

City of Latrobe

Primary Government Financial Statements

For the Year Ended December 31, 2023

City of Latrobe

Table of Contents

	<u>Page(s)</u>
Independent Auditors' Report	1 - 3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	4
Statement of Activities and Changes in Net Position	5
Fund Financial Statements	
Balance Sheet - Governmental Funds	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities and Changes in Net Position	9
Statement of Fiduciary Net Position - Pension Trust Fund	10
Statement of Changes in Fiduciary Net Position - Pension Trust Fund	11
Combining Balance Sheet - Non-Major Governmental Funds	12
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	13
Notes to the Financial Statements	14 - 33
<u>Required Supplementary Information</u>	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	35
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Capital Projects Fund	36
Schedule of Changes in Net Pension Liability and Schedule of Employer Contributions	
Non-Uniform Pension Plan	37 - 38
Police Pension Plan	39 - 40



Independent Auditors' Report

To the City Council
City of Latrobe
Latrobe, Pennsylvania

Opinion

We have audited the accompanying 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, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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.

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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 from 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

November 22, 2024

City of Latrobe

Statement of Net Position

For the Year Ended December 31,

2023

	Governmental Activities
Assets	
Cash and equivalents	\$ 4,200,479
Taxes receivable	835,570
Prepaid expenses	21,378
Accounts receivable	189,507
Capital assets not depreciated	708,531
Capital assets net of depreciation	4,504,176
Net pension asset	719,037
Right-of-use assets - (Note 9)	6,529
Total Assets	11,185,207
Deferred Outflows of Resources	
Deferred outflows related to pension	1,441,557
Deferred outflows from bond refunding	29,332
Total Deferred Outflows of Resources	1,470,889
Liabilities	
Accounts payable	228,621
Other current liabilities	1,722
Other post employment benefits obligation	2,033,966
Salaries and wages payable	116,807
Long-term debt, due in one year	224,177
Long-term debt, due in more than one year	2,717,948
Current portion of lease payable (Note 9)	6,804
Total Liabilities	5,330,045
Deferred Inflows of Resources	
Deferred inflows related to pension	783,611
Deferred inflows related to bond refunding	43,867
Total Deferred Inflows of Resources	827,478
Net Position	
Net investment in capital assets	2,270,582
Restricted	227,068
Unrestricted	4,000,923
Total Net Position	\$ 6,498,573

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,

2023

	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities				
General government	\$ 2,314,905	\$ 64,198	\$ 566,781	\$ (1,683,926)
Public safety	2,396,931	165,456	-	(2,231,475)
Public works and sanitation	3,100,266	3,367,880	278,797	546,411
Culture and recreation	97,741	-	-	(97,741)
Parking	61,108	-	-	(61,108)
Interest on long-term debt	54,198	-	-	(54,198)
Fiscal agent fees	2,181	-	-	(2,181)
Depreciation	393,638	-	-	(393,638)
Total Governmental Activities and Primary Government	\$ 8,420,968	\$ 3,597,534	\$ 845,578	(3,977,856)
General Revenues				
Taxes:				
Property taxes, levied for general purposes, net				1,449,668
Taxes levied for specific purposes				2,013,994
Licenses, permits, fines, and forfeits				247,453
Investment earnings				49,961
Miscellaneous				58,491
Total General Revenues and Transfers				3,819,567
Change in Net Position				(158,289)
Net Position - Beginning of Year				6,656,862
Net Position - End of Year				\$ 6,498,573

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

City of Latrobe

Balance Sheet - Governmental Funds

December 31,

2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Gov. Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 3,299,940	\$ 672,417	\$ 228,122	\$ 4,200,479
Taxes receivable	401,244	-	-	401,244
Accounts receivable	189,507	-	-	189,507
Prepaid expenses	21,378	-	-	21,378
Total Assets	<u>\$ 3,912,069</u>	<u>\$ 672,417</u>	<u>\$ 228,122</u>	<u>\$ 4,812,608</u>
Liabilities				
Accounts payable	\$ 228,621	\$ -	\$ -	\$ 228,621
Salaries and wages payable	72,347	-	-	72,347
Other current liabilities	1,285	437	-	1,722
Total Liabilities	<u>302,253</u>	<u>437</u>	<u>-</u>	<u>302,690</u>
Fund Balances				
Nonspendable	21,378	-	-	21,378
Restricted	-	-	227,068	227,068
Committed	-	671,980	1,054	673,034
Unassigned	3,588,438	-	-	3,588,438
Total Fund Balances	<u>3,609,816</u>	<u>671,980</u>	<u>228,122</u>	<u>4,509,918</u>
Total Liabilities and Fund Balances	<u>\$ 3,912,069</u>	<u>\$ 672,417</u>	<u>\$ 228,122</u>	<u>\$ 4,812,608</u>

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,	2023
Total Governmental Funds Balances	\$ 4,509,918
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	708,531
Depreciable assets	4,504,176
Right-of-use assets	6,529
	5,219,236
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	(44,460)
Other post employment benefits	(2,033,966)
Pension obligation	719,037
Notes payable	(2,942,125)
Lease liability	(6,804)
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	1,470,889
Deferred inflow - pension and bond refunding	(827,478)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Delinquent property taxes	434,326
Total Net Position of Governmental Activities	\$ 6,498,573

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,	2023			
	General Fund	Capital Projects Fund	Other Gov. Funds	Total Gov. Funds
Revenues				
Real property taxes	\$ 1,393,818	\$ -	\$ 13,112	\$ 1,406,930
Local enabling act taxes	2,013,994	-	-	2,013,994
Licenses and permits	215,703	-	-	215,703
Fines and forfeits	31,750	-	-	31,750
Interest, rent, and royalties	3,352	30,851	15,758	49,961
Intergovernmental revenues	555,538	-	290,040	845,578
Charges for services	3,465,259	-	132,275	3,597,534
Miscellaneous	20,840	31,734	5,917	58,491
Total Revenues	7,700,254	62,585	457,102	8,219,941
Expenditures				
General government	2,297,992	-	-	2,297,992
Public safety	2,445,287	41,782	3,895	2,490,964
Public works and sanitation	2,592,158	157,840	513,890	3,263,888
Culture and recreation	84,629	-	13,112	97,741
Community development	10,977	-	-	10,977
Other expenditures	61,108	-	-	61,108
Debt service				
Principal	185,000	46,205	-	231,205
Interest	50,600	3,598	-	54,198
Fiscal agent fees	2,181	-	-	2,181
Total Expenditures	7,729,932	249,425	530,897	8,510,254
Excess (Deficiency) of Revenues Over Expenditures	(29,678)	(186,840)	(73,795)	(290,313)
Other Financing Sources (Uses)				
Operating transfers in	-	192,248	-	192,248
Operating transfers out	(192,248)	-	-	(192,248)
Total Other Financing Sources (Uses)	(192,248)	192,248	-	-
Net Change in Fund Balances	(221,926)	5,408	(73,795)	(290,313)
Fund Balances - Beginning of Year	3,831,742	666,572	301,917	4,800,231
Fund Balances - End of Year	\$ 3,609,816	\$ 671,980	\$ 228,122	\$ 4,509,918

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

City of Latrobe

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

December 31,	2023
Net Change in Fund Balances - Governmental Funds	\$ (290,313)
<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	263,942
Depreciation expense	<u>(393,638)</u>
	(129,696)
<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>	
	42,738
<p>Long-term debt proceeds provide current financial resources to the governmental funds, but issuing debt increases 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 notes payable are reported in governmental funds as expenditures. However, in the Statement of Activities, the borrowings are an increase of liability.</p>	
	233,916
<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	(54,761)
Pension liability	34,589
Lease liability	134
Accrued compensated absences	<u>3,783</u>
Change in Net Position of Governmental Activities	<u>\$ (158,289)</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,	2023
Assets	
Cash and equivalents	\$ 294,764
Investments	<u>7,416,273</u>
Total Assets	<u><u>\$ 7,711,037</u></u>
Net Position	
Restricted for Pension Benefits	<u><u>\$ 7,711,037</u></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,	2023
Additions	
Contributions	
Employer	\$ 271,136
Members	<u>33,066</u>
Total Contributions	<u>304,202</u>
Investment income	
Interest and dividends	214,721
Net appreciation in fair value	615,883
Less: Investment expenses	<u>(43,396)</u>
Net Investment Income	<u>787,208</u>
Total Additions	<u>1,091,410</u>
Deductions	
Benefit payments	<u>397,510</u>
Total Deductions	<u>397,510</u>
Net Increase	693,900
Net Position - Beginning of Year	<u>7,017,137</u>
Net Position - End of Year	<u><u>\$ 7,711,037</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,	2023				
	Liquid Fuels	Library	Police Canine	DUI	Total Other Gov. Funds
Assets					
Cash	\$ 181,739	\$ 1,054	\$ 37,677	\$ 7,652	\$ 228,122
Total Assets	<u>\$ 181,739</u>	<u>\$ 1,054</u>	<u>\$ 37,677</u>	<u>\$ 7,652</u>	<u>\$ 228,122</u>
Fund Balances					
Restricted	\$ 181,739	\$ -	\$ 37,677	\$ 7,652	\$ 227,068
Committed	-	1,054	-	-	1,054
Total Fund Balances	<u>181,739</u>	<u>1,054</u>	<u>37,677</u>	<u>7,652</u>	<u>228,122</u>
Total Liabilities and Fund Balances	<u>\$ 181,739</u>	<u>\$ 1,054</u>	<u>\$ 37,677</u>	<u>\$ 7,652</u>	<u>\$ 228,122</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,	2023				
	Liquid Fuels	Library	Police Canine	DUI	Total Other Gov. Funds
Revenues					
Real property taxes	\$ -	\$ 13,112	\$ -	\$ -	\$ 13,112
Interest, rents, and royalties	14,857	1	851	49	15,758
Intergovernmental revenues	290,040	-	-	-	290,040
Charges for services	132,275	-	-	-	132,275
Miscellaneous	164	-	5,653	100	5,917
Total Revenues	437,336	13,113	6,504	149	457,102
Expenditures					
Public safety	-	-	3,895	-	3,895
Public works	513,890	-	-	-	513,890
Culture and recreation	-	13,112	-	-	13,112
Total Expenditures	513,890	13,112	3,895	-	530,897
Excess (Deficiency) of Revenues Over Expenditures	(76,554)	1	2,609	149	(73,795)
Other Financing Sources (Uses)					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	(76,554)	1	2,609	149	(73,795)
Fund Balances - Beginning of Year	258,293	1,053	35,068	7,503	301,917
Fund Balances - End of Year	\$ 181,739	\$ 1,054	\$ 37,677	\$ 7,652	\$ 228,122

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