

CITY OF POTTSVILLE
POTTSVILLE, PENNSYLVANIA
FOR THE YEAR ENDED DECEMBER 31, 2023

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JONES & CO.

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

City Council
City of Pottsville
Pottsville, Pennsylvania

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pottsville, Pennsylvania, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Pottsville, Pennsylvania's, basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pottsville, 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Pottsville, Pennsylvania, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Pottsville, Pennsylvania's, ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Pottsville, Pennsylvania'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 of Pottsville, Pennsylvania's, ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 of Pottsville, Pennsylvania's, basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



January 28, 2025
Pottsville, Pennsylvania

City of Pottsville, Pennsylvania
Management's Discussion and Analysis
For Year Ended December 31, 2023

As management of the City of Pottsville, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

Financial Highlights

- The assets of the City of Pottsville exceeded its liabilities at the close of the most recent fiscal year by \$6,075,602 (Net Assets). Of this amount, (\$8,157,599) (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net assets increased by \$453,044.
- As of the close of the current fiscal year, the City of Pottsville's governmental funds reported combined ending fund balances of \$2,456,275.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$3,345,243.

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 manner similar to a 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 assets. Over time, increases or decreases in net assets 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 City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal period (e.g., uncollected taxes and earned but unused compensated absences).

City of Pottsville, Pennsylvania
Management's Discussion and Analysis
For Year Ended December 31, 2023

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, public safety, development services, and cultural and recreation. The business-type activities of the City include the Parking Authority and Sanitation.

The government-wide financial statements can be found on pages 14-15 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 two categories – governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains four (4) governmental funds. Information is presented separately for the non-major governmental funds in the supplemental information section of this report.

Proprietary Funds – The City maintains three enterprise funds. 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 solid waste operation, its Centre Street Intermodal operation, and its blended component unit, the Pottsville Parking Authority.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for these funds.

**City of Pottsville, Pennsylvania
Management's Discussion and Analysis
For Year Ended December 31, 2023**

The basic proprietary fund financial statements can be found on pages 21-23 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 24-55 of this report.

Governmental-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the City of Pottsville, assets exceeded liabilities by \$6,075,602 as of December 31, 2023.

The largest portion of the City's net assets reflects its investments in capital assets (e.g. land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Pottsville's Net Assets

	Governmental Activities		Business-Type		Totals	
			Activities			
	2022	2023	2022	2023	2022	2023
Current and other assets	7,201,845	5,504,867	1,643,894	1,792,801	8,845,739	7,297,668
Capital Assets	11,489,906	12,164,099	11,873,781	11,414,144	23,363,687	23,578,243
Deferred Outflows	8,722,137	6,683,846	0	0	8,722,137	6,683,846
Total Assets	27,413,888	24,352,812	13,517,675	13,206,945	40,931,563	37,559,757
Current and Other Liabilities	2,767,309	1,513,898	709,319	664,513	3,476,628	2,178,411
Long Term Liabilities	28,235,494	23,021,920	248,237	231,784	28,483,731	23,253,704
Deferred Inflows	3,348,646	6,052,040	0	0	3,348,646	6,052,040
Total Liabilities	34,898,173	30,587,858	957,556	896,297	35,309,005	31,484,155
Net Assets:						
Invested in capital assets						
Net of related debt	2,901,106	3,956,262	11,609,473	11,165,907	14,510,579	15,122,169
Restricted	(675,841)	-888,968	0	0	(675,841)	-888,968
Unrestricted	(9,162,826)	(9,302,340)	950,646	1,144,741	(8,212,180)	(8,157,599)
Total Net Assets	(6,937,561)	(6,235,046)	12,560,119	12,310,648	5,622,558	6,075,602

City of Pottsville, Pennsylvania
Management's Discussion and Analysis
For Year Ended December 31, 2023

A portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligation to citizens and creditors.

Analysis of the City's Operations – The following table provides a summary of the City's operations for the years ended December 31, 2022, and 2023. During 2023, governmental activities increased the City of Pottsville's net assets by \$702,515; business-type activities decreased the City's net assets by \$249,471.

During 2018, the City was required to implement the provisions of GASB 75. The accounting standard requires the reporting of the actuarially determined liability for post-retirement benefits paid on behalf of retired employees. The liability for these benefits includes more information that can be found in Note 11 to the financial statements.

The City's population has been decreasing for several decades. Infrastructure has been maintained during this period.

City of Pottsville, Pennsylvania
Management's Discussion and Analysis
For Year Ended December 31, 2023

	Governmental Activities		Business-Type Activities		Totals	
	2022	2023	2022	2023	2022	2023
Program Revenues:						
Charges for Services	1,928,318	3,074,390	1,998,468	2,111,604	3,926,786	5,185,994
Operating Grants & Contributions	518,205	1,221,225	0	0	518,205	1,221,225
Capital Grants and Contributions	0	0	0	0	0	0
General Revenues:						
Taxes	7,310,321	7,220,406	0	0	7,310,321	7,220,406
Investment Earnings	12,441	42,460	6,053	36,008	18,494	78,468
Transfers	(625,783)	0	(307,373)	(265,496)	(933,156)	(265,496)
Total Revenues	9,143,502	11,558,481	1,697,148	1,882,116	10,840,650	13,440,597
Expenses:						
General Govt. & Administration	5,176,222	4,500,728	0	0	5,176,222	4,500,728
Public Safety	2,961,211	2,930,612	0	0	2,961,211	2,930,612
Public Works	1,886,680	2,160,786	0	0	1,886,680	2,160,786
Culture and Recreation	705,551	750,361	0	0	705,551	750,361
Community Development	171,390	230,839	0	0	171,390	230,839
Miscellaneous	8,400	10,756	0	0	8,400	10,756
Interest and Rents	5,265,079	271,884	0	0	5,265,079	271,884
Parking Authority	0	0	333,079	439,547	333,079	439,547
Solid Waste	0	0	1,136,449	1,171,211	1,136,449	1,171,211
Intermodal	0	0	510,646	520,829	510,646	520,829
Total Expenses	16,174,533	10,855,966	1,980,174	2,131,587	18,154,707	12,987,553
Increase (Decrease) in Net Assets	(7,031,031)	702,515	(283,026)	(249,471)	(7,314,057)	453,044
Net Assets - beginning	93,470	(6,937,561)	12,843,145	12,560,119	12,936,615	5,622,558
Prior Period Adjustment	0	0	0	0	0	0
Increase (Decrease) in Net Assets	(7,031,031)	702,515	(283,026)	(249,471)	(7,314,057)	453,044
Net Assets - Ending	(6,937,561)	(6,235,046)	12,560,119	12,310,648	5,622,558	6,075,602

**City of Pottsville, Pennsylvania
Management's Discussion and Analysis
For Year Ended December 31, 2023**

Financial Analysis of the Government Funds

Governmental Funds – The focus of the City of Pottsville’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Pottsville’s governmental funds reported combined ending fund balances of \$2,456,275.

Proprietary funds- The City’s proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights - In the general fund, the City budgeted for no change in the fund balance. However, the actual fund balance for fiscal year 2023 increased \$403,996.

Capital Assets

The City of Pottsville investment in capital assets for its governmental and business-type activities as of December 31, 2023, amounts to \$23,578,243 (net of accumulated depreciation). This investment in capital assets includes land, building, equipment, improvements, and infrastructure, and construction in progress.

**Capital Assets at Year-end
Net of Accumulated Depreciation**

	Governmental Activities		Business-Type Activities		Total	
	2022	2023	2022	2023	2022	2023
Land	316,430	316,430	1,342,622	1,342,622	1,659,052	1,659,052
Building & Improvement	9,526,434	9,426,191	10,528,839	10,070,362	20,055,273	19,496,553
Machinery & Equipment	304,679	1,077,819	2,320	1,160	306,999	1,078,979
Site Improvement	621,382	719,959	0	0	621,382	719,959
Infrastructure	720,981	623,700	0	0	720,981	623,700
Construction in Progress	0	0	0	0	0	0
Total	<u>11,489,906</u>	<u>12,164,099</u>	<u>12,362,646</u>	<u>11,414,144</u>	<u>23,363,687</u>	<u>23,578,243</u>

**City of Pottsville, Pennsylvania
Management's Discussion and Analysis
For Year Ended December 31, 2023**

Debt Administration

At the end of the current fiscal year, the City of Pottsville had a total bonded debt and notes payable of \$8,456,074.

Outstanding Debt at Year End

Bonds and Notes Payable

	Governmental Activities	Business-Type Activities	Total
Lease Purchase Obligations	129,581	0	129,581
Notes Payable	4,833,256	248,237	5,081,493
Bonds Payable	3,245,000	0	3,245,000
Total	8,207,837	248,237	8,456,074

During, 2016, the City issued General Obligation Bonds in the amount of \$4,370,000. The Bonds were issued to provide funds to finance certain capital projects of the City and to pay costs of issuing and insuring the Bonds. Standard & Poor's Corporation has assigned their municipal bond rating of "AAA" to this issue of Bonds with the understanding that upon delivery, a policy insuring the payment when due, of the principal and interest on the Bonds will be issued by Financial Guaranty Insurance Company.

**City of Pottsville, Pennsylvania
Management's Discussion and Analysis
For Year Ended December 31, 2023**

Economic Forecast for 2024

Economic Overview

In 2024 City of Pottsville will continue to provide comprehensive public services to residents of Pottsville. The city will maintain all public services in a cost-effective manner. The city will sustain service delivery through conservative spending and innovative approaches to operations and management. The primary source of revenue is derived from taxes. Therefore, we will focus on efficient collection. Local economic conditions are stable, leading to our assumption that tax collection rates will remain constant. Thanks in part to City Redevelopment Authority investment, business in Pottsville is improving, therefore, we hope that Business Privilege Tax revenues and commercial real estate tax will increase as well.

Staffing and Benefits

We continue to collaborate closely with employees, labor groups and benefit providers to monitor and control all employee related costs in an efficient manner. In 2024, the City will closely monitor pensions, labor agreements, and capitalizations of revenue, keeping close watch on post covid fund recovery. In 2023 we will proactively monitor the markets and associated issues that impact employee retirement funds to ensure the long-term stability of those funds. We will meet regularly with our fund managers and respective Pension Boards to monitor investments, City Contributions, and pension procedures to promote our goal of attaining fully funded police and non-uniformed pension plans.

We will work proactively to assess and contain the cost of insurance in all areas including health insurance, workers compensation insurance, and general liability. A major focus will be placed on health insurance. We will closely monitor our involvement in the statewide health care cooperative. The city will also strive to make a long-term positive impact on the cost of workers' compensation costs and employee injury costs through our Employee Safety Committee.

Community Partnerships

In 2024, we will continue to develop strong collaborations with the of the Pottsville Area School District, local hospital, nonprofits and business to enhance the services and tax revenue that will benefit City residents. The City will also work closely with City entities including the Pottsville Redevelopment Authority and Greater Pottsville Sewer Authority to develop comprehensive and cost saving strategies to improve the community.

**City of Pottsville, Pennsylvania
Management's Discussion and Analysis
For Year Ended December 31, 2023**

Efforts to Protect Revenue

The city of Pottsville MDNA is taking proactive steps to enhance its financial sustainability by implementing strategic measures aimed at increasing revenue. One key initiative involves conducting thorough tax reassessments, ensuring that property values are accurately reflected and fair to all residents, which will help optimize revenue generation. In addition, the city is fostering cooperation with neighboring governmental entities, collaborating on shared services and regional initiatives to maximize resource efficiency and reduce costs. Furthermore, a comprehensive review of existing fees is underway to ensure that they align with the city's operational needs while remaining equitable for the community. These efforts are designed to create a self-sustaining governmental framework, one that can effectively support essential services while promoting long-term fiscal health.

In 2024, the City will continue to carefully implement conservative and proactive financial management strategies to all aspects of our governmental operations.

**City of Pottsville, Pennsylvania
Management's Discussion and Analysis
For Year Ended December 31, 2023**

Request for Information

The financial report is designed to provide our citizens, customers, investors, and creditors with general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Accounts and Finance, Attn: City Clerk, at P.O. Box 50, 401 North Centre Street, Pottsville, Pennsylvania 17901, call (570) 622-1234, or email to cityclerk@city.pottsville.pa.us.

CITY OF POTTSVILLE
STATEMENT OF NET POSITION (DEFICIT)

DECEMBER 31, 2023

	Governmental Activities	Business-Type Activities	Total	Component Unit Redevelopment Authority
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash	\$ 1,391,780	\$ 1,473,762	\$ 2,865,542	\$ 444,916
Cash - restricted	52,960	0	52,960	0
Taxes receivable, net	898,059	0	898,059	0
Internal balances	881,794	0	881,794	0
Intergovernmental receivables	0	0	0	0
Other receivables	176,223	319,039	495,262	0
Prepaid expenses	177,517	0	177,517	0
Notes Receivable	1,908,164	0	1,908,164	351,389
Inventories	18,370	0	18,370	0
TOTAL CURRENT ASSETS	<u>5,504,867</u>	<u>1,792,801</u>	<u>7,297,668</u>	<u>796,305</u>
NON-CURRENT ASSETS				
Land	316,430	1,342,622	1,659,052	0
Construction in Progress	0	0	0	0
Site improvements - net	719,959	0	719,959	0
Building and building improvements - net	9,426,191	10,070,362	19,496,553	0
Machinery and equipment - net	1,077,819	1,160	1,078,979	0
Infrastructure - net	623,700	0	623,700	0
TOTAL NON-CURRENT ASSETS	<u>12,164,099</u>	<u>11,414,144</u>	<u>23,578,243</u>	<u>0</u>
TOTAL ASSETS	<u>17,668,966</u>	<u>13,206,945</u>	<u>30,875,911</u>	<u>796,305</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>6,683,846</u>	<u>0</u>	<u>6,683,846</u>	<u>0</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 24,352,812</u>	<u>\$ 13,206,945</u>	<u>\$ 37,559,757</u>	<u>\$ 796,305</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)				
CURRENT LIABILITIES				
Accounts payable	\$ 183,250	\$ 581,904	\$ 765,154	\$ 0
Interfund payables	338,620	0	338,620	0
Accrued payroll deductions	10,160	2,558	12,718	0
Current portion of long-term liabilities	373,421	16,453	389,874	0
Due to other governmental units	603,308	0	603,308	0
Deferred revenues	0	63,598	63,598	201,242
Accrued interest	5,139	0	5,139	0
TOTAL CURRENT LIABILITIES	<u>1,513,898</u>	<u>664,513</u>	<u>2,178,411</u>	<u>201,242</u>
NON-CURRENT LIABILITIES				
Notes payable	4,731,859	231,784	4,963,643	0
Bonds Payable	3,030,000	0	3,030,000	0
Net Pension Asset	2,804,848	0	2,804,848	0
Lease purchase obligations	72,557	0	72,557	0
Compensated absences	622,028	0	622,028	0
Other post-employment benefits	11,760,628	0	11,760,628	0
TOTAL NON-CURRENT LIABILITIES	<u>23,021,920</u>	<u>231,784</u>	<u>23,253,704</u>	<u>0</u>
TOTAL LIABILITIES	<u>24,535,818</u>	<u>896,297</u>	<u>25,432,115</u>	<u>201,242</u>
DEFERRED INFLOWS OF RESOURCES	<u>6,052,040</u>	<u>0</u>	<u>6,052,040</u>	<u>0</u>
NET POSITION (DEFICIT)				
Invested in capital assets, net of related debt	3,956,262	11,165,907	15,122,169	0
Restricted for:				
Highway Aid	950	0	950	0
Capital projects	(889,918)	0	(889,918)	0
Unrestricted (Deficit)	(9,302,340)	1,144,741	(8,157,599)	595,063
TOTAL NET POSITION (DEFICIT)	<u>(6,235,046)</u>	<u>12,310,648</u>	<u>6,075,602</u>	<u>595,063</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)	<u>\$ 24,352,812</u>	<u>\$ 13,206,945</u>	<u>\$ 37,559,757</u>	<u>\$ 796,305</u>

See notes to financial statements
which are an integral part of this statement.

CITY OF POTTSVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Redevelopment Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
GOVERNMENTAL ACTIVITIES								
General government	\$ 4,500,728	\$ 1,778,717	\$ 1,221,225	\$ 0	\$ (1,500,786)	\$ 0	\$ (1,500,786)	\$ (38,240)
Public safety	2,930,612	534,037	0	0	(2,396,575)	0	(2,396,575)	0
Public works - health and welfare	45,140	359,539	0	0	314,399	0	314,399	0
Public works - highways and streets	2,115,646	61,590	0	0	(2,054,056)	0	(2,054,056)	0
Culture and recreation	750,361	233,507	0	0	(516,854)	0	(516,854)	0
Community development	230,839	41,392	0	0	(189,447)	0	(189,447)	0
Miscellaneous	10,756	65,608	0	0	54,852	0	54,852	0
Debt Service	271,884	0	0	0	(271,884)	0	(271,884)	0
TOTAL GOVERNMENTAL ACTIVITIES	10,855,966	3,074,390	1,221,225	0	(6,560,351)	0	(6,560,351)	(38,240)
BUSINESS-TYPE ACTIVITIES								
Parking authority	439,547	703,514	0	0	0	263,967	263,967	0
Solid waste	1,171,211	1,319,939	0	0	0	148,728	148,728	0
Intermodal Transportation Facility	520,829	88,151	0	0	0	(432,678)	(432,678)	0
TOTAL BUSINESS-TYPE ACTIVITIES	2,131,587	2,111,604	0	0	0	(19,983)	(19,983)	0
TOTAL PRIMARY GOVERNMENT	12,987,553	5,185,994	1,221,225	0	(6,560,351)	(19,983)	(6,580,334)	(38,240)
GENERAL REVENUES AND TRANSFERS								
Taxes:								
Property taxes, levied for general purposes, net					4,407,722	0	4,407,722	0
Public utility, realty, earned income and miscellaneous taxes levied for general purposes, net					2,812,684	0	2,812,684	0
Investment earnings					42,460	36,008	78,468	4,690
Transfers					0	(265,496)	(265,496)	0
TOTAL GENERAL REVENUES AND TRANSFERS					7,262,866	(229,488)	7,033,378	4,690
CHANGE IN NET POSITION					702,515	(249,471)	453,044	(33,550)
NET POSITION (DEFICIT) - BEGINNING					(6,937,561)	12,560,119	5,622,558	628,613
NET POSITION (DEFICIT) - END OF YEAR					\$ (6,235,046)	\$ 12,310,648	\$ 6,075,602	\$ 595,063

See notes to financial statements
which are an integral part of this statement.

CITY OF POTTSVILLE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash	\$ 1,391,780	\$ 0	\$ 0	\$ 1,391,780
Cash - restricted	0	20,608	32,352	52,960
Interfund receivables	881,794	0	0	881,794
Accounts receivable, other	176,223	0	0	176,223
Taxes receivable, net	1,256,717	0	0	1,256,717
Prepaid expenses	177,517	0	0	177,517
Inventories	18,370	0	0	18,370
Due from Other Governmental Units	0	0	0	0
Intergovernmental receivables	0	0	0	0
TOTAL ASSETS	3,902,401	20,608	32,352	3,955,361
DEFERRED OUTFLOWS OF RESOURCES				
	0	0	0	0
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,902,401	\$ 20,608	\$ 32,352	\$ 3,955,361
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Interfund payables	\$ 0	\$ 307,218	\$ 31,402	\$ 338,620
Accounts payable	183,250	0	0	183,250
Accrued payroll taxes	10,160	0	0	10,160
Due to Other Governmental Units	0	603,308	0	603,308
Deferred revenue	0	0	0	0
TOTAL LIABILITIES	193,410	910,526	31,402	1,135,338
DEFERRED INFLOWS OF RESOURCES				
	363,748	0	0	363,748
FUND BALANCES				
Restricted	0	(889,918)	950	(888,968)
Non-spendable	0	0	0	0
Assigned	0	0	0	0
Unassigned	3,345,243	0	0	3,345,243
TOTAL FUND BALANCES	3,345,243	(889,918)	950	2,456,275
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,902,401	\$ 20,608	\$ 32,352	\$ 3,955,361

See notes to financial statements
which are an integral part of this statement.

CITY OF POTTSVILLE
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION (DEFICIT)

GOVERNMENTAL FUNDS

AS OF DECEMBER 31, 2023

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 2,456,275
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
Cost of capital assets	40,228,996	
Less: accumulated depreciation	<u>(28,064,897)</u>	12,164,099
<p>Other long-term notes receivables are not available to pay for current period expenditures.</p>		
		1,908,164
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds.</p>		
Lease purchase obligations		(129,581)
Bonds Payable		(3,245,000)
Notes Payable		(4,833,256)
Net Pension Asset		(2,804,848)
Accrued Interest		(5,139)
Compensated absences		(622,028)
Other post-employment benefit obligations		(11,760,628)
<p>Delinquent taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds.</p>		
		5,090
Net Deferred Outflows (Inflows) pension liability		<u>631,806</u>
TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES		\$ <u>(6,235,046)</u>

See notes to financial statements
which are an integral part of this statement.

CITY OF POTTSVILLE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2023

	General	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 7,628,705	\$ 0	\$ 0	\$ 7,628,705
Licenses and permits	233,539	0	0	233,539
Fines and forfeits	49,915	0	0	49,915
Interest and rents	92,060	67	3,805	95,932
Intergovernmental revenues	3,136,718	0	588,650	3,725,368
Charges for service	308,277	0	0	308,277
Miscellaneous revenues	65,608	0	0	65,608
TOTAL REVENUES	11,514,822	67	592,455	12,107,344
OTHER FINANCING SOURCES				
Refunds of prior year expenditures	0	0	0	0
TOTAL REVENUES AND OTHER FINANCING SOURCES	11,514,822	67	592,455	12,107,344
EXPENDITURES				
General government	5,180,274	0	0	5,180,274
Public safety	2,930,612	0	0	2,930,612
Public works - health	45,140	0	0	45,140
Public works - highways	1,507,078	194,568	414,000	2,115,646
Culture - recreation	750,361	0	0	750,361
Community development	52,564	0	178,275	230,839
Debt service	634,041	18,806	0	652,847
Miscellaneous expenditures	10,756	0	0	10,756
TOTAL EXPENDITURES	11,110,826	213,374	592,275	11,916,475
OTHER FINANCING SOURCES (USES)				
Loan to Redevelopment Authority	0	0	0	0
Repayment of Debt	0	0	0	0
Issuance of Long Term Debt	0	0	0	0
Transfers In	0	0	0	0
TOTAL OTHER FINANCING SOURCES	0	0	0	0
NET CHANGE IN FUND BALANCES	403,996	(213,307)	180	190,869
FUND BALANCES - BEGINNING	2,941,247	(676,611)	770	2,265,406
PRIOR PERIOD ADJUSTMENT	0	0	0	0
FUND BALANCES - ENDING	\$ 3,345,243	\$ (889,918)	\$ 950	\$ 2,456,275

See notes to financial statements
which are an integral part of this statement.

CITY OF POTTSVILLE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2023

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 190,869
Because some property taxes will not be collected for several months after the City's year end, they are not considered as available revenues in the governmental funds.	(408,299)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	380,963
Issuance of long-term debt is listed as revenue in governmental funds but it is listed as a liability in the Statement of Net Assets.	0
Governmental funds report decreases to loans receivable as other financing sources. In the statement of net position these are reductions to notes receivable.	(147,745)
Expenses reported on statement of activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	9,756
Governmental funds recognize capital outlays as expenditures versus as capital assets in the Statement of Net Assets.	1,272,148
Accrued interest on long-term obligations is reported in the governmental activities, but is not reported in the governmental fund statements.	7,181
Depreciation expense is recognized in the Statement of Activities but is not recognized in governmental funds.	(597,955)
Post-employment benefits are recognized based on an actuarial valuation on the Statement of Activities.	<u>(4,403)</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	\$ <u>702,515</u>

See notes to financial statements
which are an integral part of this statement.

CITY OF POTTSVILLE

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 7,516,943	\$ 7,516,943	\$ 7,628,705	\$ 111,762
Licenses and permits	261,000	261,000	233,539	(27,461)
Fines and forfeits	56,000	56,000	49,915	(6,085)
Interest and rents	55,000	55,000	92,060	37,060
Intergovernmental revenue	1,919,340	1,919,340	3,136,718	1,217,378
Charges for service	414,003	414,003	308,277	(105,726)
Miscellaneous revenues	26,800	26,800	65,608	38,808
TOTAL REVENUES	<u>10,249,086</u>	<u>10,249,086</u>	<u>11,514,822</u>	<u>1,265,736</u>
OTHER FINANCING SOURCES				
Sale of assets	0	0	0	0
Refunds of prior year expenditures	0	0	0	0
TOTAL OTHER FINANCING SOURCES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>10,249,086</u>	<u>10,249,086</u>	<u>11,514,822</u>	<u>1,265,736</u>
EXPENDITURES				
General government	4,424,825	4,424,825	5,180,274	(755,449)
Public safety	2,958,514	2,958,514	2,930,612	27,902
Public works - health	67,604	67,604	45,140	22,464
Public works - highways	1,242,029	1,242,029	1,507,078	(265,049)
Culture - recreation	737,922	737,922	750,361	(12,439)
Community development	34,824	34,824	52,564	(17,740)
Debt service	776,368	776,368	634,041	142,327
Miscellaneous expenditures	7,000	7,000	10,756	(3,756)
TOTAL EXPENDITURES	<u>10,249,086</u>	<u>10,249,086</u>	<u>11,110,826</u>	<u>(861,740)</u>
OTHER FINANCING SOURCES (USES)				
Repayment of Debt	0	0	0	0
Issuance of Long Term Debt	0	0	0	0
Transfers In	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>10,249,086</u>	<u>10,249,086</u>	<u>11,110,826</u>	<u>(861,740)</u>
NET CHANGE IN FUND BALANCES	<u>0</u>	<u>0</u>	<u>403,996</u>	<u>403,996</u>
FUND BALANCE - BEGINNING OF YEAR	<u>2,941,247</u>	<u>2,941,247</u>	<u>2,941,247</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,941,247</u>	<u>\$ 2,941,247</u>	<u>\$ 3,345,243</u>	<u>\$ 403,996</u>

See notes to financial statements
which are an integral part of this statement.

CITY OF POTTSVILLE
STATEMENT OF NET POSITION (DEFICIT)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Centre Street Intermodal Fund</u>	<u>Parking Authority</u>	<u>Solid Waste Fund</u>	<u>Total Proprietary Fund</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash	\$ 422,438	\$ 757,398	\$ 293,926	\$ 1,473,762
Prepaid expenses	0	0	0	0
Grants receivable	0	0	0	0
Other receivables	0	0	319,039	319,039
TOTAL CURRENT ASSETS	<u>422,438</u>	<u>757,398</u>	<u>612,965</u>	<u>1,792,801</u>
NON-CURRENT ASSETS				
Land	653,703	688,919	0	1,342,622
Buildings, net	9,920,360	150,002	0	10,070,362
Machinery and equipment, net	1,160	0	0	1,160
TOTAL NON-CURRENT ASSETS	<u>10,575,223</u>	<u>838,921</u>	<u>0</u>	<u>11,414,144</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 10,997,661</u>	<u>\$ 1,596,319</u>	<u>\$ 612,965</u>	<u>\$ 13,206,945</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)				
CURRENT LIABILITIES				
Due to other funds	\$ 574,576	\$ 0	\$ 0	\$ 574,576
Accounts payable	3,421	3,907	0	7,328
Accrued expenses	0	2,558	0	2,558
Deferred revenues	0	63,598	0	63,598
Note Payable	0	0	0	0
Current portion of long-term debt	0	16,453	0	16,453
TOTAL CURRENT LIABILITIES	<u>577,997</u>	<u>86,516</u>	<u>0</u>	<u>664,513</u>
NON-CURRENT LIABILITIES				
Long-term - net of current liabilities	0	231,784	0	231,784
TOTAL NON-CURRENT LIABILITIES	<u>0</u>	<u>231,784</u>	<u>0</u>	<u>231,784</u>
TOTAL LIABILITIES	<u>577,997</u>	<u>318,300</u>	<u>0</u>	<u>896,297</u>
DEFERRED INFLOWS OF RESOURCES	0	0	0	0
NET POSITION (DEFICIT)				
Invested in capital assets - net of related debt	10,575,223	590,684	0	11,165,907
Unrestricted (Deficit)	(155,559)	687,335	612,965	1,144,741
TOTAL NET POSITION (DEFICIT)	<u>10,419,664</u>	<u>1,278,019</u>	<u>612,965</u>	<u>12,310,648</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)	<u>\$ 10,997,661</u>	<u>\$ 1,596,319</u>	<u>\$ 612,965</u>	<u>\$ 13,206,945</u>

See notes to financial statements
which are an integral part of this statement.

CITY OF POTTSVILLE
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Centre Street Intermodal Fund	Parking Authority	Solid Waste Fund	Total Proprietary Fund
OPERATING REVENUES				
Charges for services	\$ 88,151	\$ 703,514	\$ 1,319,939	\$ 2,111,604
TOTAL OPERATING REVENUES	<u>88,151</u>	<u>703,514</u>	<u>1,319,939</u>	<u>2,111,604</u>
OPERATING EXPENSES				
Personal services	0	137,881	94,900	232,781
Rent	0	1,600	24,000	25,600
Contractual services	0	51,328	1,030,667	1,081,995
Supplies	0	20,076	16,485	36,561
Depreciation	439,659	47,644	0	487,303
Insurance	7,550	18,881	0	26,431
Interest expense	0	8,188	0	8,188
Repairs and Maintenance	25,747	109,069	0	134,816
Utilities	27,675	18,733	0	46,408
Other expenses	20,198	26,147	5,159	51,504
TOTAL OPERATING EXPENSES	<u>520,829</u>	<u>439,547</u>	<u>1,171,211</u>	<u>2,131,587</u>
OPERATING INCOME (LOSS)	(432,678)	263,967	148,728	(19,983)
NON-OPERATING REVENUES (EXPENSES)				
Loss on sale of fixed asset	0	0	0	0
Earnings on investments	5,405	26,835	3,768	36,008
Capital grants and contributions	0	0	0	0
Miscellaneous revenues	0	0	0	0
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>5,405</u>	<u>26,835</u>	<u>3,768</u>	<u>36,008</u>
NET INCOME (LOSS) BEFORE TRANSFERS	(427,273)	290,802	152,496	16,025
TRANSFERS				
Transfers to other funds	0	(265,496)	0	(265,496)
TOTAL TRANSFERS, NET	<u>0</u>	<u>(265,496)</u>	<u>0</u>	<u>(265,496)</u>
CHANGE IN NET POSITION	(427,273)	25,306	152,496	(249,471)
NET POSITION - BEGINNING OF YEAR	<u>10,846,937</u>	<u>1,252,713</u>	<u>460,469</u>	<u>12,560,119</u>
NET POSITION - END OF YEAR	<u>\$ 10,419,664</u>	<u>\$ 1,278,019</u>	<u>\$ 612,965</u>	<u>\$ 12,310,648</u>

See notes to financial statements
which are an integral part of this statement.

CITY OF POTTSVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2023

	BUSINESS-TYPE ACTIVITIES			
	Centre Street Intermodal Fund	Parking Authority	Solid Waste Fund	Total Proprietary Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and other revenues	\$ 88,151	\$ 701,256	\$ 1,257,638	\$ 2,047,045
Cash payments to employees for services	0	3,511	0	3,511
Cash paid to suppliers for goods and services	0	(128,083)	(1,171,211)	(1,299,294)
Cash paid for other operating expenses	(81,086)	(309,092)	0	(390,178)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	7,065	267,592	86,427	361,084
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfer to Primary Government	0	(265,496)	0	(265,496)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	0	(265,496)	0	(265,496)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments for general fund loans	0	0	0	0
Proceeds from general fund loans	0	0	0	0
Payments for capital purchases	(24,966)	(2,700)	0	(27,666)
Proceeds from grants	0	0	0	0
Proceeds from line of credit	0	0	0	0
Principal paid on capital debt	0	(16,071)	0	(16,071)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(24,966)	(18,771)	0	(43,737)
CASH FLOWS FROM INVESTING ACTIVITIES				
Earnings on investments	5,405	26,835	3,768	36,008
PPP Income	0	0	0	0
Proceeds from sale of fixed asset	0	0	0	0
NET CASH PROVIDED BY INVESTING ACTIVITIES	5,405	26,835	3,768	36,008
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	(12,496)	10,160	90,195	87,859
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	434,934	747,238	203,731	1,385,903
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 422,438	\$ 757,398	\$ 293,926	\$ 1,473,762
OPERATING INCOME (LOSS)				
	\$ (432,678)	\$ 263,967	\$ 148,728	\$ (19,983)
Adjustments to reconcile operating income (loss) to net cash provided (used for) operating activities:				
Depreciation	439,659	47,644	0	487,303
Bad debt expense	0	0	0	0
Changes in current assets and current liabilities				
(Increase) Decrease in accounts receivable	0	1,253	(62,301)	(61,048)
(Increase) Decrease in prepaid expenses	0	0	0	0
Increase (Decrease) in accounts payable	84	(4,286)	0	(4,202)
Increase (Decrease) in accrued expenses	0	121	0	121
Increase (Decrease) in deferred revenue	0	(41,107)	0	(41,107)
TOTAL ADJUSTMENTS	439,743	3,625	(62,301)	381,067
TOTAL CASH PROVIDED BY (USED FOR)	\$ 7,065	\$ 267,592	\$ 86,427	\$ 361,084

See notes to financial statements
which are an integral part of this statement.

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the City of Pottsville (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (herein after referred to a generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

FINANCIAL REPORTING ENTITY

The City of Pottsville was chartered under the laws of the State of Pennsylvania as a third-class city in 1911 and operates under an elected Mayor-Council form of government. In October 1991, the City created the position of City Administrator, who is deputy director of all city departments. The population of the City was 13,346 in 2020. Generally accepted accounting principles require the financial statements of the reporting entity include those of the City of Pottsville (the primary government) and its component units. The component units discussed below should be included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

In June 1999, the Governmental Accounting Standards Board (GASB) approved Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis -for State and Local Governments.

The financial statements include:

- Management's Discussion and Analysis (MD&A), providing an analysis of the City's overall financial position and results of operations.
- Financial statements prepared using full-accrual accounting for all of the City's activities.
- A change in the fund financial statements to focus on major funds.

COMPONENT UNITS

Generally accepted accounting principles require the financial statements of component units to be included in the financial reporting entity either as blended component units or as discretely presented component units.

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

COMPONENT UNITS - continued

Blended Component Units: The Pottsville Parking Authority, an entity legally separate from the City, is governed by a board appointed by the City Council. For financial reporting purposes, the Authority is reported as a proprietary fund in the City's financial statements.

Discretely Presented Component Units: The following component units, to permit the reader to distinguish between their financial position and activities and those of the City, should be included in the City's financial statements using the discrete presentation method. The Redevelopment Authority of the City of Pottsville is discretely presented as a component unit.

The City has 3 other component units, they are:

Pottsville Housing Authority
Pottsville Hospital Authority
Greater Pottsville Area Sewer Authority

The City has not included the above discretely presented component units within its financial statements; however, separate audited financial statements are prepared by the units and are available for public review. The Pottsville Hospital Authority has not been audited.

BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and statement of activities) report information on all of the financial activities of the City, except for fiduciary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The governmental activities are normally supported by taxes and intergovernmental revenues and include the City's public safety, health and sanitation, highways and streets, public service, culture and recreation, and general administrative services. The governmental activities are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

BASIS OF PRESENTATION - continued

GOVERNMENT-WIDE FINANCIAL STATEMENTS - continued

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financials, but differs from the manner in which governmental fund financials are prepared. Therefore, the governmental fund financial statements include a reconciliation with explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities, and for each function or program of the City's governmental activities. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants for licenses, fees, goods, services, or privileges provided by a given function or segment, operating grants and contributions, and capital grants and contributions. Taxes, investment income, and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses and program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

FUND FINANCIAL STATEMENTS

The fund financial statements report detailed information about the City. The governmental fund financial statements focus on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds utilize a "current financial resources" measurement focus. The governmental fund financial statements include a balance sheet, which generally only includes current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which presents sources and uses of available spendable financial resources during a given period. Grant revenue (for expenditure reimbursement grants) of the governmental funds is generally recognized as revenue when earned as long as the payment is expected to be received within twelve months after year end.

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

BASIS OF PRESENTATION – continued

FUND FINANCIAL STATEMENTS - continued

The proprietary funds utilize the economic resources measurement focus and the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. With this measurement focus, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources associated with their activities are reported on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues and other financing sources) and decreases (i.e., expenses and other financing uses) in net position. Fund equity is classified as net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

FUND ACCOUNTING

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenue, and expenditures/expenses. The various funds of the primary government are segregated into the categories of governmental and proprietary. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets and deferred outflows of resources, or liabilities and deferred inflows of resources, or 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 or type and,
- b. Total assets and deferred outflows of resources, or liabilities and deferred inflows of resources, or revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

BASIS OF PRESENTATION – continued

FUND ACCOUNTING - continued

The funds of the financial reporting entity are described below:

GOVERNMENTAL FUNDS

The City reports the following governmental funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources, other than special assessments, expendable trusts, or major capital projects, that are legally restricted to expenditures for specified purposes.

PROPRIETARY FUNDS

The City reports the following proprietary fund types:

Parking Authority - The Parking Authority is used to account for all financial transactions related to parking operations in the City.

Solid Waste Fund - The Solid Waste Fund is used to account for all financial transactions related to garbage collection.

Centre Street Intermodal Fund - This fund was established in 2008 to account for the construction and operation of the Centre Street Intermodal Facility.

FIDUCIARY FUNDS

The City has no fiduciary funds.

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

BASIS OF ACCOUNTING

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets plus deferred outflows of resources less deferred inflows of resources and total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensate absences and claims and judgments, are recorded only when payment is due.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all cash on hand, demand deposits, savings, money market accounts, and certificates of deposit with an original maturity of three months or less.

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

COMPENSATED ABSENCES

Compensated absences are those for which employees receive pay. A liability is recorded through the use of estimates which apply historical data to current factors. The City maintains records of unused absences and applies current and/or contracted compensation rates to the various types of compensated absences.

Non-uniform employees may be paid for 60% of unused sick days at retirement (140 maximum) at current compensation rates. Uniform employees may be paid for 50% of unused sick days at retirement (120 maximum) and 100% of accumulated “comp” time.

INVENTORIES

Inventories for all governmental funds are valued at cost. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of their respective funds.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

GASB establishes standards for the measurement, recognition, and display of other postemployment benefit expenditures and related liabilities, note disclosures, and if applicable required supplementary information (RSI) in the financial reports of state and local governmental employers. The City’s other postemployment benefits are accounted for in accordance with these standards.

BUDGETS AND BUDGETARY ACCOUNTING

Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General, Special Revenues, and Parking Funds. The budgets are prepared on the accrual basis of accounting and are required by state law to be put on public display for at least 20 days prior to final adoption. After adoption, the budgets are to be filed with the state within 30 days. All unencumbered budget appropriations, except project budgets, lapse at the end of each fiscal year.

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds and generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary fund are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

Capital assets, which include property, plant, equipment, sewer and water systems, and infrastructure assets (e.g., roads, bridges, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life in excess of one year.

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Useful Life</u>
Land	Not Depreciated
Site Improvements	20-40 years
Buildings and Improvements	20-40 years
Furniture and Equipment	8-10 years
Infrastructure	20-40 years

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

In government-wide financial statements as well as proprietary fund financial statements, all accrued liabilities and long-term debt are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

USE OF ESTIMATES

The preparation of financial statements in conformity with the accrual basis and laws of the Commonwealth of Pennsylvania Municipalities Act requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NET POSITION

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

- a. **Net Investment in Capital Assets** – This component of net position consists of capital assets, including restricted assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment of capital assets. Rather, that portion of debt is included in the same net position component as the unspent proceeds. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvements of assets or related debt also should be included in this component of net position.

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

NET POSITION – continued

- b. **Restricted** – This component of net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. The constraints could be imposed by either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted** – This component of net position is all remaining net position that does not meet the definition of “net investment in capital assets” or “restricted.”

NET POSITION FLOW ASSUMPTION

When an expense is incurred for which both restricted and unrestricted positions are available, the City’s policy is to apply restricted positions first, then to apply unrestricted positions once the restricted positions are depleted.

FUND BALANCE – GOVERNMENTAL FUNDS

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the fund financial statements, the governmental funds report fund balance based on the level of constraints placed upon the funds. The classifications are as follows:

- a. **Nonspendable** – This classification includes the amount of fund balance that cannot be spent because it is either (1) not in spendable form; or (2) legally or contractually required to be maintained intact. This classification includes such items as prepaid expenditures and inventory. “Not in spendable form” includes items that are not expected to be converted to cash within one year.
- b. **Restricted** – This classification includes amounts that are restricted to specific purposes. Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions of enabling legislation. Enabling legislation authorizes the government to assess, levy, change, or mandate payment and includes a legally enforceable requirement on the use of these funds.

CITY OF POTTSVILLE

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

FUND BALANCE – GOVERNMENTAL FUNDS – continued

- c. **Committed** – This component includes amounts that are to be used only for the specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The City Council is the highest level of decision-making authority and utilizes City Ordinances as a formal procedure to commit fund balance. As of December 31, 2023, the City had no committed funds.
- d. **Assigned** – This component includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by (1) the governing body itself; or (2) a body (a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The assignment of fund balance cannot result in a negative unassigned fund balance.
- e. **Unassigned** – This component is the residual classification for the General Fund and contains all spendable amounts not contained in other classifications. The unassigned fund balance may also include negative balances for any governmental funds if the expenditures exceed amounts restricted, committed, or assigned for specific purposes.

FUND BALANCE FLOW ASSUMPTIONS

Expenditures may be incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. In those instances, the City's policy is to expend restricted amounts first followed by committed amounts, assigned amounts, then unassigned amounts.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets 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 for the various amounts related to pension liabilities. This amount will be amortized in future periods.

CITY OF POTTSVILLE

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES – continued

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualifies for reporting in this category for the various amounts related to pension liabilities.

TAXES ASSESSED

During the year ended December 31, 2023, the City had the following tax levies under ordinance:

<u>Tax Type</u>	<u>Millage/Rate</u>
Real Estate - General Purpose	23.93
Real Estate - Library	.29 mills
City Occupational Assessment	\$57.05/person
City Per Capita	\$ 5.00/person
City Residence	\$ 5.00/person

The final tax duplicate for 2023 was as follows:

Real Estate - General Purpose	\$ 4,392,831
Real Estate - Library	\$ 53,235
City Occupational Assessment	\$ 493,425
City Per Capita	\$ 43,245
City Residence	\$ 43,245

The City is responsible for the collection and distribution of city, county, and school real estate taxes for all City residents. County and school taxes are deposited daily into bank accounts controlled by these governments by the City's Treasurer's Office. All delinquent real estate taxes from the current year tax levy are turned over to the County at the end of December for County provided delinquent tax collection procedures.

CITY OF POTTSVILLE

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - CAPITAL ASSETS:

A summary of capital asset activity during the fiscal year follows:

	Balance December 31, 2022	Additions	Dispositions	Balance December 31, 2023
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 316,430	\$ 0	\$ 0	\$ 316,430
Construction in Progress	0	0	0	0
Total Capital Assets, Not Being Depreciated	316,430	0	0	316,430
Capital Assets, Being Depreciated:				
Buildings and Improvements	11,503,100	194,569	0	11,697,669
Machinery and Equipment	2,342,603	909,786	0	3,252,389
Site Improvements	2,321,960	167,793	0	2,489,753
Infrastructure	22,472,755	0	0	22,472,755
Total Capital Assets, Being Depreciated	38,640,418	1,272,148	0	39,912,566
Accumulated Depreciation For:				
Buildings and Improvements	(1,976,666)	(294,812)	0	(2,271,478)
Machinery and Equipment	(2,037,924)	(136,646)	0	(2,174,570)
Site Improvements	(1,700,578)	(69,216)	0	(1,769,794)
Infrastructure	(21,751,774)	(97,281)	0	(21,849,055)
Total Accumulated Depreciation	(27,466,942)	(597,955)	0	(28,064,897)
Governmental Activities - Capital Assets, Net	\$ 11,489,906	\$ 674,193	\$ 0	\$ 12,164,099
Business-Type Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 1,342,622	\$ 0	\$ 0	\$ 1,342,622
Total Capital Assets, Not Being Depreciated	1,342,622	0	0	1,342,622
Capital Assets, Being Depreciated:				
Buildings and Improvements	15,837,175	2,700	0	15,839,875
Machinery and Equipment	13,780	24,966	0	38,746
Total Capital Assets, Being Depreciated	15,850,955	27,666	0	15,878,621
Accumulated Depreciation For:				
Buildings and Improvements	(5,306,356)	(484,164)	0	(5,790,520)
Machinery and Equipment	(13,440)	(3,139)	0	(16,579)
Total Accumulated Depreciation	(5,319,796)	(487,303)	0	(5,807,099)
Business-Type Activities - Capital Assets, Net	\$ 11,873,781	\$ (459,637)	\$ 0	\$ 11,414,144

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - CAPITAL ASSETS - continued

Depreciation expense was charged to functions of the City as follows:

Governmental Activities:

General Government	\$ 71,755
Culture and Recreation	119,591
Public Safety	41,857
Public Works - Highways and Streets	364,752
Total Depreciation Expense	<u>597,955</u>

Business-Type Activities:

Parking Authority	47,644
Intermodel	439,659
Total Depreciation Expense	<u>\$ 1,085,258</u>

NOTE 3 - CHANGES IN LONG-TERM DEBT:

The following is a summary of changes in Long-Term Debt:

	General Obligation Bonds	Notes Payable	Lease Purchase Obligations	Compensated Absences	Pension Liability	Other Post- Employment Benefits	Total
Governmental Activities:							
Long-Term Debt - 1/1/23	\$ 3,455,000	\$ 4,932,802	\$ 200,998	\$ 631,784	\$ 4,615,887	\$ 14,779,986	\$ 28,616,457
Bonds Matured and Redeemed	0	0	0	0	0	0	0
Lease/Loan Payments	0	0	(71,417)	(9,756)	0	0	(81,173)
Debt Issued	0	0	0	0	0	0	0
Payments	(210,000)	(99,546)	0	0	(1,811,039)	(3,019,358)	(5,139,943)
Additions	0	0	0	0	0	0	0
Long-Term Debt - 12/31/23	<u>\$ 3,245,000</u>	<u>\$ 4,833,256</u>	<u>\$ 129,581</u>	<u>\$ 622,028</u>	<u>\$ 2,804,848</u>	<u>\$ 11,760,628</u>	<u>\$ 23,395,341</u>

	General Obligation Bonds	Notes Payable	Lease Purchase Obligations	Compensated Absences	Total
Business-Type Activities:					
Long-Term Debt - 1/1/23	\$ 0	\$ 264,308	\$ 0	\$ 0	\$ 264,308
Debt Issued	0	0	0	0	0
Loan Payments	0	(16,071)	0	0	(16,071)
Long-Term Debt - 12/31/23	<u>\$ 0</u>	<u>\$ 248,237</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 248,237</u>

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 3 - CHANGES IN LONG-TERM DEBT – continued

Governmental activities debt is composed of the following:

GENERAL OBLIGATION BONDS - SERIES OF 2016 (GOVERNMENTAL)

During, 2016, the City issued General Obligation Bonds in the amount of \$4,370,000. The Bonds were issued to provide funds to finance certain capital projects of the City and to pay costs of issuing and insuring the Bonds.

Other Long-Term Liabilities at December 31, 2023 consist of the following:

LEASE OBLIGATION – EQUIPMENT (GOVERNMENTAL)

In June of 2022, the City entered into a capital lease obligation for the purchase of a 2022 Ford Utility Police Interceptor. Terms of the lease require 3 annual payments of \$19,256. Payments began in June 2023 and include interest at 4.19%

\$ 36,220
=====

In June of 2022, the City entered into a capital lease obligation for the purchase of a 2022 Expedition XL. Terms of the lease require 3 annual payments of \$20,505. Payments began in June 2023 and include interest at 4.19%.

\$ 38,570
=====

In December of 2020, the City entered into a capital lease obligation for the purchase of a 2020 Ford F-550. Terms of the lease require 5 annual payments of \$8,566. Payments begin in December 2021 and include interest at 2.56%.

\$ 16,495
=====

In February of 2022, the City entered into a capital lease obligation for the purchase of a Phone System. Terms of the lease require 5 annual payments of \$7,334. Payments begin in February 2022 and include interest at 4.50%.

\$ 19,865
=====

In January of 2021, the City entered into a capital lease obligation for the purchase of a 2020 Chevrolet Regular Cap Truck. Terms of the lease require 5 annual payments of \$6,502. Payments begin in January 2022 and include interest at 2.89%.

\$ 18,431
=====

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 3 - CHANGES IN LONG-TERM DEBT – continued

Notes payable at December 31, 2023, are comprised of the following:

USDA Loan	\$ 4,833,256
Total	\$ <u>4,833,256</u>

Compensated absences at December 31, 2023, consist of the following:

Non-Uniform Employees	\$ 241,445
Uniform Employees (Police)	380,583
Total	\$ <u>622,028</u>

NOTE 4 - ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT:

A summary of the annual requirements to amortize Long-Term Debt follows:

Year Ending December 31,	GENERAL OBLIGATION DEBT		PROPRIETARY FUND DEBT		Total
	Principal	Interest	Principal	Interest	
2024	\$ 373,421	\$ 209,942	\$ 16,453	\$ 7,867	\$ 607,683
2025	382,857	201,206	16,836	7,538	608,437
2026	339,372	144,916	16,836	7,201	508,325
2027	333,363	184,737	17,219	6,864	542,183
2028	340,428	178,171	17,601	6,520	542,720
THEREAFTER	<u>6,438,396</u>	<u>1,812,283</u>	<u>163,292</u>	<u>36,622</u>	<u>8,450,593</u>
Total	\$ <u>8,207,837</u>	\$ <u>2,731,255</u>	\$ <u>248,237</u>	\$ <u>72,612</u>	\$ <u>11,259,941</u>

NOTE 5- DEPOSITS AND INVESTMENTS:

DEPOSITS

The City of Pottsville is governed by the deposit and investment limitations of state law. The deposits and investments held at December 31, 2023, and reported at fair value are listed below:

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a policy for custodial credit risk on deposits. At December 31, 2023, the carrying amount of the City's deposits was \$3,363,418. and the bank balance was \$3,487,266. Of the bank balance, \$777,779 was covered by federal depository insurance and \$2,709,487. was exposed to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the City's name.

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 5 – DEPOSITS AND INVESTMENTS – continued

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. It is the practice of the City to limit its interest rate risk by investing in securities with maturity dates under one year. At December 31, 2023, the City's investments in securities of U.S. agencies had maturity dates of less than one year.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The City has no investments subject to custodial credit risk.

Credit Risk

The City has no investment policy that would limit its investment choices to those with certain credit ratings.

Concentration Risk

The City does not have a formal policy that would limit the amount it may invest in any one issuer.

NOTE 6 – NOTES RECEIVABLE AND INTERGOVERNMENTAL RECEIVABLES:

Notes receivable on the Statement of Net Position consists of the following:

NOTES RECEIVABLE FIREMAN'S RELIEF TRUST ASSOCIATION

The note receivable represents a loan in the original amount of \$381,881 made to the Pottsville Fireman's Relief Trust Association. Payments are made semi-annually beginning on March 1, 2017 for 10 years in the amount of \$21,162, which includes interest at 1%. The balance as of December 31, 2023 is \$122,644.

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 6 – NOTES RECEIVABLE AND INTERGOVERNMENTAL RECEIVABLES – continued

NOTES RECEIVABLE HOUSING AUTHORITY

The note receivable represents a loan in the original amount of \$1,969,549 made to the Pottsville Housing Authority. Payments are made semi-annually, and the amounts vary according to an agreed schedule. The first payment each year is interest only and the second payment is interest and principal in an amount that will pay off the loan in 18 years. The final payment is scheduled to be made on October 1, 2027. The balance as of December 31, 2023 is \$1,537,283.

NOTES RECEIVABLE PARKING AUTHORITY

The note receivable represents a loan in the original amount of \$334,336 made to the Pottsville Parking Authority which is a component unit that is presented in these financial statements as a proprietary fund. Payments are made semi-annually. The first payment each year is interest only and the second payment is interest and principal in an amount that will pay off the loan in 20 years. The final payment is scheduled to be made on October 1, 2027. The balance as of December 31, 2023 is \$248,237.

NOTES RECEIVABLE NORTH CENTRE STREET LIMITED PARTNERSHIP

The note receivable of the component unit, the Pottsville Redevelopment Authority, represents a loan in the original amount of \$485,925 made to 225 North Centre Street Limited Partnership dated March 9, 1995 from the Redevelopment Authority, for use in acquiring and rehabilitating a six-unit, mixed use, affordable housing project. The loan is interest free for a term of 30 years with no payments due for the first 15 years. Starting in year 16 principal only is due in the amount of \$8,272 for 14 years. The remaining balance of \$343,117 is due in the year 2025. The balance as of December 31, 2023, is \$351,389.

NOTE 7 - RISK MANAGEMENT:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and, natural disasters. As a result of these exposures, the City carries various insurance policies to reduce the overall exposure of risks to the City. There were no settlements in excess of insurance coverage in any of the past three fiscal years.

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - COMMITMENTS:

During May 2005, the City adopted an ordinance to guaranty a portion (83% - \$15,541,518.) of the Greater Pottsville Area Sewer Authority 2005 Guaranteed Sewer Revenue Bond of \$18,724,721. The outstanding liability at December 31, 2023 is \$603,308.

NOTE 9 - PENSION PLANS:

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the City of Pottsville. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit term. Investments are reported at fair value.

UNIFORM (POLICE) PENSION PLAN

PLAN DESCRIPTION

The City of Pottsville Police Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 66, as amended, adopted pursuant to Third Class City Code. The plan is governed by the pension commission which is responsible for the management of plan assets. The pension commission has delegated the authority to manage certain plan assets and administrative functions to Wells Fargo Bank and other investment advisors.

PLAN MEMBERSHIP

At December 31, 2023, the following employees were covered by the benefit terms:

Active Members	19
Inactive Members or Beneficiaries Currently Receiving Benefits	32
Inactive Members Entitled to but not yet Receiving Benefits	5
Total	<u>56</u>

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9- PENSION PLANS – continued

UNIFORM (POLICE) PENSION PLAN - continued

CONTRIBUTION DESCRIPTION

Members contribute 5.0% of compensation, plus \$3 per month. Member contributions are not credited with interest.

ACTUARIAL METHODS AND ASSUMPTIONS USED TO DETERMINE TOTAL 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 of changes in assumptions occurred between the valuation date and the fiscal year end.

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.50%. 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.

LONG-TERM EXPECTED RATE OF RETURN ON ASSETS

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 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	65.00%	5.50%-7.50%
Fixed Income	35.00%	1.00%-3.00%
Total	<u>100.00%</u>	

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - PENSION PLANS – continued

UNIFORM (POLICE) PENSION PLAN - continued

Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase/(Decrease)		
	Total Pension	Plan	Net Pension
	Liability (a)	Fiduciary Net Position (b)	Liability (a) - (b)
Balances at 12/31/2022	\$ 17,014,675	\$ 13,416,662	\$ 3,598,013
Changes for the year:			
Service Cost	287,395	0	287,395
Interest	1,220,058	0	1,220,058
Changes of Assumptions	0	0	0
Changes in Benefit Terms	0	0	0
Changes for Experience	(547,337)	0	(547,337)
Differences Between Expected and Actual Experience	0	0	0
Contributions - Employer	0	558,174	(558,174)
Contributions - Member	0	94,025	(94,025)
Net Investment Income	0	1,872,292	(1,872,292)
Benefit Payments	(974,592)	(974,592)	0
Administrative Expense	0	0	0
Other Changes	0	0	0
Net Changes	(14,476)	1,549,899	(1,564,375)
Balances at 12/31/2023	\$ 17,000,199	\$ 14,966,561	\$ 2,033,638

NET PENSION LIABILITY SENSITIVITY

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7.5% as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease	Current	1% Increase
	6.50%	Discount Rate 7.50%	8.50%
Net Pension Liability	\$ 3,558,423	\$ 2,033,638	\$ 183,895

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - PENSION PLANS – continued

UNIFORM (POLICE) PENSION PLAN – continued

Pension Expense for Fiscal Year Ended December 31, 2023

Service Cost	\$ 287,395
Interest on total Pension Liability	1,220,058
Differences Between Expected and Actual Experience	(201,174)
Changes of Assumptions	57,617
Changes in Benefit Terms	0
Member Contributions	(94,025)
Projected Earnings on Pension Plan Investments	(994,160)
Differences Between Projected and Actual Earnings on Investments	25,607
Administrative Expense	0
Other Changes in Fiduciary Net Position	0
Total Pension Expense	\$ <u>301,318</u>

For the year ended December 31, 2023, City of Pottsville recognized a pension expense of \$301,318.

ACTUARIAL ASSUMPTIONS

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	Police Pension Plan
Valuation Date	1/1/2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed - 5 yrs. Remaining amortization period
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increase	5.00%
Includes Inflation at	3.00%
Cost-of-living Adjustments	None

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - PENSION PLANS – continued

UNIFORM (POLICE) PENSION PLAN – continued

Schedule of Collective Deferred Inflows and Outflows

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 0	\$ (647,341)
Changes in Assumptions	0	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>2,423,655</u>	<u>(1,176,802)</u>
Total Pension Expense	<u>\$ 2,423,655</u>	<u>\$ (1,824,143)</u>

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 119,903
2025	119,903
2026	119,902
2027	119,902
2028	119,902
Thereafter	<u>0</u>
Total	<u>\$ 599,512</u>

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - PENSION PLANS – continued

NON-UNIFORM PENSION PLAN

PLAN DESCRIPTION

The City of Pottsville Non-Uniformed Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 90/67C. The plan is governed by the city council which is responsible for the management of plan assets. The city council has engaged a bank to administer plan assets.

PLAN MEMBERSHIP

At December 31, 2023, the following employees were covered by the benefit terms:

Active employees	31
Inactive Members or Beneficiaries Currently Receiving Benefits	29
Inactive Members Entitled to but not yet Receiving Benefits	1
Total	<u>61</u>

CONTRIBUTION DESCRIPTION

Members hired after October 20, 1999, contribute 3.5% of compensation up to the Social Security Taxable Wage Base, plus 5.0% of compensation over the Social Security Taxable Wage Base. Members hired after October 20, 1999, may elect to contribute 5.0% of all compensation to “buy out” the 40% of Social Security Primary Insurance Amount offset. Member contributions are not credited with interest.

ACTUARIAL METHODS AND ASSUMPTIONS USED TO DETERMINE TOTAL 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.

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - PENSION PLANS – continued

NON-UNIFORM PENSION PLAN – continued

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.50%. 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.

LONG-TERM EXPECTED RATE OF RETURN ON ASSETS

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 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	65.00%	5.50%-7.50%
Fixed Income	35.00%	1.00%-3.00%
Total	<u>100.00%</u>	

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - PENSION PLANS – continued

NON-UNIFORM PENSION PLAN – continued

Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2022	\$ 6,200,663	\$ 5,182,789	\$ 1,017,874
Changes for the year:			
Service Cost	160,843	0	160,843
Interest	463,770	0	463,770
Changes of Assumptions	0	0	0
Changes in Benefit Terms	0	0	0
Changes for Experience	13,826	0	13,826
Differences Between Expected and Actual Experience	0	0	0
Contributions - Employer	0	96,634	(96,634)
Contributions - Member	0	70,793	(70,793)
Net Investment Income	0	717,676	(717,676)
Benefit Payments	(383,460)	(383,460)	0
Administrative Expense	0	0	0
Other Changes	0	0	0
Net Changes	<u>254,979</u>	<u>501,643</u>	<u>(246,664)</u>
Balances at 12/31/2023	<u>\$ 6,455,642</u>	<u>\$ 5,684,432</u>	<u>\$ 771,210</u>

NET PENSION LIABILITY SENSITIVITY

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7.5% as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease	Current	1% Increase
	6.50%	Discount Rate 7.50%	8.50%
Net Pension Liability	\$ 1,434,283	\$ 771,210	\$ 207,288

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - PENSION PLANS – continued

NON-UNIFORM PENSION PLAN – continued

Pension Expense for Fiscal Year Ended December 31, 2023

Service Cost	\$	160,843
Interest on total Pension Liability		463,770
Differences Between Expected and Actual Experience		7,232
Changes of Assumptions		47,061
Changes in Benefit Terms		0
Member Contributions		(70,793)
Projected Earnings on Pension Plan Investments		(380,608)
Differences Between Projected and Actual Earnings on Investments		5,016
Administrative Expense		0
Other Changes in Fiduciary Net Position		0
Total Pension Expense	\$	<u>232,521</u>

For the year ended December 31, 2023, City of Pottsville recognized a pension expense of \$232,521.

ACTUARIAL ASSUMPTIONS

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	Non-Uniform Pension Plan
Valuation Date	1/1/2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increase	5.00%
Includes Inflation at	3.00%
Cost-of-living Adjustments	None

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - PENSION PLANS – continued

NON-UNIFORM PENSION PLAN – continued

Schedule of Collective Deferred Inflows and Outflows

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 45,963	\$ (33,728)
Changes in Assumptions	98,434	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>955,842</u>	<u>(460,166)</u>
Total Pension Expense	<u>\$ 1,100,239</u>	<u>\$ (493,894)</u>

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 121,269
2025	121,269
2026	121,269
2027	121,269
2028	121,269
Thereafter	<u>0</u>
Total	<u>\$ 606,345</u>

NOTE 10 - RISK MANAGEMENT:

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City provides for these risks through the purchase of commercial insurance coverage.

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS:

PLAN DESCRIPTION

The City of Pottsville Retiree Health Care Plan (the Plan) is a single-employer defined benefit healthcare plan administered by City Council. The Plan provides postemployment healthcare insurance benefits to eligible retirees of the City in accordance with the various labor contracts and personnel policies. At January 1, 2022, 98 retired employees were eligible to participate. Inasmuch as the Plan has no assets, reporting another employee benefit trust fund in the accompanying financial statements is not required nor was a separate or stand-alone report issued.

FUNDING POLICY

The contribution requirements of plan members and the City are established and may be amended by City Council, subject to applicable labor contracts and benefit plans.

ELIGIBILITY FOR BENEFITS

Benefits are payable to Police Officers upon retirement after attainment of age 50 and completion of 25 years of vesting service, or upon disability. Benefits are payable to Police Officers who were hired prior to May 20, 1985, upon retirement after attainment of age 50 and completion of 20 years of vesting service, or upon disability.

Benefits are payable to all full time Nonuniformed Employees upon retirement after attainment age 60 and completion of 20 years of vesting service. Benefits are payable to Nonuniformed Employees who were hired prior to October 21, 1999, upon retirement after attainment of age 65 (Normal Retirement) or after attainment of age 60 and completion of five years of vesting service (Early Retirement).

MEDICAL BENEFITS PAYABLE UPON RETIREMENT

Eligible retiring or disabled Police Officers, spouses, and eligible dependents may receive medical and prescription drug coverage under the City's PPO plan. The pre-65 Indemnity Plan will continue to be offered to the retirees currently covered by this plan until they reach Medicare age. Once the member or spouse reaches Medicare age, the member or spouse must move to the 65 Special Plan. Additionally, the member and spouse will be reimbursed for Medicare Part B premiums once reaching Medicare age. All benefits are paid by the City.

Upon death of a retired Police Officer, the spouse and eligible dependents may continue full paid medical and prescription drug coverage for life.

Upon the death of an active Police Officer, the spouse and eligible dependents may continue full paid medical and prescription drug coverage for life.

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - continued

MEDICAL BENEFITS PAYABLE UPON RETIREMENT - continued

Eligible retiring Nonuniformed Employees may receive \$175. per month to use toward medical and prescription drug coverage. Past retirees may be receiving lesser amounts. If coverage is elected through the City, the member or spouse must move to the Signature 65 plan upon reaching Medicare age.

The City may contribute the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. For 2023, the City made no contributions and instead elected to continue funding on a *pay-as-you-go* basis, which amounted to \$466,611. for 2023. These costs are recognized as an expense when claims or premiums are paid.

ANNUAL OPEB COST AND NET OPEB OBLIGATION

For 2023, the City's OPEB liability was measured as of January 1, 2022. The components of the City's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation to the Plan were as follows:

Service Cost	\$ 362,106
Interest on Net OPEB Obligation	335,010
Changes of Benefit Terms	(3,249,863)
Differences Between Expected and Actual Experience	0
Annual OPEB Cost	<u>(2,552,747)</u>
Contributions or Payments Made	<u>(466,611)</u>
Decrease in Net OPEB Obligation	<u>(3,019,358)</u>
Net OPEB Obligation, Beginning of Year	<u>14,779,986</u>
Net OPEB Obligation, End of Year	<u>\$ 11,760,628</u>

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - continued

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of potential occurrences of certain events in the future. Examples include assumption about future employment, mortality, healthcare costs trends, inflation, etc. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to constant changes and modifications as actual results are compared with past expectations and new estimates and assumptions are formed regarding the future. Projections of retiree benefits for financial reporting purposes are based on current plan activities as it is handled by the City and the benefits are received by the eligible plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2022 actuarial valuation, the individual entry age normal actuarial cost method was used. There were also merit and seniority salary rate increase of 5% assumptions taken into consideration and those are detailed in the actuarial study and are based on age. There was also an inflationary rate assumption factored into the calculation. Per the actuarial study, the assumed rate ranges from 7.0% in the short-term to 4.1% in the long-term for health care related costs. The UAAL is being amortized as a level percentage of active member payroll over a period of 30 years.

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 – SINGLE AUDIT APPLICABILITY:

As the federal financial assistance expended was less than \$750,000, a Single Audit was not required and, therefore, was not completed.

NOTE 14 – SUBSEQUENT EVENTS:

The City has evaluated events and transactions occurring subsequent to the balance sheet date of December 31, 2023 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through January 28, 2025, the date these financial statements were available to be issued.

REQUIRED

SUPPLEMENTARY INFORMATION

CITY OF POTTSVILLE
CITY OF POTTSVILLE POLICE (UNIFORM) PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND INVESTMENT RETURNS
LAST 10 FISCAL YEARS

SCHEDULE OF CONTRIBUTIONS	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 531,694	\$ 531,374	\$ 550,925	\$ 556,397	\$ 574,773	\$ 625,404	\$ 628,254	\$ 768,154	\$ 547,839	\$ 558,174
Contributions in relation to the actuarially determined contribution	<u>531,694</u>	<u>531,374</u>	<u>556,397</u>	<u>574,773</u>	<u>574,773</u>	<u>625,404</u>	<u>628,254</u>	<u>768,154</u>	<u>547,839</u>	<u>558,174</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (5,472)</u>	<u>\$ (18,376)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 Covered employee payroll	 \$ 1,417,445	 \$ 1,546,235	 \$ 1,552,723	 \$ 1,728,897	 \$ 1,792,427	 \$ 1,877,812	 \$ 1,821,514	 \$ 1,807,771	 \$ 1,738,809	 \$ 1,732,780
Contributions as a percentage of covered employee payroll	37.5%	34.4%	35.8%	33.2%	32.1%	33.3%	34.5%	42.5%	31.5%	32.2%

See notes to financial statements
which are an integral part of this statement.

CITY OF POTTSVILLE
CITY OF POTTSVILLE POLICE (NONUNIFORM) PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND INVESTMENT RETURNS
LAST 10 FISCAL YEARS

SCHEDULE OF CONTRIBUTIONS	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 140,616	\$ 148,938	\$ 85,403	\$ 93,856	\$ 93,315	\$ 138,452	\$ 140,269	\$ 209,428	\$ 97,566	\$ 96,634
Contributions in relation to the actuarially determined contribution	<u>140,616</u>	<u>148,938</u>	<u>93,856</u>	<u>93,856</u>	<u>93,315</u>	<u>138,452</u>	<u>140,269</u>	<u>209,428</u>	<u>97,566</u>	<u>96,634</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (8,453)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered employee payroll	\$ 1,292,408	\$ 1,211,936	\$ 1,369,299	\$ 1,370,123	\$ 1,571,658	\$ 1,595,653	\$ 1,574,922	\$ 1,458,926	\$ 1,621,547	\$ 1,602,454
Contributions as a percentage of covered employee payroll	10.9%	12.3%	6.9%	6.9%	5.9%	8.7%	8.9%	14.4%	6.0%	6.0%

See notes to financial statements
which are an integral part of this statement.

CITY OF POTTSVILLE

CITY OF POTTSVILLE POLICE (UNIFORM) PENSION PLAN

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
TOTAL PENSION LIABILITY					
Service cost	\$ 280,026	\$ 294,027	\$ 291,444	\$ 306,016	\$ 287,395
Interest	1,132,180	1,173,274	1,176,381	1,219,299	1,220,058
Changes of benefit terms	0	0	0	0	(547,337)
Differences between expected and actual experience	65,146	0	(523,680)	0	0
Changes of assumptions	288,077	0	0	0	0
Benefit payments, including refunds of member contributions	<u>(853,728)</u>	<u>(902,841)</u>	<u>(896,396)</u>	<u>(923,900)</u>	<u>(974,592)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	<u>911,701</u>	<u>564,460</u>	<u>47,749</u>	<u>601,415</u>	<u>(14,476)</u>
TOTAL PENSION LIABILITY - BEGINNING	<u>14,889,350</u>	<u>15,801,051</u>	<u>16,365,511</u>	<u>16,413,260</u>	<u>17,014,675</u>
TOTAL PENSION LIABILITY - ENDING	<u>\$ 15,801,051</u>	<u>\$ 16,365,511</u>	<u>\$ 16,413,260</u>	<u>\$ 17,014,675</u>	<u>\$ 17,000,199</u>
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 625,404	\$ 628,254	\$ 768,154	\$ 547,839	\$ 558,174
Contributions - employee	93,892	93,449	91,641	92,299	94,025
Net investment income	2,137,704	2,018,938	1,766,859	(2,811,412)	1,872,292
Benefit payments, including refunds of member contributions	<u>(853,728)</u>	<u>(902,841)</u>	<u>(896,396)</u>	<u>(923,900)</u>	<u>(974,592)</u>
Administrative expense	<u>(7,700)</u>	<u>(3,700)</u>	<u>(6,400)</u>	<u>(7,100)</u>	<u>0</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	<u>1,995,572</u>	<u>1,834,100</u>	<u>1,723,858</u>	<u>(3,102,274)</u>	<u>1,549,899</u>
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>10,965,406</u>	<u>12,960,978</u>	<u>14,795,078</u>	<u>16,518,936</u>	<u>13,416,662</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u>\$ 12,960,978</u>	<u>\$ 14,795,078</u>	<u>\$ 16,518,936</u>	<u>\$ 13,416,662</u>	<u>\$ 14,966,561</u>
NET POSITION LIABILITY - ENDING	<u>\$ 2,840,073</u>	<u>\$ 1,570,433</u>	<u>\$ (105,676)</u>	<u>\$ 3,598,013</u>	<u>\$ 2,033,638</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	82.0%	90.4%	100.6%	78.9%	88.0%
COVERED EMPLOYEE PAYROLL	\$ 1,877,812	\$ 1,821,514	\$ 1,807,771	\$ 1,738,809	\$ 1,732,780
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	151.2%	86.2%	-5.8%	206.9%	117.4%

See Notes to Required Supplementary Information for an explanation of changes to benefits and actuarial assumptions.

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

CITY OF POTTSVILLE

CITY OF POTTSVILLE POLICE (NONUNIFORM) PENSION PLAN

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	2019	2020	2021	2022	2023
TOTAL PENSION LIABILITY					
Service cost	\$ 141,119	\$ 148,175	\$ 130,712	\$ 137,248	\$ 160,843
Interest	399,207	418,586	430,829	445,691	463,770
Changes of benefit terms	0	0	0	0	0
Differences between expected and actual experience	88,468	0	(53,963)	0	13,826
Changes of assumptions	205,503	0	0	0	0
Benefit payments, including refunds of member contributions	(278,473)	(299,508)	(364,696)	(375,142)	(383,460)
NET CHANGE IN TOTAL PENSION LIABILITY	<u>555,824</u>	<u>267,253</u>	<u>142,882</u>	<u>207,797</u>	<u>254,979</u>
TOTAL PENSION LIABILITY - BEGINNING	<u>5,026,907</u>	<u>5,582,731</u>	<u>5,849,984</u>	<u>5,992,866</u>	<u>6,200,663</u>
TOTAL PENSION LIABILITY - ENDING	<u>\$ 5,582,731</u>	<u>\$ 5,849,984</u>	<u>\$ 5,992,866</u>	<u>\$ 6,200,663</u>	<u>\$ 6,455,642</u>
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 138,452	\$ 140,269	\$ 209,428	\$ 97,566	\$ 96,634
Contributions - employee	47,830	49,719	59,498	56,544	70,793
Net investment income	872,184	812,269	703,965	(1,112,472)	717,676
Benefit payments, including refunds of member contributions	(278,473)	(299,508)	(364,696)	(375,142)	(383,460)
Administrative expense	(7,600)	(4,800)	(7,600)	(4,400)	0
NET CHANGE IN PLAN FIDUCIARY NET POSITION	<u>772,393</u>	<u>697,949</u>	<u>600,595</u>	<u>(1,337,904)</u>	<u>501,643</u>
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>4,449,756</u>	<u>5,222,149</u>	<u>5,920,098</u>	<u>6,520,693</u>	<u>5,182,789</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u>\$ 5,222,149</u>	<u>\$ 5,920,098</u>	<u>\$ 6,520,693</u>	<u>\$ 5,182,789</u>	<u>\$ 5,684,432</u>
NET POSITION LIABILITY - ENDING	<u>\$ 360,582</u>	<u>\$ (70,114)</u>	<u>\$ (527,827)</u>	<u>\$ 1,017,874</u>	<u>\$ 771,210</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	93.5%	101.2%	108.8%	83.6%	88.1%
COVERED EMPLOYEE PAYROLL	\$ 1,595,653	\$ 1,574,922	\$ 1,458,926	\$ 1,621,547	\$ 1,602,454
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	22.6%	-4.5%	-36.2%	62.8%	48.1%

See Notes to Required Supplementary Information for an explanation of changes to benefits and actuarial assumptions.

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

CITY OF POTTSVILLE
CITY OF POTTSVILLE OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
LAST 10 FISCAL YEARS

	2018	2019	2020	2021	2022	2023
TOTAL OPEB LIABILITY						
Service cost	\$ 237,933	\$ 273,999	\$ 263,949	\$ 257,368	\$ 343,445	\$ 362,106
Benefit payments	(435,435)	(464,889)	(468,641)	(393,639)	(408,959)	(466,611)
Interest	389,914	374,918	415,174	385,287	275,222	335,010
Changes in benefit terms	41,349	(630,557)	1,082,582	2,114,782	(820,299)	(3,249,863)
Changes in assumptions or other inputs	1,100,793	0	0	0	0	0
Differences between expected and actual experience	0	0	(914,377)	0	1,252,303	0
NET CHANGE IN TOTAL OPEB LIABILITY	<u>1,334,554</u>	<u>(446,529)</u>	<u>378,687</u>	<u>2,363,798</u>	<u>641,712</u>	<u>(3,019,358)</u>
TOTAL OPEB LIABILITY - BEGINNING	<u>10,507,764</u>	<u>11,842,318</u>	<u>11,395,789</u>	<u>11,774,476</u>	<u>14,138,274</u>	<u>14,779,986</u>
TOTAL OPEB LIABILITY - ENDING	<u>\$ 11,842,318</u>	<u>\$ 11,395,789</u>	<u>\$ 11,774,476</u>	<u>\$ 14,138,274</u>	<u>\$ 14,779,986</u>	<u>\$ 11,760,628</u>
PLAN FIDUCIARY NET POSITION	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
NET OPEB LIABILITY	<u>\$ 11,842,318</u>	<u>\$ 11,395,789</u>	<u>\$ 11,774,476</u>	<u>\$ 14,138,274</u>	<u>\$ 14,779,986</u>	<u>\$ 11,760,628</u>

NOTES TO SCHEDULE:

Methods and assumptions used to determine net OPEB liability:

Actuarial Cost Method:	Entry age normal
Inflation:	3.00%
Discount Rate:	4.31%
Mortality Table:	20-Year High Grade Rate Index at January 1, 2023 The discount rate was based on the S&P PubS-2010 (Police), PubG-2010 (Non Uniform)
Mortality Improvement:	Incorporated into the mortality tables are rates projected generationally using Scale MP-2020 to reflect mortality improvement
Withdrawal:	Rates range from 4.0% to 5.5% for Police Rates range from 5.0% to 7.0% for Non Uniform
Disablement:	Police: SOA 1987 Group LTD Table Males 3 Month Non Uniform: SOA 1987 Group LTD Table Males 6 Month
Valuation Retirement Age:	Normal retirement age, or attained age if currently eligible to retire
Participation:	100% of eligible retirees
Coverage Election:	Future retirees: 100% elect individual coverage Current retirees: continuation of current coverage level

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

CITY OF POTTSVILLE
CITY OF POTTSVILLE POLICE (UNIFORM) PENSION PLAN
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded or (Funding Excess) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
01/01/2011	\$ 8,573,056	\$ 11,654,396	\$ 3,081,340	73.6%	\$ 1,737,748	177.3%
01/01/2013	\$ 9,048,427	\$ 12,020,432	\$ 2,972,005	75.3%	\$ 1,508,261	197.0%
01/01/2015	\$ 10,450,026	\$ 13,362,295	\$ 2,912,269	78.2%	\$ 1,417,445	205.5%
01/01/2017	\$ 10,455,675	\$ 13,997,113	\$ 3,541,438	74.7%	\$ 1,552,723	228.1%
01/01/2019	\$ 10,965,406	\$ 15,242,573	\$ 4,277,167	71.9%	\$ 1,792,427	238.6%
01/01/2021	\$ 14,795,078	\$ 15,841,831	\$ 1,046,753	93.4%	\$ 1,821,514	57.5%
01/01/2023	\$ 13,416,662	\$ 16,467,338	\$ 3,050,676	81.5%	\$ 1,738,809	175.4%

See notes to financial statements
which are an integral part of this statement.

CITY OF POTTSVILLE
CITY OF POTTSVILLE (NONUNIFORM) PENSION PLAN
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded or (Funding Excess) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
01/01/2011	\$ 3,111,700	\$ 3,629,097	\$ 517,397	85.7%	\$ 1,454,189	35.6%
01/01/2013	\$ 3,507,049	\$ 3,909,939	\$ 402,890	89.7%	\$ 1,317,231	30.6%
01/01/2015	\$ 4,214,279	\$ 4,031,163	\$ (183,116)	104.5%	\$ 1,292,408	-14.2%
01/01/2017	\$ 4,339,409	\$ 4,613,433	\$ 274,024	94.1%	\$ 1,369,299	20.0%
01/01/2019	\$ 4,449,756	\$ 5,320,878	\$ 871,122	83.6%	\$ 1,571,658	55.4%
01/01/2021	\$ 5,920,098	\$ 5,796,021	\$ (124,077)	102.1%	\$ 1,574,922	-7.9%
01/01/2023	\$ 5,182,789	\$ 6,214,489	\$ 1,031,700	83.4%	\$ 1,621,547	63.6%

See notes to financial statements
which are an integral part of this statement.

OTHER SUPPLEMENTARY INFORMATION

CITY OF POTTSVILLE

COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	<u>Community Development Fund</u>	<u>State Highway Aid Fund</u>	<u>Home Grant Fund</u>	<u>Total Funds</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash	\$ 579	\$ 950	\$ 30,823	\$ 32,352
Due from other governments	0	0	0	0
TOTAL ASSETS	<u>579</u>	<u>950</u>	<u>30,823</u>	<u>32,352</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 579</u>	<u>\$ 950</u>	<u>\$ 30,823</u>	<u>\$ 32,352</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0
Interfund payables	579	0	30,823	31,402
Deferred revenue	0	0	0	0
TOTAL LIABILITIES	<u>579</u>	<u>0</u>	<u>30,823</u>	<u>31,402</u>
DEFERRED INFLOWS OF RESOURCES	0	0	0	0
FUND BALANCES				
Unreserved - designated fund balance	0	0	0	0
Unreserved - undesignated fund balance	0	950	0	950
TOTAL FUND BALANCES	<u>0</u>	<u>950</u>	<u>0</u>	<u>950</u>
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 579</u>	<u>\$ 950</u>	<u>\$ 30,823</u>	<u>\$ 32,352</u>

See notes to financial statements
which are an integral part of this statement.

CITY OF POTTSVILLE

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
ALL NON-MAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2023

	Community Development Fund	State Highway Aid Fund	Home Grant Fund	Total Funds
REVENUES AND OTHER FINANCING SOURCES				
Interest and rents	\$ 0	\$ 3,805	\$ 0	\$ 3,805
Intergovernmental revenues	75,968	410,375	102,307	588,650
Donations	0	0	0	0
Miscellaneous revenues	0	0	0	0
TOTAL REVENUES AND OTHER FINANCING SOURCES	75,968	414,180	102,307	592,455
EXPENDITURES AND OTHER FINANCING (USES)				
Public safety	0	0	0	0
Public works - highways	0	414,000	0	414,000
Community development	75,968	0	102,307	178,275
Culture - recreation	0	0	0	0
Debt service	0	0	0	0
Interfund transfers	0	0	0	0
TOTAL EXPENDITURES AND OTHER FINANCING (USES)	75,968	414,000	102,307	592,275
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING (USES)	0	180	0	180
FUND BALANCE - JANUARY 1, 2023	0	770	0	770
FUND BALANCE - DECEMBER 31, 2023	\$ 0	\$ 950	\$ 0	\$ 950

See notes to financial statements
which are an integral part of this statement.