

City of Latrobe

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The City of Latrobe (the City) was incorporated as a Borough on May 24, 1854. The City operates under a Council-Manager form of government and provides 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 2023.

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 50 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. Leases

In 2021, GASB issued Statement No. 87, Leases, which requires governmental organizations to record intangible right-to-use assets and a related liability. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payment made prior to the lease term, less any lease incentives, and plus an ancillary charge necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

E. 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.

F. 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, 2023, consisted of sick pay of \$44,460.

City of Latrobe

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Fund Equity

The City has implemented GASB Statement No. 54, which 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.

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) 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.

City of Latrobe

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Fund Equity (Continued)

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 - Cash and Temporary Investments

During 2023, cash was on deposit in institutions who are insured by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2023, \$3,652,216 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, 2023, the Pension Trust Fund investments reported at fair market value consisted of:

Investments with PMRS (Non-Uniform)		\$ 5,811,847
<u>Police Pension</u>		
Bank CD's & Cash equivalents	292,500	
Fixed income securities	1,772,728	
Equities	521,856	
Mutual funds	5,104,196	
Accrued income	<u>19,757</u>	
		<u>7,711,037</u>
Total		\$ <u>13,522,884</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 3 - Long-Term Liabilities

During 2023, general long-term debt changed as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Ending</u> <u>Balance</u>	<u>Due within</u> <u>one year</u>
Obligation loan	\$ 11,281	\$ -	\$ (11,281)	\$ -	\$ -
Obligation loan	71,390	-	(34,924)	36,466	36,466
Obligation bond, Series of 2021	3,050,000	-	(185,000)	2,865,000	185,000
Bond premium, Series of 2021	<u>43,370</u>	<u>-</u>	<u>(2,711)</u>	<u>40,659</u>	<u>2,711</u>
	<u>\$ 3,176,041</u>	<u>\$ -</u>	<u>\$ (233,916)</u>	<u>\$ 2,942,125</u>	<u>\$ 224,177</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 2023, \$185,000 of the bond issue was paid. The interest rates of the new issue vary from 1% to 2% per annum.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	195,000	40,000	235,000
2029-2033	1,025,000	149,000	1,174,000
2034-2037	<u>890,000</u>	<u>46,000</u>	<u>936,000</u>
	<u>\$ 2,865,000</u>	<u>\$ 419,000</u>	<u>\$ 3,284,000</u>

B. 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 \$36,466 at December 31, 2023.

City of Latrobe

Notes to the Financial Statements

Note 3 - Long-Term Liabilities (Continued)

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 \$-0- at December 31, 2023.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ <u>36,466</u>	\$ <u>1,610</u>	\$ <u>38,076</u>

Note 4 - Property Taxes

Based on assessed valuations provided by Westmoreland County (approximately \$65,559,870 in 2023), 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 2023 was 21.5 mills (21.3 per \$1,000 of assessed valuation for general purposes, and 0.2 mills for the Adams Memorial Library).

Note 5 - 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 6 - 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.

City of Latrobe

Notes to the Financial Statements

Note 7 - Capital Assets

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

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 671,443	\$ 37,088	\$ -	\$ 708,531
Total Non-Depreciated Assets	671,443	37,088	-	708,531
Capital Assets, Being Depreciated				
Improvements	160,101	19,796	-	179,897
Machinery and equipment	1,612,593	126,473	-	1,739,066
Buildings	6,126,682	-	-	6,126,682
Furniture	33,482	-	-	33,482
Infrastructure	29,367	-	-	29,367
Vehicles	2,116,630	80,585	-	2,197,215
Total Depreciated Assets	10,078,855	226,854	-	10,305,709
Total Capital Assets	\$ 10,750,298	\$ 263,942	\$ -	\$ 11,014,240
	Beginning Balance	Additions	Deletions	Ending Balance
Accumulated Depreciation:				
Improvements	\$ (131,251)	\$ (5,062)	\$ -	\$ (136,313)
Machinery and equipment	(1,090,775)	(106,823)	-	(1,197,598)
Buildings	(2,252,672)	(157,661)	-	(2,410,333)
Furniture	(32,118)	(1,366)	-	(33,484)
Infrastructure	(27,892)	(1,468)	-	(29,360)
Vehicles	(1,873,187)	(121,258)	-	(1,994,445)
Total	(5,407,895)	(393,638)	-	(5,801,533)
Net Depreciated Assets	4,670,960	(166,784)	-	4,504,176
Net Capital Assets	\$ 5,342,403	\$ (129,696)	\$ -	\$ 5,212,707

City of Latrobe

Notes to the Financial Statements

Note 8 - 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, 2023.

Note 9 - 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. 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, 2023, the value of the lease liability recorded for the above lease was \$6,804. As a result, the City has recorded a right-to-use asset with a net book value of \$6,529 as of December 31, 2023. Approximate future minimum lease payments under this lease are as follows:

<u>Year ending</u> <u>December 31,</u> 2024	<u>Principal</u>	<u>Interest</u>
	\$ <u>6,804</u>	\$ <u>340</u>
	\$ <u>6,804</u>	\$ <u>340</u>

City of Latrobe

Notes to the Financial Statements

Note 10 - Fund Balances Reporting

The fund balances for the governmental funds as of December 31, 2023, are as follows:

<u>Classification/Fund</u>	<u>Purpose</u>	<u>Amount</u>
Restricted		
Other government funds	Liquid fuels	\$ 181,739
Police canine funds	Police canine	37,677
DUI fund	DUI	7,652
Nonspendable		
General fund	Prepaid	21,378
Committed		
Capital fund	Capital projects	671,980
Library fund	Library	1,054
Committed		
General fund		<u>3,588,438</u>
Total fund balance		<u>\$ 4,509,918</u>

Note 11 - 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.

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, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022.

City of Latrobe

Notes to the Financial Statements

Note 11 - Other Post-Employment Benefits (Continued)

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

	2023
Total OPEB Liability	
Service cost	\$ 124,583
Benefit payments	(125,956)
Interest	56,134
Changes in benefit terms	-
Changes in assumptions or other inputs	-
Differences between expected and actual experience	-
Net change in total OPEB liability	54,761
Total OPEB liability – beginning	1,979,205
Total OPEB liability – ending	2,033,966
Plan fiduciary net position	-
Net OPEB Liability	\$ 2,033,966

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, 2023:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	\$2,222,977	\$2,033,966	\$1,867,549

City of Latrobe

Notes to the Financial Statements

Note 11 - Other Post-Employment Benefits (Continued)

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>1,838,465</u>	\$ <u>2,033,966</u>	\$ <u>2,264,101</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	\$	124,583
Interest on the total OPEB liability		56,134
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>194,180</u>

Note 12 - 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.

City of Latrobe

Notes to the Financial Statements

Note 12 - Police Pension Plan (Continued)

Plan membership consisted of the following at December 31, 2022:

Active employees	13
Inactive employees or beneficiaries currently receiving benefits	15
Inactive employees entitled to but not yet receiving benefits	<u>2</u>
Total	<u>30</u>

Benefit Provisions

Actuarial valuation report dated January 1, 2023, 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% of final monthly average salary averaged over the final 36 months of employment, which will be reduced by 75% 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% of the amount the participant was receiving or entitled to receive payable for life. In the event of death, the participant's children will share the benefit until age 18, or until age 23 if attending college.
Killed in Service - A monthly benefit equal to 100% 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% of the participants fixed, periodic pay in the month before disablement reduced by social security disability received for the same injury.
Non-Service Related - None

Member Contributions

Amount of Rate - 2.75% 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%

City of Latrobe

Notes to the Financial Statements

Note 12 - Police Pension Plan (Continued)

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% 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% of covered payroll subject to social security taxation and 5.0% 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The components of the net police pension liability of the City of Latrobe at December 31, 2023, were as follows:

Total Pension Liability	\$ 7,478,298
Employee's Retirement Plan Fiduciary Net Position	<u>7,713,217</u>
City's Net Pension Liability	<u>\$ (234,919)</u>
Employees' Retirement Plan Net Position as a Percentage of Total Pension Liability	1.03%

City of Latrobe

Notes to the Financial Statements

Note 12 - Police Pension Plan (Continued)

Actuarial Assumptions - The total pension liability was determined by actuarial valuation as of December 31, 2023, 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, 2023, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2022	\$ 7,543,205	\$ 7,067,188	\$ 476,017
Change for the year:			
Service cost	192,915	-	192,915
Interest	454,620	-	454,620
Changes of benefits	-	-	-
Differences between expected and actual experience	(219,419)	-	(219,419)
Changes of assumptions	-	-	-
Contributions - employer	-		(271,136)
		271,136	
Contributions - employee	-	32,915	(32,915)
Net investment income	-	878,596	(878,596)
Benefit payments and refunds of employee contribution	(493,023)	(493,023)	-
Administrative expense	-	(43,595)	43,595
Other changes	-	-	-
Net Changes	<u>(64,907)</u>	<u>646,029</u>	<u>(710,936)</u>
Balances at 12/31/2023	\$ <u>7,478,298</u>	\$ <u>7,713,217</u>	\$ <u>(234,919)</u>

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>603,186</u>	\$ <u>(234,919)</u>	\$ <u>(937,930)</u>

City of Latrobe

Notes to the Financial Statements

Note 12 - Police Pension Plan (Continued)

At December 31, 2023, the Plan reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 205,269
Changes in actuarial assumptions	77,704	-
Net differences between projected and actual earnings on pension plan investments	<u>943,316</u>	<u>578,342</u>
Total	<u>\$ 1,021,020</u>	<u>\$ 783,611</u>

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

<u>Year ending December 31,</u>	
2024	\$ 56,927
2025	144,549
2026	199,001
2027	(126,499)
2028	(36,569)
Thereafter	<u>-</u>
	<u>\$ 237,409</u>

Note 13 - 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.

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.

City of Latrobe

Notes to the Financial Statements

Note 13 - Non-Uniformed Pension (Continued)

Plan Membership

As of December 31, 2023, the pension plan membership consisted of:

Active employees	18
Inactive employees or beneficiaries currently receiving benefits	21
Inactive employees entitled to but not yet receiving benefits	<u>4</u>
Total	<u>43</u>

Benefit Provisions

As of December 31, 2023, 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 of 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%

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.

City of Latrobe

Notes to the Financial Statements

Note 13 - Non-Uniformed Pension (Continued)

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 the 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The components of the net police pension liability of the City of Latrobe at December 31, 2023, were as follows:

Total Pension Liability	\$ 5,327,729
Employee's Retirement Plan Fiduciary Net Position	5,811,847
City's Net Pension Liability	\$ <u>(484,118)</u>

Employees' Retirement Plan Net Position as a Percentage of Total Pension Liability	109.09%
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City of Latrobe

Notes to the Financial Statements

Note 13 - Non-Uniformed Pension (Continued)

Actuarial Assumptions - The total pension liability was determined by actuarial valuation as of December 31, 2023, 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, 2023, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2022	\$ 5,157,751	\$ 6,908,215	\$ (1,750,464)
Change for the year:			
Service cost	84,845	-	84,845
Interest	267,510	-	267,510
Changes of benefits	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	115,766	-	115,766
Contributions - employer	-	-	-
Contributions - PMRS assessment	-	40	(40)
Contributions - employee	-	38,793	(38,793)
PMRS investment income	-	293,745	(293,745)
Market value investment income*	-	(1,115,242)	1,115,242
Transfers	-	-	-
Benefit payments	(298,143)	(298,143)	-
PMRS administrative expense	-	(40)	40
Additional administrative expense	-	(15,521)	15,521
Net Changes	<u>169,978</u>	<u>(1,096,368)</u>	<u>1,266,346</u>
Balances at 12/31/2023	\$ <u>5,327,729</u>	\$ <u>5,811,847</u>	\$ <u>(484,118)</u>

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 (asset)	\$ <u>15,767</u>	\$ <u>(484,118)</u>	\$ <u>(914,563)</u>

City of Latrobe

Notes to the Financial Statements

Note 13 - Non-Uniformed Pension (Continued)

At December 31, 2023, 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	\$ 160,352	\$ -
Changes in actuarial assumptions	83,117	-
Net differences between projected and actual earnings on pension plan investments	177,068	-
Total	\$ 420,537	\$ -

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 <u>December 31,</u>	
2023	\$ (49,375)
2024	95,337
2025	151,525
2026	223,050
2027	-
Thereafter	-
	\$ 420,537

Note 14 - 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. No events occurred subsequent to year that would require recognition or disclosure in the financial statements.

City of Latrobe

Required Supplementary Information

Year Ended December 31, 2023

City of Latrobe

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

For the Year Ended December 31,

2023

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Real property taxes	\$ 1,365,000	\$ 1,393,818	\$ 28,818
Local enabling act taxes	1,609,725	2,013,994	404,269
Licenses and permits	192,750	215,703	22,953
Fines and forfeits	22,500	31,750	9,250
Interests, rents, and royalties	7,025	3,352	(3,673)
Intergovernmental revenues	700,701	555,538	(145,163)
Charges for services	3,093,042	3,465,259	372,217
Miscellaneous	-	20,840	20,840
Total Revenues	6,990,743	7,700,254	709,511
Expenditures			
General government	1,922,037	2,297,992	(375,955)
Public safety	2,001,737	2,445,287	(443,550)
Public works and sanitation	1,871,013	2,592,158	(721,145)
Culture and recreation	315,019	84,629	230,390
Community development	-	10,977	(10,977)
Other expenditures	51,347	61,108	(9,761)
Debt service			
Principal	185,000	185,000	-
Interest	50,600	50,600	-
Fiscal agent fees	-	2,181	(2,181)
Total Expenditures	6,396,753	7,729,932	(1,333,179)
Excess of Revenues over Expenditures	593,990	(29,678)	(623,668)
Other Financing Sources (Uses)			
Operating transfers in	150,000	-	(150,000)
Operating transfers out	(743,890)	(192,248)	(551,642)
Total Other Financing Sources (Uses)	(593,890)	(192,248)	(701,642)
Net Change in Fund Balances	\$ 100	\$ (221,926)	\$ 77,974

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,	2023		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest	\$ 29,782	\$ 30,851	\$ 1,069
Miscellaneous	22,919	31,734	8,815
Total Revenues	52,701	62,585	9,884
Expenditures			
Public safety	82,769	41,782	40,987
Public works	157,840	157,840	-
Debt service			
Principal	-	46,205	(46,205)
Interest	-	3,598	(3,598)
Total Expenditures	240,609	249,425	(8,816)
Excess of Revenues over Expenditures	(187,908)	(186,840)	18,700
Other Financing Sources (Uses)			
Transfers in	192,248	192,248	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	192,248	192,248	-
Net Change in Fund Balances	\$ 4,340	5,408	\$ 18,700
Fund Balances, January 1		666,572	
Fund Balances, December 31		\$ 671,980	

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								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:									
Service cost (beginning of year)	\$ 84,845	\$ 91,131	\$ 77,631	\$ 81,441	\$ 74,298	\$ 70,782	\$ 72,147	\$ 76,529	\$ 78,873
Interest (includes interest on service cost)	267,510	264,143	240,189	236,584	231,211	226,332	239,593	241,374	243,526
Changes in benefit terms	-	-	-	-	34,866	-	-	-	-
Differences between expected and actual experience	115,766	-	183,820	-	(23,106)	-	(53,816)	-	(151,182)
Changes of assumptions	-	-	207,794	-	-	-	85,869	48,386	-
Transfers	-	-	(261,567)	-	-	-	-	(28,083)	-
Benefit payments, including refunds of member contributions	(298,143)	(271,897)	-	(229,943)	(214,380)	(201,197)	(568,902)	(196,218)	(192,911)
Net Change in Total Pension Liability	169,978	83,377	447,867	88,082	102,889	95,917	(225,109)	142,388	(21,694)
Total Pension Liability - Beginning	5,157,751	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	\$ 5,327,729	\$ 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, net	\$ -	\$ -	\$ -	\$ (780)	\$ (1,108)	\$ 1,108	\$ -	\$ -	\$ 2,462
Contributions - PMRS assessment	40	140	20	860	40	80	60	40	-
Contributions - employee	38,793	41,666	36,591	36,193	33,261	31,687	33,132	32,540	31,338
PMRS investment income	293,745	290,475	270,382	268,860	258,981	253,962	265,945	276,689	268,108
Market value investment income	(1,115,242)	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	(298,143)	(271,897)	(261,567)	(229,943)	(214,380)	(201,197)	(568,902)	(196,218)	(192,911)
PMRS administrative expense	(40)	(920)	(840)	(860)	(780)	(760)	(800)	(800)	(820)
Additional administrative expense	(15,521)	(16,452)	(11,780)	(9,293)	(11,557)	(11,679)	(13,029)	(11,535)	(10,282)
Net Change in Plan Fiduciary Net Position	(1,096,368)	545,335	705,356	788,598	(460,628)	618,740	(144,095)	(214,880)	174,499
Plan Fiduciary Net Position - Beginning	6,908,215	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	5,811,847	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	\$ (484,118)	\$ (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								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	109.09%	133.94%	125.39%	122.28%	108.28%	120.16%	108.55%	106.36%	114.64%
Covered Employee Payroll	\$1,108,343	\$ 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	-43.68%	-147.04%	-130.72%	-99.71%	-34.78%	-98.75%	-39.21%	-31.21%	-65.24%

Schedule of Employer Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contributions in Relation to the Actuarially Determined Contribution	40	140	20	80	(1,068)	1,188	50	40	2,462
Contribution Deficiency/(Excess) Covered - Employee Payroll	(40)	(140)	(20)	(80)	1,068	(1,188)	(60)	(40)	(2,462)
	\$1,108,343	\$ 1,190,462	\$ 985,681	\$ 1,034,057	\$ 950,316	\$ 905,350	\$ -	\$ 946,647	\$ 992,460

Contributions as a Percentage of Covered Employee Payroll

	0.00%	0.01%	0.00%	0.01%	-0.11%	0.13%	0.13%	0.01%	0.25%
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City of Latrobe
Schedule of Changes in Net Pension Liability
and Schedule of Employer Contributions

Police Pension Plan

	Measurement Date								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:									
Service cost (beginning of year)	\$ 192,915	\$ 163,335	\$ 156,676	\$ 147,676	\$ 141,317	\$ 146,118	\$ 139,826	\$ 100,794	\$ 102,566
Interest (includes interest on service cost)	454,620	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	(219,419)	-	(49,327)	-	(25,174)	-	15,541	-	(404,476)
Changes of assumptions	-	-	170,947	-	-	-	(90,247)	-	-
Benefit payments, including refunds of member contributions	(493,023)	(453,638)	(295,021)	(355,413)	(419,821)	(170,004)	(194,337)	(194,439)	(194,439)
Net Change in Total Pension Liability	(64,907)	166,959	425,980	227,475	119,646	384,393	256,355	445,424	(153,605)
Total Pension Liability - Beginning	7,543,205	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	\$ 7,478,298	\$ 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	\$ 271,136	\$ 253,842	\$ 257,287	\$ 267,930	\$ 282,485	\$ 231,935	\$ 240,030	\$ 243,099	\$ 315,091
Contributions - employee	32,915	31,480	33,131	28,300	27,413	27,485	27,899	27,217	27,636
Investment income	878,596	(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	(493,023)	(453,638)	(295,021)	(355,413)	(419,821)	(170,004)	(194,337)	(194,439)	(194,439)
Admin expense	(43,596)	(43,958)	(46,613)	(49,762)	(43,781)	(43,124)	(35,836)	(37,853)	(37,053)
Net Change in Plan Fiduciary Net Position	646,028	(1,274,856)	745,508	765,394	910,775	(85,611)	764,100	306,219	141,355
Plan Fiduciary Net Position - Beginning	7,067,189	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	7,713,217	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	\$ (234,919)	\$ 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								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.14%	93.69%	113.09%	109.29%	101.61%	89.65%	96.57%	87.91%	89.46%
Covered Employee Payroll	\$1,305,800	\$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	-17.99%	38.72%	-68.39%	-48.52%	-8.31%	55.36%	18.57%	63.79%	54.20%

Schedule of Employer Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 271,136	\$ 253,842	\$ 257,287	\$ 267,930	\$ 282,485	\$ 231,935	\$ 240,030	\$ 243,099	\$ 315,091
Contributions in Relation to the Actuarially Determined Contribution	271,136	253,842	257,287	267,930	282,485	231,935	240,030	243,099	315,091
Contribution Deficiency/(Excess) Covered - Employee Payroll	\$1,305,800	\$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%	21%	18%	20%	22%	19%	21%	22%	29%

See independent auditors' report