

City of Latrobe

Primary Government Financial Statements

For the Year Ended December 31, 2022

City of Latrobe

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Independent Auditors' Report

To the City Council
City of Latrobe
Latrobe, Pennsylvania

Opinion

We have audited the accompany financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Latrobe (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Latrobe'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, each major fund, and the aggregate remaining fund information of the City as of December 31, 2022, 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 Opinion

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

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.

Responsibilities of Management for the Financial Statements (Continued)

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

Auditors' 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 auditors' 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and pension and other post-employment benefit information on pages 35 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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 making 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.

Opst & Associates, LLC

March 15, 2024

City of Latrobe

Statement of Net Position

For the Year Ended December 31,	2022
	Governmental Activities
Assets	
Cash and equivalents	\$ 4,414,787
Taxes receivable	811,481
Prepaid expenses	28,256
Accounts receivable	194,081
Capital assets not depreciated	671,443
Capital assets net of depreciation	4,670,960
Net pension asset	1,750,464
Right of use assets - (Note 10)	<u>12,741</u>
Total Assets	<u>12,554,213</u>
Deferred Outflows of Resources	
Deferred outflows related to pension	1,601,507
Deferred outflows from bond refunding	<u>31,999</u>
Total Deferred Outflows of Resources	<u>1,633,506</u>
Liabilities	
Accounts payable	41,567
Other current liabilities	141,357
Other post employment benefits obligation	1,979,205
Salaries and wages payable	122,105
Net pension liability	476,017
Long-term debt, due in one year	233,916
Long-term debt, due in more than one year	2,942,125
Current portion of lease payable (Note 10)	7,004
Lease payable - net of current portion (Note 10)	<u>6,146</u>
Total Liabilities	<u>5,949,442</u>
Deferred Inflows of Resources	
Deferred inflows related to pension	1,533,560
Deferred inflows related to bond refunding	<u>47,855</u>
Total Deferred Inflows of Resources	<u>1,581,415</u>
Net Position	
Net investment in capital assets	2,166,362
Restricted	300,864
Unrestricted	<u>4,189,636</u>
Total Net Position	<u>\$ 6,656,862</u>

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

City of Latrobe

Statement of Activities and Changes in Net Position

For the Year Ended December 31,

2022

	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General government	\$ 1,864,243	\$ 44,117	\$ 867,505	\$ (952,621)
Public safety	2,478,181	152,789	-	(2,325,392)
Public works and sanitation	2,790,967	2,962,072	270,551	441,656
Culture and recreation	95,921	-	-	(95,921)
Parking	46,348	-	-	(46,348)
Interest on long-term debt	57,320	-	-	(57,320)
Fiscal agent fees	808	-	-	(808)
Depreciation	418,702	-	-	(418,702)
Total Governmental Activities and Primary Government	\$ 7,752,490	\$ 3,158,978	\$ 1,138,056	(3,465,456)
General Revenues				
Taxes:				
Property taxes, levied for general purposes, net				1,471,421
Taxes levied for specific purposes				1,948,245
Licenses, permits, fines, and forfeits				264,591
Investment earnings				25,805
Miscellaneous				14,402
Total General Revenues and Transfers				3,722,464
Change In Net Position				267,008
Net Position - Beginning of Year - Restated (Note 2)				6,389,854
Net Position - End of Year				\$ 6,656,862

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

City of Latrobe

Balance Sheet - Governmental Funds

December 31,	2022			
	General Fund	Capital Projects Fund	Other Gov. Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 3,445,861	\$ 667,009	\$ 301,917	\$ 4,414,787
Taxes receivable	419,893	-	-	419,893
Accounts receivable	194,081	-	-	194,081
Prepaid expenses	28,256	-	-	28,256
Total Assets	\$ 4,088,091	\$ 667,009	\$ 301,917	\$ 5,057,017
Liabilities				
Accounts payable	\$ 41,567	\$ -	\$ -	\$ 41,567
Salaries and wages payable	73,862	-	-	73,862
Other current liabilities	140,920	437	-	141,357
Total Liabilities	256,349	437	-	256,786
Fund Balances				
Nonspendable	28,256	-	-	28,256
Restricted	-	-	300,864	300,864
Committed	-	666,572	1,053	667,625
Unassigned	3,803,486	-	-	3,803,486
Total Fund Balances	3,831,742	666,572	301,917	4,800,231
Total Liabilities and Fund Balances	\$ 4,088,091	\$ 667,009	\$ 301,917	\$ 5,057,017

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

City of Latrobe

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position

December 31,	2022
Total Governmental Funds Balances	\$ 4,800,231
Amounts Reported for Governmental Activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds:	
Land	671,443
Depreciable assets	4,670,960
Right of use assets	<u>12,741</u>
	5,355,144
Noncurrent liabilities, including long-term debt, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Compensated Absences	(48,243)
Other post employment benefits	(1,979,205)
Pension obligation	1,274,447
Notes payable	(3,176,041)
Lease liability	(13,150)
Deferred outflows are not current assets or financial resources; and deferred Inflows are not due and payable in the current period and are therefore not reported in the governmental funds.	
Deferred outflow - pension and bond refunding	1,633,506
Deferred inflow - pension and bond refunding	(1,581,415)
Revenues in the statement of activities that do not provided current financial resources are not reported as revenues in the funds.	
Delinquent property taxes	<u>391,588</u>
Total Net Position of Governmental Activities	<u>\$ 6,656,862</u>

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

City of Latrobe

Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds

For the Year Ended December 31,

2022

	General Fund	Capital Projects Fund	Other Gov. Funds	Total Gov. Funds
Revenues				
Real property taxes	\$ 1,380,869	\$ -	\$ 13,096	\$ 1,393,965
Local enabling act taxes	1,946,245	-	-	1,946,245
Licenses and permits	228,146	-	-	228,146
Fines and forfeits	36,445	-	-	36,445
Interest, rent, and royalties	8,436	12,520	4,849	25,805
Intergovernmental revenues	856,483	-	281,573	1,138,056
Charges for services	3,137,578	-	21,400	3,158,978
Miscellaneous	4,395	-	10,007	14,402
Total Revenues	7,598,597	12,520	330,925	7,942,042
Expenditures				
General government	2,322,813	7,249	-	2,330,062
Public safety	2,388,582	158,500	2,690	2,549,772
Public works and sanitation	2,265,369	368,254	309,532	2,943,155
Culture and recreation	82,825	-	13,096	95,921
Other expenditures	-	-	46,348	46,348
Debt service				
Principal	180,000	44,997	18,839	243,836
Interest	52,400	4,816	104	57,320
Fiscal agent fees	808	-	-	808
Total Expenditures	7,292,797	583,816	390,609	8,267,222
Excess (Deficiency) of Revenues Over Expenditures	305,800	(571,296)	(59,684)	(325,180)
Other Financing Sources (Uses)				
Operating transfers in	72,248	154,814	593,868	820,930
Operating transfers out	(155,250)	(72,248)	(593,432)	(820,930)
Total Other Financing Sources (Uses)	(83,002)	82,566	436	-
Net Change in Fund Balances	222,798	(488,730)	(59,248)	(325,180)
Fund Balances - Beginning of Year	3,608,944	1,155,302	361,165	5,125,411
Fund Balances - End of Year	\$ 3,831,742	\$ 666,572	\$ 301,917	\$ 4,800,231

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

City of Latrobe

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Governmental Funds Statement of Activities

December 31,	2022
Net Change in Fund Balances - Governmental Funds	\$ (325,180)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the period.</p>	
Capital outlays	226,799
Depreciation expense	<u>(418,702)</u>
	(191,903)
<p>Some revenues not collected as of the year ended are not considered available revenues in the governmental funds. This is the change in the amounts that were not considered available in the current year.</p>	
	77,454
<p>Long-term debt proceeds provide current financial resources to the governmental funds, but issuing debt increase long-term liabilities in the Statement of Activities. While repayment of principal is an expenditure in the government funds, it reduces long-term liabilities in the Statement of Activities.</p>	
Amortization of bond premium	3,988
Deferred charge on refunding bonds	(2,667)
<p>Principal payments on note payable are reported in governmental funds as expenditures. However, in the Statement of Activities, the borrowing are an increase of liability.</p>	
	246,547
<p>In the statement of activities, certain expenses are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount incurred versus the amount used.</p>	
OPEB liability	205,929
Pension liability	257,248
Lease liability	
Accrued compensated absences	<u>(4,408)</u>
Change in Net Position of Governmental Activities	<u>\$ 267,008</u>

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

City of Latrobe

Statement of Fiduciary Net Position - Pension Trust Fund

For the Year Ended December 31,	2022
Assets	
Cash and equivalents	\$ 78,264
Investments	<u>6,938,873</u>
Total Assets	<u>\$ 7,017,137</u>
Net Position	
Restricted for Pension Benefits	<u>\$ 7,017,137</u>

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

City of Latrobe

Statement of Changes in Fiduciary Net Position - Pension Trust Fund

For the Year Ended December 31,	2022
Additions	
Contributions	
Employer	\$ 253,842
Members	<u>33,355</u>
Total Contributions	<u>287,197</u>
Investment income	
Interest and dividends	190,784
Net appreciation in fair value	(1,292,864)
Less: Investment expenses	<u>(43,958)</u>
Net Investment Income	<u>(1,146,038)</u>
Total Additions	<u>(858,841)</u>
Deductions	
Benefit payments	<u>359,062</u>
Total Deductions	<u>359,062</u>
Net Increase	(1,217,903)
Net Position - Beginning of Year	<u>8,235,040</u>
Net Position - End of Year	<u><u>\$ 7,017,137</u></u>

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

City of Latrobe

Combining Balance Sheet - Non-Major Governmental Funds

December 31,

2022

	<u>Liquid Fuels</u>	<u>Library</u>	<u>Police Canine</u>	<u>DUI</u>	<u>Total Other Gov. Funds</u>
Assets					
Cash	\$ 258,293	\$ 1,053	\$ 35,068	\$ 7,503	\$ 301,917
Total Assets	<u>\$ 258,293</u>	<u>\$ 1,053</u>	<u>\$ 35,068</u>	<u>\$ 7,503</u>	<u>\$ 301,917</u>
Fund Balances					
Restricted	\$ 258,293	\$ -	\$ 35,068	\$ 7,503	\$ 300,864
Committed	<u>-</u>	<u>1,053</u>	<u>-</u>	<u>-</u>	<u>1,053</u>
Total Fund Balances	<u>258,293</u>	<u>1,053</u>	<u>35,068</u>	<u>7,503</u>	<u>301,917</u>
Total Liabilities and Fund Balances	<u>\$ 258,293</u>	<u>\$ 1,053</u>	<u>\$ 35,068</u>	<u>\$ 7,503</u>	<u>\$ 301,917</u>

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

City of Latrobe

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - Non-Major Governmental Funds

For the Year Ended December 31,		2022			
	Liquid Fuels	Library	Police Canine	DUI	Total Other Gov. Funds
Revenues					
Real property taxes	\$ -	\$ 13,096	\$ -	\$ -	\$ 13,096
Interest, rents, and royalties	4,681	1	118	49	4,849
Intergovernmental revenues	281,573	-	-	-	281,573
Charges for services	-	-	-	21,400	21,400
Miscellaneous	-	-	10,007	-	10,007
Total Revenues	286,254	13,097	10,125	21,449	330,925
Expenditures					
Public safety	309,532	-	2,690	-	312,222
Culture and recreation	-	13,096	-	-	13,096
Other expenses	843	-	-	45,505	46,348
Debt service					-
Principal	18,839	-	-	-	18,839
Interest	104	-	-	-	104
Total Expenditures	329,318	13,096	2,690	45,505	390,609
Excess (Deficiency) of Revenues Over Expenditures	(43,064)	1	7,435	(24,056)	(59,684)
Other Financing Sources (Uses)					
Operating transfers in	593,868	-	-	-	593,868
Operating transfers out	(593,432)	-	-	-	(593,432)
Total Other Financing Sources (Uses)	436	-	-	-	436
Net Change in Fund Balances	(42,628)	1	7,435	(24,056)	(59,248)
Fund Balances - Beginning of Year	300,921	1,052	27,633	31,559	361,165
Fund Balances - End of Year	\$ 258,293	\$ 1,053	\$ 35,068	\$ 7,503	\$ 301,917

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

City of Latrobe

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The City of Latrobe (City) was incorporated as a Borough on May 24, 1854. The City operates under a Council-Manager form of government and provided the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning and general administrative services.

As of January 1, 1998, the Borough of Latrobe became the City of Latrobe, and operates as a Home Rule Municipality.

The accounting policies of the City of Latrobe conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

A. Basis of Presentation

The government-wide financial statements report information on all of the activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program, and operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent, and the means by which spending activities are controlled. The various funds are grouped in the financial statement in this report into three generic fund types.

City of Latrobe

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Governmental Funds

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources 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.

Capital Projects Funds - Capital Project Funds are used to account for the revenues and expenditures designated for a particular capital project.

Proprietary Funds

The City has no Proprietary (Enterprise) Funds for 2022.

Fiduciary Funds

Pension Trust Funds – Pension Trust Funds are used to account for assets held by the City in a trustee capacity for the police and non-uniform retirement plans of the City.

B. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are 5 to 5 years.

C. Budgets and Budgetary Accounting

An operating budget is adopted each year for the General Fund and Capital Projects Fund on an accrual basis of accounting.

City of Latrobe

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Budgets and Budgetary Accounting (Continued)

Adoption of the budgets by the Council constitutes appropriations for the expenditures for the fiscal year. The expenditure budget may be amended by the council after a public hearing, provided that such amendment shall not result in expenditures exceeding estimated revenue determined at the time of the amendment. Any excess appropriations at the end of the fiscal year are not carried forward, but instead lapse.

D. Measurement Focus

The government funds of the City are accounted for on a "spending" measurement focus. Accordingly, only current assets and current liabilities are included on the governmental fund balance sheets, and the fund balances reflect spendable or appropriate resources. The operating statements for the governmental funds reflect increases and decreases in spendable resources through revenues and expenditures.

The Pension Trust Fund used the "income determination" measurement focus. Accordingly, the assets and liabilities are included on the balance sheet, and the fund balance reflects the market value of the trust fund. The operating statement reflects the change in the market value for the period through the revenues, expenses, and realized and unrealized gains and losses on the investments.

E. Compensated Absences

The accumulated vested compensated absences, payable from future resources, is recorded in the Government-Wide Statement of Net Assets. No liability is recorded for non-vesting accumulated rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick pay leave benefits that is allowed to be paid upon retirement or separation. The accumulated vested compensated absences at December 31, 2022, consisted of sick pay of \$48,243.

F. Fund Equity

The City has implemented GASB Statement No. 54. GASB Statement establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Additionally, the definitions of the general fund, special revenue fund type, capital projects fund type and permanent fund type are clarified by the provisions in the Statement. Interpretations of certain terms within the definition of special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition of other governmental fund types also have been modified for clarity and consistency.

City of Latrobe

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies (Continued)

F. Fund Equity (Continued)

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in the spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining for classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the City's council the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance - This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The council and manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, the unrestricted resources – committed, assigned, and unassigned – in order as needed.

Note 2 - Change in Accounting Principles

The City adopted GASB Statement No. 87, Leases, using the modified retrospective approach with January 1, 2021 as the date of initial adoption.

City of Latrobe

Notes to the Financial Statements

Note 2 - Change in Accounting Principles (Continued)

The City elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the City to carry forward the historical lease classification. In addition, the City elected the practical expedient to use hindsight in determining the lease term for existing leases, which resulted in shortening the lease terms for certain existing leases.

As a result of adopting the new standards effective January 1, 2021, the City recorded additional right-of-use lease assets of \$18,657 and lease liabilities of \$19,064, respectively. The difference between the lease assets and lease liabilities was recorded as an approximate \$409 decrease to beginning unrestricted net position. Adoption of the new standard did not materially impact the City's change in net position.

Note 3 - Cash and Temporary Investments

During 2022, cash was on deposit in institutions who are insured by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2022, \$3,756,585 of the City's deposits were not covered by the FDIC, but were collateralized under Act 72 of Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name.

At December 31, 2022, the Pension Trust Fund investments reported at fair market value consisted of:

Investments with PMRS (Non-Uniform)		\$ 6,908,215
<u>Police Pension</u>		
Bank CD's & Cash equivalents	78,264	
Fixed income securities	1,846,711	
Equities	594,290	
Mutual funds	4,477,150	
Accrued income	<u>20,722</u>	
		<u>7,017,137</u>
Total		\$ <u>13,925,352</u>

The City invested idle cash with various financial institutions in flexible money market funds and certificates of deposit. The interest rates in these funds varied over the year.

City of Latrobe

Notes to the Financial Statements

Note 4 - Long-Term Liabilities

During 2022, general long-term debt changed as follows:

	Beginning Balance	Proceeds	Payments	Ending Balance	Due within one year
Obligation loan	\$ 22,830	\$ -	\$ (11,549)	\$ 11,281	\$ 11,281
Obligation loan	104,838	-	(33,448)	71,390	34,924
Capital lease	18,839	-	(18,839)	-	-
Obligation bond, Series of 2021	3,230,000	-	(180,000)	3,050,000	185,000
Bond premium, Series of 2021	46,081	-	(2,711)	43,370	2,711
	<u>\$ 3,422,588</u>	<u>\$ -</u>	<u>\$ (246,547)</u>	<u>\$ 3,176,041</u>	<u>\$ 233,916</u>

A. Bonds Payable

General Obligation Bond, Series of 2021

In May 2021, the City completed a new bond issue, Series 2021. The City issued bonds totaling \$3,410,000 of which the final maturity is August 1, 2037. The City refunded the 2016 bonds. The proceeds of the bond issue are to be utilized for the 2016 bond refunding. In 2022, \$180,000 of the bond issue was paid. The interest rates of the new issue vary from 1.000% to 2.000% per annum.

Principal maturities due for the years ending December 31 on bonds payable are the following:

	Principal	Interest	Total
2023	\$ 185,000	\$ 51,000	\$ 236,000
2024	185,000	49,000	234,000
2025	190,000	47,000	237,000
2026	190,000	45,000	235,000
2027	190,000	43,000	233,000
2028-2032	1,005,000	167,000	1,172,000
2033-2037	1,105,000	68,000	1,173,000
Total	<u>\$ 3,050,000</u>	<u>\$ 470,000</u>	<u>\$ 3,520,000</u>

City of Latrobe

Notes to the Financial Statements

Note 4 - Long-Term Liabilities (Continued)

A. Notes Payable

Roll-Off Truck

During 2019, the City borrowed \$169,622 to finance the purchase of a roll-off truck. The terms are 2.0% interest per annum, with annual payments of \$38,076 for 5 years. The balance of this loan was \$71,390 at December 31, 2022.

Police Car

During 2020, the City borrowed \$34,285 to finance the purchase of a police car. The terms are 2.47% interest per annum, with annual payments of \$11,687 for 3 years. The balance of this loan was \$11,281 at December 31, 2022.

Principal maturities due for the years ending December 31 on notes payable are the following:

	Principal	Interest	Total
2023	\$ 46,000	\$ 3,000	\$ 49,000
2024	37,000	2,000	39,000
Total	\$ 83,000	\$ 5,000	\$ 88,000

B. Capital Lease

Ford 550

During 2018, the City entered into a Lease-Purchase agreement to purchase a Ford 550. The terms are 3.35% interest per annum, with payments of \$18,943 per annum for the next five years. The balance of this lease was \$-0- at December 31, 2022.

Note 5 - Property Taxes

Based on assessed valuations provided by Westmoreland County (approximately \$65,479,190 in 2022), the City bills and collects its own property taxes. The schedule for property taxes levied is:

March 1	Levy date
March 1 - August 31	2% discount period
September 1 – December 31	Face payment period

The City's tax rate for 2022 was 21.5 mills (21.3 per \$1,000 of assessed valuation for general purposes, and .2 mills for the Adams Memorial Library).

City of Latrobe

Notes to the Financial Statements

Note 6 - Contingent Liabilities

Grant Programs

The City participates in state and federal assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The City is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs.

Litigation

In the normal course of operations, the City is involved in various civil disputes. Management is of the opinion that any outcome resulting from these actions would not have a material effect on the City's financial position.

Note 7 - Allowance for Doubtful Accounts

Utilizing its experience and collection history, the City has established an allowance for uncollectible accounts of \$3,500, for all receivables. This allowance is predominately allocated to sanitation receivables.

Note 8 - Capital Assets

Capital assets activity for the year ended December 31, 2022 was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 671,443	\$ -	\$ -	\$ 671,443
Total Non-Depreciated Assets	671,443	-	-	671,443
Capital Assets, Being Depreciated				
Improvements	160,101	-	-	160,101
Machinery and equipment	1,421,642	190,951	-	1,612,593
Buildings	6,126,682	-	-	6,126,682
Furniture	33,482	-	-	33,482
Infrastructure	29,367	-	-	29,367
Vehicles	2,080,782	35,848	-	2,116,630
Total Depreciated Assets	9,852,056	226,799	-	10,078,855
Total Capital Assets	\$ 10,523,499	\$ 226,799	\$ -	\$ 10,750,298

City of Latrobe

Notes to the Financial Statements

Note 8 - Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Accumulated Depreciation:				
Improvements	\$ (126,757)	\$ (4,494)	\$ -	\$ (131,251)
Machinery and equipment	(968,391)	(122,384)	-	(1,090,775)
Buildings	(2,095,008)	(157,664)	-	(2,252,672)
Furniture	(30,747)	(1,371)	-	(32,118)
Infrastructure	(26,424)	(1,468)	-	(27,892)
Vehicles	(1,741,866)	(131,321)	-	(1,873,187)
Total	(4,989,193)	(418,702)	-	(5,407,895)
Net Depreciated Assets	4,862,863	(191,903)	-	4,670,960
Net Capital Assets	\$ 5,534,306	\$ (191,903)	\$ -	\$ 5,342,403

Note 9 - Deposits and Investments

Pennsylvania statutes provide for investment of Governmental Funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of Governmental Funds for investment purposes. In addition to the investments authorized for Governmental Funds, Fiduciary Fund investments may also be made in corporate stocks and bonds, real estate, and other investments consistent with sound business practice. The deposit and investment policy of the City adheres to state statutes and prudent business practice. Governmental Funds' amounts are either maintained in demand deposits or certificates of deposit, captioned as "cash" in the combined balance sheet. These amounts are stated at cost which approximates market. The deposits and investments of the Fiduciary Funds are administered by trustees and are held separately from those of other municipal funds. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the City.

Investments

The City had no investments at December 31, 2022.

Note 10 - Lease Liabilities

On March 9, 2019, the City entered into a lease agreement for the purpose of providing off-street parking. The lease term commenced on December 1, 2019 and terminates on November 30, 2024. Under the terms of the lease agreement, rent is \$550 per month for the first twelve months of the term of the lease agreement, and increases by 2% every 12 months thereafter.

City of Latrobe

Notes to the Financial Statements

Note 10 - Lease Liabilities (Continued)

Subsequently, rent will be \$561 per month in year 2, approximately \$572 per month in year 3, approximately \$584 per month in year 4, and approximately \$595 per month in year 5.

As of December 31, 2022, the value of the lease liability recorded for the above lease was \$13,150. As a result, the City has recorded a right-to-use asset with a net book value of \$12,741 as of December 31, 2022. Approximate future minimum lease payments under this lease are as follows:

<u>Year Ending December 31,</u>	
2023	\$ 7,000
2024	<u>6,000</u>
	<u>\$ 13,000</u>

Note 11 - Fund Balances Reporting

The fund balances for the governmental funds as of December 31, 2022 are as follows:

<u>Classification/Fund</u>	<u>Purpose</u>	<u>Amount</u>
Restricted		
Other government funds	Liquid fuels	\$ 258,293
Police canine funds	Police canine	35,068
DUI fund	DUI	7,503
Nonspendable		
General fund	Prepaid	28,256
Committed		
Capital fund	Capital projects	666,572
Library fund	Library	1,053
Committed		
General fund		<u>3,803,486</u>
Total fund balance		<u>\$ 4,800,231</u>

Note 12 - Other Post-Employment Benefits

In addition to the pension benefits described in Note 15 and 16, the City provides post-retirement health care benefits. Generally, eligible retired police officers receive medical coverage for themselves until Medicare eligibility. Retiring police employees receive medical coverage for themselves if they retire from the City after age 50 and 25 years of service.

City of Latrobe

Notes to the Financial Statements

Note 12 - Other Post-Employment Benefits (Continued)

Retiring non-police receive medical coverage for themselves if they retire from the City at the age of 60 and 20 years of service. Full-time and permanent part-time employees receive coverage until age 65, with the permanent part-time paying 50% of the cost of the benefits. Life insurance is also provided for retirees of all employee groups (\$6,000 for retiring police and \$15,000 for retiring non-police employees). Currently, twenty retirees meet the edibility requirements. The City funds all contributions on a pay-as-you-go basis. Such benefits are funded through the General Fund.

Net OPEB Liability – The City’s net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022.

Actuarial Assumptions- - The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.75%
Inflation	2.75%
Investment rate of return	2.75%
Mortality rates	Police: 2010 Public Retirement Plan – Public Safety mortality tables (PubS- 2010) Non- Police: Public Retirement Plan – General Employees mortality tables (PubG-2010)
Healthcare cost trend rate	7.50% in the first year, trending down to 4.75% in 2028 and later.

The following table shows the components of the City’s annual OPEB liability.

Projection of Changes in the OPEB Liabilities

	<u>2022</u>
<u>Total OPEB Liability</u>	
Service cost	\$ 121,249
Benefit payments	(121,718)
Interest	54,611
Changes in benefit terms	-
Changes in assumptions or other inputs	(9,188)
Differences between expected and actual experience	(250,883)
Net change in total OPEB liability	<u>(205,929)</u>
Total OPEB liability – beginning	<u>2,185,134</u>
Total OPEB liability – ending	1,979,205
Plan fiduciary net position	-
Net OPEB Liability	<u>\$ 1,979,205</u>

City of Latrobe

Notes to the Financial Statements

Note 12 - Other Post-Employment Benefits (Continued)

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% higher or lower than the current rate as of December 31, 2022:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	<u>\$2,158,763</u>	<u>\$1,979,205</u>	<u>\$1,820,858</u>

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% higher or lower than the current rates.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	<u>\$1,808,512</u>	<u>\$1,979,205</u>	<u>\$2,178,158</u>

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

Amounts reported as deferred outflows of resources (+) and deferred inflows of resources (-), if any, should be recognized in OPEB expense, beginning in the current reporting period, using a systematic and rational method over a closed period equal to the average expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined at the beginning of the measurement period.

Projection of Changes in the OPEB Liabilities

Change in Benefit Terms:	None
Change in Assumptions and Other Inputs:	See Attached
Components of OPEB Expense:	
Service cost	\$ 121,249
Interest on the total OPEB liability	54,611
Recognition of differences between expected and actual experience	(8,936)
Changes in benefit terms	-
Recognition of changes of assumptions	22,399
Projected earnings on OPEB plan investments	-
Changes in fiduciary net position	-
Total OPEB expense	<u>\$ 189,323</u>

City of Latrobe

Notes to the Financial Statements

Note 13 - Police Pension Plan

A. Description of Plan

General

The City of Latrobe Police Pension Plan is a single-employer defined benefit pension plan. The Plan was established by Ordinance No, 67-10, effective March 27, 1967. The plan was amended and restated effective January 1, 2013. The Plan is governed by the City Council of the City of Latrobe which may amend plan provisions, and which is responsible for the management of Plan assets. The City Council has delegated the authority to manage certain Plan assets to Commercial National Bank.

Plan membership consisted of the following at December 31, 2021:

Active employees	12
Inactive employees or beneficiaries currently receiving benefits	15
Inactive employees entitled to but not yet receiving benefits	<u>2</u>
Total	<u>29</u>

Benefit Provisions

Actuarial Valuation report dated January 1, 2021 discloses that the pension plan benefits provisions are as follows:

Eligibility Requirements

Normal Retirement - Later of age 50 and completion of 25 years of aggregate service.

Retirement Benefit - A monthly benefit equal to 50 percent of final monthly average salary averaged over the final 36 months of employment, which will be reduced by 75 percent of the Social Security Benefit. Reduction will commence with the month following eligibility for full Social Security Benefits.

Death Benefit

Before Retirement Eligibility - Refund of contributions

After Normal Retirement Eligibility - The spouse will receive 50 percent of the amount the participant was receiving or entitled to receive payable for life. In the event of death, the participants children will share the benefit until age 18, or age 23, if attending college.

Killed in Service - A monthly benefit equal to 100 percent of the participant's fixed, periodic pay in month prior to death, payable to the participant's spouse for life. In event of the spouse's death, each of the participant's dependent children will receive an equal share of the benefit until age 18, or until age 23, if attending college.

Disability Benefit

Service Related - For total and permanent disablement that occurs in the line of duty, a monthly benefit equal to 50 percent of the participants fixed, periodic pay in the month before disablement reduced by social security disability received for the same injury.

City of Latrobe

Notes to the Financial Statements

Note 13 - Police Pension Plan (Continued)

Non-Service Related – None

Member Contributions

Amount of Rate - 2.75 percent of wages subject to social security taxation and 5.0 percent of wages not subject to this tax.

Interest Rate Credited to Member Contributions - 5.0 percent

A. Summary of Significant Accounting Policies

Basis of Accounting

These statements have been prepared on the accrual basis of accounting. Contributions and pension payments are recognized in the period that they are due.

Valuation of Investments

Plan investments are listed at fair value as reported by Commercial National Bank.

B. Contributions

Act 205 (as amended) requires that annual contributions be based upon the Minimum Obligation (MMO), which is based on the plan's biennial actuarial valuation (annual valuation for distressed plans). The MMO included the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10 percent of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds which must be used for pension funding. Any financial requirements established by the MMO which exceeds state and member contributions must be funded by the employer.

Employees are required to contribute 2.75 percent of covered payroll subject to social security taxation and 5.0 percent of covered payroll not subject to this tax. The contribution is governed by the Plan's governing ordinance and collective bargaining.

Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the Plan and funded through the MMO and/or plan earnings.

Net Pension Liability - The Employees' Retirement net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

City of Latrobe

Notes to the Financial Statements

Note 13 - Police Pension Plan (Continued)

The components of the net police pension liability of the City of Latrobe at December 31, 2022, were as follows:

Total Pension Liability	\$ 7,543,205
Employee's Retirement Plan Fiduciary Net Position	<u>7,067,189</u>
City's Net Pension Liability	<u>\$ 476,017</u>

Employees' Retirement Plan Net Position as a Percentage of Total Pension Liability	93.69%
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Actuarial Assumptions – The total pension liability was determined by actuarial valuation as of December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

- Mortality Rates - Were based on the RP 2000 Mortality Table.
- Investment Rate of Return - 6.5% compounded annually, net of expenses.
- Cost of Living - 4.5% per year, subject to plan limitation.

Changes in Net Position Liability - Changes in the Employees' Retirement net pension liability for the year ended December 31, 2022 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/21	\$ 7,376,246	\$ 8,342,045	\$ (965,799)
Change for the year:			
Service cost	163,335	-	163,335
Interest	457,262	-	457,262
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions – employer	-	253,841	(253,841)
Contributions – employee	-	31,480	(31,480)
Net investment income	-	(1,062,582)	1,062,582
Benefit payments and refunds of employee contribution	(453,638)	(453,638)	-
Administrative expense	-	(43,958)	43,958
Other changes	-	-	-
Net Changes	<u>166,959</u>	<u>(1,274,857)</u>	<u>1,441,816</u>
Balances at 12/31/22	<u>\$ 7,543,205</u>	<u>\$ 7,067,188</u>	<u>\$ 476,017</u>

City of Latrobe

Notes to the Financial Statements

Note 13 - Police Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in Discount Rate – The following presents the net pension liability of the City, calculated using the discount rate of 6.25%, as well as what the City's net pension would be if it were calculated using a discount rate that is 1 percentage point lower (5.25%) or 1 percentage point higher (7.25%) than the current rate:

	1% Decrease 5.25%	Discount Rate 6.25%	1% Increase 7.25%
Net pension liability	\$ <u>1,309,062</u>	\$ <u>476,017</u>	\$ <u>(221,560)</u>

At December 31, 2022, the Plan reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 34,187
Changes in actuarial assumptions	108,785	-
Net differences between projected and actual earnings on pension plan investments	<u>1,257,754</u>	<u>509,577</u>
Total	\$ <u>1,366,539</u>	\$ <u>543,764</u>

Amounts reported as deferred outflows of resources (+) and deferred inflows (-) of resources related to pension will be recognized in pension expense as follows:

Year ending December 31,	
2023	\$ 42,801
2024	183,426
2025	271,048
2026	325,500
2027	-
Thereafter	<u>-</u>
	<u>\$ 822,775</u>

Note 14 - Non-Uniformed Pension

A. Description of Plan

General

The Latrobe City Non-Uniformed Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of Resolution No. 80-14 adopted pursuant to Act 15 of 1974.

City of Latrobe

Notes to the Financial Statements

Note 14 - Non-Uniformed Pension (Continued)

The plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multi-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). The CAFR is available on the PMRS Website. A copy can be obtained by contacting the PMRS accounting office.

Plan Membership

As of December 31, 2022, the pension plan membership consisted of:

Active employees	19
Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	-
Total	<u>35</u>

Benefit Provisions

As of December 31, 2022, the pension plan benefits provisions were as follows:

Normal Retirement - Attainment of age 60 with 12 years of credited service.

Early Retirement -

Voluntary Service - Early retirement after 20 years of service.

Involuntary service - Early retirement after 8 years of service.

Vesting - a member is 100% vested after 12 years of service.

Retirement Benefit - Benefit equals 1.25% times the number of years credited service, times final average salary based upon the member's highest 5-year average salary. There is no social security offset.

Survivor Benefit - At retirement a member may select a reduced survivor benefit. If eligible for retirement at the time of death, a member's surviving spouse may receive a lump sum benefit of the accrued benefits provided.

Disability Benefit -

Service-Related - Disability benefit equal to 50% of the member's final salary for the inability to perform gainful employment. This benefit is offset by workmen's compensation benefits.

Non-Service Related - Disability benefit equal to 30% of the member's final salary for the inability to perform gainful employment. Members must attain 10 years of credited service for eligibility.

Post-Retirement Adjustments - PMRS law provides for municipality to optionally award post-retirement adjustments based on system's investment performance.

Members' Contributions - Amount or rate - 3.5% of pay; and interest rate credited to members' contributions - 5.5%

City of Latrobe

Notes to the Financial Statements

Note 14 - Non-Uniformed Pension (Continued)

B. Summary of Significant Accounting Policies

Basis of Accounting – The plan’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due, in accordance with Act 205, as amended. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments – Investments are reported at fair value. The plan’s assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable investment securities. Disclosure requirements required by Statement No. 3 of the Governmental Accounting Standards Board for aggregate PMRS investments are included in PMRS’s separately issued CAFR.

C. Contributions

Act 205 requires that annual contributions be based upon the plan’s Minimum Municipal Obligation (MMO). The MMO is based upon the plan’s biennial actuarial valuation.

In accordance with the plan’s governing Ordinance or Resolution as applicable, members are required to contribute 3.50% of compensation to the plan.

The plan may also be eligible to receive an allocation of state aid from General Municipal Pension System State Aid Program which must be used for pension funding. Any funding requirement established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

Administrative costs, including the investment manager, custodial trustee, and actuarial services are charged to the plan and funded through investment earnings.

Net Pension Liability - The Employees’ Retirement net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

City of Latrobe

Notes to the Financial Statements

Note 14 - Non-Uniformed Pension (Continued)

The components of the net police pension liability of the City of Latrobe at December 31, 2022, were as follows:

Total Pension Liability	\$ 5,157,751
Employee's Retirement Plan Fiduciary Net Position	<u>6,908,215</u>
City's Net Pension Liability	<u>\$ (1,750,464)</u>

Employees' Retirement Plan Net Position as a Percentage of Total Pension Liability	133.94%
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D. Contributions

Actuarial Assumptions – The total pension liability was determined by actuarial valuation as of December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Mortality Rates - Were based on the RP 2000 Mortality Table.

Investment Rate of Return - 5.25 compounded annually, net of expenses.

Cost of Living - 2.8% per year, subject to plan limitation.

Discount Rate - The discount rate used to measure the total pension liability was 5.25%.

Changes in Net Position Liability - Changes in the Employees' Retirement net pension liability for the year ended December 31, 2022 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2021	\$ 5,074,374	\$ 6,362,880	\$ (1,288,506)
Change for the year:			
Service cost	91,131	-	91,131
Interest	264,143	-	264,143
Changes of benefits	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	-	-	-
Contributions – employer	-	-	-
Contributions – PMRS assessment	-	140	(140)
Contributions – employee	-	41,666	(41,666)
PMRS investment income	-	290,475	(290,475)
Market value investment income*	-	502,323	(502,323)
Transfers	-	-	-
Benefit payments	(271,897)	(271,897)	-
PMRS administrative expense	-	(920)	920
Additional administrative expense	-	(16,452)	16,452
Net Changes	<u>83,377</u>	<u>545,335</u>	<u>(461,958)</u>
Balances at 12/31/2022	<u>\$ 5,157,751</u>	<u>\$ 6,908,215</u>	<u>\$ (1,750,464)</u>

City of Latrobe

Notes to the Financial Statements

Note 14 - Non-Uniformed Pension (Continued)

Sensitivity of the Net Pension Liability to Changes in Discount Rate – The following presents the net pension liability of the City, calculated using the discount rate of 6.25%, as well as what the City’s net pension would be if it were calculated using a discount rate that is 1 percentage point lower (5.25%) or 1 percentage point higher (7.25%) than the current rate:

	1% Decrease 4.25%	Discount Rate 5.25%	1% Increase 6.25%
Net pension liability	\$ <u>(1,267,685)</u>	\$ <u>(1,750,464)</u>	\$ <u>(2,167,019)</u>

At December 31, 2022, the Plan reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 110,292	\$ -
Changes in actuarial assumptions	124,676	-
Net differences between projected and actual earnings on pension plan investments	-	989,796
Total	\$ <u>234,968</u>	\$ <u>989,796</u>

Amounts reported as deferred outflows of resources (+) and deferred inflows (-) of resources related to pension will be recognized in pension expense as follows:

Year ending December 31,	
2022	\$ (196,347)
2023	(301,365)
2024	(156,653)
2025	(100,463)
Thereafter	-
	\$ <u>(754,828)</u>

Note 15 - Subsequent Events

Subsequent events have been evaluated through the Independent Auditors’ Report date which is the date the financial statements were available to be issued.

City of Latrobe

Required Supplementary Information

Year Ended December 31, 2022

City of Latrobe

Statement of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual - General Fund

For the Year Ended December 31,		2022	
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Real property taxes	\$ 1,400,000	\$ 1,380,869	\$ (19,131)
Local enabling act taxes	1,595,225	1,946,245	351,020
Licenses and permits	189,250	228,146	38,896
Fines and forfeits	25,500	36,445	10,945
Interests, rents, and royalties	7,700	8,436	736
Intergovernmental revenues	698,516	856,483	157,967
Charges for services	2,850,280	3,137,578	287,298
Miscellaneous	5,000	4,395	(605)
Total Revenues	6,771,471	7,598,597	827,126
Expenditures			
General government	1,815,447	2,322,813	(507,366)
Public safety	1,832,978	2,388,582	(555,604)
Public works and sanitation	2,226,324	2,265,369	(39,045)
Culture and recreation	58,382	82,825	(24,443)
Other expenditures	51,347	-	51,347
Debt service			
Principal	180,000	180,000	-
Interest	52,400	52,400	-
Fiscal agent fees	-	808	(808)
Total Expenditures	6,216,878	7,292,797	(1,075,919)
Excess of Revenues over Expenditures	554,593	305,800	(248,793)
Other Financing Sources (Uses)			
Operating transfers in	-	72,248	72,248
Operating transfers out	(554,593)	(155,250)	(399,343)
Total Other Financing Sources (Uses)	(554,593)	(83,002)	(327,095)
Net Change in Fund Balances	\$ -	\$ 222,798	\$ 78,302

See independent auditors' report

City of Latrobe

Statement of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual - Capital Projects

For the Year Ended December 31,	2022		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest	\$ -	\$ 12,520	\$ 12,520
Intergovernmental revenues	814,000	-	(814,000)
Total Revenues	814,000	12,520	(801,480)
Expenditures			
General government	45,000	7,249	37,751
Public safety	21,738	158,500	(136,762)
Public works	-	368,254	(368,254)
Debt service			
Principal	-	44,997	(44,997)
Interest	-	4,816	(4,816)
Total Expenditures	66,738	583,816	(517,078)
Excess of Revenues over Expenditures	747,262	(571,296)	(284,402)
Other Financing Sources (Uses)			
Transfers in	94,814	154,814	60,000
Transfers out	-	(72,248)	(72,248)
Total Other Financing Sources (Uses)	94,814	82,566	(12,248)
Net Change in Fund Balances	\$ 842,076	(488,730)	\$ (296,650)
Fund Balances, January 1		1,155,302	
Fund Balances, December 31		<u>\$ 666,572</u>	

See independent auditors' report

City of Latrobe
Schedule of Changes in Net Pension Liability
and Schedule of Employer Contributions

Non-Uniform Pension Plan

	Measurement Date							
	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:								
Service cost (beginning of year)	\$ 91,131	\$ 77,631	\$ 81,441	\$ 74,298	\$ 70,782	\$ 72,147	\$ 76,929	\$ 78,873
Interest (Includes interest on service cost)	264,143	240,189	236,584	231,211	226,332	239,593	241,374	243,526
Differences between expected and actual experience	-	183,820	-	(23,106)	-	(53,816)	-	(151,182)
Changes in benefits	-	-	-	34,866	-	-	-	-
Changes of assumptions	-	207,794	-	-	-	85,869	48,386	-
Transfers	-	(261,567)	-	-	-	-	(28,083)	-
Benefit payments, including refunds of member contributions	(271,897)	-	(229,943)	(214,380)	(201,197)	(568,902)	(196,218)	(192,911)
Net Change In Total Pension Liability	83,377	447,867	88,082	102,889	95,917	(225,109)	142,388	(21,694)
Total Pension Liability - Beginning	5,074,374	4,626,507	4,538,425	4,435,536	4,339,619	4,564,728	4,422,340	4,444,034
Total Pension Liability - Ending	\$ 5,157,751	\$ 5,074,374	\$ 4,626,507	\$ 4,538,425	\$ 4,435,536	\$ 4,339,619	\$ 4,564,728	\$ 4,422,340
Plan Fiduciary Net Position:								
Contributions - employer	\$ -	\$ -	\$ (780)	\$ (1,108)	\$ 1,108	\$ -	\$ -	\$ 2,462
Contributions - PMRS assessment	140	20	860	40	80	60	40	-
Contributions - member	41,666	36,591	36,193	33,261	31,687	33,132	32,540	31,338
PMRS investment income	290,475	270,382	268,860	258,981	253,962	265,945	276,689	268,108
Market value investment income	502,323	672,550	723,561	(525,085)	545,539	139,499	(287,513)	76,604
Transfers	-	-	-	-	-	-	(28,083)	-
Benefit payments, including refunds of member contributions	(271,897)	(261,567)	(229,943)	(214,380)	(201,197)	(568,902)	(196,218)	(192,911)
PMRS administrative expense	(920)	(840)	(860)	(780)	(760)	(800)	(800)	(820)
Additional administrative expense	(16,452)	(11,780)	(9,293)	(11,557)	(11,679)	(13,029)	(11,535)	(10,282)
Net Change in Plan Fiduciary Net Position	545,335	705,356	788,598	(460,628)	618,740	(144,095)	(214,880)	174,499
Plan Fiduciary Net Position - Beginning	6,362,880	5,657,524	4,868,926	5,329,554	4,710,814	4,854,909	5,069,789	4,895,290
Plan Fiduciary Net Position - Ending	6,908,215	6,362,880	5,657,524	4,868,926	5,329,554	4,710,814	4,854,909	5,069,789
Net Pension Liability	\$ (1,750,464)	\$ (1,288,506)	\$ (1,031,017)	\$ (330,501)	\$ (894,018)	\$ (371,195)	\$ (290,181)	\$ (647,449)

See independent auditors' report

City of Latrobe
 Schedule of Changes in Net Pension Liability
 and Schedule of Employer Contributions

Non-Uniform Pension Plan

	Measurement Date							
	2022	2021	2020	2019	2018	2017	2016	2015
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	133.94%	125.39%	122.28%	108.28%	120.16%	108.55%	106.36%	114.64%
Covered Employee Payroll	1,190,462	\$ 985,681	\$ 1,034,057	\$ 950,316	\$ 905,350	\$ 946,647	\$ 929,714	\$ 992,460
Net Pension Liability as a Percentage of Covered Employee Payroll	-147.04%	-130.72%	-99.71%	-34.78%	-98.75%	-39.21%	-31.21%	-65.24%

Schedule of Employer Contributions

	2022	2021	2020	2019	2018	2017	2016	2015
Contributions in Relation to the Actuarially Determined Contribution	140	20	80	(1,068)	1,188	60	40	2,462
Contribution Deficiency/(Excess)	(140)	(20)	(80)	1,068	(1,188)	(60)	(40)	(2,462)
Covered - Employee Payroll	\$ 1,190,462	\$ 985,681	\$ 1,034,057	\$ 950,316	905,350	\$ -	\$ 946,647	\$ 992,460
Contributions as a Percentage of Covered Employee Payroll	0.10%	0.00%	0.01%	-0.11%	0.13%	0.13%	0.01%	0.25%

See independent auditors' report

City of Latrobe
Schedule of Changes in Net Pension Liability
and Schedule of Employer Contributions

Police Pension Plan

	Measurement Date							
	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:								
Service cost (beginning of year)	\$ 163,335	\$ 156,676	\$ 147,676	\$ 141,317	\$ 146,118	\$ 139,826	\$ 100,794	\$ 102,566
Interest (Includes Interest on service cost)	457,262	442,705	435,212	423,324	408,279	385,572	369,929	342,744
Changes in benefits	-	-	-	-	-	-	169,140	-
Differences between expected and actual experience	-	(49,327)	-	(25,174)	-	15,541	-	(404,476)
Changes of assumptions	-	170,947	-	-	-	(90,247)	-	-
Benefit payments, including refunds of member contributions	(453,638)	(295,021)	(355,413)	(419,821)	(170,004)	(194,337)	(194,439)	(194,439)
Net Change in Total Pension Liability	166,959	425,980	227,475	119,646	384,393	256,355	445,424	(153,605)
Total Pension Liability - Beginning	7,376,246	6,950,266	6,722,791	6,603,145	6,218,752	5,962,397	5,516,973	5,670,577
Total Pension Liability - Ending	\$ 7,543,205	\$ 7,376,246	\$ 6,950,266	\$ 6,722,791	\$ 6,603,145	\$ 6,218,752	\$ 5,962,397	\$ 5,516,972
Plan Fiduciary Net Position:								
Contributions - employer	\$ 253,842	\$ 257,287	\$ 267,930	\$ 282,485	\$ 231,935	\$ 240,030	\$ 243,099	\$ 315,091
Contributions - member	31,480	33,131	28,300	27,413	27,485	27,899	27,217	27,636
Investment income	(1,062,582)	796,724	874,339	1,064,479	(131,903)	726,344	268,195	30,120
Benefit payments, including refunds of member contributions	(453,638)	(295,021)	(355,413)	(419,821)	(170,004)	(194,337)	(194,439)	(194,439)
Admin expense	(43,958)	(46,613)	(49,762)	(43,781)	(43,124)	(35,836)	(37,853)	(37,053)
Net Change in Plan Fiduciary Net Position	(1,274,856)	745,508	765,394	910,775	(85,611)	764,100	306,219	141,355
Plan Fiduciary Net Position - Beginning	8,342,045	7,596,537	6,831,143	5,920,368	6,005,979	5,241,879	4,935,660	4,794,304
Plan Fiduciary Net Position - Ending	7,067,189	8,342,045	7,596,537	6,831,143	5,920,368	6,005,979	5,241,879	4,935,659
Net Pension Liability	\$ 476,016	\$ (965,799)	\$ (646,271)	\$ (108,352)	\$ 682,777	\$ 212,773	\$ 720,518	\$ 581,313

See independent auditors' report

City of Latrobe
Schedule of Changes in Net Pension Liability
and Schedule of Employer Contributions

Police Pension Plan

	Measurement Date							
	2022	2021	2020	2019	2018	2017	2016	2015
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.69%	113.09%	109.29%	101.61%	89.65%	96.57%	87.91%	89.46%
Covered Employee Payroll	\$ 1,229,535	\$ 1,412,171	\$ 1,331,849	\$ 1,303,083	\$ 1,233,170	\$ 1,145,655	\$ 1,129,369	\$ 1,078,450
Net Pension Liability as a Percentage of Covered Employee Payroll	38.72%	-88.39%	-48.52%	-8.31%	55.36%	18.57%	63.79%	54.20%

Schedule of Employer Contributions

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 257,287	\$ 257,287	\$ 267,930	\$ 282,485	\$ 231,935	\$ 240,030	\$ 243,099	\$ 315,091
Contributions in Relation to the Actuarially Determined Contribution	257,287	257,287	267,930	282,485	231,935	240,030	243,099	315,091
Contribution Deficiency/(Excess)	-	-	-	-	-	-	-	-
Covered - Employee Payroll	\$ 1,229,535	\$ 1,412,171	\$ 1,331,849	\$ 1,303,083	\$ 1,233,170	\$ 1,145,655	\$ 1,129,369	\$ 1,078,450
Contributions as a Percentage of Covered Employee Payroll	21%	18%	20%	22%	19%	21%	22%	29%

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