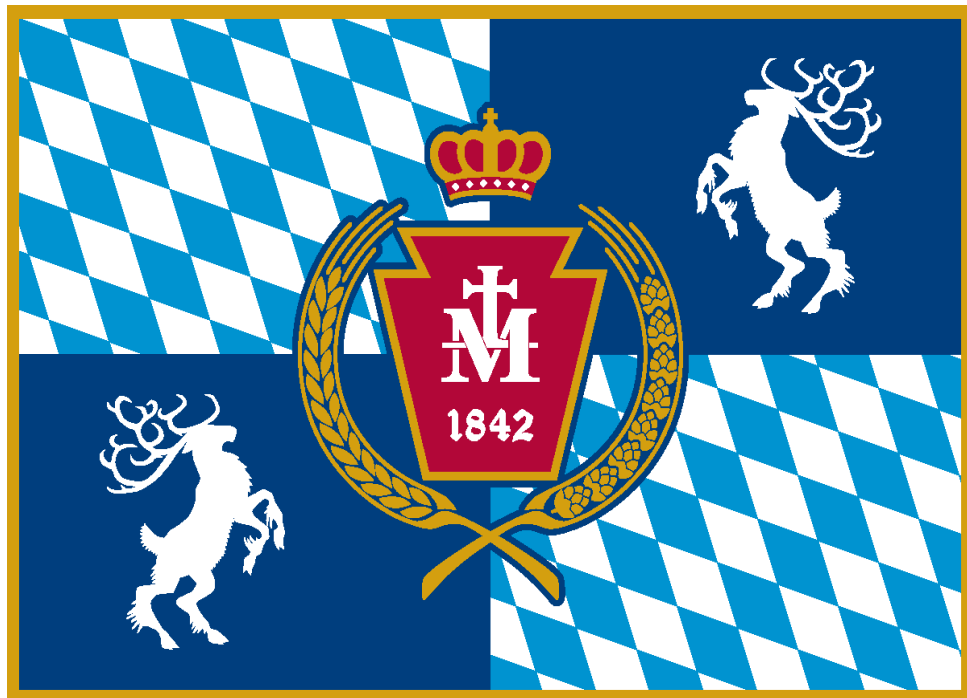


CITY OF SAINT MARYS, PENNSYLVANIA
DECEMBER 31, 2023



CITY OF SAINT MARYS, PENNSYLVANIA

Saint Marys, Pennsylvania

FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT

December 31, 2023

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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

Adverse and Unmodified Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Saint Marys, Pennsylvania (the City) as of and for the year ended December 31, 2023, 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 53.5%, 54.0% and 6.9%, respectively, of the assets, net position and revenues of the business-type activities, as of December 31, 2023, 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 unit of the City of Saint Marys, Pennsylvania, as of December 31, 2023, 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, 2023, 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 and unmodified audit opinions.

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

The financial statements do not include financial data for the City's legally separate discretely presented component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit 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 unit. The City has not issued such reporting entity financial statements. The effects of not including the City's legally separate component unit has not been determined.

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 12 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 to issue an auditor's report. However, because of the matter described in the Adverse Opinion on the Discretely Presented Component Unit 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 unit.

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 GAAS 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, 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.

Sikich CPA LLC

Naperville, Illinois
February 28, 2025

CITY OF SAINT MARYS,
PENNSYLVANIA

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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, 2023. 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 2023 by \$52.85 million. Of this amount, \$29.47 million is from governmental activities and from this \$7.79 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 \$7.76 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 \$1,747,530 or 6.3% and the net position of the business-type activities increased by \$1,914,451 or 8.9%. This includes the blended component unit - St. Marys Municipal Authority.
- Total revenue of the governmental activities decreased by \$282,872 compared to last year's revenue; and total expenditures of the governmental activities *increased* by \$174,165 or 1.75 percent compared to last year.
- In the City's business-type activities, total revenue increased by \$150,568 or 3.2% and expenses increased by \$110,022 or 3.9%.
- Net investment in capital assets (net capital assets net of related debt) was \$34,418,219 at December 31, 2023, an increase of \$699,925. This also includes the City's blended component unit.
- The City's real property tax rate is at 19.5362 mills. There were no increases for 2023. The General Fund receives 13.0482 mills.
- The City's Earned Income tax rate stayed the same from last year at 1%. The St. Marys resident pays in earned income tax 1.5% of wages. 1% going to the City and .5% going to the St. Marys Area School District.

CITY OF SAINT MARYS, PENNSYLVANIA

Management's Discussion and Analysis

- Sewer service rates stayed the same for both residential and non-residential customers. For residents the quarterly rate is set at \$136.50 and the consumption rate is at \$6.80 per thousand gallons with a 3 thousand gallon monthly credit.
For the non-resident customer, the base rate is based off of meter size and the quarterly rates run from a 5/8" meter at \$151.50 to a 4" meter at \$1,500. All customers are bill quarterly.
- The police pension plan net position held in trust to pay pension benefits increased 1,211,392 or 12% and the non-uniformed pension plan net position increased \$705,400 or 13.3% in 2023.
- As of December 31, 2023, the governmental funds reported a combined ending fund balance of \$9,416,813 an increase of \$1,522,761 from the prior year. Of the ending fund balance, \$156,503 is non-spendable, \$1,498,193 is restricted for various projects, \$66,592 is committed, \$3,726,192 is committed for capital projects, \$319,110 is assigned for other post-employment benefits and compensated absences, and \$154,703 is assigned for increases in pension liability; and \$3,495,520 is unassigned and available for any purpose and to fund any fund balance that is negative.
- The General Fund reported a fund balance of \$4,324,254. The fund balance increased \$515,549 or 13.5% from the prior year.
- The City guarantees \$465,177 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 and liabilities, with the difference between the two 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 reported discretely on a separate column.

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 and the Airport Industrial Park Fund, Debt 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.*
- The statements for the individual funds are presented on pages 88 through 90 in this report.
- 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.

The statements for the individual funds can be found on pages 91 and 92 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 86 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 its liabilities and deferred inflows of resources by \$52,850,941 at the close of the most recent calendar year.

Sixty five 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 (4.6 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	
ASSETS	2023	2022	2023	2022	2023	2022
Current Assets	11,842,321	10,400,022	8,123,169	6,493,699	19,965,490	16,893,721
Other Assets	747,035	710,675	-	-	747,035	710,675
Capital Assets, net	23,745,451	23,899,262	15,446,405	15,420,138	39,191,856	39,319,400
Total Assets	<u>36,334,807</u>	<u>35,009,959</u>	<u>23,569,574</u>	<u>21,913,837</u>	<u>59,904,381</u>	<u>56,923,796</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,320,757</u>	<u>2,530,495</u>	<u>5,955</u>	<u>7,244</u>	<u>1,326,712</u>	<u>2,537,739</u>
LIABILITIES						
Long-Term Liabilities	4,595,041	6,062,879	58,366	363,228	4,653,407	6,426,107
Other Liabilities	1,632,957	1,938,153	128,505	86,890	1,761,462	2,025,043
Total Liabilities	<u>6,227,998</u>	<u>8,001,032</u>	<u>186,871</u>	<u>450,118</u>	<u>6,414,869</u>	<u>8,451,150</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,956,301</u>	<u>1,815,687</u>	<u>8,981</u>	<u>5,738</u>	<u>1,965,282</u>	<u>1,821,425</u>
NET POSITION						
Invested in Capital Assets, net of debt	18,971,814	18,597,797	15,446,406	15,120,498	34,418,220	33,718,295
Restricted	2,711,780	1,952,355	171,223	166,870	2,883,003	2,119,225
Unrestricted	7,787,671	7,173,583	7,762,048	6,177,857	15,549,719	13,351,440
Total Net Position	<u>29,471,265</u>	<u>27,723,735</u>	<u>23,379,677</u>	<u>21,465,225</u>	<u>52,850,942</u>	<u>49,188,960</u>

Table 1 shows Total Primary Government net position increased by \$3,661,981 this year. Governmental Activities had an increase of \$1,747,529 while the Business-Type Activities had an increase of \$1,914,452. The increase in current assets in the government activities is \$1,442,299; cash and cash investments increased \$1,005,844; decrease in taxes revenue of \$205,808, prepaid expenses increased \$13,386, and Lease Receivables decreased \$41,919. The net pension asset increased from last year to this year by \$1,389,739.

Capital Assets, net, for primary government, had a decrease from last year of \$127,543 (capital assets of \$2,650,153 less depreciation of \$2,777,696) while *net position invested in capital assets, net of debt* had an increase of \$699,925 for the City combined. This is the decrease of net assets of \$127,543 plus the decrease in debt payments of \$827,468. Governmental Activities unrestricted net position increased from last year by \$1,077,024 while the Business-Type Activities unrestricted net position increased from last year by \$1,584,191 or 25.6%. For the Business-Type Activities, In 2022, City council restructured the base rate fees and consumption fees for both residents and non-residents. This increased users fees for all customers by \$598,000. 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
	2023	2022	2023	2022	2023	2021	
Revenues:							
Program Revenues:							
Charges for Services	\$ 597,101	\$ 633,896	\$ 4,627,084	\$ 4,600,977	\$ 5,224,185	\$ 5,234,873	-0.20%
Operating Grants and Contributions	175,707	173,568	-	-	175,707	173,568	1.23%
Capital Grants and Contributions	547,238	536,282			547,238	536,282	2.04%
General Revenue:							
Taxes:							
Total Taxes	8,161,265	8,252,334			8,161,265	8,252,334	-1.10%
Grants and Contributions not restricted to specific programs	1,468,516	1,890,984			1,468,516	1,890,984	-22.34%
Sale of Fixed Assets	125,643	182,838	-	37,500	125,643	220,338	-42.98%
Investment Earnings	463,661	146,300	208,651	43,125	672,312	189,425	254.92%
Miscellaneous	289,973	295,773	557	4,123	290,530	299,896	-3.12%
Total Revenue	<u>\$ 11,829,104</u>	<u>\$ 12,111,975</u>	<u>\$ 4,836,292</u>	<u>\$ 4,685,725</u>	<u>\$ 16,665,396</u>	<u>\$ 16,797,700</u>	-0.79%
Expenses:							
General Government	\$ 1,692,147	\$ 1,611,711			\$ 1,692,147	\$ 1,611,711	4.99%
Public Safety	2,991,536	3,102,473			2,991,536	3,102,473	-3.58%
Public Works	4,236,285	4,137,543			4,236,285	4,137,543	2.39%
Human Services	9,745	4,215			9,745	4,215	131.20%
Community & Economic Development	295,315	209,271			295,315	209,271	41.12%
Culture and Recreation	751,254	719,412			751,254	719,412	4.43%
Interest on Long Term Debt	105,292	122,784			105,292	122,784	-14.25%
Sewage Treatment/Sewer Lines			\$ 2,921,841	\$ 2,811,819	2,921,841	2,811,819	3.91%
Total Expenditures	<u>\$ 10,081,574</u>	<u>\$ 9,907,409</u>	<u>\$ 2,921,841</u>	<u>\$ 2,811,819</u>	<u>\$ 13,003,415</u>	<u>\$ 12,719,228</u>	2.23%
Increase in Net Position	\$ 1,747,530	\$ 2,204,566	\$ 1,914,451	\$ 1,873,906	\$ 3,661,981	\$ 4,078,472	-10.21%
Net Position - January 1	<u>\$ 27,723,735</u>	<u>\$ 25,519,169</u>	<u>\$ 21,465,225</u>	<u>\$ 19,591,319</u>	<u>\$ 49,188,960</u>	<u>\$ 45,110,488</u>	9.04%
Net Position - Adjustment of Net Position			-	-	-	-	
Net Position - December 31	<u>\$ 29,471,265</u>	<u>\$ 27,723,735</u>	<u>\$ 23,379,676</u>	<u>\$ 21,465,225</u>	<u>\$ 52,850,941</u>	<u>\$ 49,188,960</u>	7.44%

Governmental Activities

Table 2 shows revenue and expenditures for both governmental and business-type activities for years 2023 and 2022. Governmental activities revenue for 2023 had a decrease from last year of \$282,872 or 2.3% . Total expenditures for governmental activities had an increase of \$174,165 or by 1.76%.

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:

- **Charges for Services: (\$36,795);**
Decrease in building permits from last year of \$83,850; increase in park & Pool charges of \$29,419
- **Investment Earnings:** Increase of **\$317,361**. interest rates in 2023 were in the 5% range
- **Capital Grants & Contributions: (\$385,022);** For Public Safety increase of **\$121,923**; PCCD Grant increase of \$84,265 and STMP funds of 53,400. For Public works a decrease of **\$535,316**. In 2022 we received reimbursement from PennDOT for the bridge replacement of Sara Road of \$605,547; additional ECCD funding of \$70,231 in 2023. Culture & Recreation decrease of **\$17,184** - DCNR grant received in 2022. CDBG revenue received in 2023 was **\$47,055** more than 2022.
- **Intergovernmental Revenue: (\$26,490)** - ARPA funding decrease of \$156,379; PUC Drilling fees increase of \$65,211; pension aid increase of \$52,319; liquid fuels tax increase of \$12,238.

Expenses:

- **General Government** expenses increased **\$80,436**; - 5%. Wage increases for management employees at 3% and health insurance increased 4% for 2023.
- **Public Safety** expenses decreased **\$110,937** - 3.6%. No major capital cost compared to 2022. Police officers wages increased 3% and sergeants wages increased 5% with a 4% increase in health insurance.
- **Public Works** expenses increased **\$98,742** - 2.4%. Wage increases of 2% - and a 4% increase in health insurance with an increase of \$101,236; and cost for streets and bridges increased \$60,561.
- **Community & Economic Development** expenses increased \$86,044. Increase in projects that were completed in 2023 compared to 2022.
- **Culture & Recreation** expenses increase of \$31,842- 4.4%. Increase in wages & benefits of \$8,939; with the balance of program cost.
- **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 an increase to pension expense of (\$17,975). 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 2024 and future years. The calculation is only for government-wide financial statement purposes.
The following chart shows the decrease in pension expense for 2023 according to GASB Statement No. 68.

<u>Pension Expenses for GASB 68</u>	GASB 68 Pension Expense for Defined Benefit Pension Plans		
	<u>2023</u>	<u>2022</u>	<u>Inc/(Dec)</u>
Governmental Activities:			
General Government	\$ 9,177	\$ 17,638	\$ (8,461)
Public Works	42,422	81,387	(38,965)
Community & Economic Dev.	2,741	5,738	(2,997)
Culture & Recreation	1,595	3,047	(1,452)
Public Safety:			
Police Officers	(80,801)	206,812	(287,613)
Other	6,891	13,072	(6,181)
Total Increase/(Decrease) for			
GASB 68 Pension Expense	\$ (17,975)	\$ 327,694	\$ (345,669)
Pension Expense per			
Commonwealth of PA	\$ 352,866	\$ 301,984	\$ 50,882
Total Pension Expense for			
GASB 68 Pension Expense	<u>\$ 334,891</u>	<u>\$ 629,678</u>	<u>\$ (294,787)</u>

The cost of governmental activities for this year is \$10,081,574 compared to \$9,907,409 from last year an increase of \$174,165. 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 \$8,761,528 because some of the cost was paid by those who directly benefited from the programs (\$597,101) or by other governments and organizations that subsidized certain programs with grants and contributions (\$722,945).

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	
	2023	2022	2023	2022
General Government	1,692,147	1,611,711	1,519,200	1,437,428
Public Safety	2,991,536	3,102,473	2,544,853	2,716,869
Public Works	4,236,285	4,137,543	3,926,843	3,683,431
Community & Economic Development	295,315	209,271	93,253	69,018
Culture and Recreation	751,254	719,412	562,342	529,918
All Others	115,037	126,999	115,037	126,999
Totals	<u>10,081,574</u>	<u>9,907,409</u>	<u>8,761,528</u>	<u>8,563,663</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 \$150,568 and expenditures increased \$110,022 from last year. Operating revenue for 2023 is \$4,836,292 and operating expenses are \$2,921,841 leaving a positive balance of \$1,914,451. In December of 2021, City Council approved Ordinance #327 amending Chapter 18, Part 3 of the City Code by adding a definition and allowing for consumption-based charges for residential customers. In December of 2021, Council also approved Resolution Number 21-07 changing the sewer service fees for residential and non-residential customers. Residential customers will pay quarterly a base rate fee of \$136.50 and \$6.80 per thousand gallons of water usage with a 3 thousand gallon credit for each month. For the non-residential customer the base rate fee will be based on the meter size with cost ranging from \$151.50 to \$1,500 per quarter. Consumption fees are \$6.80 per thousand gallons of water usage with no credit given. Revenue for charges for services has increased \$26,107 from last year. Rates did not change and very few new customers were added to the sewer system. The only variable would be the sewer consumption by customers.

The increase in expenditures compared to last year was \$110,022. Employees received a 2% pay increase and the health insurance increased 4%. Operating cost increased from last year by \$117,000. This was the third 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 \$9,416,813 which is higher than last year's total of \$7,894,053 or a increase of \$1,522,760. The General Funds' *fund balance* increased in 2023 by 515,549. This year the City received in tax revenue more than expected of \$252,211 and interest income of \$152,720. General Government Expenditures were \$69,318 more in 2023 than compared to 2022 and capital out lays were \$171,310 less than last year.

CITY OF SAINT MARYS, PENNSYLVANIA

Management's Discussion and Analysis

For the General Fund, revenue collected was over budget by \$1.1M or 13%. The City was over budget in tax revenue sources by \$575,000. The City received federal funding of \$239,600 which was not budgeted in 2023. Total intergovernmental revenue over budget totaled \$534,500. Charges for services was over budgeted by \$21,066 and Interest income was over budget by \$179,057.

Expenditures and transfers out were over budget projections by \$515,550. Total General Government was under budget by \$98,654; total Public Safety was under budget by \$71,568 and the Public Works expenditures were under budget by \$256,873. The City transferred \$934,902 more than budgeted to the capital projects funds and the expenditures for the ARPA funding of \$239,599 was not in the 2023 budget.

The Airport Industrial Park Project Fund had a positive fund balance at the end of 2023 of \$50,666. In 2023 the City sold lot #10 and lot #14. We received the down payment of \$5,000 for each in 2023 and the remaining funds in 2024. Lot 10 was sold for \$50,000 and Lot 14 was sold for \$45,000.

The Parking Garage Fund's *fund balance* has a negative balance of \$202,033 as of December 31, 2023. This is a decrease of \$20,056 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 fund will be closed in 10 years when the fund balance will be zero.

The Capital Reserve Fund had an increase in fund balance of \$713,605. The total fund balance of \$3,726,192 is considered a committed fund balance. The Capital Reserve Fund is reserved for future capital projects and equipment. In 2023 there was \$1,639,675 budgeted for capital expenditures, and actual expenses of \$1,488,352. Construction work on John Street was \$155,279 less than budgeted, the engineering cost for the N. Michael St. bridge was not completed in 2023, and vehicle cost were \$63,167 more than budgeted. General government's expenditures were under budget by \$36,136; and Public Safety's expenditures were over budget by \$77,191.

The Debt Fund had a fund balance of \$434,090 as of December 31, 2023. This is an increase of \$31,583 from 2022. 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. As of the end of 2023, the City had only 3 loans outstanding. The 2021 bond issue has a principal balance of \$3,565,000; the 2016 PIB loan has a principal balance of \$213,099 and the 2022 PIB loan has a principal balance of \$716,736. Total outstanding debt for the City as of 12/31/2023 is \$4,494,835. 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 \$7,575 in HOME's activity for 2023. Total cost reimbursed by the CDBG program for 2023 was \$173,589. Project cost consisted of \$400 towards housing rehabilitation; \$49,450 towards commercial rehabilitation; \$5,400 towards benches at Benzinger Park; \$28,742 towards Christian Food Bank building; \$18,412 towards spot & blight and \$71,185 toward administration cost.

The Street Lighting Tax Fund has a fund balance of \$227,631 an increase of \$19,105 as of December 31, 2023. 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 2023.

The Fire Protection Fund had a fund balance of \$283,896 an increase of \$69,300 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 \$533,577 at the end of 2023 with an increase of \$140,845. This fund balance is also considered restricted as Council sets the millage of 1.7 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 administering 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 \$128,570 and conveys this to the St. Marys Public Library for their services and the Ambulance Fund receives .10 of a mill annually or \$22,167 and this is turned over to the St. Marys Ambulance Service. The fund balance of \$2,595 for the Library Fund and \$468 for the Ambulance Fund is considered a restricted fund balance.

The Fire Hydrant Fund receives .3 of a mill annually or \$66,502. 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 an increase of \$46 for 2023 with an ending balance of \$13,402. 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 \$526 as of the end of 2023. 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 \$15,926 as of December 31, 2023 with an increase in fund balance of \$3,386. This fund pays for expenditures to plant, trim, and prune trees in St. Marys. \$16,000 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 2023, there were no changes made to the original budget adopted by Council in 2022. Total program revenue for the General Fund is \$9,104,712 and total program expenditures are \$7,000,597 with an excess of revenues over expenditures of \$515,549. Total funds transferred into the General fund for 2023 was \$477,288 and funds that was transferred out to other City funds amounted to \$2,065,854. Leaving a net change in fund balance of \$515,549. Total actual revenue received was \$1.1M more than budgeted revenue and total actual expenditures incurred were \$595,600 more than budgeted expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2023, the City had \$39,191,856 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 decrease (including additions and deductions) of \$127,544, 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	
	2023	2022	2023	2022	2023	2021
Land	782,727	721,845	16,692	16,692	799,419	738,537
Construction in Progress	117,416	259,904	80,118	67,908	197,534	327,812
Building & Improvements	9,632,450	9,760,798	261,400	231,905	9,893,850	9,992,703
Equipment	3,201,769	3,065,389	13,248,566	13,260,941	16,450,335	16,326,330
Improvements	1,203,699	1,293,976	17,270	18,747	1,220,969	1,312,723
Infrastructure	8,807,390	8,797,350	1,822,359	1,823,945	10,629,749	10,621,295
Totals	<u>\$ 23,745,451</u>	<u>\$ 23,899,262</u>	<u>\$ 15,446,405</u>	<u>\$ 15,420,138</u>	<u>\$ 39,191,856</u>	<u>\$ 39,319,400</u>

CITY OF SAINT MARYS, PENNSYLVANIA

Management's Discussion and Analysis

This year's major additions include:

General Administration capital cost totaled \$147,746. This includes major additions of:

Donated Property at 683 N. St. Marys Street with a value of \$60,882
Elevator Replacement Project (completed)\$36,355: Parking garage security cameras at \$50,509

Public Safety capital cost totaled \$468,273. This includes:

3 police vehicles \$171,838; Forensic software \$49,477; body cameras (16) and 6 dash cameras \$101,151; police radios \$34,312; roof replacement \$66,400
Fire Program equipment \$45,095

Public Works capital cost totaled \$1,386,640. This includes major additions of:

Vehicles: F-350 \$60,132; F600 \$102,010 and a F600XL \$60,213 (chassis only)
Radios: \$6,102; concrete hydraulic lift \$31,099; traffic signal \$49,810
Depot Street Project \$4,250; Jackson Rd Project \$159,756
2023 Mill & Fill project: \$425,381; Screen millings \$12,382 John St - \$450,008
Garage doors: \$25,497

Culture & Recreation cost totaled \$20,680. This includes major additions of:

Pool slide: Motor \$9,750; Message Centers (2) \$5,750
Shed - Benzinger Park \$5,180

Public Works - Sanitary Sewer capital cost totaled \$844,706; This includes major additions of:

Building Improvements - recondition tanks - added nozzles \$40,504
Equipment - \$328,629; Continuous pH Monitors \$87,596; Replacement parts for the UV system \$95,065; CCTV inspection \$117,699; portable pump \$54,993;
Mowing tractor \$7,065; Lavatory equipment \$5,175; Office Equipment \$5,247;
CIPP Lining of sewer lines & laterals of \$27,541; Digester control value \$52,201
John Street \$22,991

Construction in Progress total cost to date is \$12,210. This includes major additions of:

Erie Avenue & Washington Street Project: \$70
Bridge replacement at sewage plant \$12,140

DEBT

At year-end, the City of St. Marys had \$4.5 million in governmental activities notes and bonds outstanding versus \$5 million last year - a decrease of 10% or \$499,948 as shown in Table 5 listed below.

For Business -Type activities, the Pennvest loan was paid off in 2023. This loan was with the Municipal Authority.

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

	Governmental Activities		Business-Type Activities		Primary Government Totals	
	2023	2022	2023	2022	2023	2020
General Obligation Notes	\$ 929,835	\$ 1,129,783	\$ -	\$ 299,640	\$ 929,835	\$ 1,429,423
Revenue Bonds	3,565,000	3,865,000	-	-	3,565,000	3,865,000
Totals	<u>\$ 4,494,835</u>	<u>\$ 4,994,783</u>	<u>\$ -</u>	<u>\$ 299,640</u>	<u>\$ 4,494,835</u>	<u>\$ 5,294,423</u>

CITY OF SAINT MARYS, PENNSYLVANIA

A summary of long-term debt as of December 31, 2023:

•	Street Improvements	\$929,835
•	Bond Issue	\$3,565,000

A summary of long-term debt that the City guarantees as of December 31, 2023:

•	2012 Benzinger Twp. Golf Note Modify;	\$433,191
•	2012 Benzinger Twp. Golf Note	\$31,986

The City's Standard & Poor's Underlying rating is: "AA" / Stable Outlook and insured rating is "A+".
The City's borrowing base for 2023 is \$10,062,377 - (250% of this for Net non-electoral debt limitation (\$25,155,943) and 350% of this for net non-electoral debt plus lease rental debt. (\$35,218,320).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal-year 2024 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 12/31/23 was 3.1%; at 12/31/22 it was 3.5%; in 2021 it was 4.2% and in 2020 the unemployment rate was 8.6%.

The City's Total Governmental Funds budget for 2024 is \$16,451,797 and the Enterprise Funds budget for 2024 is \$4,245,318.

For the 2024 budget, City Council increased the real estate tax millage by 1 mill. The Fire Protection Fund received .7 of a mill and the Ambulance Fund received .3 of a mill. Sewer rates were not changed in 2024.

The real estate tax rates went from 19.5362 in 2023 to 20.5362 in 2024.
The City expects to collect in current real estate tax revenue \$4.365M next year at a 95% collection rate.
Assessed property value is estimated at \$223,739,7430 an increase from last year of \$1,793,905 or .8%.

The rates for customers on the sewer system stayed the same as last years. Customers are billed a flat rate of \$136.50 per quarter with a consumption rate of \$6.80 per thousand gallons with a 9 thousand gallon credit for residential customers only.

Non residential customers are billed by meter size and have a consumption rate of \$6.80 per thousand gallons.
The additional revenue is needed to complete needed infrastructure projects for 2023 and years to come.

CITY OF SAINT MARYS, PENNSYLVANIA

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, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Investments	\$ 8,953,033	\$ 7,081,695	\$ 16,034,728
Taxes Receivable	1,300,912	-	1,300,912
Accounts Receivable, Net	122,713	1,017,810	1,140,523
Lease Receivable	528,690	-	528,690
Due From Other Governments	337,728	59,125	396,853
Allowance for Uncollectible Due from Governments	(69,820)	-	(69,820)
Internal Balances	49,625	(49,625)	-
Prepaid Expenses	156,503	14,164	170,667
Net Pension Asset	462,937	-	462,937
Capital Assets:			
Construction In Progress	117,416	80,118	197,534
Infrastructure	19,138,050	2,143,162	21,281,212
Land	782,727	16,692	799,419
Buildings & Building Improvements	14,893,465	339,175	15,232,640
Equipment	10,111,289	32,703,659	42,814,948
Improvements	2,470,576	19,795	2,490,371
Accumulated Depreciation	(23,768,072)	(19,856,196)	(43,624,268)
Other Assets: Long-Term Note Receivable (net)	747,035	-	747,035
Total Assets	36,334,807	23,569,574	59,904,381
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources for pensions	1,286,608	-	1,286,608
Deferred Outflows of Resources for other post employment benefits	34,149	5,955	40,104
Total Deferred Outflows of Resources	1,320,757	5,955	1,326,712
LIABILITIES			
Accounts Payable and Payroll Taxes	153,720	101,495	255,215
Other Accrued Liabilities	154,623	18,530	173,153
Accrued Interest Payable	8,480	-	8,480
Unearned Revenue	766,220	3,100	769,320
Compensated Absences - short - term portion	28,058	4,742	32,800
Compensated Absences - long - term portion	158,997	26,869	185,866
Other Post-Employment Benefits - short - term portion	3,659	638	4,297
Other Post-Employment Benefits - long - term portion	180,604	31,497	212,101
Notes Payable - current portion	203,197	-	203,197
Notes Payable - long - term portion	726,638	-	726,638
Bonds Payable - current portion	315,000	-	315,000
Bonds Payable - long - term portion	3,528,802	-	3,528,802
Total Liabilities	6,227,998	186,871	6,414,869
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources for pensions	1,131,698	-	1,131,698
Deferred Inflows of Resources for other postemployment benefits	51,499	8,981	60,480
Deferred Inflows of Resources for Lease Rentals	522,435	-	522,435
Deferred Revenue - Real Estate Taxes	246,933	-	246,933
Deferred Revenue - Other	3,736	-	3,736
Total Deferred Inflows of Resources	1,956,301	8,981	1,965,282
NET POSITION			
Net Investment in Capital Assets	\$ 18,971,814	\$ 15,446,405	\$ 34,418,219
Restricted For:			
Community Development Projects	747,035	-	747,035
Debt Services	434,090	171,223	605,313
Net Pension Assets	462,937	-	462,937
Other Purposes	1,067,718	-	1,067,718
Unrestricted	7,787,671	7,762,048	15,549,719
Total Net Position	\$ 29,471,265	\$ 23,379,676	\$ 52,850,941

CITY OF SAINT MARYS, PENNSYLVANIA

STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2023

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	\$ 1,692,147	\$ 172,947	\$ -	\$ -	\$ (1,519,200)	\$ -	\$ (1,519,200)
Public Safety	2,991,536	177,395	90,834	178,454	(2,544,853)	-	(2,544,853)
Public Works	4,236,285	109,124	10,400	189,918	(3,926,843)	-	(3,926,843)
Human Services	9,745	-	-	-	(9,745)	-	(9,745)
Community and Economic Development	295,315	-	23,749	178,313	(93,253)	-	(93,253)
Culture and Recreation	751,254	137,635	50,724	553	(562,342)	-	(562,342)
Interest On Long- Term Debt	105,292	-	-	-	(105,292)	-	(105,292)
Total Governmental Activities	<u>\$ 10,081,574</u>	<u>\$ 597,101</u>	<u>\$ 175,707</u>	<u>\$ 547,238</u>	<u>\$ (8,761,528)</u>	<u>-</u>	<u>\$ (8,761,528)</u>
Business-Type Activities:							
Sewer	\$ 2,921,841	\$ 4,627,084	\$ -	\$ -	\$ -	\$ 1,705,243	\$ 1,705,243
Total Business-Type Activities	<u>2,921,841</u>	<u>4,627,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,705,243</u>	<u>1,705,243</u>
Total Primary Government	<u>\$ 13,003,415</u>	<u>\$ 5,224,185</u>	<u>\$ 175,707</u>	<u>\$ 547,238</u>	<u>\$ (8,761,528)</u>	<u>\$ 1,705,243</u>	<u>\$ (7,056,285)</u>

General Revenues:

Taxes

Real Estate	\$ 4,325,946	\$ -	\$ 4,325,946
Per Capita	39,424	-	39,424
Real Estate Transfer	152,586	-	152,586
Earned Income	3,317,601	-	3,317,601
Local Service Tax	325,708	-	325,708
Intergovernmental Revenues	1,468,516	-	1,468,516
Interest	463,661	208,651	672,312
Gain on Sale of Capital Assets	125,643	-	125,643
Miscellaneous	289,973	557	290,530
Total General Revenues and Transfers	<u>\$ 10,509,058</u>	<u>\$ 209,208</u>	<u>\$ 10,718,266</u>

Changes in Net Position	\$ 1,747,530	\$ 1,914,451	\$ 3,661,981
Net Position - Beginning	<u>27,723,735</u>	<u>21,465,225</u>	<u>49,188,960</u>
Net Position - Ending	<u>\$ 29,471,265</u>	<u>\$ 23,379,676</u>	<u>\$ 52,850,941</u>

CITY OF SAINT MARYS, PENNSYLVANIA

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

	General Fund	CAPITAL PROJECT FUNDS		Other Governmental Funds	Total Governmental Funds
		Parking Garage Fund	Capital Reserve Fund		
Assets					
Cash and Cash Investments	\$ 4,016,762	\$ 84,663	\$ 3,162,561	\$ 1,689,047	\$ 8,953,033
Taxes Receivable	1,197,936	-	-	102,976	1,300,912
Accounts Receivable	40,810	-	81,903	-	122,713
Lease Receivable	528,690	-	-	-	528,690
Due from other Governments	63,750	-	187,752	86,226	337,728
Allowance for Uncollectible Due From Other Governments	-	-	-	(69,820)	(69,820)
Interfund Receivables	56,426	-	18,355	-	74,781
Advances to Other Funds	-	-	286,696	-	286,696
Prepaid Items	152,888	-	-	3,615	156,503
Long-Term Note Receivable (net)	747,035	-	-	-	747,035
Total Assets	\$ 6,804,297	\$ 84,663	\$ 3,737,267	\$ 1,812,044	\$ 12,438,271
Liabilities, Deferred Inflows of Resources, & Fund Balance					
Liabilities:					
Accounts Payable and Payroll Taxes	\$ 105,498	\$ -	\$ 11,075	\$ 37,147	\$ 153,720
Accrued Liabilities	152,200	-	-	2,423	154,623
Interfund Payables	18,355	-	-	6,801	25,156
Advance from Other Funds	-	286,696	-	-	286,696
Unearned Revenue	1,048	-	-	115,476	116,524
Unearned Revenue - Federal Funding	649,696	-	-	-	649,696
Total Liabilities	926,797	286,696	11,075	161,847	1,386,415
Deferred Inflows of Resources:					
Unavailable Revenue	3,736	-	-	-	3,736
Unavailable Revenue - Notes Receivable	747,035	-	-	-	747,035
Unavailable Revenue - Lease Rentals	522,435	-	-	-	522,435
Unavailable Revenue -EIT	114,904	-	-	-	114,904
Unavailable Revenue- Real Estate Taxes	165,136	-	-	81,797	246,933
Total Deferred Inflows of Resources:	1,553,246	-	-	81,797	1,635,043
Total Liabilities, Deferred Inflow of Resources	2,480,043	286,696	11,075	243,644	3,021,458
Fund Balances:					
Nonspendable:	152,888	-	-	3,615	156,503
Restricted:	-	-	-	1,498,193	1,498,193
Committed:	-	-	3,726,192	66,592	3,792,784
Assigned:	473,813	-	-	-	473,813
Unassigned:	3,697,553	(202,033)	-	-	3,495,520
Total Fund Balances	4,324,254	(202,033)	3,726,192	1,568,400	9,416,813
Total Liabilities, Deferred Inflow of Resources, & Fund Balances	\$ 6,804,297	\$ 84,663	\$ 3,737,267	\$ 1,812,044	\$ 12,438,271

CITY OF SAINT MARYS, PENNSYLVANIA

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2023

Fund Balances - Total Governmental Funds	\$	9,416,813
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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	\$ 47,513,523		
Less: accumulated depreciation	<u>(23,768,072)</u>		23,745,451

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 receivable	\$ 970,000		
Present Value Adjustment of Long-Term note receivable	<u>(222,965)</u>		747,035

The net pension asset is not reflected on the fund statements			462,937
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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.	114,904
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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.	154,910
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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.	(17,350)
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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	\$ (184,263)		
Compensated absences	(187,055)		
Notes payable	(929,835)		
Bonds payable	(3,843,802)		
Accrued Interest Expense	<u>(8,480)</u>		<u>(5,153,435)</u>

Net Position of Governmental Activities	\$	<u>29,471,265</u>
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CITY OF SAINT MARYS, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For The Year Ended December 31, 2023

		CAPITAL PROJECT FUNDS			
	General Fund	Parking Garage Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 6,901,304	\$ -	\$ -	\$ 1,435,867	\$ 8,337,171
Intergovernmental	1,289,195	-	259,521	687,820	2,236,536
Charges for Services	354,900	-	-	136,722	491,622
Licenses and Permits	14,368	-	-	-	14,368
Fines and Forfeitures	69,954	-	-	-	69,954
Interest Earnings	219,270	56	150,347	57,628	427,301
Rents & Royalties	20,791	-	-	363	21,154
Miscellaneous	234,930	-	7,684	84,189	326,803
Total Revenues	<u>9,104,712</u>	<u>56</u>	<u>417,552</u>	<u>2,402,589</u>	<u>11,924,909</u>
Expenditures:					
Current:					
General Government	1,430,773	-	-	-	1,430,773
Public Safety	2,436,780	-	5,000	258,149	2,699,929
Public Works	2,483,630	-	-	100,993	2,584,623
Human Services	9,745	-	-	-	9,745
Community and Economic Development	71,839	-	19,224	202,062	293,125
Culture and Recreation	26,535	-	-	597,916	624,451
Debt Service:					
Principal	-	-	-	499,948	499,948
Interest	-	-	-	134,359	134,359
Capital Outlays	399,355	-	1,546,031	98,975	2,044,361
Other	141,940	-	-	3,656	145,596
Total Expenditures	<u>7,000,597</u>	<u>-</u>	<u>1,570,255</u>	<u>1,896,058</u>	<u>10,466,910</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,104,115</u>	<u>56</u>	<u>(1,152,703)</u>	<u>506,531</u>	<u>1,457,999</u>
Other Financing Sources (Uses):					
Capital Assets Sales	-	-	54,761	10,000	64,761
Transfers In	477,288	20,000	1,811,547	234,307	2,543,142
Transfers Out	<u>(2,065,854)</u>	<u>-</u>	<u>-</u>	<u>(477,288)</u>	<u>(2,543,142)</u>
Total Other Financing Sources (Uses)	<u>(1,588,566)</u>	<u>20,000</u>	<u>1,866,308</u>	<u>(232,981)</u>	<u>64,761</u>
Net Changes in Fund Balance	515,549	20,056	713,605	273,550	1,522,760
Fund Balance/Deficit - Beginning	3,808,705	(222,089)	3,012,587	1,294,850	7,894,053
Fund Balance/Deficit - Ending	<u>\$ 4,324,254</u>	<u>\$ (202,033)</u>	<u>\$ 3,726,192</u>	<u>\$ 1,568,400</u>	<u>\$ 9,416,813</u>

CITY OF SAINT MARYS, PENNSYLVANIA

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, 2023

Net Changes in Fund Balances - Total Governmental Funds	\$	1,522,760
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	\$ 2,023,339	
Less: current year depreciation	<u>(2,177,150)</u>	(153,811)
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	<u>\$ 36,360</u>	36,360
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:		
Compensated Absences	\$ (10,891)	
Other Post-Employment Benefits	<u>7,021</u>	(3,870)
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.		
Bond Premium	\$ 27,880	
Principal Payments	<u>499,948</u>	527,828
Changes in the other postemployment benefits deferred inflows and outflows of resources do not affect current financial resources and, therefore, are not reflected on the fund statements.		
		(24,994)
The change in accrued interest payable is only reported on the statement of activities		
		1,187
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.		
	<u>\$ (175,906)</u>	(175,906)
Changes in the net pension liability and related deferred inflows and outflows of resources do not affect current financial resources and, therefore, are not reflected on the fund statements.		
	<u>\$ 17,976</u>	<u>17,976</u>
Change in Net Position of Governmental Activities	\$	<u><u>1,747,530</u></u>

CITY OF SAINT MARYS, PENNSYLVANIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - SEWER FUND
December 31, 2023

Business -Type Activities - Enterprise Funds

<u>ASSETS</u>	
Current Assets:	
Cash and Cash Investments	\$ 6,910,472
Accounts Receivable, Net	1,017,810
Due from Other Governments	59,125
Prepaid Items	14,164
Total Current Assets	<u>8,001,571</u>
Noncurrent Assets:	
Restricted Cash	171,223
Capital Assets:	
Construction in Progress	80,118
Infrastructure	2,143,162
Land	16,692
Buildings and Building Improvements	339,175
Equipment	32,703,659
Land Improvements	19,795
Accumulated Depreciation	(19,856,196)
Total Noncurrent Assets	<u>15,617,628</u>
Total Assets	<u><u>23,619,199</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources for other post employment benefits	<u>5,955</u>
Total Deferred Outflows of Resources	<u>5,955</u>
Total of Assets & Deferred Outflows of Resources	<u><u>\$ 23,625,154</u></u>
<u>LIABILITIES AND NET POSITION</u>	
Current Liabilities:	
Accounts Payable and Payroll Taxes	\$ 101,495
Accrued Liabilities	18,530
Interfund Payables	49,625
Unearned Revenue	3,100
Compensated Absences - Short Term Portion	4,742
Other Post Employee Benefits - Short Term Portion	638
Total Current Liabilities	<u>178,130</u>
Non-Current Liabilities:	
Compensated Absences - Long Term Portion	26,869
Other Post Employee Benefits - Long Term Portion	31,497
Total Non-Current Liabilities	<u>58,366</u>
Total Liabilities	<u>236,496</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources for other postemployment benefits	<u>8,981</u>
Total Deferred Inflows of Resources	<u>8,981</u>
Total Liabilities & Deferred Inflow of Resources	<u><u>\$ 245,477</u></u>
NET POSITION	
Net Investment in Capital Assets	\$ 15,446,405
Restricted - Debt Service	171,223
Unrestricted	7,762,048
Total Net Position	<u><u>\$ 23,379,676</u></u>

CITY OF SAINT MARYS, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - SEWER FUND
For The Year Ended December 31, 2023

Business-Type Activities - Enterprise Funds

Operating Revenues:	
Charges for Services	\$ 4,627,084
Miscellaneous	557
Total Operating Revenues	<u>4,627,641</u>
Operating Expenses:	
Public Works	2,089,641
Depreciation	830,649
Total Operating Expenses	<u>2,920,290</u>
Operating Income	<u>1,707,351</u>
Non-Operating Revenues (Expenses):	
Interest Income & bond premium amortization	208,651
Interest Expense & bond amortization on funding	(1,551)
Total Non-Operating Revenues (Expenses)	<u>207,100</u>
Changes in Net Position	1,914,451
Net Position - Beginning	<u>21,465,225</u>
Net Position- Ending	<u><u>\$ 23,379,676</u></u>

CITY OF SAINT MARYS, PENNSYLVANIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS - SEWER FUND
 For The Year Ended December 31, 2023

Business-Type Activities - Enterprise Funds

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 4,561,384
Payments to Suppliers	(1,608,895)
Payments to Employees	(436,794)
Net Cash Provided by Operating Activities	<u>2,515,695</u>
Cash Flows from Noncapital Financing Activities:	
(Increase) Decrease in Interfund Receivables	4,135
Net Cash Provided by (Used In) Noncapital Financing Activities	<u>4,135</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(856,916)
Principal paid on capital debt	(299,640)
Interest paid on capital debt	(1,551)
Net Cash Used in Capital and Related Financing Activities	<u>(1,158,107)</u>
Cash Flows from Investing Activities & Refunds of Prior Year Expenses (Revenue):	
Interest	208,651
Refunds of Prior Year Revenues	453
Net Cash Provided From Investing Activities & Refunds of Prior Year Expenses (Revenue)	<u>209,104</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,570,827
Cash and Cash Equivalents:	
Beginning	<u>5,510,868</u>
Ending	<u><u>\$ 7,081,695</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 1,707,351
Adjustments to Reconcile Operating Income (Loss) to Net	
Cash Provided by Operating Activities:	
Depreciation	830,649
(Increase) decrease in:	
Accounts Receivable	(46,258)
Prepaid Items	3,027
Increase (decrease) in:	
Accounts Payable	38,590
Accrued Liabilities	264
Due from other Governments	(20,000)
Compensated Absences	3,086
Other Post Employee Benefits	(1,014)
Net Cash Provided by Operating Activities	<u><u>\$ 2,515,695</u></u>
Cash and Cash Equivalents:	
Cash and Cash Investments	\$ 6,910,472
Restricted Cash	171,223
Total Cash and Cash Equivalents	<u><u>\$ 7,081,695</u></u>

CITY OF SAINT MARYS, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

December 31, 2023

	Pension Trust Funds
<u>ASSETS</u>	
Cash and Cash Investments	\$ 131,836
Investments, at Fair Value:	
Money Market	346,060
U.S. Government Obligations	463,752
U.S. Government Related Obligations	4,070,563
Corporate Bonds	1,826,630
Domestic Equities	7,961,748
Non US Agency	405,221
International Mutual Funds	2,039,930
Total Investments	17,113,904
Prepaid Items	59,089
Total Assets	\$ 17,304,829
<u>LIABILITIES</u>	
Accounts Payable	\$ 16,300
Total Liabilities	16,300
<u>NET POSITION</u>	
Restricted for Pensions	17,288,529
Total Net Position	\$ 17,288,529

CITY OF SAINT MARYS, PENNSYLVANIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended December 31, 2023

	Pension Trust Funds
	<hr/>
<u>ADDITIONS</u>	
Contributions:	
Plan Members	\$ 129,284
City Contributions, includes state aid	352,866
Total Contributions	<hr/> 482,150 <hr/>
Net Investment Income (Loss):	
Net Appreciation (Depreciation) in fair value of Investments	1,703,104
Interest/Dividends	558,140
	<hr/>
Total Investment Income (Loss)	2,261,244
Less Investment Expense	(71,091)
	<hr/>
Net Investment Income	2,190,153
	<hr/>
Total Additions (Deductions)	2,672,303
	<hr/>
<u>DEDUCTIONS</u>	
Benefits	738,808
Administrative Expenses	16,703
	<hr/>
Total Deductions	755,511
	<hr/>
Change in Net Position	1,916,792
Net Position - Beginning	15,371,737
	<hr/>
Net Position - Ending	\$ 17,288,529
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CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2023

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. Mary's 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 presented 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.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2023

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, 2023

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 percent 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 percent 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, 2023

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. The City has elected to present this fund as a major fund.

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 following subfunds are included in the Sewer major fund - the Sewage Treatment Fund, the I & I Fund, Sewer Fund and the Sewer Line Replacement Fund. There are no non-major enterprise funds.

The component unit, the St. Marys Municipal Authority, is a blended component unit of the City and is included in the Sewer Fund. The City operates the sewage treatment plant and maintains the sewer lines for the Municipal Authority.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2023

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, 2023

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	\$ 310,873
Per Capita Taxes Receivable	495
R.E. Transfer Tax Receivable	12,009
Earned Income Tax Receivable	892,877
Local Service Tax Receivable	84,658
Taxes Receivable, Gross	1,300,912
Less: Uncollected Taxes	(361,837)
Taxes Receivable, Net	<u>\$ 939,075</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, 2023

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 \$2,883,003 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, 2023

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 2023 were \$218,666.

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 assets 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, 2023

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 assets 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.

L. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items. Prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

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, 2023

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, 2023. 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, 2023, the carrying amount of the City's cash deposits with financial institutions was \$3,133,645 and the financial institutions balances totaled \$3,273,377 which is categorized as follows:

Category 1	\$ 485,134
Category 2	2,788,243
Total Cash Deposits	<u>\$ 3,273,377</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, 2023

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, 2023, the credit quality ratings of the Pension Trust Funds' investments are as follows:

Investment Type	Fair Value	Rating
US Government Obligations:		
US Treasury Notes & Bonds	463,752	AA+
Total US Government Obligations	\$ 463,752	
US Government Related Obligations:		
US Agencies	4,070,563	AA+
Total US Government Related Obligations	\$ 4,070,563	
Non US Agencies:		
Asset Backed Securities	172,394	AAA
Commercial MBS	232,827	AA+
Total Non US Agencies	405,221	
Corporate Bonds:		
Domestic	300,384	A
Domestic	464,173	A-
Domestic	30,613	A+
Domestic	189,343	AA-
Domestic	37,363	AA+
Domestic	246,313	BBB
Domestic	102,353	BBB-
Domestic	456,088	BBB+
Total Corporate Bonds	\$ 1,826,630	
Domestic Equities:		
COMMON STOCK	7,961,748	N/A
Total Domestic Equities	\$ 7,961,748	N/A
International Equities:		
International Mutual funds	\$ 2,039,930	N/A
Money Market Funds	\$ 346,060	N/A
Total Investments	\$ 17,113,904	

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2023

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, 2023 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>21-25</u>	<u>26-30</u>
US Government Obligations	\$ 463,752	\$ 170,669	\$ 118,335	\$ -	\$ 86,239	\$ -	\$ 88,509
US Govt. Agency Obligations	4,070,563	110,164	1,011,064	899,523	76,882	333,617	1,639,313
Corporate Bonds	1,826,630	664,160	520,754	80,374	212,853	61,978	286,511
Non US Agencies	405,221	143,566	28,828	-	-	-	232,827
Total by Maturity Dates	<u>\$ 6,766,166</u>	<u>\$ 1,088,559</u>	<u>\$ 1,678,981</u>	<u>\$ 979,897</u>	<u>\$ 375,974</u>	<u>\$ 395,595</u>	<u>\$ 2,247,160</u>
Domestic Equities	7,961,748						
International Equities	2,039,930						
Money Market Funds	346,060						
Total Investments	<u>\$ 17,113,904</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, 2023:

<u>Investments by Fair Value Level</u>	<u>Fair Value Measurements</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed Income:				
Bonds	<u>\$ 6,766,166</u>	<u>\$ 3,733,674</u>	<u>\$ 3,032,492</u>	<u>\$ -</u>
Equity and Equity Mutual funds:				
Domestic - Large Cap Core	7,331,955	7,331,955	-	-
Domestic - Small Cap Core	629,793	-	629,793	-
International	2,039,930	-	2,039,930	-
Total Equity and Equity Mutual Funds	<u>10,001,678</u>	<u>7,331,955</u>	<u>2,669,723</u>	<u>-</u>
Short - Term Funds	<u>346,060</u>	<u>346,060</u>	<u>-</u>	<u>-</u>
Total Investments by Fair Value Level	<u>\$ 17,113,904</u>	<u>\$ 11,411,689</u>	<u>\$ 5,702,215</u>	<u>\$ -</u>

Fixed Income, 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, 2023

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	\$ 102,200
Public Safety	354,063
Public Works	1,596,461
Culture and Recreation	123,962
Community Economic Development	464
Total Depreciation Expense	<u>\$ 2,177,150</u>
<u>Business-type Activities</u>	<u>Depreciation Expense</u>
Sewer	<u>\$ 830,649</u>

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CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2023

Note 4 - Capital Assets - (Continued)

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 721,845	\$ 60,882	\$ -	\$ 782,727
Construction in progress	259,904	-	(142,488)	117,416
Total capital assets not being depreciated	981,749	60,882	(142,488)	900,143
Capital assets being depreciated:				
Buildings & Building Improvements	14,617,545	275,920	-	14,893,465
Equipment	9,564,144	777,248	(230,103)	10,111,289
Land Improvements	2,470,576	-	-	2,470,576
Infrastructure	18,086,273	1,051,777	-	19,138,050
Total capital assets being depreciated	44,738,538	2,104,945	(230,103)	46,613,380
Less accumulated depreciation for:				
Buildings & Building Improvements	(4,856,747)	(404,268)	-	(5,261,015)
Equipment	(6,498,755)	(640,868)	230,103	(6,909,520)
Land Improvements	(1,176,600)	(90,277)	-	(1,266,877)
Infrastructure	(9,288,923)	(1,041,737)	-	(10,330,660)
Total accumulated depreciation	(21,821,025)	(2,177,150)	230,103	(23,768,072)
Total capital assets being depreciated, net	22,917,513	(72,205)	-	22,845,308
Government activities capital assets, net	<u>\$ 23,899,262</u>	<u>\$ (11,323)</u>	<u>\$ (142,488)</u>	<u>\$ 23,745,451</u>
<u>Business-Type Activities</u>				
Capital assets not being depreciated:				
Land	\$ 16,692	\$ -	\$ -	\$ 16,692
Construction in progress	67,908	12,210	-	80,118
Total capital assets not being depreciated	84,600	12,210	-	96,810
Capital assets being depreciated:				
Buildings & Building Improvements	298,671	40,504	-	339,175
Land Improvements	19,795	-	-	19,795
Equipment	31,949,989	753,670	-	32,703,659
Infrastructure	2,092,630	50,532	-	2,143,162
Total capital assets being depreciated:	34,361,085	844,706	-	35,205,791
Less accumulated depreciation for:				
Buildings & Building Improvements	(66,766)	(11,009)	-	(77,775)
Land Improvements	(1,048)	(1,477)	-	(2,525)
Equipment	(18,689,048)	(766,045)	-	(19,455,093)
Infrastructure	(268,685)	(52,118)	-	(320,803)
Total accumulated depreciation	(19,025,547)	(830,649)	-	(19,856,196)
Total capital assets being depreciated, net	15,335,538	14,057	-	15,349,595
Business-type activities capital assets, net	<u>\$ 15,420,138</u>	<u>\$ 26,267</u>	<u>\$ -</u>	<u>\$ 15,446,405</u>

Construction in progress amounts listed above includes capital projects not completed as of December 31, 2023. The projects are further discussed in Note 18.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2023

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, 2023, the face amount of Long-term account receivable is valued at \$970,000 with an unamortized present value adjustment of \$222,965.

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 millages as provided in the City Code.

Assessed value is 50% of market value. The City's taxable assessed value for 2023 was \$222,533,275. The real estate tax millage rate for 2023 was 19.5362 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, 2023

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 four 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, 2023 is \$79,927.

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, 2023 is \$6,081.

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 one 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 2022, City Council increased the earned income tax rate from seven-tenths of a percent to one percent. City residents pay 1.5% of earned income tax with 1% going to the City of St. Marys and .5% going to the St. Marys Area School District.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2023

Note 7 - Due From Other Governments

Due from other governments includes grant funds receivable from grantor agencies of \$224,708. Additionally, it also includes amounts due from the St. Marys Area Airport Authority and The Benzinger Township Municipal Golf Course Authority of \$113,020.

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 thirty days, is subject to an interest rate of 6 percent 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, 2023 was \$28,200, which will be refunded back to the City in 2024 through 2027.

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, 2023 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 are \$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, 2023

Note 8 - Interfund Balances

Interfund balances as December 31, 2023 consist of the following:

<u>Due To:</u>	<u>Due From:</u>			Totals
	General Fund	CDBG Fund	Sewage Treatment Fund	
General Fund	\$ -	\$ 6,801	\$ 49,625	\$ 56,426
Capital Reserve Fund	18,355	-	-	18,355
I & I Fund	-	-	34,256	34,256
Sewer Line Replace Fd	-	-	34,256	34,256
Totals	\$ 18,355	\$ 6,801	\$ 118,137	\$ 143,293

<u>Advance To:</u>	<u>Advance From:</u>	
	Capital Reserve Fund	Totals
Parking Garage Fund	\$ 286,696	\$ 286,696
Totals	\$ 286,696	\$ 286,696

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 \$202,033. 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, 2023 consisted of the following:

<u>Transfers To:</u>	<u>Transfer From:</u>			Totals
	General Fund	Liquid Fuels Tax Fund	Sewage Treatment Fund	
General Fund	\$ -	\$ 477,288	\$ -	\$ 477,288
Parking Garage Fund	20,000	-	-	20,000
Capital Reserve Fund	1,811,547	-	-	1,811,547
Debt Fund	218,307	-	-	218,307
Shade Tree Fund	16,000	-	-	16,000
Sewer Fund	-	-	853,559	853,559
I & I Fund	-	-	371,092	371,092
Sewer Line Replace Fd	-	-	587,172	587,172
Totals	\$ 2,065,854	\$ 477,288	\$ 1,811,823	\$ 4,354,965

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, 2023

Note 10 - Long-Term Debt

The following presents a summary of government long-term liability transactions of the City during the year ended December 31, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities					
Notes and Bonds Payable:					
Notes Payable	\$ 1,129,783	\$ -	\$ (199,948)	\$ 929,835	\$ 203,197
General Obligation Bonds - 2021	3,865,000	-	(300,000)	3,565,000	315,000
Plus: Bond Premium	306,682	-	(27,880)	278,802	-
Total Bonds	4,171,682	-	(327,880)	3,843,802	315,000
Total Notes & Bonds Payable	5,301,465	-	(527,828)	4,773,637	518,197
Compensated Absences*	176,164	10,891	-	187,055	28,058
Other Post-Employment Benefits*	191,284	-	(7,021)	184,263	3,659
Net Pension Liability:					
Police Pension*^	457,581	-	(457,581)	-	-
Non-Uniformed Pension*^	469,221	-	(469,221)	-	-
Total Net Pension Liability	926,802	-	(926,802)	-	-
Governmental Activities					
Long-Term Liabilities	<u>\$ 6,595,715</u>	<u>\$ 10,891</u>	<u>\$ (1,461,651)</u>	<u>\$ 5,144,955</u>	<u>\$ 549,914</u>
Business-Type Activities					
Notes Payable - Pennvest	\$ 299,640	\$ -	\$ (299,640)	\$ -	\$ -
Compensated Absences	28,525	3,086	-	31,611	4,742
Other Post-Employment Benefits	37,681	-	(5,546)	32,135	638
Business-Type Activities					
Long-Term Liabilities	<u>\$ 365,846</u>	<u>\$ 3,086</u>	<u>\$ (305,186)</u>	<u>\$ 63,746</u>	<u>\$ 5,380</u>

*The compensated absences, net pension liability and total other postemployment benefit liability have typically been liquidated in prior years by the General Fund.

^The Police Pension and Non-Uniformed Pension net pension liabilities are reported as net pension assets as of 12/31/2023.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2023

Note 10 - Long-Term Debt - (Continued)

A detailed summary of long-term debt outstanding at December 31, 2023 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 percent 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.	\$ 3,565,000
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 December 13, 2025, at \$109,154 with interest of 1.625 percent. This note is secured by future liquid fuels tax allocation (direct borrowing)	213,099
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 October 1, 2030, at \$109,154 with interest of 1.625 percent. This note is secured by future liquid fuels tax allocation (direct borrowing)	716,736
<u>\$ 6,150,000</u>		<u>\$ 4,494,835</u>

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2023

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
2024	\$ 518,197	\$ 116,110	\$ 634,307
2025	536,499	97,058	633,557
2026	445,701	77,202	522,903
2027	467,338	58,316	525,654
2028	474,001	49,353	523,354
2029-2033	2,053,099	111,908	2,165,007
	<u>\$ 4,494,835</u>	<u>\$ 509,947</u>	<u>\$ 5,004,782</u>
Deferred Amounts:			
Bond Premium	278,802		278,802
	<u>\$ 4,773,637</u>	<u>\$ 509,947</u>	<u>\$ 5,283,584</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 1.0 percent and after at \$27,396 monthly through maturity on November 1, 2023 with interest at 1.156 percent. Loan proceeds funded a portion of the permanent financing requirements for a sewer construction project. The loan was paid off in 2023. Currently there are no outstanding debt with the St. Marys Municipal Authority that the City guarantees.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2023

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. The current interest rate is 4.067%.

Year	Principal	Interest	Total
2024	\$ 56,118	\$ 17,502	\$ 73,620
2025	58,507	15,113	73,620
2026	60,951	12,669	73,620
2027	63,497	10,123	73,620
2028	66,127	7,493	73,620
2029	127,991	4,709	132,700
Totals	<u>\$ 433,191</u>	<u>\$ 67,609</u>	<u>\$ 500,800</u>

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, 2023

Note 10 - Long-Term Debt - (Continued)

Contingencies - (Continued)

B. Benzinger Township Golf Course Authority - Guaranteed Debt (Continued)

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, on the thirtieth day of each May through October, beginning on July 30, 2018 and continuing through June 30, 2027 at a rate of 3.5%. 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. The current interest rate is 4.125%.

Year	Principal	Interest	Total
2024	\$ 9,213	\$ 1,266	\$ 10,479
2025	9,606	873	10,479
2026	10,013	466	10,479
2027	3,154	82	3,236
Totals	<u>\$ 31,986</u>	<u>\$ 2,687</u>	<u>\$ 34,673</u>

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, 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 \$1,887, on the 26th day of each May through October, beginning on July 26, 2013 and continuing through June 26, 2023.

This loan was paid off in full on January 18, 2023.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023

Note 11 - Police Pension Plan

Employee Retirement Systems and Pension Plans

The aggregate amount of net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense for all pension plans was \$462,937, \$1,286,608, \$1,131,698, and \$334,984), respectively, for the year ended December 31, 2023.

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.

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.

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.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2023

Note 11 - Police Pension Plan - (Continued)

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, 2023

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 5.0% of pay (plus \$5.00 per month until age 65). Member contributions are credited with 4.5% 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.

	<u>Police Plan</u>
MMO	<u>\$ 219,117</u>
Contributions:	
City	\$ -
Allocation of State Aid	<u>223,853</u>
Total	<u>\$ 223,853</u>
Employee	<u>58,873</u>
Total Contributions	<u>\$ 282,726</u>
Covered Payroll	<u>\$ 1,066,022</u>
Employee contributions as a % of covered payroll	5.52%

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, 2023

Membership of the plan consisted of the following at December 31, 2023, 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	15 ¹
Inactive Members Entitled to but not yet Receiving Benefits	-
Active Members	<u>14</u>
Total Membership	<u>29</u>

¹ Includes 1 member in the DROP.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023

Note 11 - Police Pension Plan - (Continued)

Net Pension Liability

The net pension liability was measured as of December 31, 2023, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2023. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

	Police Pension Plan
Total Pension Liability	\$ 10,840,456
Plan Fiduciary Net Position	(11,276,242)
Net Pension Liability (Asset)	<u>\$ (435,786)</u>
Plan fiduciary net position as a percentage of the total pension Liability	<u>104.02%</u>

Changes in the Net Pension Liability

The changes in the net pension liability (asset) of the City for the year ended December 31, 2023, were as follows:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance as of 12/31/2022	\$ 10,522,431	\$ 10,064,850	\$ 457,581
Service Cost	276,498	-	276,498
Interest Cost	725,439	-	725,439
Changes of Benefit Terms	-	-	-
Changes for Experience	(187,127)	-	(187,127)
Changes of Assumptions	-	-	-
Contributions - Employer	-	223,853	(223,853)
Contributions - Member	-	58,873	(58,873)
Net Investment Income ^{1,2}	-	1,432,881	(1,432,881)
Benefit Payments, Including Refunds of Member Contributions	(496,785)	(496,785)	-
Administrative Expenses	-	(7,430)	7,430
Other Charges	-	-	-
Net Changes	<u>\$ 318,025</u>	<u>\$ 1,211,392</u>	<u>\$ (893,367)</u>
Balance as of 12/31/2023 ³	<u>\$ 10,840,456</u>	<u>\$ 11,276,242</u>	<u>\$ (435,786)</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)			<u>104.02%</u>

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 Includes Drop account balances of \$0 at 12/31/2022 and \$0 at 12/31/2023.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023

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	\$ 994,776	\$ (435,786)	\$ (1,609,119)

Actuarial Assumptions

The total pension liability in the January 1, 2023 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-2021 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, 2023

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, 2023, the annual money-weighted rate of return for the City of Saint Marys Police Pension Fund account is 15.34%.

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, 2023, the City recognized pension expense of \$143,221. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police Pension
<u>Deferred Outflow of Resources:</u>	
Change of Assumptions	\$ 365,999
Difference Between Projected and Actual Investment Earnings on Pension Plans	<u>373,798</u>
Total deferred outflows of resources	<u>\$ 739,797</u>
	Police Pension
<u>Deferred Inflows of Resources:</u>	
Difference Between Expected and Actual Experience	\$ (518,026)
Difference Between Projected and Actual Investment Earnings on Pension Plans	<u>-</u>
Total deferred inflows of resources	<u>\$ (518,026)</u>

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2023

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>		
2024	\$	69,835
2025		74,430
2026		230,414
2027		(99,444)
2028		(26,732)
2029		<u>(26,732)</u>
Total	\$	<u><u>221,771</u></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 all 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, payments to the surviving spouse continue until the earlier of the date the remarry or the date of their death. January 24, 2001, members, the amount of monthly pension is equal to 30% of final monthly average pay, plus 1% 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. Society 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, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2023

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 six 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, is killed in service, a death benefit is payable to their surviving spouse equal to 50% of the benefit the member would have been receiving if they had been retired on the date of death. Payments to the surviving spouse continue the earlier of the date the remarry or the date of their death. If a member dies and is not eligible for a surviving spouse benefit, 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%
1	14.25%
2	28.50%
3	42.75%
4	57%
5	71.25%
6	85.50%
7 or More Years	100.00%

There are no vesting for post January 23, 2021, members

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023

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 1.0% 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 4% of pay plus 1.5% of pay in excess of the Social Security wage base. Member contributions for pre January 24, 2001, members are credited with 5% 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
	<hr/>
MMO	\$ 126,283
	<hr/>
Contributions:	
City	\$ -
Allocation of State Aid	129,013
Total	129,013
	<hr/>
Employee	70,411
Total Contributions	\$ 199,424
	<hr/>
Covered Payroll	\$ 2,071,675
	<hr/>
Employee contributions as a % of covered payroll	3.40%
	<hr/>

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2023

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, 2023

Membership of the plan consisted of the following at December 31, 2022, 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	21
Inactive Members Entitled to but not yet Receiving Benefits	1
Active Members	<u>36</u>
Total Membership	<u><u>58</u></u>

Net Pension Liability

The net pension liability was measured as of December 31, 2023, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2023. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

	Non-Uniformed Pension Plan
	<u> </u>
Total Pension Liability	\$ 5,985,136
Plan Fiduciary Net Position	<u>(6,012,287)</u>
Net Pension Liability (Asset)	<u><u>\$ (27,151)</u></u>
Plan fiduciary net position as a percentage of the total pension Liability	<u><u>100.45%</u></u>

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2023

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	\$ 727,978	\$ (27,151)	\$ (663,046)

Changes in the Net Pension Liability (Asset)

The changes in the net pension liability (asset) of the City for the year ended December 31, 2023, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance as of 12/31/2022	\$ 5,776,108	\$ 5,306,887	\$ 469,221
Service Cost	186,829	-	186,829
Interest Cost	399,468	-	399,468
Changes of Benefit Terms ³	95,722	-	95,722
Changes for Experience	(230,968)	-	(230,968)
Changes of Assumptions	-	-	-
Contributions - Employer	-	129,013	(129,013)
Contributions - Member	-	70,411	(70,411)
Net Investment Income ^{1,2}	-	757,272	(757,272)
Benefit Payments, Including Refunds of			
Member Contributions	(242,023)	(242,023)	-
Administrative Expenses	-	(9,273)	9,273
Other Charges	-	-	-
Net Changes	\$ 209,028	\$ 705,400	\$ (496,372)
Balance as of 12/31/2023	\$ 5,985,136	\$ 6,012,287	\$ (27,151)
Plan fiduciary net position as a percentage of the total pension liability (asset)			<u>100.45%</u>

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 In 2022 the Non-Uniformed Pension plan benefit were increased for employees hired after January 23, 2001

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2023

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

Actuarial Assumptions

The total pension liability in the January 1, 2023 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 PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2021 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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, 2023, the annual money-weighted rate of return for the City of Saint Marys Non-Uniformed Pension Fund account is 15.33%.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2023

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, 2023, the City recognized pension expense of \$191,763. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Non-Uniformed Pension
<u>Deferred Outflow of Resources:</u>	
Change of Assumptions	\$ 344,211
Difference Between Projected and Actual Investment Earnings on Pension Plan	<u>202,600</u>
Total deferred outflows of resources	<u><u>\$ 546,811</u></u>
	Non-Uniformed Pension
<u>Deferred Inflows of Resources:</u>	
Difference Between Expected and Actual Experience	\$ (613,672)
Difference Between Projected and Actual Investment Earnings on Pension Plan	<u>-</u>
Total deferred inflows of resources	<u><u>\$ (613,672)</u></u>

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2023

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,	
2024	\$ 34,805
2025	38,079
2026	120,869
2027	(105,085)
2028	(35,773)
2029	(35,768)
2030-2033	<u>(83,988)</u>
Total	<u>\$ (66,861)</u>

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	<u>\$ 96,603</u>	<u>\$ 35,233</u>	<u>\$ 131,836</u>
Investments, at Fair Value:			
Money Market	218,381	127,679	346,060
U.S. Government Obligations	301,886	161,866	463,752
U.S. Government Related Obligations	2,651,254	1,419,309	4,070,563
Corporate Bonds	1,191,333	635,297	1,826,630
Domestic Equities	5,190,537	2,771,211	7,961,748
Non US Agency	264,619	140,602	405,221
International Mutual Funds	<u>1,327,853</u>	<u>712,077</u>	<u>2,039,930</u>
Total Investments	<u>11,145,863</u>	<u>5,968,041</u>	<u>17,113,904</u>
Interfund Receivables	<u>40,926</u>	<u>18,163</u>	<u>59,089</u>
Total Assets	<u>\$ 11,283,392</u>	<u>\$ 6,021,437</u>	<u>\$ 17,304,829</u>
<u>LIABILITIES</u>			
Accounts Payable	<u>\$ 7,150</u>	<u>\$ 9,150</u>	<u>\$ 16,300</u>
Total Liabilities	<u>\$ 7,150</u>	<u>\$ 9,150</u>	<u>\$ 16,300</u>
<u>NET POSITION</u>			
Restricted for Pensions	<u>\$ 11,276,242</u>	<u>\$ 6,012,287</u>	<u>\$ 17,288,529</u>
Total Net Position	<u>\$ 11,276,242</u>	<u>\$ 6,012,287</u>	<u>\$ 17,288,529</u>

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2023

Note 13 - Combined Financial Statements for Pension Plans (Continued) Schedule of Changes in Fiduciary Net Position

	Police Pension Plan	Non-Uniformed Employees Pension Plan	Total
<u>ADDITIONS</u>			
Contributions:			
Plan Members	\$ 58,873	\$ 70,411	\$ 129,284
City Contributions, includes state aid	223,853	129,013	352,866
Total Contributions	<u>282,726</u>	<u>199,424</u>	<u>482,150</u>
Net Investment Income:			
Net Appreciation (Depreciation) in fair value of Investments	1,123,461	579,643	1,703,104
Interest/Dividends	355,909	202,231	558,140
Total Investment Income (Loss)	1,479,370	781,874	2,261,244
Less Investment Expense	<u>(46,489)</u>	<u>(24,602)</u>	<u>(71,091)</u>
Net Investment Income	<u>1,432,881</u>	<u>757,272</u>	<u>2,190,153</u>
Total Additions	<u>1,715,607</u>	<u>956,696</u>	<u>2,672,303</u>
<u>DEDUCTIONS</u>			
Benefits	496,785	242,023	738,808
Administrative Expenses	<u>7,430</u>	<u>9,273</u>	<u>16,703</u>
Total Deductions	<u>504,215</u>	<u>251,296</u>	<u>755,511</u>
Change in Net Position	1,211,392	705,400	1,916,792
Net Position - Beginning	<u>10,064,850</u>	<u>5,306,887</u>	<u>15,371,737</u>
Net Position - Ending	<u>\$ 11,276,242</u>	<u>\$ 6,012,287</u>	<u>\$ 17,288,529</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, 2023 is \$319,109.

Plan Membership at December 31, 2023

Membership of the plan consisted of the following as of December 31, 2023, the date of the latest actuarial reporting for the purpose of Governmental Accounting Standards Board Statements No. 75:

Active Participants	28
Vested Former Participants	-
Retired Participants	<u>2</u>
Total Membership	<u><u>30</u></u>

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023

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

Total OPEB Liability

The City's total OPEB liability of \$216,398 was measured as of January 1, 2023 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, 2022; and rolled forward to December 31, 2023, using the following actuarial assumptions, applied to all periods in the measurement:

- Actuarial Cost Method - Entry Age Normal Cost
- Discount Rate - 4.31%
- 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-2021
- 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 4.75%
- Healthcare Cost Trend Rates - 7.0% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% 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 January 1, 2023.

Changes in the Total OPEB Liability

The changes in the net OPEB liability for the City for year ended December 31, 2023 were as follows:

	Total OPEB Liability
Balance as of January 1, 2022	<u>\$ 228,965</u>
Charges for the year:	
Service Cost	16,166
Interest	5,463
Changes of Benefit Terms	-
Differences between Expected and Actual Experience	-
Changes of Assumptions	(29,899)
Benefit Payments	(4,297)
Other Changes	<u>-</u>
Net Changes	<u>(12,567)</u>
Balance as of January 1, 2023	<u><u>\$ 216,398</u></u>

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2023

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

Changes in the Total OPEB Liability (Continued)

Changes in Actuarial Assumptions - The discount rate changed from 2.25% to 4.31%. The trend and mortality assumptions were updated.

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 5.31%	Current Discount Rate 4.31%	1% Decrease 3.31%
Net OPEB Liability (Asset)	\$ 202,108	\$ 216,398	\$ 231,012

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 8% - 6.5%	Healthcare Cost Trend Rates 7% - 5.5%	1% Decrease 6% - 4.5%
Net OPEB Liability (Asset)	\$ 245,800	\$ 216,398	\$ 191,396

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

For the year ended December 31, 2023, the City recognized an OPEB expense of \$16,959. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following source:

	Deferred Outflows of Resources
Changes in Experience	\$ 12,906
Changes of Assumptions	23,444
Employer Contributions after the Measurement Date	3,754
Total	<u>\$ 40,104</u>
	Deferred Inflows of Resources
Changes of Assumptions	\$ (31,675)
Changes in Experience	(28,805)
	<u>\$ (60,480)</u>

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023

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, 2024	\$	(2,911)
December 31, 2025		(2,911)
December 31, 2026		(2,911)
December 31, 2027		(2,911)
December 31, 2028		(2,911)
Thereafter		(5,821)
	\$	<u>(20,376)</u>

Note 15 - Lessor

In accordance with GASB Statement No. 87, *Leases*, the City's lessor activity is as follows:

The City entered into a lease arrangement on April 29, 2013, to lease office space. The term of this lease shall extend for an initial term of twelve years from the date of regulatory approval (August, 2013). Payments of \$4,108 are due to the City in monthly installments, through July 2035. The lease agreement is noncancelable and maintains an interest rate of 1.338%. During the fiscal year, the City collected \$49,296 and recognized a \$45,108 reduction in the related deferred inflow of resource. As of December 31, 2023, the remaining lease receivable and offsetting deferred inflow of resources for the agreement is \$528,690 and \$522,435, respectively.

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, 2024.

**CITY OF SAINT MARYS,
PENNSYLVANIA**

**NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2023**

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
<i>Nonspendable</i>				
Prepaid items	\$ 152,888	\$ -	\$ -	\$ 3,615
Total	<u>\$ 152,888</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,615</u>

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, CDBG Fund and the Liquid Fuels Tax Fund.

	General	Parking Garage	Capital Reserve	Other Governmental
<i>Restricted</i>				
Debt service	\$ -	\$ -	\$ -	\$ 434,090
Street lighting	-	-	-	227,631
Fire protection	-	-	-	280,689
Recreation	-	-	-	533,169
Library	-	-	-	2,595
Ambulance	-	-	-	468
Fire hydrant	-	-	-	13,402
Liquid fuels tax	-	-	-	526
Capital projects	-	-	-	5,623
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,498,193</u>

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, Airport Industrial Park Fund, and the Capital Reserve Fund.

	General	Parking Garage	Capital Reserve	Other Governmental
<i>Committed</i>				
Shade Tree	\$ -	\$ -	\$ -	\$ 15,926
Airport	-	-	-	50,666
Capital projects	-	-	3,726,192	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,726,192</u>	<u>\$ 66,592</u>

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 \$319,109 to future compensated absences and other post-employment benefits and \$154,704 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, 2023

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, 2023, the City had 5 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, 2023.

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 \$70,252 towards the comprehensive plan in 2023. 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, 2023.

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, 2023

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 2.7million dollars. The City has applied for grant funding of 1.5 million dollars for this sewer replacement project. As of December 31, 2023 the City has spent \$67,908 in engineering cost to KLH Engineers, Inc. The project is expected to be completed in 2024 with the anticipation of using user fees to cover the cost of the project.

In April of 2023, the City was awarded a grant from the Commonwealth Financing Authority of \$410,757 to help cover the cost of the sewer line replacement 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.

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2023

Note 21 - 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. 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

GASB Statement No. 102 - Certain Risk Disclosures

GASB Statement No. 103 - Financial Reporting Model Improvements

GASB Statement No. 104 - Disclosure of Certain Capital Assets

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

Note 22- Subsequent Events

The City has evaluated subsequent events through February 28, 2025 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*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:									
Service Cost	\$ 276,498	\$ 258,874	\$ 247,135	\$ 242,616	\$ 231,063	\$ 221,810	\$ 211,248	\$ 174,959	\$ 166,628
Interest	725,439	704,093	672,078	648,435	615,131	634,372	599,881	567,156	536,217
Differences between expected and actual experience	(187,127)	-	(2,388)	-	(950,052)	-	(126,548)	-	-
Changes of assumptions	-	-	523,936	-	177,617	-	140,026	-	-
Benefit payments, including refunds of member contributions	(496,785)	(480,267)	(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	318,025	482,700	886,752	517,035	(291,212)	525,157	432,020	423,598	424,050
Total Pension Liability - Beginning	10,522,431	10,039,731	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)	\$ 10,840,456	\$ 10,522,431	\$ 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	\$ 223,853	\$ 196,179	\$ 200,505	\$ 226,754	\$ 228,667	\$ 187,356	\$ 107,375	\$ 112,960	\$ 208,639
Contributions - member	58,873	56,464	48,900	47,682	53,465	51,911	46,451	46,071	47,395
Net investment income	1,432,881	(1,325,783)	1,499,744	753,608	1,525,320	(416,352)	1,030,565	549,503	(82,164)
Benefit payments, including refunds of members contributions	(496,785)	(480,262)	(464,505)	(374,016)	(364,971)	(331,025)	(392,587)	(318,517)	(278,795)
Administrative expense	(7,430)	(21,117)	-	(4,190)	(12,030)	(13,316)	(8,550)	(4,420)	(8,280)
Prior period adjustment	-	-	(88,953)	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	1,211,392	(1,574,519)	1,195,691	649,838	1,430,451	(521,426)	783,254	385,597	(113,205)
Plan Fiduciary Net Position - Beginning	10,064,850	11,639,369	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)	\$ 11,276,242	\$ 10,064,850	\$ 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)	\$ (435,786)	\$ 457,581	\$ (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	104.02%	95.65%	115.93%	114.10%	113.41%	93.68%	105.75%	101.65%	102.25%
Covered Payroll	\$ 1,066,022	\$ 1,107,886	\$ 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 Employee Payroll	(40.88%)	41.30%	(166.22%)	(137.53%)	(127.61%)	55.27%	(47.23%)	(14.75%)	(16.51%)

In 2021, the changes in assumptions related to changes in the discount rate, inflation rate, salary increases, investment rate of return, and mortality rate.

* 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*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:									
Service Cost	\$ 186,829	\$ 140,863	\$ 134,475	\$ 127,670	\$ 121,590	\$ 110,060	\$ 104,819	\$ 87,921	\$ 83,734
Interest	399,468	386,157	370,045	386,764	365,341	340,010	321,748	305,805	292,340
Differences between expected and actual experience	(230,968)	-	(451,364)	-	(134,416)	-	(193,742)	-	-
Changes of assumptions	-	-	318,385	-	208,289	-	177,203	-	-
Changes of benefit terms*	95,722	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(242,023)	(253,146)	(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	209,028	273,874	63,193	305,280	355,206	260,234	223,217	217,511	150,835
Total Pension Liability - Beginning	5,776,108	5,502,234	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)	\$ 5,985,136	\$ 5,776,108	\$ 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	\$ 129,013	\$ 105,805	\$ 117,595	\$ 88,371	\$ 93,925	\$ 93,707	\$ 49,571	\$ 46,476	\$ 131,202
Contributions - member	70,411	59,541	51,644	52,408	49,028	45,277	42,614	39,828	35,684
Net investment income	757,272	(704,981)	783,730	400,256	800,540	(232,499)	548,950	284,128	(21,636)
Benefit payments, including refunds of members contributions	(242,023)	(253,146)	(304,597)	(209,154)	(205,598)	(189,836)	(186,811)	(176,215)	(225,239)
Administrative expense	(9,273)	(28,154)	-	(3,200)	(9,777)	(11,820)	(8,900)	(2,650)	(8,770)
Prior period adjustment	-	-	(3,751)	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	705,400	(820,935)	644,621	328,681	728,118	(295,171)	445,424	191,567	(88,759)
Plan Fiduciary Net Position - Beginning	5,306,887	6,127,822	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)	\$ 6,012,287	\$ 5,306,887	\$ 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)	\$ (27,151)	\$ 469,221	\$ (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	100.45%	91.88%	111.37%	100.81%	100.40%	92.63%	104.50%	99.56%	100.17%
Covered Payroll	\$ 2,071,675	\$ 2,024,500	\$ 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 Employee Payroll	(1.31%)	23.18%	(34.76%)	(2.55%)	(1.16%)	20.62%	(13.14%)	1.26%	(0.50%)

In 2021, the changes in assumptions related to changes in the discount rate, salary increases, and mortality rate.

* Changes of benefit terms - In 2022 the Non-Uniformed Pension plan benefits were increased for employees hired after January 23, 2001.

* * 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*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
POLICE PENSION PLAN:									
Schedule of City's Contributions									
Actuarially determined contribution	\$ 219,117	\$ 196,179	\$ 200,505	\$ 221,181	\$ 220,674	\$ 97,574	\$ 102,060	\$ 112,960	\$ 208,639
Contributions in relation to the actuarially determined contribution	223,853	196,179	200,505	226,754	228,666	187,356	107,375	112,960	208,639
Contributions deficiency (excess)	\$ (4,736)	\$ -	\$ -	\$ (5,573)	\$ (7,992)	\$ (89,782)	\$ (5,315)	\$ -	\$ -
Covered payroll	\$ 1,066,022	\$ 1,107,886	\$ 962,394	\$ 938,482	\$ 907,349	\$ 1,020,071	\$ 1,022,221	\$ 892,151	\$ 1,026,975
Contributions as a percentage of covered employee payroll	21.00%	17.71%	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	15.34%	(6.46%)	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	\$ 126,283	\$ 103,091	\$ 117,595	\$ 86,199	\$ 90,642	\$ 48,802	\$ 47,117	\$ 46,476	\$ 131,202
Contributions in relation to the actuarially determined contribution	129,013	105,805	117,595	88,371	93,925	93,707	49,571	46,476	131,202
Contributions deficiency (excess)	\$ (2,730)	\$ (2,714)	\$ -	\$ (2,172)	\$ (3,283)	\$ (44,905)	\$ (2,454)	\$ -	\$ -
Covered payroll	\$ 2,071,675	\$ 2,024,500	\$ 1,799,769	\$ 1,731,235	\$ 1,793,139	\$ 1,707,517	\$ 1,547,061	\$ 1,502,150	\$ 1,386,748
Contributions as a percentage of covered employee payroll	6.23%	5.23%	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	15.33%	(6.33%)	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.

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES
PENSION TRUST FUNDS
ACTUARIAL METHODS AND ASSUMPTIONS
YEAR ENDED DECEMBER 31, 2023

	Police Plan	Non-Uniformed Plan
Actuarial valuation date	1/1/2023	1/1/2023
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	4 Years
Actuarial assumptions:		
Investment rate of return	7.00%	7.00%
Projected salary increases	4.75%	4.75%
Inflation rate	3.00%	3.00%
Retirement Age	Normal Retirement Age	Age 63 and completion of 20 years
Mortality table	<p>PubS-2010 mortality table - includes rates for disabled retirees and contingent survivors.</p> <p>Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.</p>	<p>PubG-2010 mortality table - includes rates for disabled retirees and contingent survivors.</p> <p>Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.</p>
Changes in benefit terms:	None since 1/1/2021	The plan was amended to add vesting provisions and survivor benefits and increase member contributions for employees hired on or after January 24, 2001, and whose termination occurs after November 15, 2022.

Note: Changes of assumptions:

For Year 2023: Investment rate of return was changed from 7.5% to 7% for both pension plans
 Projected salary increases was changed from 5% to 4.75% for both pension plans.

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*

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service Cost	\$ 16,166	\$ 19,203	\$ 15,059	\$ 11,589	\$ 11,991	\$ 10,406
Interest	5,463	5,070	7,674	7,447	6,566	7,414
Changes of Benefit Terms	-	-	-	-	-	-
Differences between Expected and Actual Experience	-	(32,919)	-	17,206	-	-
Changes of Assumptions or other inputs	(29,899)	(69)	16,914	7,544	(5,374)	6,745
Benefit Payments	(4,297)	(12,715)	(20,945)	(11,106)	(21,768)	(13,953)
Net change in Total OPEB liability	(12,567)	(21,430)	18,702	32,680	(8,585)	10,612
Total OPEB Liability - Beginning	228,965	250,395	231,693	199,013	207,598	196,986
Total OPEB Liability - Ending	<u>\$ 216,398</u>	<u>\$ 228,965</u>	<u>\$ 250,395</u>	<u>\$ 231,693</u>	<u>\$ 199,013</u>	<u>\$ 207,598</u>
Covered -employee payroll	\$ 1,568,269	\$ 1,568,269	\$ 1,793,140	\$ 1,793,140	\$ 1,520,404	\$ 1,520,404
Total OPEB Liability as a percentage of covered-employee payroll	13.80%	14.60%	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>	4.31%	2.25%	1.93%	3.26%	3.64%	3.16%
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The trend assumption was updated. The mortality improvement scale stayed the same, using Scale MP-2021.

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, 2023

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 6,326,240	\$ 6,326,240	\$ 6,901,304	\$ 575,064
Intergovernmental	754,682	754,682	1,289,195	534,513
Charges for Services	288,726	288,726	309,792	21,066
Licenses and Permits	16,350	16,350	14,368	(1,982)
Fines and Forfeitures	65,500	65,500	69,954	4,454
Interest Earnings	40,213	40,213	219,270	179,057
Rents & Royalties	70,087	70,087	65,899	(4,188)
Miscellaneous	257,795	257,795	234,930	(22,865)
Total Revenues	7,819,593	7,819,593	9,104,712	1,285,119
Expenditures:				
Current:				
General Government	1,529,427	1,529,427	1,430,773	(98,654)
Public Safety	2,508,348	2,508,348	2,436,780	(71,568)
Public Works	2,944,147	2,944,147	2,483,630	(460,517)
Human Services	8,000	8,000	9,745	1,745
Community and Economic Development	180,605	180,605	71,839	(108,766)
Culture and Recreation	25,612	25,612	26,535	923
Capital Outlays	-	-	399,355	399,355
Other	143,761	143,761	141,940	(1,821)
Total Expenditures	7,339,900	7,339,900	7,000,597	(339,303)
Excess (Deficiency) of Revenues over Expenditures	479,693	479,693	2,104,115	1,624,422
Other Financing Sources (Uses):				
Assignments	97,567	97,567	-	(97,567)
Transfers In	553,692	553,692	477,288	(76,404)
Transfers Out	(1,130,952)	(1,130,952)	(2,065,854)	(934,902)
Total Other Financing Sources (Uses)	(479,693)	(479,693)	(1,588,566)	(1,108,873)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	-	515,549	515,549
Fund Balance - Beginning	3,808,705	3,808,705	3,808,705	-
Fund Balance - Ending	\$ 3,808,705	\$ 3,808,705	\$ 4,324,254	\$ 515,549

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO BUDGETARY COMPARISON SCHEDULES

December 31, 2023

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

NOTES TO BUDGETARY COMPARISON SCHEDULES December 31, 2023

Note 1 - Budgetary Information - (Continued)

- 8) After advertisement and public hearing, Council shall, before the beginning of the new fiscal year, adopt a final budget by a majority vote of all Council Members. If Council for any reason shall fail to adopt a budget before the start of the new fiscal year, the appropriations of the preceding year, prorated on a month-to-month basis, shall be considered adopted temporarily pending adoption of a final budget.
- 9) At the time of adopting the annual budget, Council shall simultaneously by ordinance levy sufficient taxes from authorized sources which, with other revenues and available receipts and balances, will provide for a balanced budget.
- 10) In any year following a municipal election Council may, within forty-five days after the start of the fiscal year, revise the budget and tax levies adopted by the previous Council. The procedures for adopting a revised budget shall be in accordance with the above, except that the final budget shall be adopted no later than February 15. A revised budget shall be effective as of the start of the fiscal year and shall rescind and replace the budget previously adopted by Council.
- 11) No contract or expenditure shall be made by the City which would exceed the appropriation provided in the budget. Council may at any time amend the operating budget; but changes in appropriations, either increases or decreases, shall be made only pursuant to action of Council authorizing such changes. Supplemental appropriations may be made by Council in the event that revenues are found and certified by the Manager to exceed estimates in the budget. If the Manager certifies that revenues will fall short of estimates in the budget, the Manager shall recommend reductions and appropriations to offset the deficiency in revenues; and Council shall make necessary adjustments in appropriations to maintain a balance budget. All appropriations shall lapse at the end of the fiscal year.
- 12) In the event of a genuine emergency unanticipated at the time the budget was adopted, Council may make appropriations to meet the emergency. If there are no available unappropriated revenues to meet the emergency, Council may authorize the issuance of unfunded debt in accordance with the Local Government Unit Debt Act. Operating expenses shall neither be appropriated nor paid out of loan funds, except to meet genuine emergencies.

CITY OF SAINT MARYS,
PENNSYLVANIA

OTHER

SUPPLEMENTARY

INFORMATION

CITY OF SAINT MARYS, PENNSYLVANIA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2023

	Special Revenue Funds												Totals
	Debt	Street	Fire				Fire	Liquid	Shade	Community	Keystone	Airport	
	Service	Lighting	Protection	Recreation	Library	Ambulance	Hydrant	Fuels Tax	Tree	Development	Community	Industrial	
	Fund	Tax Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	
<u>ASSETS</u>													
Cash and Cash Investments	\$ 427,813	\$ 241,016	\$ 286,751	\$ 651,676	\$ 687	\$ 139	\$ 12,415	\$ 526	\$ 15,926	\$ 1,432	\$ -	\$ 50,666	1,689,047
Taxes Receivable	30,513	8,054	22,372	26,364	9,276	1,599	4,798	-	-	-	-	-	102,976
Due from other Governments	69,820	-	-	-	-	-	-	-	-	16,406	-	-	86,226
Allowance for Uncollectible Due From Other Governments	(69,820)	-	-	-	-	-	-	-	-	-	-	-	(69,820)
Prepaid Items	-	-	3,207	408	-	-	-	-	-	-	-	-	3,615
Total Assets	\$ 458,326	\$ 249,070	\$ 312,330	\$ 678,448	\$ 9,963	\$ 1,738	\$ 17,213	\$ 526	\$ 15,926	\$ 17,838	\$ -	\$ 50,666	\$ 1,812,044
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</u>													
Liabilities:													
Accounts Payable & Payroll Taxes	\$ -	\$ 15,030	\$ 10,668	\$ 6,374	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,075	\$ -	\$ -	\$ 37,147
Accrued Liabilities	-	-	-	2,423	-	-	-	-	-	-	-	-	2,423
Interfund Payables	-	-	-	-	-	-	-	-	-	6,801	-	-	6,801
Unearned Revenue	-	-	-	115,137	-	-	-	-	-	339	-	-	115,476
Total Liabilities	-	15,030	10,668	123,934	-	-	-	-	-	12,215	-	-	161,847
Deferred Inflows of Resources:													
Unavailable Revenues - Real Estate Taxes	24,236	6,409	17,766	20,937	7,368	1,270	3,811	-	-	-	-	-	81,797
Total Deferred Inflows of Resources	24,236	6,409	17,766	20,937	7,368	1,270	3,811	-	-	-	-	-	81,797
Fund Balances:													
Non-spendable	-	-	3,207	408	-	-	-	-	-	-	-	-	3,615
Restricted	434,090	227,631	280,689	533,169	2,595	468	13,402	526	-	5,623	-	-	1,498,193
Committed	-	-	-	-	-	-	-	-	15,926	-	-	50,666	66,592
Total Fund Balances	434,090	227,631	283,896	533,577	2,595	468	13,402	526	15,926	5,623	-	50,666	1,568,400
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 458,326	\$ 249,070	\$ 312,330	\$ 678,448	\$ 9,963	\$ 1,738	\$ 17,213	\$ 526	\$ 15,926	\$ 17,838	\$ -	\$ 50,666	\$ 1,812,044

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, 2023

	Special Revenue Funds												
	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	Totals
Revenues:													
Taxes	\$ 422,952	\$ 110,854	\$ 310,329	\$ 374,493	\$ 128,570	\$ 22,167	\$ 66,502						\$ 1,435,867
Intergovernmental	-	-	-	14,450	-	-	-	\$ 471,308		\$ 178,313	\$ 23,749	\$ -	687,820
Charges for Services	-	-	-	136,722	-	-	-	-		-	-	-	136,722
Interest Earnings	25,269	9,227	5,285	11,349	17	2	1,205	5,228	\$ 10	-	-	\$ 36	57,628
Rents & Royalties	-	-	-	363	-	-	-	-	-	-	-	-	363
Miscellaneous	83	22	60	76,416	25	5	13	-	1,942	5,623	-	-	84,189
Total Revenues	448,304	120,103	315,674	613,793	128,612	22,174	67,720	476,536	1,952	183,936	23,749	36	2,402,589
Expenditures:													
Current:													
Public Safety	-	-	168,064	-	-	22,450	67,635	-	-	-	-	-	258,149
Public Works	-	100,993	-	-	-	-	-	-	-	-	-	-	100,993
Community and Economic Development	-	-	-	-	-	-	-	-	-	178,313	23,749	-	202,062
Culture and Recreation	-	-	-	452,250	131,100	-	-	-	14,566	-	-	-	597,916
Debt Service:													
Principal	499,948	-	-	-	-	-	-	-	-	-	-	-	499,948
Interest	134,359	-	-	-	-	-	-	-	-	-	-	-	134,359
Capital Outlays	-	-	78,295	20,680	-	-	-	-	-	-	-	-	98,975
Other	721	5	15	18	6	1	39	-	-	2,851	-	-	3,656
Total Expenditures	635,028	100,998	246,374	472,948	131,106	22,451	67,674	-	14,566	181,164	23,749	-	1,896,058
Excess (Deficiency) of Revenues over Expenditures	(186,724)	19,105	69,300	140,845	(2,494)	(277)	46	476,536	(12,614)	2,772	-	36	506,531
Other Financing Sources (Uses):													
Capital Asset Sales	-	-	-	-	-	-	-	-	-	-	-	10,000	10,000
Transfers In	218,307	-	-	-	-	-	-	-	16,000	-	-	-	234,307
Transfers Out	-	-	-	-	-	-	-	(477,288)	-	-	-	-	(477,288)
Total Other Financing Sources (Uses)	218,307	-	-	-	-	-	-	(477,288)	16,000	-	-	10,000	(232,981)
Net Changes in Fund Balance	31,583	19,105	69,300	140,845	(2,494)	(277)	46	(752)	3,386	2,772	-	10,036	273,550
Fund Balance/Deficit - Beginning	402,507	208,526	214,596	392,732	5,089	745	13,356	1,278	12,540	2,851	-	40,630	1,294,850
Fund Balance/Deficit - Ending	\$ 434,090	\$ 227,631	\$ 283,896	\$ 533,577	\$ 2,595	\$ 468	\$ 13,402	\$ 526	\$ 15,926	\$ 5,623	\$ -	\$ 50,666	\$ 1,568,400

CITY OF SAINT MARYS, PENNSYLVANIA

COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2023

	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	\$ 1,739,278	\$ 998,755	\$ 443,176	\$ 3,134,981	\$ 594,282	\$ -	\$ 6,910,472
Accounts Receivable, Net	985,778	-	-	9,297	22,735	-	1,017,810
Interfund Receivables	-	-	34,256	34,256	-	(68,512)	-
Due from Other Governments	-	-	-	-	120,000	(60,875)	59,125
Prepaid Items	14,164	-	-	-	-	-	14,164
Total Current Assets	2,739,220	998,755	477,432	3,178,534	737,017	(129,387)	8,001,571
Noncurrent Assets:							
Restricted Cash	-	-	-	-	171,223	-	171,223
Capital Assets:							
Construction in Progress	-	12,140	59,701	8,277	-	-	80,118
Infrastructure	1,331,314	137,858	648,849	25,141	-	-	2,143,162
Land	11,692	-	-	-	5,000	-	16,692
Buildings and Building Improvements	150,080	189,095	-	-	-	-	339,175
Equipment	1,906,452	1,399,722	17,107	117,699	29,262,679	-	32,703,659
Land Improvements	-	19,795	-	-	-	-	19,795
Accumulated Depreciation	(1,919,724)	(309,087)	(66,951)	(11,770)	(17,548,664)	-	(19,856,196)
Total Noncurrent Assets	1,479,814	1,449,523	658,706	139,347	11,890,238	-	15,617,628
Total Assets	4,219,034	2,448,278	1,136,138	3,317,881	12,627,255	(129,387)	23,619,199
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows of Resources for other post employment benefits	5,955	-	-	-	-	-	5,955
Total Deferred Outflows of Resources	5,955	-	-	-	-	-	5,955
Total of Assets & Deferred Outflows of Resources	\$ 4,224,989	\$ 2,448,278	\$ 1,136,138	\$ 3,317,881	\$ 12,627,255	\$ (129,387)	\$ 23,625,154
LIABILITIES							
Current Liabilities:							
Accounts Payable and Payroll Taxes	\$ 79,065	\$ 21,367	450	\$ -	\$ 613	\$ -	\$ 101,495
Accrued Liabilities	18,530	-	-	-	-	-	18,530
Due to Other Governments	60,875	-	-	-	-	(60,875)	-
Interfund Payables	118,137	-	-	-	-	(68,512)	49,625
Unearned Revenue	3,100	-	-	-	-	-	3,100
Compensated Absences - Short Term Portion	4,742	-	-	-	-	-	4,742
Other Post Employee Benefits - Short Term Portion	638	-	-	-	-	-	638
Total Current Liabilities	285,087	21,367	450	-	613	(129,387)	178,130
Non-Current Liabilities:							
Compensated Absences - Long Term Portion	26,869	-	-	-	-	-	26,869
Other Post Employee Benefits - Long Term Portion	31,497	-	-	-	-	-	31,497
Total Non-Current Liabilities	58,366	-	-	-	-	-	58,366
Total Liabilities	343,453	21,367	450	-	613	(129,387)	236,496
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows of Resources for other postemployment benefits	8,981	-	-	-	-	-	8,981
Total Deferred Inflows of Resources	8,981	-	-	-	-	-	8,981
Total Liabilities & Deferred Inflow of Resources	\$ 352,434	\$ 21,367	\$ 450	\$ -	\$ 613	\$ (129,387)	\$ 245,477
NET POSITION							
Invested in Capital Assets, Net of Related Debt	\$ 1,479,814	\$ 1,449,523	\$ 658,706	\$ 139,347	\$ 11,719,015	\$ -	\$ 15,446,405
Restricted - Debt Service	-	-	-	-	171,223	-	171,223
Unrestricted	2,392,740	977,388	476,982	3,178,534	736,404	-	7,762,048
Total Net Position	\$ 3,872,554	\$ 2,426,911	\$ 1,135,688	\$ 3,317,881	\$ 12,626,642	\$ -	\$ 23,379,676

CITY OF SAINT MARYS, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 For The Year Ended December 31, 2023

	Business-Type Activities - Enterprise Funds						
	Sewage Treatment Fund	Sewer Fund	I & I Fund	Sewer Line Replacement Fund	St. Marys Municipal Authority	Eliminations	Total
Operating Revenues:							
Charges for Services	\$ 4,302,409	\$ 3,300	\$ -	\$ -	\$ 321,375	\$ -	\$ 4,627,084
Miscellaneous	557	-	-	-	-	-	557
Total Operating Revenues	<u>4,302,966</u>	<u>3,300</u>	<u>-</u>	<u>-</u>	<u>321,375</u>	<u>-</u>	<u>4,627,641</u>
Operating Expenses:							
Public Works	2,038,894	19,564	1,800	-	29,383	-	2,089,641
Depreciation	98,318	100,907	20,356	11,770	599,298	-	830,649
Total Operating Expenses	<u>2,137,212</u>	<u>120,471</u>	<u>22,156</u>	<u>11,770</u>	<u>628,681</u>	<u>-</u>	<u>2,920,290</u>
Operating Income	<u>2,165,754</u>	<u>(117,171)</u>	<u>(22,156)</u>	<u>(11,770)</u>	<u>(307,306)</u>	<u>-</u>	<u>1,707,351</u>
Non-Operating Revenues (Expenses):							
Interest Income & bond premium amortization	42,765	23,571	5,557	122,935	13,823	-	208,651
Interest Expense & bond amortization on funding	-	-	-	-	(1,551)	-	(1,551)
Total Non-Operating Revenues (Expenses)	<u>42,765</u>	<u>23,571</u>	<u>5,557</u>	<u>122,935</u>	<u>12,272</u>	<u>-</u>	<u>207,100</u>
Income Before Transfers	<u>2,208,519</u>	<u>(93,600)</u>	<u>(16,599)</u>	<u>111,165</u>	<u>(295,034)</u>	<u>-</u>	<u>1,914,451</u>
Transfers:							
Transfers In	-	853,559	371,092	587,172	-	(1,811,823)	-
Transfers Out	(1,811,823)	-	-	-	-	1,811,823	-
Total Transfers	<u>(1,811,823)</u>	<u>853,559</u>	<u>371,092</u>	<u>587,172</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes In Net Position	396,696	759,959	354,493	698,337	(295,034)	-	1,914,451
Net Position - Beginning	<u>3,475,858</u>	<u>1,666,952</u>	<u>781,195</u>	<u>2,619,544</u>	<u>12,921,676</u>	<u>-</u>	<u>21,465,225</u>
Net Position- Ending	<u>\$ 3,872,554</u>	<u>\$ 2,426,911</u>	<u>\$ 1,135,688</u>	<u>\$ 3,317,881</u>	<u>\$ 12,626,642</u>	<u>\$ -</u>	<u>\$ 23,379,676</u>

CITY OF SAINT MARYS, PENNSYLVANIA

COMBINING STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For The Year Ended December 31, 2023

	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	\$ 4,249,458	\$ 3,300	\$ -	\$ 7,640	\$ 300,986	\$ -	\$ 4,561,384
Payments to Suppliers	(1,560,135)	(14,694)	(1,800)	-	(32,266)	-	(1,608,895)
Payments to Employees	(436,794)	-	-	-	-	-	(436,794)
Net Cash Provided by Operating Activities	<u>2,252,529</u>	<u>(11,394)</u>	<u>(1,800)</u>	<u>7,640</u>	<u>268,720</u>	<u>-</u>	<u>2,515,695</u>
Cash Flows from Noncapital Financing Activities:							
Transfers In	-	853,559	371,092	587,172	-	(1,811,823)	-
Transfers Out	(1,811,823)	-	-	-	-	1,811,823	-
Increase (Decrease) in Interfund Payables	(8,953)	-	-	-	-	8,953	-
(Increase) Decrease in Interfund Receivables	-	-	6,544	6,544	-	(8,953)	4,135
Net Cash Provided by (Used In) Noncapital Financing Activities	<u>(1,820,776)</u>	<u>853,559</u>	<u>377,636</u>	<u>593,716</u>	<u>-</u>	<u>-</u>	<u>4,135</u>
Cash Flows from Capital and Related Financing Activities:							
Acquisition and Construction of Capital Assets	(76,822)	(634,785)	(2,469)	(142,840)	-	-	(856,916)
Principal paid on capital debt	-	-	-	-	(299,640)	-	(299,640)
Interest paid on capital debt	-	-	-	-	(1,551)	-	(1,551)
Net Cash Used in Capital and Related Financing Activities	<u>(76,822)</u>	<u>(634,785)</u>	<u>(2,469)</u>	<u>(142,840)</u>	<u>(301,191)</u>	<u>-</u>	<u>(1,158,107)</u>
Cash Flows from Investing Activities & Refunds of Prior Year							
Expenses (Revenue):							
Interest	42,765	23,571	5,557	122,935	13,823	-	208,651
Refunds of Prior Year Revenues	453	-	-	-	-	-	453
Net Cash Provided From Investing Activities & Refunds of Prior Year Expenses (Revenue)	<u>43,218</u>	<u>23,571</u>	<u>5,557</u>	<u>122,935</u>	<u>13,823</u>	<u>-</u>	<u>209,104</u>
Net Increase (decrease) in Cash and Cash Equivalents	398,149	230,951	378,924	581,451	(18,648)	-	1,570,827
Cash and Cash Equivalents:							
Beginning	<u>1,341,129</u>	<u>767,804</u>	<u>64,252</u>	<u>2,553,530</u>	<u>784,153</u>	<u>-</u>	<u>5,510,868</u>
Ending	<u>\$ 1,739,278</u>	<u>\$ 998,755</u>	<u>\$ 443,176</u>	<u>\$ 3,134,981</u>	<u>\$ 765,505</u>	<u>\$ -</u>	<u>\$ 7,081,695</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:							
Operating Income	\$ 2,165,754	\$ (117,171)	\$ (22,156)	(11,770)	\$ (307,306)	\$ -	\$ 1,707,351
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:							
Depreciation	98,318	\$ 100,907	\$ 20,356	11,770	599,298	-	830,649
(Increase) decrease in:							
Accounts Receivable	(53,509)	-	-	7,640	(389)	-	(46,258)
Prepaid Items	3,027	-	-	-	-	-	3,027
Increase (decrease) in:							
Accounts Payable	36,603	4,870	-	-	(2,883)	-	38,590
Accrued Liabilities	264	-	-	-	-	-	264
Due from other Governments	-	-	-	-	(20,000)	-	(20,000)
Compensated Absences	3,086	-	-	-	-	-	3,086
Other Post Employee Benefits	(1,014)	-	-	-	-	-	(1,014)
Net Cash Provided by Operating Activities	<u>\$ 2,252,529</u>	<u>\$ (11,394)</u>	<u>\$ (1,800)</u>	<u>7,640</u>	<u>\$ 268,720</u>	<u>\$ -</u>	<u>\$ 2,515,695</u>
Cash and Cash Equivalents:							
Cash and Cash Investments	\$ 1,739,278	\$ 998,755	\$ 443,176	\$ 3,134,981	\$ 594,282	\$ -	\$ 6,910,472
Restricted Cash	-	-	-	-	171,223	-	171,223
Total Cash and Cash Equivalents	<u>\$ 1,739,278</u>	<u>\$ 998,755</u>	<u>\$ 443,176</u>	<u>\$ 3,134,981</u>	<u>\$ 765,505</u>	<u>\$ -</u>	<u>\$ 7,081,695</u>

CITY OF SAINT MARYS, PENNSYLVANIA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 December 31, 2023

	Police Pension Plan	Non-Uniformed Employees Pension Plan	Totals
<u>ASSETS</u>			
Cash and Cash Investments	\$ 96,603	\$ 35,233	\$ 131,836
Investments, at Fair Value:			
Money Market	218,381	127,679	346,060
U.S. Government Obligations	301,886	161,866	463,752
U.S. Government Related Obligations	2,651,254	1,419,309	4,070,563
Corporate Bonds	1,191,333	635,297	1,826,630
Domestic Equities	5,190,537	2,771,211	7,961,748
Non US Agency	264,619	140,602	405,221
International Mutual Funds	1,327,853	712,077	2,039,930
Total Investments	<u>11,145,863</u>	<u>5,968,041</u>	<u>17,113,904</u>
Prepaid Items	40,926	18,163	59,089
Total Assets	<u>\$ 11,283,392</u>	<u>\$ 6,021,437</u>	<u>\$ 17,304,829</u>
<u>LIABILITIES</u>			
Accounts Payable	<u>\$ 7,150</u>	<u>\$ 9,150</u>	<u>\$ 16,300</u>
Total Liabilities	<u>\$ 7,150</u>	<u>\$ 9,150</u>	<u>\$ 16,300</u>
<u>NET POSITION</u>			
Restricted for Pensions	\$ 11,276,242	\$ 6,012,287	\$ 17,288,529
Total Net Position	<u>\$ 11,276,242</u>	<u>\$ 6,012,287</u>	<u>\$ 17,288,529</u>

CITY OF SAINT MARYS, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended December 31, 2023

	Police Pension Plan	Employees Pension Plan	Total
<u>ADDITIONS</u>			
Contributions:			
Plan Members	\$ 58,873	\$ 70,411	\$ 129,284
City Contributions, includes state aid	223,853	129,013	352,866
Total Contributions	282,726	199,424	482,150
Net Investment Income (Loss):			
Net Appreciation (Depreciation) in fair value of Investments	1,123,461	579,643	1,703,104
Interest/Dividends	355,909	202,231	558,140
Total Investment Income (Loss)	1,479,370	781,874	2,261,244
Less Investment Expense	(46,489)	(24,602)	(71,091)
Net Investment Income	1,432,881	757,272	2,190,153
Total Additions	1,715,607	956,696	2,672,303
<u>DEDUCTIONS</u>			
Benefits	496,785	242,023	738,808
Administrative Expenses	7,430	9,273	16,703
Total Deductions	504,215	251,296	755,511
Change in Net Position	1,211,392	705,400	1,916,792
Net Position - Beginning	10,064,850	5,306,887	15,371,737
Net Position - Ending	\$ 11,276,242	\$ 6,012,287	\$ 17,288,529

CITY OF SAINT MARYS, PENNSYLVANIA

NOTES TO OTHER SUPPLEMENTARY INFORMATION December 31, 2023

Note 1 - Negative Change in Fund Balance

- 1) In the current year the Library Fund experienced a negative change in fund balance of \$2,494. The Library Fund is a pass through fund where the St. Marys Public Library receives tax dollars through the City. Total revenue collected in the Library fund for 2023 was \$128,612 and the total amount transferred to the St. Marys Public Library was \$131,100. This caused the negative fund balance change.
- 2) In the current year, the Ambulance Fund experienced a negative change in fund balance of \$277. Real Estate Tax revenue collected for the Ambulance Fund goes directly to the St. Marys Ambulance Association. Total revenue collected in the Ambulance Fund for 2023 was \$22,174 and the total amount transferred to the St. Marys Ambulance Association was \$22,450. This caused the negative fund balance change.
- 3) In the current year, the Liquid Fuels Tax Fund experienced a negative change in fund balance of \$752. Total funding received from the State was \$471,308 with interest earned of \$5,228 with a total income of \$476,536. The reimbursable cost to the General fund totaled \$477,288 creating a negative fund balance change for 2023.