<u>-</u>	<u>34,136,392</u>
Less accumulated depreciation for:				
Buildings & Building Improvements	(49,567)	(8,346)		(57,913)
Land Improvements	(42)	(503)		(545)
Equipment	(17,326,430)	(747,530)		(18,073,960)
Infrastructure	(172,043)	(47,223)		(219,266)
Total accumulated depreciation	<u>(17,548,082)</u>	<u>(803,602)</u>	<u>-</u>	<u>(18,351,684)</u>
Total capital assets being depreciated, net	<u>16,100,390</u>	<u>(315,682)</u>	<u>-</u>	<u>15,784,708</u>
15 Business-type activities capital assets, net	<u>\$ 16,168,954</u>	<u>\$ (307,923)</u>	<u>\$ -</u>	<u>\$ 15,861,031</u>

Construction in progress amounts listed above includes capital projects not completed as of December 31, 2021. The projects are further discussed in Note 18.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2021

Note 5 - Long - term Notes Receivable

In 2009, the City received two grants, each in the amount of \$500,000, from the Pennsylvania Department of Community and Economic Development for the purpose of loaning the funds to a developer to support the creation of a mixed-use building in the City of St. Marys. Each grant provided a \$485,000 loan to the developer.

The terms of the Notes require the developer to repay the City the principal balance of \$485,000 for the first note on May 25, 2025 and the principal balance of \$485,000 for the second note on February 12, 2034. The notes have no stated interest rate and are secured by the related land, building and equipment. For financial reporting purposes, the Long - term notes receivable are valued at present value using an imputed interest rate of 5%. At December 31, 2021, the face amount of Long-term account receivable is valued at \$970,000 with an unamortized present value adjustment of \$293,914.

Upon repayment, the terms of the grant require the City to use the proceeds of the Note for other eligible activities consistent with the Housing & Redevelopment Assistance Law.

Note 6 - Taxes

A. Real Estate Property Taxes

Real estate property taxes attach as an enforceable lien on property on January first. The Elk County Assessment Office calculates the yearly tax levy and semiannual interim tax levies and distributes the individual tax duplicates to the City's elected tax collector. The tax collector is responsible for tax collections.

The yearly tax and the first semiannual interim tax levies are billed on or before March 1, with a 2% discount through April 30; face amount due from May 1 through June 30; and 10% penalty added after July 1. The second semiannual interim tax levy is billed on or before July 1, with a 2% discount through August 31; face amount due from September 1 through October 31; penalty added after November 1.

The City is permitted by law to levy taxes up to the rate of 25 mills on every dollar of assessed value of real property for general City purposes. Additional levies for certain other purposes are permitted at specific maximum mileages as provided in the City Code.

Assessed value is 50% of market value. The City's taxable assessed value for 2021 was \$220,321,689. The real estate tax millage rate for 2021 was 18.5362 mills.

B. Tax Abatement

Tax abatements are given to businesses, property owners and residents who qualify for assistance under various community and economic building initiatives. The City offers the Keystone Opportunity Zones (KOZ) and the Local Economic Revitalization Tax Assistance (LERTA) programs. The tax abatement program is an agreement between the City of Saint Marys, the County of Elk and the Saint Marys Area School District. The majority local taxing authority's having jurisdiction will determine the tax abatement.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2021

Note 6 - Taxes (Continued)

B. Tax Abatement - (Continued)

KOZ - PA businesses relocating to a KOZ must either: Increase their full-time employment by 20% within the first full year of operation, or make a 10% capital investment in the KOZ property based on their prior year's gross revenues. Eligibility for benefits is based upon annual certification. In order to receive benefits, any entity applying must be compliant with all local and state taxes and building and zoning codes.

The City of St. Marys, in association with the St. Marys Area School District and Elk County, has designated 4 industrial parks as KOZ. A Pennsylvania KOZ is a geographic area designated by local government and approved by the State as virtually tax free. The City issues abatements for local real property taxes. Total qualified KOZ properties who received tax abatements for real estate taxes as of December 31, 2021 is \$77,952.

LERTA - was established to allow local taxing authorities to exempt improvements to a business property if such property is located in a deteriorated area. Property improvements eligible for exemption include: repairs, construction, or reconstruction, including alterations and additions; rehabilitating a deteriorated property; improvements required to alleviate health concerns; economic use; and improvements necessary to comply with laws, ordinances or regulations. The three local taxing authorities established an exemption schedule with the exemption realized on a sliding scale beginning with 100% for the 1st two years in the program; 75% exemption for the 3rd year and 50% exemption for the 4th year of the program. The exemption ends after the 4th year. The City issues abatements for local real property taxes. Total qualified LERTA properties who received tax abatements for real estate taxes as of December 31, 2021 is \$1,668.

C. Per Capita Taxes

Per Capita Taxes are collected at various times during the year by the City tax collector. The tax is in the amount of \$5.00 per taxpayer. Various income and age provisions determine individual tax liability.

D. Local Service Taxes

Local Service taxes are also collected at various times by the City tax collector. The amount imposed on taxable residents is \$47.00 for wages earned over \$12,000 per year. This tax is imposed on any individual working in St. Marys.

E. Earned Income Taxes

The City also levies a seven-tenths of a percent tax on the annual earned income of City Residents. The tax is collected at various times throughout the year and remitted to the City by an appointed collection agency. The Elk County Tax Collection Committee selected Berkheimer Tax Administrator to collect the earned income for Elk County. In 2019, City Council increased the earned income tax rate from one-half percent to seven-tenths of a percent.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2021

Note 7 - Due From Other Governments

Due from other governments includes grant funds receivable from grantor agencies of \$230,584. Additionally, it also includes amounts due from the St. Marys Area Airport Authority and The Benzinger Township Municipal Golf Course Authority of \$134,103.

During a prior year, the City entered into a loan agreement with the St. Marys Area Airport Authority for a \$60,000 loan to provide funds for airport operations. The loan was payable to the City upon demand on or before December 31, 2005, and carried no interest rate through that date. The remaining balance due at December 31, 2005, after a period of 30 days, is subject to an interest rate of 6% per annum. Currently, the City has elected not to charge interest. The loan is secured by equipment of the Authority. The outstanding balance at December 31, 2021 was \$39,000, which will be refunded back to the City in 2023 through 2027.

In May of 2011 the City issued the General Obligation Bonds, Series of 2011, in the principal amount of \$4,870,000 for the purpose of financing the costs associated with the refunding of the City's General Obligation refunding series of 2006 bonds; general obligation series A of 2005 Note, general obligation series B of 2005 Note; general obligation series of 2007 note, general obligation series of 2009 Note, and to refinance the guaranteed airport revenue notes, series of 1993 and series of 2007 held by the St. Marys Area Airport Authority and guaranteed by the City. Total outstanding for the Airport Authority debt as of December 31, 2021 is \$10,283.

In September of 2015, City Council agreed to lend the St. Marys Area Airport Authority \$20,000 towards their AWAS system and a portion of the local match towards the Airport's obstruction removal grant. The terms of repayment are \$5,000 yearly for 4 years payable on or before June 1. Total outstanding balance as of December 31, 2021 is \$15,000.

On January 19, 2018, City Council and the St. Marys Area Airport Authority entered into an agreement stating that the Airport Authority will pay back the total amount owed the City in a 10 -year period from 2018 through 2027. The City will deduct from the amount allocated to the Airport Authority in the general fund budget each year to satisfy the loan payments. The payments range from \$10,284 to \$10,800 yearly.

In 2015, the Benzinger Township Municipal Golf Authority defaulted on two monthly loan payments with Northwest Savings Bank. The City guaranteed the 2012 Note Modification Guarantee Agreement with the Golf Authority on May 29th of 2012 and guaranteed the 2012 Guarantee Agreement with the Golf Authority on July 6th of 2012. The City paid the June and July 2015 payments of \$12,270 and \$1,505 for each month. Total payments made in behalf of the Golf Authority is \$27,550.

In 2019, the Benzinger Township Municipal Golf Authority defaulted on their 2012 Note Modification Guarantee Agreement loan with Northwest Savings Bank. The City made the June's payment of \$12,270; and paid \$10,000 towards the July, August, and Septembers' payments and paid the \$12,270 payment due in October of 2019. The Golf Authority did repay the City \$12,270 in December of 2019. Total payments made in behalf of the Golf Authority for 2019 is \$42,270. Total outstanding due the City for years 2015 and 2019 total \$69,820. The \$69,820 has been fully reserved in Allowance for Uncollectible Due from Governments. City Council is working with the Golf Authority to rectify the issues concerning the finances of the Authority.

**CITY OF SAINT MARYS,
PENNSYLVANIA**

**NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021**

Note 8 - Interfund Balances

Interfund balances as December 31, 2021 consist of the following:

Due To:	Due From:				Advance To:	Advance From:	
	General Fund	CDBG Fund	Sewage Treatment Fund	Totals		Parking Garage Fund	Totals
General Fund		\$ 7,357	\$ 39,476	\$ 46,833			
Capital Reserve Fund	\$ 11,976			11,976	Capital Reserve Fund	\$ 326,696	\$ 326,696
I & I Fund			21,404	21,404			
Sewer Line Replace Fd			21,404	21,404			
Totals	\$ 11,976	\$ 7,357	\$ 82,284	\$ 101,617	Totals	\$ 326,696	\$ 326,696

Interfund balances result from the timing differences between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payment between funds are made.

The Airport Industrial Park Fund had a loan payable at December 31, 2020. The City refinanced the 2016 bond issue and incorporated the balance of this loan into the 2021 bond issue. The Airport Industrial Park Fund transfer is considered as "an advance" transfer "to" and "from" fund transfers. See Footnote 10 for further information.

The Parking Garage Fund as a negative fund balance of \$242,214. This relates to construction cost incurred. The General Fund and the Capital Reserve Fund advanced funds to the project. City Council has designated \$20,000 of parking revenue each year towards repayment of this interfund payable.

Note 9 - Interfund Transfers

Interfund transfers for the year ended December 31, 2021 consisted of the following:

Transfers To:	Transfer From:					Totals
	General Fund	Fire Protection Fund	Debt Fund	Liquid Fuels Tax Fund	Sewage Treatment Fund	
General Fund				\$ 465,912		\$ 465,912
Airport Indust Park Fund			\$ 659,719			659,719
Parking Garage Fund	\$ 20,000					20,000
Capital Reserve Fund	1,082,478		125,000			1,207,478
Debt Fund	218,307	\$ 12,363				230,670
Shade Tree Fund	9,000					9,000
Sewer Fund					\$ 335,759	335,759
I & I Fund					239,460	239,460
Sewer Line Replace Fd					839,460	839,460
Totals	\$ 1,329,785	\$ 12,363	\$ 784,719	\$ 465,912	\$ 1,414,679	\$ 4,007,458

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2021

Note 10 - Long-Term Debt

Advance Refunding

During 2021, the City defeased the General Obligation Bonds, Series of 2016 by placing the proceeds of the General Obligation Bonds, Series of 2021 in an irrevocable trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial statement reporting purposes, the debt has been considered defeased. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of December 31, 2021, the amount of defeased debt outstanding and removed from the Statements of Net Position amounted to \$1,860,000. As a result of the refunding, the City realized a cash flow savings of \$78,793 and an economic gain of \$122,714.

The City also included in the 2021 bond refinancing the BOS Loan with the Commonwealth Financing Authority for the Airport Industrial Park Project. The loan was with the St. Marys Area Airport Authority and the balance refinanced was \$671,154.35

The following presents a summary of government long-term liability transactions of the City during the year ended December 31, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities					
Notes and Bonds Payable:					
Notes Payable	\$ 1,532,369		\$ (205,835)	\$ 1,326,534	\$ 196,751
General Obligation Bonds -2016	3,845,000		(3,845,000)		
Plus: Bond Premium	34,164		(34,164)		
Less: Bond Issue Costs	(54,971)		54,971		
General Obligation Bonds - 2021		\$ 4,150,000		4,150,000	285,000
Plus: Bond Premium		334,562		334,562	
Total Bonds	<u>3,824,193</u>	<u>4,484,562</u>	<u>(3,824,193)</u>	<u>4,484,562</u>	<u>285,000</u>
Total Notes & Bonds Payable	5,356,562	4,484,562	(4,030,028)	5,811,096	481,751
Compensated Absences	154,154		(256)	153,898	2,130
Other Post-Employment Benefits	<u>231,693</u>		<u>(23,686)</u>	<u>208,007</u>	<u>6,503</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 5,742,409</u>	<u>\$ 4,484,562</u>	<u>\$ (4,053,970)</u>	<u>\$ 6,173,001</u>	<u>\$ 490,384</u>
Business-Type Activities					
Compensated Absences	\$ 21,560	\$ 6,440		\$ 28,000	\$ 6,440
Other Post-Employment Benefits		<u>42,388</u>		<u>42,388</u>	<u>6,503</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$ 21,560</u>	<u>\$ 48,828</u>	<u>\$ -</u>	<u>\$ 70,388</u>	<u>\$ 12,943</u>

**CITY OF SAINT MARYS,
PENNSYLVANIA**

**NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021**

Note 10 - Long-Term Debt - (Continued)

A detailed summary of long-term debt outstanding at December 31, 2021 is as follows:

<u>Amount of Original Issue</u>		<u>Balance Outstanding</u>
\$ 4,150,000	General Obligation Bonds, Series of 2021, of September 7, 2021; bonds mature annually 2021 through 2033 on December 1, with interest of 2.00% to 5.00% payable on June 1, and December 1, issued to advance refund series of 2016 Bonds, and to pay the remaining principal balance of the Commonwealth Financing Authority loan for the Airport Industrial Park Project by extending the term of the bond period by 2 years to December 31, 2033.	\$ 4,150,000
\$ 1,000,000	General Obligation Note issued to the Commonwealth of Pennsylvania Department of Transportation for funds to improve certain City owned streets, payable annually on April 1st, beginning in 2017 through maturity on April 1, 2026, at \$109,154 with interest of 1.625%. This note is secured by future liquid fuels tax allocation (direct borrowing)	\$ 419,437
\$ 1,000,000	General Obligation Note issued to the Commonwealth of Pennsylvania Department of Transportation for funds to improve certain City owned streets, payable annually on January 1st, beginning in 2022 through maturity on January 1, 2031, at \$109,154 with interest of 1.625%. This note is secured by future liquid fuels tax allocation (direct borrowing)	\$ 907,097
<u>\$ 6,150,000</u>		<u>\$ 5,476,534</u>

**CITY OF SAINT MARYS,
PENNSYLVANIA**

**NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021**

Note 10 - Long-Term Debt - (Continued)

The aggregate annual debt service requirements applicable to the City's bonded debt and notes payable for each of the next five and remaining years is summarized:

Year	Principal	Interest	Total
2022	\$ 481,751	\$ 151,806	\$ 633,557
2023	499,948	134,359	634,307
2024	518,197	116,110	634,307
2025	536,499	97,058	633,557
2026	445,702	77,202	522,904
2027-2031	2,314,437	200,377	2,514,814
2032-2033	680,000	19,200	699,200
	<u>\$ 5,476,534</u>	<u>\$ 796,112</u>	<u>\$ 6,272,646</u>
Deferred Amounts:			
Bond Premium	334,562		334,562
	<u>\$ 5,811,096</u>	<u>\$ 796,112</u>	<u>\$ 6,607,208</u>

Contingencies

The City, pursuant to Guaranty Agreements, is contingently liable as guarantor for various bond and note obligations. The following presents, in summary form, these contingent liabilities.

A. St. Marys Municipal Authority - Guaranteed Debt

Pennvest Loan

St. Marys Municipal Authority Note Payable to Pennsylvania Infrastructure Investment Authority (Pennvest), original amount of \$5,908,255, payable at \$27,084 per month through December 1, 2008 with interest at 1.00% and after at \$27,396 monthly through maturity on November 1, 2023 with interest at 1.156%. Loan proceeds funded a portion of the permanent financing requirements for a sewer construction project. The outstanding balance of the loan was \$622,898 as of December 31, 2021.

Debt service requirements remain on the Pennvest loan are:

Year	Principal	Interest	Total
2022	\$ 323,257	\$ 5,492	\$ 328,749
2023	299,641	1,734	301,375
Total	<u>\$ 622,898</u>	<u>\$ 7,226</u>	<u>\$ 630,124</u>

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2021

Note 10 - Long-Term Debt - (Continued)

Contingencies - (Continued)

A. Benzinger Township Golf Course Authority - Guaranteed Debt

2012 Note Modification Guarantee Agreement

On May 29, 2012, the City of St. Marys entered into the 2012 Note Modification Guarantee Agreement with Benzinger Township Municipal Golf Course Authority and Northwest Savings Bank for debt in the amount of \$1,120,375, with an initial fixed rate of 3.00% per annum for 60 months, than adjustable on each 60 month anniversary thereafter to 70% of the sum of the 5 year FHLB rate then in effect on the said 60 month anniversary date, plus 2.75%. This note refinances the 2009 loan. The loan is repayable in installments of \$12,270 on the thirtieth day of each May through October, beginning in May, 2012 at a rate of 3.395%. In 2020 the Bank has agreed to defer the installment payments due on May 30, June 30 and July 30 of 2020 providing that the interest accruing on said Note be paid in full and further provided that the terms of the Note not be extended beyond October 30, 2029 due to the COVID-19 disease.

Year	Principal	Interest	Total
2022	\$ 55,329	\$ 18,291	\$ 73,620
2023	57,253	16,367	73,620
2024	59,204	14,416	73,620
2025	61,305	12,315	73,620
2026	63,439	10,181	73,620
2027-2029	244,459	17,008	261,467
Totals	\$ 540,989	\$ 88,578	\$ 629,567

The Benzinger Township Municipal Golf Course Authority is considered a discretely presented component unit of the City.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2021

Note 10 - Long-Term Debt - (Continued)

Contingencies - (Continued)

B. Benzinger Township Golf Course Authority - Guaranteed Debt

2012 Guarantee Agreement

On July 6, 2012, the City of St. Marys entered into the 2012 Guarantee Agreement with the Benzinger Township Golf Course Authority and Northwest Savings Bank for debt in the amount of \$109,000, with an initial fixed rate of 3.00% per annum for 60 months, then adjustable on each 60 month anniversary. The loan will be used to pay off existing NWSB line of credit, First Commonwealth loan, and provide funds for improvements to the heating and cooling system. The loan is repayable in installments of \$1,545.14, on the thirtieth day of each May through October, beginning on July 30, 2018 and continuing through June 30, 2027 at a rate of 3.50%. In 2020, The Bank has agreed to defer the installment payments due on May 30, June 30, July 30 of 2020 on this Note provided that interest accruing on said Note be paid in full and further provided that the terms of the Note not be extended beyond July 30, 2027 due to the hardship of the COVID-19 disease.

Year	Principal	Interest	Total
2022	\$ 7,577	\$ 1,694	\$ 9,271
2023	7,849	1,422	9,271
2024	8,127	1,144	9,271
2025	8,422	849	9,271
2026	8,724	547	9,271
2027	8,432	195	8,627
Totals	\$ 49,131	\$ 5,851	\$ 54,982

2013 Guarantee Agreement

On June 26, 2013, the City of St. Marys entered into the 2013 Guarantee Agreement with the Benzinger Township Golf Course Authority and First Commonwealth Bank for debt in the amount of \$89,161.49, with an initial fixed rate of 3.24%. On the anniversary date of this Note in June of 2020, the interest rate shall be reset at the 3-year swap, plus 250 basis points, for the remaining term of the Note. The maximum rate of interest on this Note shall be 8.00% per annum. The loan will be used for the purpose of purchasing maintenance equipment. The loan is repayable in installments of \$1,886.99, on the 26th day of each May through October, beginning on July 26, 2013 and continuing through June 26, 2023. The aggregate annual debt service required at the current 2.84% rate is :

Year	Principal	Interest	Total
2022	\$ 10,906	\$ 416	\$ 11,322
2023	5,765	106	5,871
Totals	\$ 16,671	\$ 522	\$ 17,193

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2021

Note 10 - Long-Term Debt - (Continued)

Contingencies - (Continued)

C. St. Marys Area Airport Authority - Debt

The City by agreement of October 1, 2007 with the St. Marys Area Airport Authority and the Commonwealth Financing Authority has guaranteed the payment of a note of \$1,061,450 issued by the Airport Authority to the Financing Authority. The Loan assisted in the financing of the Airport Industrial Park Project site. Payments of principal and interest are deferred until sale or lease occurs and interest accrues on amounts not paid at two percent of the outstanding balance. The Airport Authority was required on May 1, 2013 to begin monthly payments of principal and interest to amortize the loan by maturity date of November 1, 2027. The outstanding balance of the loan was \$659,719 at December 31, 2020. In 2021, the City refinanced the 2016 bond issue and included the \$659,719 due to the Commonwealth Financing Authority as part of the refinancing. As of September 7th 2021, the loan due to the CFA is paid off.

Note 11 - Police Pension Plan

Plan Description

The Police Pension Plan is a single-employer defined benefit pension plan established by the City to provide retirement, disability, and death benefits to plan members and their beneficiaries. A separate report is not issued for the plan.

Eligibility

All full-time members of the police force join the Plan upon employment.

Normal Retirement

A participant is eligible for normal retirement after attainment of age 50 and completion of 20 years of service. The normal retirement pension is payable monthly during the participant's lifetime, with payments continuing after the participant's death to the surviving spouse or to dependent children under the age of 18 equal to 100% of the amount payable to the participant at the time of the participant's death. The amount of monthly pension is equal to 50% of average monthly pay plus an incremental pension of 1.25% times average monthly pay for each full year of service (before age 65) in excess of 20 years, up to an additional \$500 per month.

Average monthly pay is based upon the final 36 months of employment (pay includes overtime). For post January 1, 1995, participants, average monthly pay is based upon the highest five years of employment (excluding overtime), or the final rate of pay (base pay plus longevity), whichever is greater.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2021

Note 11 - Police Pension Plan - (Continued)

Late Retirement

If a participant continues working after his normal retirement date, his pension does not start until he actually retires. The late retirement benefit is the benefit accrued to the late retirement date.

Disability Retirement

If a participant is disabled in the line of duty he is eligible for a disability pension. The disability pension is equal to 100% of average monthly pay less Worker's Compensation and Social Security. The disability pension cannot exceed 50% of average monthly pay. For post-January 1, 1995, participants, the disability benefit is 50% of average monthly pay less Workers' Compensation. For participants with a non-service related disability, the benefit is 25% of average monthly pay if less than 10 years of service and 50% of average monthly pay if ten or more years of service.

Post Retirement Cost-of-Living Increase

An annual cost-of-living adjustment is made to retirees with a maximum total cost-of-living increase of 30%, and for post January 1, 1995, participants a maximum pension benefit of 50% of the current salary of a patrolman of the highest pay grade. For all participants, the pension cannot exceed 75% of final average monthly pay. The cost-of-living adjustment does not apply to the service increment. Vested terminated participants are not eligible for COLAs when they retire.

Death Benefits

If a member who is eligible for retirement dies or is killed in service, a death benefit is payable to a surviving spouse or children under age 18 in an amount equal to 100% of the member's normal retirement benefit. If a member dies who is not subject to the above death benefit, a death benefit is payable equal to 25% of compensation if the member had less than 10 years of service. If the member had 10 or more years of service at death, the death benefit is equal to 50% of compensation.

Vesting

A participant's benefits vest upon completion of 12 years of service. The vested benefit is a deferred pension beginning at normal retirement equal to the benefit accrued to the date of termination.

Accrued Pension

The benefit accrued at any date other than the normal retirement date is equal to the projected normal retirement benefit multiplied by the ratio of the number of years and days of service to date to the total number of years and days of service projected at normal retirement.

**CITY OF SAINT MARYS,
PENNSYLVANIA**

**NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021**

Note 11 - Police Pension Plan - (Continued)

Contributions

If an actuarial study shows the Plan to have sufficient assets to fund plan benefits, member contributions may be suspended. Members contribute 5.00% of pay (plus \$5.00 per month until age 65). For post January 1, 1995 hires, participants are required to contribute 5% of base pay plus longevity pay and \$5 per month until age 65. Member contributions are credited with 4.50% interest, credited from the January 1 following the date the contribution is made. Member contributions made by post-January 1, 1995, participants do not receive any interest. Additionally, the City must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements. Contribution requirements of the plan members and the City are established and may be amended by City Council.

	Police Plan
MMO	\$ 200,505
Contributions:	
City	\$ 25,466
Allocation of State Aid	175,039
Total	\$ 200,505
Employee	48,900
Total Contributions	\$ 249,405
Covered Payroll	\$ 962,394
Employee contributions as a % of covered payroll	5.08%

Deferred Retirement Option Program (DROP)

Effective January 1, 2004, a member who is eligible for Normal Retirement may elect the DROP. The DROP requires a member to set a resignation date within 12 to 24 months. Pension benefits are calculated as of the drop election date. Between the period of drop election date and resignation date, the officer continues to work, and his pension benefits are deposited into an escrow account which will be disbursed to the member at resignation date.

Plan Membership at December 31, 2021

Membership of the plan consisted of the following at December 31, 2021, the date of the latest actuarial reporting for purposes of Governmental Accounting Standards Board Statement Nos. 67 and 68:

Inactive Members or Beneficiaries Currently Receiving Benefits	14
Inactive Members Entitled to but not yet Receiving Benefits	0
Active Members	13
Total Membership	27

**CITY OF SAINT MARYS,
PENNSYLVANIA**

**NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021**

Note 11 - Police Pension Plan - (Continued)

Net Pension Liability

The net pension liability was measured as of December 31, 2021, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2021. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

	Police Pension Plan
Total Pension Liability - Restated	\$ 10,039,731
Plan Fiduciary Net Position - Restated	<u>(11,639,375)</u>
Net Pension Liability (Asset)	<u>\$ (1,599,644)</u>
Plan fiduciary net position as a percentage of the total pension Asset	<u>(115.93%)</u>

Changes in the Net Pension Liability

The changes in the net pension liability (asset) of the City for the year ended December 31, 2021, were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance as of 12/31/2020	\$ 9,152,979	\$ 10,443,684	\$ (1,290,705)
Service Cost	247,135		247,135
Interest Cost	672,078		672,078
Changes of Benefit Terms			
Changes for Experience	(2,388)		(2,388)
Changes of Assumptions ²	523,936		523,936
Contributions - Employer		200,505	(200,505)
Contributions - Member		48,900	(48,900)
Net Investment Income		1,499,744	(1,499,744)
Benefit Payments, Including Refunds of Member Contributions	(464,505)	(464,505)	
Administrative Expenses			
Other Charges			
Prior period adjustment	<u>(89,504)</u>	<u>(88,953)</u>	<u>(551)</u>
Net Changes	<u>\$ 886,752</u>	<u>\$ 1,195,691</u>	<u>\$ (308,939)</u>
Balance as of 12/31/2021 ³	<u>\$ 10,039,731</u>	<u>\$ 11,639,375</u>	<u>\$ (1,599,644)</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)			<u>115.93%</u>

¹ Includes DROP account balances of \$89,504 at 12/31/2020 and \$ at 12/31/2021.

² Each year's gain or loss is recognized over a closed period, using the average of the expected remaining service lives of all active and inactive employees that are provided pensions through this pension plan.

³ Each year's gain or loss is recognized over a 5 year period.

⁴ "Changes in assumptions relate to changes in the discount rate, inflation rate, salary increases, investment rate of return, and mortality rate."

**CITY OF SAINT MARYS,
PENNSYLVANIA**

**NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021**

Note 11 - Police Pension Plan - (Continued)

Sensitivity of the Net Position Liability to changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Plan's Net Pension Liability	\$ (264,540)	\$ (1,599,644)	\$ (2,694,953)

Actuarial Assumptions

The total pension liability in the January 1, 2021 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	3.00%	
Salary Increases	4.75%	(average, including inflation)
Investment Rate of Return	7.00%	(including inflation)
Post-Retirement Cost of Living Increase	3.00%	

Mortality rates were based on the PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	52.00%	5.50% - 7.50%
International Equity	11.00%	4.50% - 6.50%
Fixed Income	34.00%	1.00% - 3.00%
Cash	3.00%	0.00% - 1.00%

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2021

Note 11 - Police Pension Plan - (Continued)

Actuarial Assumptions - (Continued)

Rate of Return - The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2021, the annual money-weighted rate of return for the City of Saint Marys Police Pension Fund account is 15.93%.

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding on the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

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

For the year ended December 31, 2021, the City recognized pension expense of (\$81,473). At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Police Pension</u>
<u>Deferred Outflow of Resources:</u>	
Change of Assumptions	\$ 583,435
Difference Between Projected and Actual Investment	
Earnings on Pension Plans	-
Total deferred outflows of resources	<u>\$ 583,435</u>
	<u>Police Pension</u>
<u>Deferred Inflows of Resources:</u>	
Difference Between Expected and Actual Experience	\$ (616,921)
Difference Between Projected and Actual Investment	
Earnings on Pension Plans	(782,590)
Total deferred inflows of resources	<u>\$ (1,399,511)</u>

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2021

Note 11 - Police Pension Plan - (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the police pension plan will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	
2022	\$ (144,949)
2023	(362,943)
2024	(182,621)
2025	(178,026)
2026	(22,043)
2027	74,506
Total	<u>\$ (816,076)</u>

Note 12 - Non-Uniformed Employee's Pension Plan

Plan Description

The Non-Uniformed Employees' Pension Plan is a single-employer defined benefit pension plan established by the City to provide retirement, disability, and death benefits to plan members and their beneficiaries. A separate report is not issued for the plan.

Eligibility

All full-time employees who are not members of the police force join the plan upon hire.

Normal Retirement

A member is eligible for normal retirement after attainment of age 65 (age 60 for post January 23, 2001, members) and completion of 20 years of service. The normal retirement pension is payable monthly during the member's lifetime. For pre January 24, 2001, members, payments continue after the member's death to the surviving spouse equal to 50% of the initial amount payable to the member. For post January 23, 2001, members, payments cease upon the member's death. For pre January 24, 2001, members, the amount of monthly pension is equal to 30% of final monthly average pay, plus 1.00% of average monthly pay for each year of service in excess of 25 years (maximum \$100 for the service increment over 25 years). The minimum monthly pension is equal to \$18.00 multiplied by the number of years of service at retirement. Final monthly average pay is based upon the highest 12 consecutive months over the last five years of employment. Pay means total wages excluding any payments for accrued or unused sick leave, unused vacation, and unused holiday and personal days. For post January 23, 2001, members, the monthly pension is 50% of final monthly average pay, offset by 40% of primary Social Security. Social Security is calculated using only wages from the City. Final monthly average pay is the higher of the average pay during the last year or the average during the last five years.

CITY OF SAINT MARYS,
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NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021

Note 12 - Non-Uniformed Employee's Pension Plan (Continued)

Late Retirement

If a member continues working after his normal retirement date, his pension does not start until he actually retires. The late retirement benefit is the benefit accrued to the late retirement date.

Early Retirement

For pre January 24, 2001, members, a member is eligible for early retirement after attainment of age 60 (age 62 prior to January 1, 1999) and completion of 20 years of service. The early retirement benefit is the benefit accrued to the early retirement date. There is no reduction for early retirement. Post January 23, 2001, members are not eligible for early retirement.

Disability Retirement

If a pre January 24, 2001, member who has completed ten years of service is disabled, and remains so for 6 months, he is eligible for a disability pension. The disability pension is equal to the benefit accrued to the date of disability. Post January 23, 2001, members who have completed ten years of service and become disabled are eligible for a disability pension equal to the normal retirement benefit. There is no offset for Social Security.

Death Benefit

If a pre January 24, 2001, member dies, a death benefit is payable to his designated beneficiary. The benefit is a lump sum equal to the present value of the benefit accrued at the date of death, but no less than accumulated member contributions with interest. If a post January 23, 2001, member dies, the death benefit is the accumulated member contributions, without interest.

Vesting

A pre January 24, 2001, member's benefits vest according to the following schedule. The vested benefit is a deferred pension beginning at normal retirement equal to the benefit accrued to the date of termination.

<u>Years of Service</u>	<u>Vesting Percentage</u>
0	0.00%
1	14.25%
2	28.50%
3	42.75%
4	57.00%
5	71.25%
6	85.50%
7 or More Years	100.00%

There is no vesting for post January 23, 2001, members.

**CITY OF SAINT MARYS,
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**NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021**

Note 12 - Non-Uniformed Employee's Pension Plan (Continued)

Accrued Pension

The benefit accrued at any date other than the normal retirement date is equal to the projected normal retirement benefit (excluding the service increment), multiplied by the ratio of the number of years of service to date to the total number of years of service projected at normal retirement. For pre January 24, 2001, members, the 1.00% service increment (maximum \$100) is added if service to date exceeds 25 years, unless the pension is based on the \$18 formula.

Contributions

Pre January 24, 2001, members contribute 2.0% of pay. Members hired after January 23, 2001, contribute 3.50% of pay plus 1.50% of pay in excess of the Social Security wage base. Member contributions for pre January 24, 2001, members are credited with 5.00% interest. There is no interest on contributions for members hired after January 23, 2001. Additionally, the City must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements. Contribution requirements of the plan members and the City are established and may be amended by City Council. It must be noted that the City has been in noncompliance with several prior year audit recommendations from the Auditor General's office from the Commonwealth of Pennsylvania. The Auditor General's office states, "Our audit of the Non-uniformed pension plan has revealed that the city continues to provide benefits to its Non-uniformed employees who were hired prior to January 24, 2001, which are less than those prescribe by the Third Class City Code." The impact on the financial statements has not been determined.

	Non-Uniformed Plan
MMO	\$ 117,595
Contributions:	
City	
Allocation of State Aid	\$ 117,595
Total	\$ 117,595
Employee	51,644
Total Contributions	\$ 169,239
Covered Payroll	\$ 1,799,769
Employee contributions as a % of covered payroll	2.87%

**CITY OF SAINT MARYS,
PENNSYLVANIA**

**NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021**

Note 12 - Non-Uniformed Employee's Pension Plan (Continued)

Service

Years of service are calculated to the completed month from date of hire to date of severance.

Plan Membership at December 31, 2021

Membership of the plan consisted of the following at December 31, 2021, the date of the latest actuarial reporting for purposes of Governmental Accounting Standards Board Statements Nos. 67 and 68.

Inactive Members or Beneficiaries Currently Receiving Benefits	24
Inactive Members Entitled to but not yet Receiving Benefits	1
Active Members	33
Total Membership	58

Net Pension Liability

The net pension liability was measured as of December 31, 2021, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2021. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

	Non-Uniformed Pension Plan
Total Pension Liability - Restated	\$ 5,502,234
Plan Fiduciary Net Position - Restated	(6,127,822)
Net Pension Liability (Asset)	\$ (625,588)
 Plan fiduciary net position as a percentage of the total pension Asset	 111.37%

**CITY OF SAINT MARYS,
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**NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021**

Note 12 - Non-Uniformed Employee's Pension Plan (Continued)

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

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.00% as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Plan's Net Pension Liability	\$ 64,202	\$ (625,588)	\$ (1,209,588)

Changes in the Net Pension Liability (Asset)

The changes in the net pension liability (asset) of the City for the year ended December 31, 2020, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance as of 12/31/2020	\$ 5,439,041	\$ 5,483,201	\$ (44,160)
Service Cost	134,475		134,475
Interest Cost	370,045		370,045
Changes of Benefit Terms			
Changes for Experience	(451,364)		(451,364)
Changes of Assumptions ³	318,385		318,385
Contributions - Employer		117,595	(117,595)
Contributions - Member		51,644	(51,644)
Net Investment Income		783,730	(783,730)
Benefit Payments, Including Refunds of Member Contributions	(304,597)	(304,597)	
Administrative Expenses			
Other Charges			
Prior period adjustment	(3,751)	(3,751)	
Net Changes	\$ 63,193	\$ 644,621	\$ (581,428)
Balance as of 12/31/2021	\$ 5,502,234	\$ 6,127,822	\$ (625,588)
Plan fiduciary net position as a percentage of the total pension liability (asset)			111.37%

¹ Each year's gain or loss is recognized over a closed period, using the average of the expected remaining service lives of all active and inactive employees that are provided pensions through this pension plan.

² Each year's gain or loss is recognized over a 5 year period.

³ "Changes in assumptions relate to changes in the discount rate, salary increases, and mortality rate."

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2021

Note 12 - Non-Uniformed Employee's Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the January 1, 2021 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	3.00%	
Salary Increases	4.75%	(average, including inflation)
Investment Rate of Return	7.00%	(including inflation)
Post-Retirement Cost of Living Increase	0.00%	

Mortality rates were based on the PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.

For the Actuarial Value of Assets, the 5 year smoothed value assumption was used.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	52.00%	5.50% - 7.50%
International Equity	11.00%	4.50% - 6.50%
Fixed Income	33.00%	1.00% - 3.00%
Cash	4.00%	0.00% - 1.00%

Rate of Return - The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2021, the annual money-weighted rate of return for the City of Saint Marys Non-Uniformed Pension Fund account is 15.83%.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2021

Note 12 - Non-Uniformed Employee's Pension Plan (Continued)

Actuarial Assumptions - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

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

For the year ended December 31, 2021, the City recognized pension expense of (\$42,537). At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Non-Uniformed Pension</u>
<u>Deferred Outflow of Resources:</u>	
Change of Assumptions	\$ 500,627
Difference Between Projected and Actual Investment	
Earnings on Pension Plan	-
Total deferred outflows of resources	<u>\$ 500,627</u>
	<u>Non-Uniformed Pension</u>
<u>Deferred Inflows of Resources:</u>	
Difference Between Expected and Actual Experience	\$ (576,930)
Difference Between Projected and Actual Investment	
Earnings on Pension Plan	(405,287)
Total deferred inflows of resources	<u>\$ (982,217)</u>

**CITY OF SAINT MARYS,
PENNSYLVANIA**

**NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021**

Note 12 - Non-Uniformed Employee's Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the non-uniformed pension plan will be recognized in pension expense as follows:

Year ended December 31,	
2022	\$ (70,031)
2023	(186,887)
2024	(92,632)
2025	(89,358)
2026	(6,568)
2027	(6,567)
2028	(14,776)
2029	(14,771)
Total	\$ (481,590)

Note 13 - Combined Financial Statements for Pension Plans

Schedule of Fiduciary Net Position

	Police Pension Plan	Non-Uniformed Employees Pension Plan	Total
<u>ASSETS</u>			
Cash and Cash Investments	\$ 163,376	\$ 69,993	\$ 233,369
Accounts Receivable	462		462
Investments, at Fair Value:			
Money Market	126,975	65,851	192,826
U.S. Government Obligations	812,207	429,182	1,241,389
U.S. Government Related Obligations	1,469,838	777,428	2,247,266
Corporate Bonds	1,907,412	1,005,198	2,912,610
Mortgage Backed Securities	111,222	64,604	175,826
Other Government Bonds	20,754	9,883	30,637
Domestic Equities	5,759,629	3,025,594	8,785,223
International Mutual Funds	1,267,963	680,089	1,948,052
Total Investments	\$ 11,476,000	\$ 6,057,829	\$ 17,533,829
Total Assets	\$ 11,639,838	\$ 6,127,822	\$ 17,767,660
<u>LIABILITIES</u>			
Accounts Payable and Escrow Liabilities	\$ 463		\$ 463
Total Liabilities	\$ 463		\$ 463
<u>NET POSITION</u>			
Restricted for Pensions	\$ 11,639,375	\$ 6,127,822	\$ 17,767,197
Total Net Position	\$ 11,639,375	\$ 6,127,822	\$ 17,767,197

Schedule of Changes in Fiduciary Net Position

	Police Pension Plan	Non-Uniformed Employees Pension Plan	Total
<u>ADDITIONS</u>			
Contributions:			
Plan Members	\$ 48,900	\$ 51,644	\$ 100,544
City Contributions, includes state aid	200,505	117,595	318,100
Total Contributions	<u>\$ 249,405</u>	<u>\$ 169,239</u>	<u>\$ 418,644</u>
Miscellaneous Revenue	\$ 380	\$ 176	\$ 556
Net Investment Income:			
Net Appreciation (Depreciation) in fair value of Investments	\$ 1,299,201	\$ 676,956	\$ 1,976,157
Interest/Dividends	248,339	131,763	380,102
Total Investment Income	<u>\$ 1,547,540</u>	<u>\$ 808,719</u>	<u>\$ 2,356,259</u>
Total Additions	<u>\$ 1,797,325</u>	<u>\$ 978,134</u>	<u>\$ 2,775,459</u>
<u>DEDUCTIONS</u>			
Benefits	\$ 463,954	\$ 304,597	\$ 768,551
Administrative Expenses	48,176	25,165	73,341
Total Deductions	<u>\$ 512,130</u>	<u>\$ 329,762</u>	<u>\$ 841,892</u>
Change in Net Position	\$ 1,285,195	\$ 648,372	\$ 1,933,567
Net Position - Beginning	<u>10,354,180</u>	<u>5,479,450</u>	<u>15,833,630</u>
Net Position - Ending	<u><u>\$ 11,639,375</u></u>	<u><u>\$ 6,127,822</u></u>	<u><u>\$ 17,767,197</u></u>

Note 14 - Other Post-Employment Benefits Plan

The City provides post-employment health insurance benefits to all AFSCME eligible employees under the City of St. Marys Post Retirement Medical Plan. All AFSCME employees who retire from the City at or after age 60 shall receive medical and prescription drug insurance for themselves until age 65. During the COBRA period, the retiree can elect to remain on the City's plan. After the COBRA period expires, the retiree must get coverage from elsewhere. The City will pay 50% of the premium for such coverage, and the retiree will pay the remaining 50%. Spouses and non-spouse dependents are not eligible to receive coverage. In the event that the retiree dies, coverage shall cease.

Funding Policy

The plan is unfunded. However, City Council did assign a portion of the unrestricted fund balance to other post-employment benefits. Total assigned to other post-employment benefits as of December 31, 2021 is \$297,861.

Plan Membership at December 31, 2021

Membership of the plan consisted of the following as of December 31, 2020, the date of the latest actuarial reporting for the purpose of Governmental Accounting Standards Board Statements No. 75:

Active Participants	35
Vested Former Participants	0
Retired Participants	3
Total Membership	<u><u>38</u></u>

**CITY OF SAINT MARYS,
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**NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021**

Note 14 - Other Post-Employment Benefits Plan - (Continued)

Total OPEB Liability

The City's total OPEB liability of \$250,395 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation as of January 1, 2020; and rolled forward to December 31, 2020, using the following actuarial assumptions, applied to all periods in the measurement:

- Actuarial Cost Method - Entry Age Normal Cost
- Discount Rate -1.93%
- Retirement Age - Later of age 63 and completion of 20 years of service or the age on the valuation date.
- Mortality - PubG -2010 Generational Mortality MP-2020
- Salary Increase - An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, annual salary increases are assumed to be 5.00%
- Healthcare Cost Trend Rates - 5.50% in 2020 through 2023. Rates gradually decrease from 5.40% in 2024 to 4.00% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Retirees' Share of Benefit-Related Costs - 50 percent of projected health insurance premiums for retirees. Contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

The discount rate was based on S&P Municipal Bond 20-Year High Grade Rate Index at December 31, 2020.

Changes in the Total OPEB Liability

The changes in the net OPEB liability for the City for year ended December 31, 2021 were as follows:

	Total OPEB Liability
Balance as of January 1, 2020	\$ 231,693
Charges for the year:	
Service Cost	15,059
Interest	7,674
Changes of Benefit Terms	
Differences between Expected and Actual Experience	
Changes of Assumptions	16,914
Benefit Payments	(20,945)
Other Changes	18,702
Net Changes	18,702
Balance as of December 31, 2020	\$ 250,395

**CITY OF SAINT MARYS,
PENNSYLVANIA**

**NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021**

Note 14 - Other Post-Employment Benefits Plan - (Continued)

Changes in Actuarial Assumptions - The discount rate changed from 3.26% to 1.93%. The trend assumption was updated. The mortality assumption changed from PubG-2010 mortality table MP-2018 to a MP-2020.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1 - percentage-point higher than the current discount rate:

	1% Increase (2.93%)	Current Discount Rate (1.93%)	1% Decrease (0.93%)
Net OPEB Liability (Asset)	\$ 237,685	\$ 250,395	\$ 262,807

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Increase (6.00% - 7.50%)	Healthcare Cost Trend Rates (5.00% - 6.50%)	1% Decrease (4.00% - 5.50%)
Net OPEB Liability (Asset)	\$ 285,403	\$ 250,395	\$ 220,789

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the City recognized an OPEB expense of (\$2,231.60). At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following source:

	Deferred Outflows of Resources
Differences between Expected and	
Changes in Experience	\$ 15,056
Changes of Assumptions	27,402
Employer Contributions after the Measurement Date	6,715
Total	\$ 49,173
	Deferred Inflows of Resources
Changes of Assumptions	\$ (4,300)

**CITY OF SAINT MARYS,
PENNSYLVANIA**

**NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021**

Note 14 - Other Post-Employment Benefits Plan - (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - (Continued)

Amounts reported as deferred outflow of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending:</u>	
December 31, 2022	2,696
December 31, 2023	2,696
December 31, 2024	2,696
December 31, 2025	2,696
December 31, 2026	2,696
Thereafter	31,393
	<u>\$ 44,873</u>

Note 15 - Leases

On April 29, 2013 the City signed a lease agreement to lease office space to Farmers National Bank of Emlenton at 10 N. Michael Street. The term of this lease shall extend for an initial term of twelve years from the date of regulatory approval (August, 2013). After the initial twelve year term, the lessee has the option to renew the lease for two additional terms of five years each. The lease provides for annual rent in the amount of \$49,296 payable in monthly installments of \$4,108. Total rental income under the lease was \$49,296 during the year ended December 31, 2021. Future minimum lease income for the next four years is as follows:

Year	<u>Amount</u>
2022	49,296
2023	49,296
2024	49,296
2025	28,756
	<u>\$ 176,644</u>

Note 16 - Commitments

Upon issuance of the Sewer Revenue Bonds, Series of 2015, on November 4, the 2015 Sixth Supplemental Agreement of Lease between the Municipal Authority and the City of St. Marys was executed. The lease requires semiannual rental payments from the City to the Authority due May 15 and November 15 of each year through and including December 1, 2020, equal to the sum of (a) one-half of the Authority's budgeted administrative expenses and (b) an amount equal to fifty-five percent of the average annual debt service requirement of all outstanding Series of 2015 Bonds, but not less than fifty percent of the current debt service requirement. The lease terminated on December 31, 2020, when the system will be surrendered to the Authority. The City, currently operates the Sewer System and provide all necessary and ordinary repairs and maintenance and adequate insurance coverage without any agreement in place as of January 1, 2022.

**CITY OF SAINT MARYS,
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**NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021**

Note 17 - Fund Balance

The Balance Sheet statement for the Governmental Funds displays the fund balances in the following classifications:

Non-spendable fund balance - are amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts.

	General	Parking Garage	Capital Reserve	Other Governmental
Nonspendable				
Prepaid items	72,498	-	-	7,771
Total	72,498	-	-	7,771

Restricted fund balance - are amounts constrained to specific purposes by their providers, such as grantors, bondholders, and higher levels of government, through constitutional provisions, or by enabling legislation. For the City the fund balances that are reported as restricted are the special revenue funds. These funds are: Street Lighting Tax Fund, Fire Protection Fund, Recreation Fund, Library Fund, Ambulance Fund, Fire Hydrant Fund, Debt Fund and the Liquid Fuels Tax Fund.

	General	Parking Garage	Capital Reserve	Other Governmental
Restricted				
Debt service	-	-	-	390,975
Street lighting	-	-	-	187,275
Fire protection	-	-	-	735,252
Recreation	-	-	-	251,755
Library	-	-	-	2,579
Ambulance	-	-	-	1,092
Fire hydrant	-	-	-	14,529
Liquid fuels tax	-	-	-	403
Total	-	-	-	1,583,860

Committed fund balance - are amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority (the City Council); to be reported as committed, amounts cannot be used for any other purpose unless the decision-making authority reverses the amounts committed. Committed fund balances for the City are the Shade Tree Fund and the Capital Reserve Fund.

	General	Parking Garage	Capital Reserve	Other Governmental
Committed				
Shade Tree	-	-	-	5,897
Airport	-	-	-	854
Capital projects	-	-	2,271,215	-
Total	-	-	2,271,215	6,751

Assigned fund balance - are amounts a government *intends* to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The City has assigned fund balance of \$297,861 to future compensated absences and other post-employment benefits and \$145,010 to future increases in pension liability.

Unassigned fund balance - are amounts that are available for any purpose; these amounts are reported only in the general fund. One exception is, if a fund balance in total is negative, then the negative amount can only be attributed to the unassigned fund balance classification. The General Fund's fund balance is reported as an unassigned fund balance, and since the St. Marys Parking Garage Fund has a negative fund balance, it is also recorded as an unassigned fund balance.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget via ordinance. Assigned fund balance is established by City Council or management through council action or senior management designation.

When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed funds are reduced first, followed by assigned amounts, and then unassigned amounts.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2021

Note 18 - Litigation

The City, in the normal course of its activities, is involved in various claims and litigation. The City currently has claims and lawsuits pending, which could ultimately result in liability for the City over the next few years. The amount of these claims cannot be reasonably estimated at this time and would not materially affect the financial statements of the City.

Note 19 - Construction in Progress

At December 31, 2021, the City had 6 construction projects in progress. Funding for the various projects consist of federal and state grants, along with operating funds of the City and community contributions. Information relating to the various projects are presented below:

Kaulmont Park Renovation Project

The project, consisting of various upgrades to the facility, is currently in the initial planning phase. Total estimated costs of the project are \$1,965,000 of which \$12,358 has been incurred through December 31, 2021.

Memorial Park Pool Renovation Project - Phase II

The renovation project is also in the initial planning stage, with costs of \$41,942 related to feasibility studies. The City is currently reviewing various options for the project in determining the ability to move forward with the project based on need and availability of funding. The Recreation Board did receive a DCNR grant of \$40,000 with a 50% match towards a comprehensive plan for all parks and the pool complex. The City has spent \$16,819 towards the comprehensive plan in 2021. Pashek is performing the study on the parks and pool.

Flood Study & Pond Design

City Council allocated \$75,000 of the 2016 Capital Projects funding towards stormwater management. A study by J Ream Engineering Consultants consist of pond design, permitting and possibly land acquisition, with a cost of \$27,930 towards the project as of December 31, 2021.

Route 120 Project

The City was awarded 3.5 million dollars from the Department of Community and Economic Development for the funding of transportation and infrastructure improvements to the City. The funding will go to the construction of the SR 120 connector road to bypass the Diamond. Funding for the project will be provided by the Transportation Infrastructure Investments Funds (TIIF). The City will coordinate with The Department of Transportation on administrating this project. Cost spent to date is \$35,186 which includes the Multimodal Transportation Analysis Report that provided the plan to construct the SR 120 connector road.

The City is looking for additional grant revenue of \$1.5M, the estimated project cost has increased to \$5 million.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2021

Note 19 - Construction in Progress - (Continued)

Erie Avenue & Washington Street Sewer Project

The City plans to design and construct the replacement of the vitrified clay sewer pipe along Erie Avenue and Washington Street. Total project estimated cost is 2.434 million dollars. The City has applied for grant funding of 1.5 million dollars for this sewer replacement project. As of December 31, 2021 the City has spent \$59,631 in engineering cost to KLH Engineers, Inc. The project is expected to be completed in 2022 with the anticipation of using user fees to cover the cost of the project.

Comprehensive Plan - Recreational Parks & Pool

The Recreation Board of the City of St. Marys applied for and received a \$40,000 grant from DCNR towards a comprehensive plan for the parks and pool. This grant requires a 50% match. The study will give the best approach towards improvements and investments into the facilities for financial and recreational use. Pashek Inc. is performing the study and as of December 31, 2021 the City has spent \$16,819 towards the project.

Note 20 - Grants

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, The City believes such disallowances, if any, will be immaterial.

Note 21 - Prior Period Adjustments

For the audit period ended December 31, 2021, the following prior period adjustments were made:

	Business - Type Activities	St. Marys Municipal Authority
NET POSITION		
Beginning (AS REPORTED)	\$ 4,894,182	\$ -
To properly recognize blended component unit	13,492,540	13,492,540
Subtotal	13,492,540	13,492,540
NET POSITION		
Beginning (AS RESTATED)	\$ 18,386,722	\$ 13,492,540

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2021

Note 22 - Effect of New Accounting Standards on Current-Period Financial Statements

Pending Pronouncements

GASB has issued statements that will become effective in future years including:

GASB Statement No. 87 - Leases

GASB Statement No. 91 - Conduit Debt Obligations

GASB Statement No. 92 - Omnibus 2020

GASB Statement No. 93 - Replacement of Interbank Offered Rates

GASB Statement No. 94 - Public-Private and Public-Public Partnerships

GASB Statement No. 96 - Information Technology Arrangements

GASB Statement No. 97 - Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Code
Section 457 Deferred Compensation Plans

GASB Statement No. 99 - Omnibus 2022

GASB Statement No. 100 - Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62

GASB Statement No. 101 - Compensated Absences

Management has not yet determined the impact of these statements on the financial statements.

Note 23 - COVID-19

The COVID-19 outbreak in the United States caused business disruption through mandated and voluntary closings. While the disruption impacted various aspects of the City's operations, particularly in the Parking and Recreation functions and the reduction of earned income and local service tax along with interest earnings, the municipal financial position at the year end 2021 was not materially affected. However, city staff will continue to monitor operating results to mitigate any financial impacts that may arise.

Note 24- Subsequent Events

The City has evaluated subsequent events through **DATE** the date which the financial statements were available to be issued.

CITY OF SAINT MARYS,
PENNSYLVANIA

REQUIRED

SUPPLEMENTARY

INFORMATION

CITY OF SAINT MARYS, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

POLICE PENSION PLAN
YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:							
Service Cost	\$ 247,135	\$ 242,616	\$ 231,063	\$ 221,810	\$ 211,248	\$ 174,959	\$ 166,628
Interest	672,078	648,435	615,131	634,372	599,881	567,156	536,217
Differences between expected and actual experience	(2,388)		(950,052)		(126,548)		
Changes of assumptions	523,936		177,617		140,026		
Benefit payments, including refunds of member contributions	(464,505)	(374,016)	(364,971)	(331,025)	(392,587)	(318,517)	(278,795)
Prior period adjustment	(89,504)						
Net Changes in Total Pension Liability	886,752	517,035	(291,212)	525,157	432,020	423,598	424,050
Total Pension Liability - Beginning	9,152,979	8,635,944	8,927,156	8,401,999	7,969,979	7,546,381	7,122,331
Total Pension Liability - Ending (a)	\$ 10,039,731	\$ 9,152,979	\$ 8,635,944	\$ 8,927,156	\$ 8,401,999	\$ 7,969,979	\$ 7,546,381
Plan Fiduciary Net Position:							
Contributions - employer	\$ 200,505	\$ 226,754	\$ 228,667	\$ 187,356	\$ 107,375	\$ 112,960	\$ 208,639
Contributions - member	48,900	47,682	53,465	51,911	46,451	46,071	47,395
Net investment income	1,499,744	753,608	1,525,320	(416,352)	1,030,565	549,503	(82,164)
Benefit payments, including refunds of members contributions	(464,505)	(374,016)	(364,971)	(331,025)	(392,587)	(318,517)	(278,795)
Administrative expense	-	(4,190)	(12,030)	(13,316)	(8,550)	(4,420)	(8,280)
Prior period adjustment	(88,953)						
Net Change in Plan Fiduciary Net Position	1,195,691	649,838	1,430,451	(521,426)	783,254	385,597	(113,205)
Plan Fiduciary Net Position - Beginning	10,443,684	9,793,846	8,363,395	8,884,821	8,101,567	7,715,970	7,829,175
Plan Fiduciary Net Position - Ending (b)	\$ 11,639,375	\$ 10,443,684	\$ 9,793,846	\$ 8,363,395	\$ 8,884,821	\$ 8,101,567	\$ 7,715,970
Net Pension Liability (Asset) - Ending (a-b)	\$ (1,599,644)	\$ (1,290,705)	\$ (1,157,902)	\$ 563,761	\$ (482,822)	\$ (131,588)	\$ (169,589)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	115.93%	114.10%	113.41%	93.68%	105.75%	101.65%	102.25%
Covered Payroll	\$ 962,394	\$ 938,482	\$ 907,349	\$ 1,020,071	\$ 1,022,221	\$ 892,151	\$ 1,026,975
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(166.22%)	(137.53%)	(127.61%)	55.27%	(47.23%)	(14.75%)	(16.51%)

* Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be completed, information will be presented for as many year as is available.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

NON-UNIFORMED EMPLOYEES' PENSION PLAN

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:							
Service Cost	\$ 134,475	\$ 127,670	\$ 121,590	\$ 110,060	\$ 104,819	\$ 87,921	\$ 83,734
Interest	370,045	386,764	365,341	340,010	321,748	305,805	292,340
Differences between expected and actual experience	(451,364)		(134,416)	-	(193,742)		
Changes of assumptions	318,385		208,289	-	177,203		
Benefit payments, including refunds of member contributions	(304,597)	(209,154)	(205,598)	(189,836)	(186,811)	(176,215)	(225,239)
Prior period adjustment	(3,751)						
Net Changes in Total Pension Liability	63,193	305,280	355,206	260,234	223,217	217,511	150,835
Total Pension Liability - Beginning	5,439,041	5,133,761	4,778,555	4,518,321	4,295,104	4,077,593	3,926,758
Total Pension Liability - Ending (a)	\$ 5,502,234	\$ 5,439,041	\$ 5,133,761	\$ 4,778,555	\$ 4,518,321	\$ 4,295,104	\$ 4,077,593
Plan Fiduciary Net Position:							
Contributions - employer	\$ 117,595	\$ 88,371	\$ 93,925	\$ 93,707	\$ 49,571	\$ 46,476	\$ 131,202
Contributions - member	51,644	52,408	49,028	45,277	42,614	39,828	35,684
Net investment income	783,730	400,256	800,540	(232,499)	548,950	284,128	(21,636)
Benefit payments, including refunds of members contributions	(304,597)	(209,154)	(205,598)	(189,836)	(186,811)	(176,215)	(225,239)
Administrative expense		(3,200)	(9,777)	(11,820)	(8,900)	(2,650)	(8,770)
Prior period adjustment	(3,751)						
Net Change in Plan Fiduciary Net Position	644,621	328,681	728,118	(295,171)	445,424	191,567	(88,759)
Plan Fiduciary Net Position - Beginning	5,483,201	5,154,520	4,426,402	4,721,573	4,276,149	4,084,582	4,173,341
Plan Fiduciary Net Position - Ending (b)	\$ 6,127,822	\$ 5,483,201	\$ 5,154,520	\$ 4,426,402	\$ 4,721,573	\$ 4,276,149	\$ 4,084,582
Net Pension Liability (Asset) - Ending (a-b)	\$ (625,588)	\$ (44,160)	\$ (20,759)	\$ 352,153	\$ (203,252)	\$ 18,955	\$ (6,989)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	111.37%	100.81%	100.40%	92.63%	104.50%	99.56%	100.17%
Covered Payroll	\$ 1,799,769	\$ 1,731,235	\$ 1,793,139	\$ 1,707,517	\$ 1,547,061	\$ 1,502,150	\$ 1,386,748
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(34.76%)	(2.55%)	(1.16%)	20.62%	(13.14%)	1.26%	(0.50%)

* Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be completed, information will be presented for as many year as is available.

CITY OF SAINT MARYS, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF CITY'S CONTRIBUTIONS AND INVESTMENT RETURNS

YEARS ENDED DECEMBER 31

LAST TEN YEARS*

	2021	2020	2019	2018	2017	2016	2015
POLICE PENSION PLAN:							
Schedule of City's Contributions							
Actuarially determined contribution	\$ 200,505	\$ 221,181	\$ 220,674	\$ 97,574	\$ 102,060	\$ 112,960	\$ 208,639
Contributions in relation to the actuarially determined contribution	200,505	226,754	228,666	187,356	107,375	112,960	208,639
Contributions deficiency (excess)	\$ -	\$ (5,573)	\$ (7,992)	\$ (89,782)	\$ (5,315)	\$ -	\$ -
Covered employee payroll	<u>\$ 962,394</u>	<u>\$ 938,482</u>	<u>\$ 907,349</u>	<u>\$ 1,020,071</u>	<u>\$ 1,022,221</u>	<u>\$ 892,151</u>	<u>\$ 1,026,975</u>
Contributions as a percentage of covered employee payroll	20.83%	24.16%	25.20%	18.37%	10.50%	12.66%	20.32%
Investment Returns							
Annual money-weighted rate of return, net of investment expense	15.93%	8.42%	19.31%	(4.57%)	14.00%	7.81%	(0.59%)
NON-UNIFORMED EMPLOYEES' PLAN:							
Schedule of City's Contributions							
Actuarially determined contribution	\$ 117,595	\$ 86,199	\$ 90,642	\$ 48,802	\$ 47,117	\$ 46,476	\$ 131,202
Contributions in relation to the actuarially determined contribution	<u>117,595</u>	<u>88,371</u>	<u>93,925</u>	<u>93,707</u>	<u>49,571</u>	<u>46,476</u>	<u>131,202</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ (2,172)</u>	<u>\$ (3,283)</u>	<u>\$ (44,905)</u>	<u>\$ (2,454)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	<u>\$ 1,799,769</u>	<u>\$ 1,731,235</u>	<u>\$ 1,793,139</u>	<u>\$ 1,707,517</u>	<u>\$ 1,547,061</u>	<u>\$ 1,502,150</u>	<u>\$ 1,386,748</u>
Contributions as a percentage of covered employee payroll	6.53%	5.10%	5.24%	5.49%	3.20%	3.09%	9.46%
Investment Returns							
Annual money-weighted rate of return, net of investment expense	15.83%	8.55%	19.30%	(4.77%)	14.19%	7.70%	0.01%

* Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be completed, information will be presented for as many year as is available.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES
PENSION TRUST FUNDS
ACTUARIAL METHODS AND ASSUMPTIONS
YEAR ENDED DECEMBER 31, 2021

	Police Plan	Non-Uniformed Plan
Actuarial valuation date	1/1/2019	1/1/2019
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar Closed	Level Dollar Closed
Asset valuation method	Market Value of assets as determined by the trustee	Smoothed value with a corridor of 80% to 120% of market value
Remaining amortization period	N/A Years	14 Years
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases	5.00%	5.00%
Inflation rate	3.00%	3.00%
Retirement Age	Normal Retirement Age	20 years
Mortality table	PubS-2010 mortality table - includes rates for disabled retirees and contingent survivors.	PubG-2010 mortality table - includes rates for disabled retirees and contingent survivors.
	Incorporated into the table are rates projected generationally using Scale MP-2018 to reflect mortality improvement.	Incorporated into the table are rates projected generationally using Scale MP-2018 to reflect mortality improvement.
Changes in benefit terms:	None since 1/1/2019	None since 1/1/2019

CITY OF SAINT MARYS, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION

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

NON-UNIFORMED EMPLOYEES

YEARS ENDED DECEMBER 31

LAST TEN YEARS*

	2021	2020	2019	2018
Total OPEB liability				
Service Cost	\$ 15,059	\$ 11,589	\$ 11,991	\$ 10,406
Interest	7,674	7,447	6,566	7,414
Changes of Benefit Terms				
Differences between Expected and Actual Experience		17,206		
Changes of Assumptions or other inputs	16,914	7,544	(5,374)	6,745
Benefit Payments	(20,945)	(11,106)	(21,768)	(13,953)
Net change in Total OPEB liability	18,702	32,680	(8,585)	10,612
Total OPEB Liability - Beginning	231,693	199,013	207,598	196,986
Total OPEB Liability - Ending	<u>\$ 250,395</u>	<u>\$ 231,693</u>	<u>\$ 199,013</u>	<u>\$ 207,598</u>
Covered -employee payroll	\$ 1,793,140	\$ 1,793,140	\$ 1,520,404	\$ 1,520,404
Total OPEB Liability as a percentage of covered-employee payroll	13.96%	12.92%	13.09%	13.65%

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

<i>Discount Rate:</i>	1.93%	3.26%	3.64%	3.16%
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The trend assumption was updated. The mortality improvement scale was changed from MP-2018 to MP-2020.

Changes of Benefit Terms - Each year's loss (or gain) is recognized over a closed period, using the average of the expected remaining service lives of all active and inactive employees that are currently receiving a benefit or may be eligible to receive a benefit in the future.

These figures are based on estimated benefit payments. These amounts may be adjusted for actual benefit payments made during the year.

* Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be completed, information will be presented for as many year as is available.

CITY OF SAINT MARYS, PENNSYLVANIA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For The Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes	\$ 5,294,864	\$ 5,294,864	\$ 5,513,854	\$ 218,990
Intergovernmental	804,388	804,388	623,222	(181,166)
Charges for Services	267,166	267,166	255,016	(12,150)
Licenses and Permits	25,900	25,900	19,325	(6,575)
Fines and Forfeitures	83,500	83,500	57,236	(26,264)
Interest and Rentals	80,659	80,659	72,304	(8,355)
Miscellaneous	227,313	227,313	236,555	9,242
Total Revenues	<u>\$ 6,783,790</u>	<u>\$ 6,783,790</u>	<u>\$ 6,777,512</u>	<u>\$ (6,278)</u>
Expenditures:				
Current:				
General Government	\$ 1,560,219	1,560,219	\$ 1,428,710	\$ 131,509
Public Safety	2,265,779	2,265,779	2,154,580	111,199
Public Works	2,690,695	2,690,695	2,300,710	389,985
Human Services	8,000	8,000	8,440	(440)
Community and Economic Development	100,387	100,387	47,130	53,257
Culture and Recreation		-		
Debt Service:				
Principal				
Interest				
Capital Outlays			35,865	(35,865)
Other	144,017	144,017	150,998	(6,981)
Total Expenditures	<u>\$ 6,769,097</u>	<u>\$ 6,769,097</u>	<u>\$ 6,126,433</u>	<u>\$ 642,664</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 14,693</u>	<u>\$ 14,693</u>	<u>\$ 651,079</u>	<u>\$ 636,386</u>
Other Financing Sources (Uses):				
Capital Asset Sales			\$ 6,000	\$ 6,000
Assignments	\$ 90,536	\$ 90,536		(90,536)
Transfers In	508,664	508,664	465,912	(42,752)
Transfers Out	(745,307)	(745,307)	(1,329,785)	(584,478)
Budgeted Fund Balance	131,414	131,414		(131,414)
Total Other Financing Sources (Uses)	<u>\$ (14,693)</u>	<u>\$ (14,693)</u>	<u>\$ (857,873)</u>	<u>\$ (843,180)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses			\$ (206,794)	\$ (206,794)
Fund Balance - Beginning	<u>\$ 3,599,441</u>	<u>\$ 3,599,441</u>	<u>\$ 3,599,441</u>	
Fund Balance - Ending	<u>\$ 3,599,441</u>	<u>\$ 3,599,441</u>	<u>\$ 3,392,647</u>	<u>\$ (206,794)</u>

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BUDGETARY COMPARISON SCHEDULES December 31, 2021

Note 1 - Budgetary Information

The City has adopted the following procedures in establishing the budgetary data reflected in the basic financial Statements:

- 1) The operating budget shall be prepared and submitted to Council by the Manager in such form as Council shall require. The operating budget shall include, in addition to the major classifications and appropriations by which expenditures are to be allocated and controlled, a detailed analysis of the various items of revenues and expenditures. The budgets for all major funds that receive tax allocations are reported on the budgetary comparison schedule.
- 2) The operating budget shall show individually for each fund and in total, netting out interfund transfers, the anticipated revenues and expenditures of the City government. In addition to anticipated revenues and expenditures, the budget document shall include for each item the actual revenues and expenditures of at least the last completed year. The budget document shall also show the estimated balance of each fund at the close of the fiscal year currently ending and any surplus to be included in financing the proposed budget.
- 3) The Manager shall include with the proposed budget a statement explaining the budget both in fiscal terms and in terms of work to be done, outlining the proposed fiscal policies for the fiscal year, any changes in policies and programs, and reasons for changes which affect the level of revenues and expenditures.
- 4) The budget adopted by Council shall be balanced so that appropriations shall not exceed the estimated revenues and available surplus. In making revenue estimates, the Manager shall show the amount anticipated from existing taxes and service charges at existing rates and separately any increase or decrease which will result from any proposed changes in rates.
- 5) At least sixty days before the end of the fiscal year, the Manager shall prepare and submit to Council a proposed operating budget for the next fiscal year.
- 6) At least thirty days prior to the end of the fiscal year, Council shall complete its review of the proposed budget, make such adjustments as it deems necessary, and adopt a preliminary budget.
- 7) No later than ten days following the adoption of the preliminary budget by Council, the Manager shall cause to be published in a newspaper of general circulation in the City a summary of the budget and a notice of the date, time, and place at which Council shall hold a public hearing on the proposed budget. The hearing shall be held at least seven days after advertisement and at least ten days prior to the end of the fiscal year. The preliminary budget shall be available for public inspection at the municipal building and copies shall be available to the public at a reasonable fee set by Council.

CITY OF SAINT MARYS,
PENNSYLVANIA

OTHER

SUPPLEMENTARY

INFORMATION

CITY OF SAINT MARYS, PENNSYLVANIA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 December 31, 2021

	Special Revenue Funds												Totals
	Debt Service Fund	Street Lighting Tax Fund	Fire Protection Fund	Recreation Fund	Library Fund	Ambulance Fund	Fire Hydrant Fund	Liquid Fuels Tax Fund	Shade Tree Fund	Community Development Block Grant Fund	Keystone Community Façade Fund	Airport Industrial Park Fund	
<u>ASSETS</u>													
Cash and Cash Investments	\$ 373,950	\$ 202,344	\$ 742,641	\$ 277,576	\$ 530	\$ 739	\$ 13,469	\$ 403	\$ 5,897	\$ 57,446		\$ 854	1,675,849
Taxes Receivable	32,793	8,730	24,026	20,494	9,969	1,718	5,156						102,886
Due from other Governments	80,103			22,200						7,357			109,660
Allowance for Uncollectible Due From Other Governments	(69,820)												(69,820)
Prepaid Items			7,316	455									7,771
Total Assets	\$ 417,026	\$ 211,074	\$ 773,983	\$ 320,725	\$ 10,499	\$ 2,457	\$ 18,625	\$ 403	\$ 5,897	\$ 64,803	\$ -	\$ 854	\$ 1,826,346
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</u>													
Liabilities:													
Accounts Payable & Payroll Taxes		\$ 16,850	\$ 12,333	\$ 2,980						\$ 57,116			\$ 89,279
Accrued Liabilities				1,764									1,764
Interfund Payables										7,357			7,357
Unearned Revenue				47,503						330			47,833
Total Liabilities	\$ -	\$ 16,850	\$ 12,333	\$ 52,247	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,803	\$ -	\$ -	\$ 146,233
Deferred Inflows of Resources:													
Unavailable Revenues - Real Estate Taxes	\$ 26,051	\$ 6,949	\$ 19,082	\$ 16,268	\$ 7,920	\$ 1,365	\$ 4,096						\$ 81,731
Total Deferred Inflows of Resources	\$ 26,051	\$ 6,949	\$ 19,082	\$ 16,268	\$ 7,920	\$ 1,365	\$ 4,096	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,731
Fund Balances:													
Non-spendable:			\$ 7,316	\$ 455									\$ 7,771
Restricted	\$ 390,975	\$ 187,275	735,252	251,755	2,579	1,092	14,529	403					1,583,860
Committed									\$ 5,897			\$ 854	6,751
Total Fund Balances	\$ 390,975	\$ 187,275	\$ 742,568	\$ 252,210	\$ 2,579	\$ 1,092	\$ 14,529	\$ 403	\$ 5,897	\$ -	\$ -	\$ 854	\$ 1,598,382
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 417,026	\$ 211,074	\$ 773,983	\$ 320,725	\$ 10,499	\$ 2,457	\$ 18,625	\$ 403	\$ 5,897	\$ 64,803	\$ -	\$ 854	\$ 1,826,346

CITY OF SAINT MARYS, PENNSYLVANIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2021

	Special Revenue Funds												Totals
	Debt Service Fund	Street Lighting Tax Fund	Fire Protection Fund	Recreation Fund	Library Fund	Ambulance Fund	Fire Hydrant Fund	Liquid Fuels Tax Fund	Shade Tree Fund	Community Development Block Grant Fund	Keystone Community Façade Fund	Airport Industrial Park Fund	
Revenues:													
Taxes	\$ 424,338	\$ 111,243	\$ 311,345	\$ 266,836	\$ 128,991	\$ 22,240	\$ 66,719						\$ 1,331,712
Intergovernmental				53,034				\$ 465,362		\$ 451,296	\$ 13,746		983,438
Charges for Services				74,935									74,935
Interest Earnings	557	251	439	294	18	8	37	19	\$ 14			\$ 2	1,639
Rents & Royalties				292									292
Miscellaneous	90	24	7,178	53,007	28	5	14		8,939				69,285
Total Revenues	\$ 424,985	\$ 111,518	\$ 318,962	\$ 448,398	\$ 129,037	\$ 22,253	\$ 66,770	\$ 465,381	\$ 8,953	\$ 451,296	\$ 13,746	\$ 2	\$ 2,461,301
Expenditures:													
Current:													
General Government													
Public Safety			\$ 160,956			\$ 26,251	\$ 67,331						\$ 254,538
Public Works		\$ 112,636											112,636
Community and Economic Development									\$ 355,008	\$ 13,746			368,754
Culture and Recreation				\$ 367,581	\$ 132,500			\$ 21,512					521,593
Debt Service:													
Principal	\$ 365,835												365,835
Interest	111,255												111,255
Capital Outlays		2,395		25,486						96,938			124,819
Other	82,998	12	34	29	14	3	7						83,097
Total Expenditures	\$ 560,088	\$ 115,043	\$ 160,990	\$ 393,096	\$ 132,514	\$ 26,254	\$ 67,338	-	\$ 21,512	\$ 451,946	\$ 13,746	\$ -	\$ 1,942,527
Excess (Deficiency) of													
Revenues over Expenditures	\$ (135,103)	\$ (3,525)	\$ 157,972	\$ 55,302	\$ (3,477)	\$ (4,001)	\$ (568)	\$ 465,381	\$ (12,559)	\$ (650)	\$ -	\$ 2	\$ 518,774
Other Financing Sources (Uses):													
Refunding Bonds Issued	\$ 4,150,000												\$ 4,150,000
Premium on Refunding Bonds Issued	\$ 334,562												334,562
Payments to refunded Bond Escrow Agent	(3,726,362)												(3,726,362)
Transfers In	230,670								\$ 9,000			\$ 659,719	899,389
Transfers Out	(784,719)		\$ (12,363)					\$ (465,912)					(1,262,994)
Total Other Financing Sources (Uses)	204,151	-	(12,363)	-	-	-	-	(465,912)	9,000	-	-	659,719	\$ 394,595
Net Changes in Fund Balance	\$ 69,048	\$ (3,525)	\$ 145,609	\$ 55,302	\$ (3,477)	\$ (4,001)	\$ (568)	\$ (531)	\$ (3,559)	\$ (650)	\$ -	\$ 659,721	\$ 913,369
Fund Balance - Beginning - (deficit)	\$ 321,927	\$ 190,800	\$ 596,959	\$ 196,908	\$ 6,056	\$ 5,093	\$ 15,097	\$ 934	\$ 9,456	650	-	(658,867)	\$ 685,013
Fund Balance - Ending	\$ 390,975	\$ 187,275	\$ 742,568	\$ 252,210	\$ 2,579	\$ 1,092	\$ 14,529	\$ 403	\$ 5,897	\$ -	\$ -	\$ 854	\$ 1,598,382

CITY OF SAINT MARYS, PENNSYLVANIA
 COMBINING SCHEDULE OF NET POSITION
 SEWER FUND - BY SUBFUND
 December 31, 2021

	Business-Type Activities - Enterprise Funds						Total
	Sewage Treatment Fund	Sewer Fund	I & I Fund	Sewer Line Replacement Fund	St. Marys Municipal Authority	Eliminations	
ASSETS							
Current Assets:							
Cash and Cash Investments	\$ 1,058,529	\$ 279,708	\$ 704,960	\$ 1,258,794	\$ 805,588		\$ 4,107,579
Accounts Receivable, Net	491,544				21,960		513,504
Interfund Receivables			21,404	21,404		(42,808)	-
Due from Other Governments					80,000		80,000
Prepaid Items	12,532						12,532
Total Current Assets	\$ 1,562,605	\$ 279,708	\$ 726,364	\$ 1,280,198	\$ 907,548	\$ (42,808)	\$ 4,713,615
Noncurrent Assets:							
Capital Assets:							
Construction in Progress			\$ 59,631				\$ 59,631
Infrastructure	\$ 1,308,323	\$ 137,858	456,684				1,902,865
Land	11,692				\$ 5,000		16,692
Buildings and Building Improvements	150,080	64,791					214,871
Equipment	1,985,875	742,936	17,107		29,262,679		32,008,597
Land Improvements		10,059					10,059
Accumulated Depreciation	(1,853,829)	(121,549)	(28,898)		(16,347,408)		(18,351,684)
Total Noncurrent Assets	\$ 1,602,141	\$ 834,095	\$ 504,524	\$ -	\$ 12,920,271	\$ -	\$ 15,861,031
Total Assets	\$ 3,164,746	\$ 1,113,803	\$ 1,230,888	\$ 1,280,198	\$ 13,827,819	\$ (42,808)	\$ 20,574,646
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows of Resources for other post employment benefits	\$ 8,324						\$ 8,324
Total Deferred Outflows of Resources	\$ 8,324	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,324
Total of Assets & Deferred Outflows of Resources	\$ 3,173,070	\$ 1,113,803	\$ 1,230,888	\$ 1,280,198	\$ 13,827,819	\$ (42,808)	\$ 20,582,970
LIABILITIES AND NET POSITION							
Current Liabilities:							
Accounts Payable and Payroll Taxes	\$ 107,399	\$ 24,886	\$ 43,880		\$ 39		\$ 176,204
Accrued Liabilities	16,827				1,155		17,982
Due To Other Governments	60,875						60,875
Interfund Payables	82,284					(42,808)	39,476
Unearned Revenue	3,100						3,100
Compensated Absences - Short Term Portion	6,440						6,440
Other Post Employee Benefits - Short Term Portion	7,596						7,596
Notes Payable - Pennvest					323,257		323,257
Total Current Liabilities	\$ 284,521	\$ 24,886	\$ 43,880	\$ -	\$ 324,451	\$ (42,808)	\$ 634,930
Non-Current Liabilities:							
Compensated Absences - Long Term Portion	\$ 21,560						\$ 21,560
Other Post Employee Benefits - Long Term Portion	34,792						34,792
Notes Payable - Pennvest					\$ 299,641		299,641
Total Non-Current Liabilities	\$ 56,352	\$ -	\$ -	\$ -	\$ 299,641	\$ -	\$ 355,993
Total Liabilities	\$ 340,873	\$ 24,886	\$ 43,880	\$ -	\$ 624,092	\$ (42,808)	\$ 990,923
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows of Resources for other post employment benefits	\$ 728						\$ 728
Total Deferred Inflows of Resources	\$ 728	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 728
Total Liabilities & Deferred Inflow of Resources	\$ 341,601	\$ 24,886	\$ 43,880	\$ -	\$ 624,092	\$ (42,808)	\$ 991,651
NET POSITION							
Invested in Capital Assets, Net of Related Debt	\$ 1,602,141	\$ 834,095	\$ 504,524		\$ 12,297,373		\$ 15,238,133
Restricted - Debt Service					168,530		168,530
Unrestricted	1,229,328	254,822	682,484	1,280,198	737,824		4,184,656
Total Net Position	\$ 2,831,469	\$ 1,088,917	\$ 1,187,008	\$ 1,280,198	\$ 13,203,727	\$ -	\$ 19,591,319

CITY OF SAINT MARYS, PENNSYLVANIA

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
SEWER FUND - BY SUBFUND
For The Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds						Total
	Sewage Treatment Fund	Sewer Fund	I & I Fund	Sewer Line Replacement Fund	St. Marys Municipal Authority	Eliminations	
Operating Revenues:							
Charges for Services	\$ 3,651,112	\$ 3,225			\$ 348,749		\$ 4,003,086
Miscellaneous	1,114						1,114
Total Operating Revenues	\$ 3,652,226	\$ 3,225			\$ 348,749		\$ 4,004,200
Operating Expenses:							
Public Works	\$ 1,966,634				\$ 23,277		\$ 1,989,911
Depreciation	120,616	\$ 61,890	\$ 15,499		605,597		803,602
Total Operating Expenses	\$ 2,087,250	\$ 61,890	\$ 15,499		\$ 628,874		\$ 2,793,513
Operating Income	\$ 1,564,976	\$ (58,665)	\$ (15,499)		\$ (280,125)		\$ 1,210,687
Non-Operating Revenues (Expenditures):							
Interest Income & bond premium amortization	\$ 1,131	\$ 402	\$ 605	\$ 460	\$ 517		\$ 3,115
Interest Expense & bond amortization on funding					(9,205)		(9,205)
Total Non-Operating Revenues (Expenditures)	\$ 1,131	\$ 402	\$ 605	\$ 460	\$ (8,688)		\$ (6,090)
Income Before Transfers	\$ 1,566,107	\$ (58,263)	\$ (14,894)	\$ 460	\$ (288,813)		\$ 1,204,597
Transfers In		335,759	239,460	839,460		(1,414,679)	-
Transfers Out	(1,414,679)					1,414,679	-
Changes In Net Position	\$ 151,428	\$ 277,496	\$ 224,566	\$ 839,920	\$ (288,813)		\$ 1,204,597
Net Position - Beginning	\$ 2,680,041	\$ 811,421	\$ 962,442	\$ 440,278			\$ 4,894,182
Prior Period Adjustment					13,492,540		13,492,540
Net Position - Beginning - RESTATED	\$ 2,680,041	\$ 811,421	\$ 962,442	\$ 440,278	\$ 13,492,540		\$ 18,386,722
Net Position- Ending	\$ 2,831,469	\$ 1,088,917	\$ 1,187,008	\$ 1,280,198	\$ 13,203,727		\$ 19,591,319

CITY OF SAINT MARYS, PENNSYLVANIA

COMBINING SCHEDULE OF CASH FLOWS

SEWER FUND - BY SUBFUND

For The Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds						
	Sewage Treatment Fund	Sewer Fund	I & I Fund	Sewer Line Replacement Fund	St. Marys Municipal Authority	Eliminations	Total
Cash Flows from Operating Activities:							
Receipts from Customers	\$ 3,485,093	\$ 3,225			\$ 328,361		\$ 3,816,679
Payments to Suppliers	(1,449,187)	(76,774)	43,880		(22,122)		(1,504,203)
Payments to Employees	(423,603)						(423,603)
Net Cash Provided by Operating Activities	\$ 1,612,303	\$ (73,549)	\$ 43,880	\$ -	\$ 306,239	\$ -	\$ 1,888,873
Cash Flows from Noncapital Financing Activities:							
Transfers In		\$ 335,759	\$ 239,460	\$ 839,460		\$ (1,414,679)	\$ -
Transfers Out	\$ (1,414,679)					1,414,679	-
Increase (Decrease) in Interfund Payables	(756)						(756)
(Increase) Decrease in Interfund Receivables			(3,076)	(3,076)			(6,152)
Net Cash Provided by (Used In) Noncapital Financing Activities	\$ (1,415,435)	\$ 335,759	\$ 236,384	\$ 836,384	\$ -	\$ -	\$ (6,908)
Cash Flows from Capital and Related Financing Activities:							
Acquisition and Construction of Capital Assets		\$ (331,236)	\$ (164,443)				\$ (495,679)
Proceeds from Capital Contributions							
Principal paid on capital debt					\$ (319,543)		(319,543)
Interest paid on capital debt					(9,205)		(9,205)
Net Cash Used in Capital and Related Financing Activities	\$ -	\$ (331,236)	\$ (164,443)	\$ -	\$ (328,748)	\$ -	\$ (824,427)
Cash Flows from Investing Activities							
Interest	\$ 1,131	\$ 402	\$ 605	\$ 460	\$ 517		\$ 3,115
Net Cash Provided From Investing Activities	\$ 1,131	\$ 402	\$ 605	\$ 460	\$ 517	\$ -	\$ 3,115
Net Increase (Decrease) in Cash and Cash Investments	\$ 197,999	\$ (68,624)	\$ 116,426	\$ 836,844	\$ (21,992)	\$ -	\$ 1,060,653
Cash and Cash Equivalents:							
Beginning	\$ 860,530	\$ 348,332	\$ 588,534	\$ 421,950	\$ 827,580	\$ -	\$ 3,046,926
Ending	\$ 1,058,529	\$ 279,708	\$ 704,960	\$ 1,258,794	\$ 805,588	\$ -	\$ 4,107,579
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:							
Operating Income	\$ 1,564,976	\$ (58,665)	\$ (15,499)	\$ -	\$ (280,125)	\$ -	\$ 1,210,687
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:							
Depreciation	120,616	\$ 61,890	\$ 15,499		605,597		803,602
(Increase) decrease in:							
Accounts Receivable	(167,133)				(20,388)		(187,521)
Prepaid Items	304						304
Increase (decrease) in:							
Accounts Payable	49,733	(76,774)	43,880		1,155		17,994
Accrued Liabilities	2,575						2,575
Net of Deferred Inflows - Outflows	(7,596)						(7,596)
Compensated Absences	6,440						6,440
Other Post Employee Benefits	42,388						42,388
Net Cash Provided by Operating Activities	\$ 1,612,303	\$ (73,549)	\$ 43,880	\$ -	\$ 306,239	\$ -	\$ 1,888,873

CITY OF SAINT MARYS, PENNSYLVANIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - PENSION TRUST FUNDS
 December 31, 2021

	<u>Police Pension Plan</u>	<u>Non-Uniformed Employees Pension Plan</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Investments	\$ 163,376	\$ 69,993	\$ 233,369
Accounts Receivable	462		462
Investments, at Fair Value:			
Money Market	126,975	65,851	192,826
U.S. Government Obligations	812,207	429,182	1,241,389
U.S. Government Related Obligations	1,469,838	777,428	2,247,266
Corporate Bonds	1,907,412	1,005,198	2,912,610
Mortgage Backed Securities	111,222	64,604	175,826
Other Government Bonds	20,754	9,883	30,637
Domestic Equities	5,759,629	3,025,594	8,785,223
International Mutual Funds	1,267,963	680,089	1,948,052
Total Investments	<u>\$ 11,476,000</u>	<u>\$ 6,057,829</u>	<u>\$ 17,533,829</u>
Total Assets	<u>\$ 11,639,838</u>	<u>\$ 6,127,822</u>	<u>\$ 17,767,660</u>
<u>LIABILITIES</u>			
Accounts Payable and Escrow Liabilities	<u>\$ 463</u>		<u>\$ 463</u>
Total Liabilities	<u>\$ 463</u>		<u>\$ 463</u>
<u>NET POSITION</u>			
Restricted for Pensions	\$ 11,639,375	\$ 6,127,822	\$ 17,767,197
Total Net Position	<u>\$ 11,639,375</u>	<u>\$ 6,127,822</u>	<u>\$ 17,767,197</u>

CITY OF SAINT MARYS, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - PENSION TRUST FUNDS
 For the Year Ended December 31, 2021

	<u>Police Pension Plan</u>	<u>Non-Uniformed Employees Pension Plan</u>	<u>Total</u>
<u>ADDITIONS</u>			
Contributions:			
Plan Members	\$ 48,900	\$ 51,644	\$ 100,544
City Contributions, includes state aid	200,505	117,595	318,100
Total Contributions	<u>\$ 249,405</u>	<u>\$ 169,239</u>	<u>\$ 418,644</u>
 Miscellaneous Revenue	 \$ 380	 \$ 176	 \$ 556
Net Investment Income (Loss):			
Net Appreciation (Depreciation) in fair value of Investments	\$ 1,299,201	\$ 676,956	\$ 1,976,157
Interest/Dividends	248,339	131,763	380,102
Total Investment Income (Loss)	<u>\$ 1,547,540</u>	<u>\$ 808,719</u>	<u>\$ 2,356,259</u>
 Total Additions (Deductions)	 <u>\$ 1,797,325</u>	 <u>\$ 978,134</u>	 <u>\$ 2,775,459</u>
<u>DEDUCTIONS</u>			
Benefits	\$ 463,954	\$ 304,597	\$ 768,551
Administrative Expenses	48,176	25,165	73,341
Total Deductions	<u>\$ 512,130</u>	<u>\$ 329,762</u>	<u>\$ 841,892</u>
 Change in Net Position	 \$ 1,285,195	 \$ 648,372	 \$ 1,933,567
Net Position - Beginning	<u>10,354,180</u>	<u>5,479,450</u>	<u>15,833,630</u>
Net Position - Ending	<u>\$ 11,639,375</u>	<u>\$ 6,127,822</u>	<u>\$ 17,767,197</u>

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO OTHER SUPPLEMENTARY INFORMATION December 31, 2021

Note 1 - Negative Change in Fund Balance

- 1) In the current year the Street Lighting Tax Fund experienced a negative change in fund balance of \$3,525. The City appropriated \$7,000 towards historical light post that was not budgeted for this year. Cash on hand was used to cover the cost.
- 2) In the current year, the Library Fund experienced a negative change in fund balance of \$3,477. Real Estate Tax revenue collected for the Library Fund goes directly to the St. Marys Public Library. In 2021, some of the remaining 2020 tax revenue was transferred showing a negative fund balance for 2021.
- 3) In the current year, the Ambulance Fund experienced a negative change in fund balance of \$4,001. Real Estate Tax revenue collected for the Ambulance Fund goes directly to the St. Marys Ambulance Association. In 2021, some of the remaining 2020 tax revenue was transferred showing a negative fund balance for 2021.
- 4) In the current year, the Fire Hydrant Fund experienced a negative change in fund balance of \$568. Total tax revenue and interest collected was \$66,770 and the cost of fire hydrant service was \$67,338. Cash on hand was used to cover this deficit.
- 5) In the current year, the Liquid Fuels Tax Fund experienced a negative change in fund balance of \$531. Monies deposited into the Liquid Fuels Tax Fund from the PA Commonwealth are used for eligible expenditures related to public works expenditures. Remaining funds from previous years were used to cover expenditures in 2021.
- 6) In the current year, the Shade Tree Fund experienced a negative change in fund balance of \$3,559. The Shade Tree Commission had cost of \$15,000 for the removal of dead trees. This cost was not anticipated and not budgeted. The reserves on hand covered the cost.
- 7) In the current year, the CDBG fund experienced a negative change in fund balance of \$650. Cost was paid out of the fund before the grant was drawn down. The reserves on hand were used to cover the cost until the grant monies were drawdown in 2022.