

CITY OF POTTSVILLE
POTTSVILLE, PENNSYLVANIA
FOR THE YEAR ENDED DECEMBER 31, 2024

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JONES & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

City Council
City of Pottsville
Pottsville, Pennsylvania

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pottsville, Pennsylvania, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Pottsville, Pennsylvania's, basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pottsville, Pennsylvania, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Pottsville, Pennsylvania's, internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Pottsville, Pennsylvania's, ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

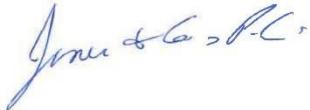
Supplementary Information

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

Other Information

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

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

A handwritten signature in blue ink that reads "Jones & Co., PC".

January 28, 2026
Pottsville, Pennsylvania

City of Pottsville, Pennsylvania
Management's Discussion and Analysis
For Year Ended December 31, 2024

As management of the City of Pottsville, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

Financial Highlights

- The assets of the City of Pottsville exceeded its liabilities at the close of the most recent fiscal year by \$4,888,123 (Net Assets). Of this amount, (\$9,571,003) (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net assets decreased by \$1,187,479.
- As of the close of the current fiscal year, the City of Pottsville's governmental funds reported combined ending fund balances of \$2,352,254.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,351,573.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal period (e.g., uncollected taxes and earned but unused compensated absences).

City of Pottsville, Pennsylvania
Management's Discussion and Analysis
For Year Ended December 31, 2024

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

The government-wide financial statements can be found on pages 14-15 of this report.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories – governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

Proprietary Funds – The City maintains three enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its solid waste operation, its Centre Street Intermodal operation, and its blended component unit, the Pottsville Parking Authority.

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

City of Pottsville, Pennsylvania
Management's Discussion and Analysis
For Year Ended December 31, 2024

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-55 of this report.

Governmental-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the City of Pottsville, assets exceeded liabilities by \$4,888,123 as of December 31, 2024.

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

City of Pottsville's Net Assets

	Business-Type					
	Governmental Activities		Activities		Totals	
	2023	2024	2023	2024	2023	2024
Current and other assets	5,504,867	4,348,710	1,792,801	1,753,212	7,297,668	6,101,922
Capital Assets	12,164,099	11,934,247	11,414,144	10,964,744	23,578,243	22,898,991
Deferred Outflows	6,683,846	5,251,879	0	0	6,683,846	5,251,879
Total Assets	24,352,812	21,534,836	13,206,945	12,717,956	37,559,757	34,252,792
Current and Other Liabilities	1,513,898	713,600	664,513	680,017	2,178,411	1,393,617
Long Term Liabilities	23,021,920	21,886,249	231,784	214,949	23,253,704	22,101,198
Deferred Inflows	6,052,040	5,869,854	0	0	6,052,040	5,869,854
Total Liabilities	30,587,858	28,469,703	896,297	894,966	31,484,155	29,364,669
Net Assets:						
Invested in capital assets						
Net of related debt	3,956,262	3,725,485	11,165,907	10,732,960	15,122,169	14,458,445
Restricted	(888,968)	681	0	0	(888,968)	681
Unrestricted	(9,302,340)	(10,661,033)	1,144,741	1,090,030	(8,157,599)	(9,571,003)
Total Net Assets	(6,235,046)	(6,934,867)	12,310,648	11,822,990	6,075,602	4,888,123

City of Pottsville, Pennsylvania
Management's Discussion and Analysis
For Year Ended December 31, 2024

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

Analysis of the City's Operations – The following table provides a summary of the City's operations for the years ended December 31, 2023, and 2024. During 2024, governmental activities decreased the City of Pottsville's net assets by \$699,821; business-type activities decreased the City's net assets by \$487,658.

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

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

City of Pottsville, Pennsylvania
Management's Discussion and Analysis
For Year Ended December 31, 2024

City of Pottsville's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2023	2024	2023	2024	2023	2024
Program Revenues:						
Charges for Services	3,074,390	3,586,925	2,111,604	2,217,773	5,185,994	5,804,698
Operating Grants & Contributions	1,221,225	0	0	0	1,221,225	0
Capital Grants and Contributions	0	0	0	0	0	0
General Revenues:						
Taxes	7,220,406	8,085,682	0	0	7,220,406	8,085,682
Investment Earnings	42,460	28,160	36,008	39,181	78,468	67,341
Transfers	0	206,215	(265,496)	(206,215)	(265,496)	0
Total Revenues	11,558,481	11,906,982	1,882,116	2,050,739	13,440,597	13,957,721
Expenses:						
General Govt. & Administration	4,500,728	5,120,524	0	0	4,500,728	5,120,524
Public Safety	2,930,612	3,267,132	0	0	2,930,612	3,267,132
Public Works	2,160,786	2,042,545	0	0	2,160,786	2,042,545
Culture and Recreation	750,361	945,592	0	0	750,361	945,592
Community Development	230,839	472,772	0	0	230,839	472,772
Miscellaneous	10,756	15,304	0	0	10,756	15,304
Debt Service	271,884	742,934	0	0	271,884	742,934
Parking Authority	0	0	439,547	404,341	439,547	404,341
Solid Waste	0	0	1,171,211	1,605,455	1,171,211	1,605,455
Intermodal	0	0	520,829	528,601	520,829	528,601
Total Expenses	10,855,966	12,606,803	2,131,587	2,538,397	12,987,553	15,145,200
Increase (Decrease) in Net Assets	702,515	(699,821)	(249,471)	(487,658)	453,044	(1,187,479)
Net Assets - Beginning	(6,937,561)	(6,235,046)	12,560,119	12,310,648	5,622,558	6,075,602
Prior Period Adjustment	0	0	0	0	0	0
Increase (Decrease) in Net Assets	702,515	(699,821)	(249,471)	(487,658)	453,044	(1,187,479)
Net Assets - Ending	(6,235,046)	(6,934,867)	12,310,648	11,822,990	6,075,602	4,888,123

City of Pottsville, Pennsylvania
Management's Discussion and Analysis
For Year Ended December 31, 2024

Financial Analysis of the Government Funds

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

At the end of the current fiscal year, the City of Pottsville's governmental funds reported combined ending fund balances of \$2,352,254.

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

General Fund Budgetary Highlights - In the general fund, the City budgeted for no change in the fund balance. However, the actual fund balance for fiscal year 2024 decreased \$993,670.

Capital Assets

The City of Pottsville investment in capital assets for its governmental and business-type activities as of December 31, 2024, amounts to \$22,898,991 (net of accumulated depreciation). This investment in capital assets includes land, building, equipment, improvements, and infrastructure, and construction in progress.

Capital Assets at Year-end
Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2023	2024	2023	2024	2023	2024
Land	316,430	316,430	1,342,622	1,342,622	1,659,052	1,659,052
Building & Improvement	9,426,191	9,138,971	10,070,362	9,622,122	19,496,553	18,761,093
Machinery & Equipment	1,077,819	1,297,312	1,160	0	1,078,979	1,297,312
Site Improvement	719,959	648,171	0	0	719,959	648,171
Infrastructure	623,700	533,363	0	0	623,700	533,363
Construction in Progress	0	0	0	0	0	0
Total	12,164,099	11,934,247	11,414,144	10,964,744	23,578,243	22,898,991

City of Pottsville, Pennsylvania
Management's Discussion and Analysis
For Year Ended December 31, 2024

Debt Administration

At the end of the current fiscal year, the City of Pottsville had a total bonded debt and notes payable of \$8,440,546.

Outstanding Debt at Year End

Bonds and Notes Payable

	Governmental Activities	Business-Type Activities	Total
Lease Purchase Obligations	446,904	0	446,904
Notes Payable	4,731,858	231,784	4,963,642
Bonds Payable	<u>3,030,000</u>	0	<u>3,030,000</u>
 Total	 <u>8,208,762</u>	 <u>231,784</u>	 <u>8,440,546</u>

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

**City of Pottsville, Pennsylvania
Management's Discussion and Analysis
For Year Ended December 31, 2024**

Economic Forecast for 2025

Economic Overview

In 2025 City of Pottsville will continue to provide comprehensive public services to residents of Pottsville. The city will maintain all public services in a cost-effective manner. The city will sustain service delivery through conservative spending and innovative approaches to operations and management. The primary source of revenue is derived from taxes. Therefore, we will focus on continued aggressive and efficient tax collection. Local economic conditions are stable, leading to our assumption that tax collection rates will remain constant. Thanks in part to City Redevelopment Authority investment, business in Pottsville is improving, therefore, we hope that Business Privilege Tax revenues and commercial real estate tax will increase as well.

Staffing and Benefits

We continue to collaborate closely with employees, labor groups and benefit providers to monitor and control all employee related costs in an efficient manner. In 2025, the City will closely monitor pensions, labor agreements, and capitalizations of revenue. In 2025 we will proactively monitor the markets and associated issues that impact employee retirement funds to ensure the long-term stability of those funds. We will meet regularly with our fund managers and respective Pension Boards to monitor investments, City Contributions, and pension procedures to promote our goal of attaining fully funded police and non-uniformed pension plans.

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

**City of Pottsville, Pennsylvania
Management's Discussion and Analysis
For Year Ended December 31, 2024**

Community Partnerships

In 2025, we will continue to develop strong collaborations with the Pottsville Area School District, local hospital, nonprofits and business to enhance the services and tax revenue that will benefit City residents. The City will also work closely with City entities including the Pottsville Redevelopment Authority and Greater Pottsville Sewer Authority to develop comprehensive and cost saving strategies to improve the community.

Efforts to Protect Revenue

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

In 2025 the City will continue to carefully implement conservative and proactive financial management strategies to all aspects of our governmental operations.

**City of Pottsville, Pennsylvania
Management's Discussion and Analysis
For Year Ended December 31, 2024**

Request for Information

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

CITY OF POTTSVILLE

STATEMENT OF NET POSITION (DEFICIT)

DECEMBER 31, 2024

	Governmental Activities	Business-Type Activities	Total	Component Unit Redevelopment Authority
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash	\$ 703,254	\$ 1,284,044	\$ 1,987,298	\$ 507,148
Cash - restricted	20,243	0	20,243	0
Taxes receivable, net	1,002,001	0	1,002,001	0
Internal balances	574,576	0	574,576	0
Intergovernmental receivables	0	0	0	0
Other receivables	82,472	469,168	551,640	0
Prepaid expenses	179,786	0	179,786	0
Notes Receivable, Current	154,230	0	154,230	343,117
Inventories	29,029	0	29,029	0
TOTAL CURRENT ASSETS	<u>2,745,591</u>	<u>1,753,212</u>	<u>4,498,803</u>	<u>850,265</u>
NON-CURRENT ASSETS				
Land	316,430	1,342,622	1,659,052	0
Notes Receivable, Non Current	1,603,119	0	1,603,119	343,117
Site improvements - net	648,171	0	648,171	0
Building and building improvements - net	9,138,971	9,622,122	18,761,093	0
Machinery and equipment - net	1,297,312	0	1,297,312	0
Infrastructure - net	533,363	0	533,363	0
TOTAL NON-CURRENT ASSETS	<u>13,537,366</u>	<u>10,964,744</u>	<u>24,502,110</u>	<u>343,117</u>
TOTAL ASSETS	<u>16,282,957</u>	<u>12,717,956</u>	<u>29,000,913</u>	<u>1,193,382</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>5,251,879</u>	<u>0</u>	<u>5,251,879</u>	<u>0</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 21,534,836</u></u>	<u><u>\$ 12,717,956</u></u>	<u><u>\$ 34,252,792</u></u>	<u><u>\$ 1,193,382</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)				
CURRENT LIABILITIES				
Accounts payable	\$ 203,898	\$ 582,820	\$ 786,718	\$ 0
Interfund payables	19,562	0	19,562	0
Accrued payroll deductions	10,557	488	11,045	0
Current portion of long-term liabilities	472,402	16,835	489,237	0
Due to other governmental units	0	0	0	0
Deferred revenues	0	79,874	79,874	354,363
Accrued interest	7,181	0	7,181	0
TOTAL CURRENT LIABILITIES	<u>713,600</u>	<u>680,017</u>	<u>1,393,617</u>	<u>354,363</u>
NON-CURRENT LIABILITIES				
Notes payable	4,628,273	214,949	4,843,222	0
Bonds Payable	2,810,000	0	2,810,000	0
Net Pension Asset	2,121,609	0	2,121,609	0
Lease purchase obligations	298,087	0	298,087	0
Compensated absences	523,883	0	523,883	0
Other post-employment benefits	11,504,397	0	11,504,397	0
TOTAL NON-CURRENT LIABILITIES	<u>21,886,249</u>	<u>214,949</u>	<u>22,101,198</u>	<u>0</u>
TOTAL LIABILITIES	<u>22,599,849</u>	<u>894,966</u>	<u>23,494,815</u>	<u>354,363</u>
DEFERRED INFLOWS OF RESOURCES	<u>5,869,854</u>	<u>0</u>	<u>5,869,854</u>	<u>0</u>
NET POSITION (DEFICIT)				
Invested in capital assets, net of related debt	3,725,485	10,732,960	14,458,445	0
Restricted for:				
Highway Aid	681	0	681	0
Capital projects	0	0	0	0
Unrestricted (Deficit)	(10,661,033)	1,090,030	(9,571,003)	495,902
TOTAL NET POSITION (DEFICIT)	<u>(6,934,867)</u>	<u>11,822,990</u>	<u>4,888,123</u>	<u>495,902</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)	<u><u>\$ 21,534,836</u></u>	<u><u>\$ 12,717,956</u></u>	<u><u>\$ 34,252,792</u></u>	<u><u>\$ 850,265</u></u>

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

CITY OF POTTSVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Redevelopment Authority	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				
					Governmental Activities	Business-Type Activities	Total		
GOVERNMENTAL ACTIVITIES									
General government	\$ 5,120,524	\$ 2,075,248	\$ 0	\$ 0	\$ (3,045,276)	\$ 0	\$ (3,045,276)	\$ (107,261)	
Public safety	3,267,132	623,067	0	0	(2,644,065)	0	(2,644,065)	0	
Public works - health and welfare	23,608	419,478	0	0	395,870	0	395,870	0	
Public works - highways and streets	2,018,937	71,858	0	0	(1,947,079)	0	(1,947,079)	0	
Culture and recreation	945,592	272,435	0	0	(673,157)	0	(673,157)	0	
Community development	472,772	48,293	0	0	(424,479)	0	(424,479)	0	
Miscellaneous	15,304	76,546	0	0	61,242	0	61,242	0	
Debt Service	742,934	0	0	0	(742,934)	0	(742,934)	0	
TOTAL GOVERNMENTAL ACTIVITIES	12,606,803	3,586,925	0	0	(9,019,878)	0	(9,019,878)	(107,261)	
BUSINESS-TYPE ACTIVITIES									
Parking authority	404,341	658,221	0	0	0	253,880	253,880	0	
Solid waste	1,605,455	1,429,935	0	0	0	(175,520)	(175,520)	0	
Intermodal Transportation Facility	528,601	129,617	0	0	0	(398,984)	(398,984)	0	
TOTAL BUSINESS-TYPE ACTIVITIES	2,538,397	2,217,773	0	0	0	(320,624)	(320,624)	0	
TOTAL PRIMARY GOVERNMENT	15,145,200	5,804,698	0	0	(9,019,878)	(320,624)	(9,340,502)	(107,261)	
GENERAL REVENUES AND TRANSFERS									
Taxes:									
Property taxes, levied for general purposes, net					4,338,428	0	4,338,428	0	
Public utility, realty, earned income and miscellaneous taxes levied for general purposes, net					3,747,254	0	3,747,254	0	
Investment earnings					28,160	39,181	67,341	8,100	
Transfers					206,215	(206,215)	0	0	
TOTAL GENERAL REVENUES AND TRANSFERS					8,320,057	(167,034)	8,153,023	8,100	
CHANGE IN NET POSITION					(699,821)	(487,658)	(1,187,479)	(99,161)	
NET POSITION (DEFICIT) - BEGINNING					(6,235,046)	12,310,648	6,075,602	595,063	
NET POSITION (DEFICIT) - END OF YEAR					\$ (6,934,867)	\$ 11,822,990	\$ 4,888,123	\$ 495,902	

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

CITY OF POTTSVILLE

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2024

	General	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash	\$ 703,254	\$ 0	\$ 0	\$ 703,254
Cash - restricted	0	0	20,243	20,243
Interfund receivables	574,576	0	0	574,576
Accounts receivable, other	82,472	0	0	82,472
Taxes receivable, net	1,360,659	0	0	1,360,659
Prepaid expenses	179,786	0	0	179,786
Inventories	29,029	0	0	29,029
Due from Other Governmental Units	0	0	0	0
Intergovernmental receivables	0	0	0	0
TOTAL ASSETS	<u>2,929,776</u>	<u>0</u>	<u>20,243</u>	<u>2,950,019</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 2,929,776</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 20,243</u></u>	<u><u>\$ 2,950,019</u></u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Interfund payables	\$ 0	\$ 0	\$ 19,562	\$ 19,562
Accounts payable	203,898	0	0	203,898
Accrued payroll taxes	10,557	0	0	10,557
Due to Other Governmental Units	0	0	0	0
Deferred revenue	0	0	0	0
TOTAL LIABILITIES	<u>214,455</u>	<u>0</u>	<u>19,562</u>	<u>234,017</u>
DEFERRED INFLOWS OF RESOURCES	<u>363,748</u>	<u>0</u>	<u>0</u>	<u>363,748</u>
FUND BALANCES				
Restricted	0	0	681	681
Non-spendable	0	0	0	0
Assigned	0	0	0	0
Unassigned	2,351,573	0	0	2,351,573
TOTAL FUND BALANCES	<u>2,351,573</u>	<u>0</u>	<u>681</u>	<u>2,352,254</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 2,929,776</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 20,243</u></u>	<u><u>\$ 2,950,019</u></u>

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

CITY OF POTTSVILLE

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

GOVERNMENTAL FUNDS

AS OF DECEMBER 31, 2024

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 2,352,254

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Cost of capital assets	40,695,126	
Less: accumulated depreciation	<u>(28,760,879)</u>	11,934,247

Other long-term notes receivables are not available to pay for current period expenditures.	1,757,349
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Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds.

Lease purchase obligations	(446,904)
Bonds Payable	(3,030,000)
Notes Payable	(4,731,858)
Net Pension Asset	(2,121,609)
Accrued Interest	(7,181)
Compensated absences	(523,883)
Other post-employment benefit obligations	(11,504,397)

Delinquent taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds.	5,090
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Net Deferred Outflows (Inflows) pension liability	<u>(617,975)</u>
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TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES	\$ <u><u>(6,934,867)</u></u>
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See notes to financial statements
which are an integral part of this statement.

CITY OF POTTSVILLE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	General	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 7,721,934	\$ 0	\$ 0	\$ 7,721,934
Licenses and permits	216,442	0	0	216,442
Fines and forfeits	74,399	0	0	74,399
Interest and rents	78,560	2	3,811	82,373
Intergovernmental revenues	1,494,465	0	823,248	2,317,713
Charges for service	485,420	0	0	485,420
Miscellaneous revenues	25,513	346,400	0	371,913
TOTAL REVENUES	10,096,733	346,402	827,059	11,270,194
OTHER FINANCING SOURCES				
Refunds of prior year expenditures	219,682	0	0	219,682
TOTAL REVENUES AND OTHER FINANCING SOURCES	10,316,415	346,402	827,059	11,489,876
EXPENDITURES				
General government	4,314,759	0	0	4,314,759
Public safety	3,267,132	0	0	3,267,132
Public works - health	23,608	0	0	23,608
Public works - highways	1,586,486	20,451	412,000	2,018,937
Culture - recreation	945,592	0	0	945,592
Community development	57,444	0	415,328	472,772
Debt service	742,008	0	0	742,008
Miscellaneous expenditures	15,145	159	0	15,304
TOTAL EXPENDITURES	10,952,174	20,610	827,328	11,800,112
OTHER FINANCING SOURCES (USES)				
Loan to Redevelopment Authority	0	0	0	0
Repayment of Debt	0	0	0	0
Issuance of Long Term Debt	0	0	0	0
Transfers In (Out)	(357,911)	564,126	0	206,215
TOTAL OTHER FINANCING SOURCES	(357,911)	564,126	0	206,215
NET CHANGE IN FUND BALANCES	(993,670)	889,918	(269)	(104,021)
FUND BALANCES - BEGINNING	3,345,243	(889,918)	950	2,456,275
PRIOR PERIOD ADJUSTMENT	0	0	0	0
FUND BALANCES - ENDING	\$ 2,351,573	\$ 0	\$ 681	\$ 2,352,254

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

CITY OF POTTSVILLE

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

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2024

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (104,021)
Because some property taxes will not be collected for several months after the City's year end, they are not considered as available revenues in the governmental funds.	363,748
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	316,398
Issuance of long-term debt is listed as revenue in governmental funds but it is listed as a liability in the Statement of Net Assets.	(317,324)
Governmental funds report decreases to loans receivable as other financing sources. In the statement of net position these are reductions to notes receivable.	(150,815)
Expenses reported on statement of activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	98,145
Governmental funds recognize capital outlays as expenditures versus as capital assets in the Statement of Net Assets.	466,130
Accrued interest on long-term obligations is reported in the governmental activities, but is not reported in the governmental fund statements.	(2,041)
Depreciation expense is recognized in the Statement of Activities but is not recognized in governmental funds.	(695,982)
Post-employment benefits are recognized based on an actuarial valuation on the Statement of Activities.	<u>(674,059)</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ (699,821)</u>

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

CITY OF POTTSVILLE

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

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 7,741,788	\$ 7,741,788	\$ 7,721,934	\$ (19,854)
Licenses and permits	251,000	251,000	216,442	(34,558)
Fines and forfeits	69,200	69,200	74,399	5,199
Interest and rents	91,400	91,400	78,560	(12,840)
Intergovernmental revenue	2,058,116	2,058,116	1,494,465	(563,651)
Charges for service	427,003	427,003	485,420	58,417
Miscellaneous revenues	20,000	20,000	25,513	5,513
TOTAL REVENUES	10,658,507	10,658,507	10,096,733	(561,774)
OTHER FINANCING SOURCES				
Sale of assets	0	0	0	0
Refunds of prior year expenditures	120,000	120,000	219,682	99,682
TOTAL OTHER FINANCING SOURCES	120,000	120,000	219,682	99,682
TOTAL REVENUES AND OTHER FINANCING SOURCES	10,778,507	10,778,507	10,316,415	(462,092)
EXPENDITURES				
General government	4,538,215	4,538,215	4,314,759	223,456
Public safety	3,093,551	3,093,551	3,267,132	(173,581)
Public works - health	24,104	24,104	23,608	496
Public works - highways	1,451,363	1,451,363	1,586,486	(135,123)
Culture - recreation	810,225	810,225	945,592	(135,367)
Community development	69,542	69,542	57,444	12,098
Debt service	781,507	781,507	742,008	39,499
Miscellaneous expenditures	10,000	10,000	15,145	(5,145)
TOTAL EXPENDITURES	10,778,507	10,778,507	10,952,174	(173,667)
OTHER FINANCING SOURCES (USES)				
Repayment of Debt	0	0	0	0
Issuance of Long Term Debt	0	0	0	0
Transfers In	0	0	(357,911)	357,911
TOTAL OTHER FINANCING SOURCES (USES)	0	0	(357,911)	357,911
TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)	10,778,507	10,778,507	11,310,085	(531,578)
NET CHANGE IN FUND BALANCES	0	0	(993,670)	(993,670)
FUND BALANCE - BEGINNING OF YEAR	3,345,243	3,345,243	3,345,243	0
FUND BALANCE - END OF YEAR	\$ 3,345,243	\$ 3,345,243	\$ 2,351,573	\$ (993,670)

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

CITY OF POTTSVILLE
STATEMENT OF NET POSITION (DEFICIT)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Centre Street Intermodal Fund	Parking Authority	Solid Waste Fund	Total Proprietary Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash	\$ 454,436	\$ 783,835	\$ 45,773	\$ 1,284,044
Prepaid expenses	0	0	0	0
Grants receivable	0	0	0	0
Other receivables	14,846	0	454,322	469,168
TOTAL CURRENT ASSETS	469,282	783,835	500,095	1,753,212
NON-CURRENT ASSETS				
Land	653,703	688,919	0	1,342,622
Buildings, net	9,481,860	140,262	0	9,622,122
Machinery and equipment, net	0	0	0	0
TOTAL NON-CURRENT ASSETS	10,135,563	829,181	0	10,964,744
DEFERRED OUTFLOWS OF RESOURCES	0	0	0	0
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 10,604,845	\$ 1,613,016	\$ 500,095	\$ 12,717,956
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)				
CURRENT LIABILITIES				
Due to other funds	\$ 574,576	\$ 0	\$ 0	\$ 574,576
Accounts payable	4,050	3,775	419	8,244
Accrued expenses	0	488	0	488
Deferred revenues	0	79,874	0	79,874
Note Payable	0	0	0	0
Current portion of long-term debt	0	16,835	0	16,835
TOTAL CURRENT LIABILITIES	578,626	100,972	419	680,017
NON-CURRENT LIABILITIES				
Long-term - net of current liabilities	0	214,949	0	214,949
TOTAL NON-CURRENT LIABILITIES	0	214,949	0	214,949
TOTAL LIABILITIES	578,626	315,921	419	894,966
DEFERRED INFLOWS OF RESOURCES	0	0	0	0
NET POSITION (DEFICIT)				
Invested in capital assets - net of related debt	10,135,563	597,397	0	10,732,960
Unrestricted (Deficit)	(109,344)	699,698	499,676	1,090,030
TOTAL NET POSITION (DEFICIT)	10,026,219	1,297,095	499,676	11,822,990
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)	\$ 10,604,845	\$ 1,613,016	\$ 500,095	\$ 12,717,956

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

CITY OF POTTSVILLE
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION

PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Centre Street Intermodal Fund	Parking Authority	Solid Waste Fund	Total Proprietary Fund
OPERATING REVENUES				
Charges for services	\$ 129,617	\$ 658,221	\$ 1,429,935	\$ 2,217,773
TOTAL OPERATING REVENUES	<hr/> 129,617	<hr/> 658,221	<hr/> 1,429,935	<hr/> 2,217,773
OPERATING EXPENSES				
Personal services	0	139,581	0	139,581
Rent	0	2,400	24,000	26,400
Contractual services	0	69,462	1,541,160	1,610,622
Supplies	0	7,956	14,876	22,832
Depreciation	439,660	19,740	0	459,400
Insurance	9,504	18,881	0	28,385
Interest expense	0	7,867	0	7,867
Repairs and Maintenance	23,771	91,878	419	116,068
Utilities	32,110	20,779	0	52,889
Other expenses	23,556	25,797	25,000	74,353
TOTAL OPERATING EXPENSES	<hr/> 528,601	<hr/> 404,341	<hr/> 1,605,455	<hr/> 2,538,397
OPERATING INCOME (LOSS)	<hr/> (398,984)	<hr/> 253,880	<hr/> (175,520)	<hr/> (320,624)
NON-OPERATING REVENUES (EXPENSES)				
Loss on sale of fixed asset	0	0	0	0
Earnings on investments	5,539	30,692	2,950	39,181
Capital grants and contributions	0	0	0	0
Miscellaneous revenues	0	0	0	0
TOTAL NON-OPERATING REVENUES (EXPENSES)	<hr/> 5,539	<hr/> 30,692	<hr/> 2,950	<hr/> 39,181
NET INCOME (LOSS) BEFORE TRANSFERS	<hr/> (393,445)	<hr/> 284,572	<hr/> (172,570)	<hr/> (281,443)
TRANSFERS				
Transfers to other funds	0	(265,496)	59,281	(206,215)
TOTAL TRANSFERS, NET	<hr/> 0	<hr/> (265,496)	<hr/> 59,281	<hr/> (206,215)
CHANGE IN NET POSITION	<hr/> (393,445)	<hr/> 19,076	<hr/> (113,289)	<hr/> (487,658)
NET POSITION - BEGINNING OF YEAR	<hr/> 10,419,664	<hr/> 1,278,019	<hr/> 612,965	<hr/> 12,310,648
NET POSITION - END OF YEAR	<hr/> \$ 10,026,219	<hr/> \$ 1,297,095	<hr/> \$ 499,676	<hr/> \$ 11,822,990

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

CITY OF POTTSVILLE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2024

	BUSINESS-TYPE ACTIVITIES			
	<u>Centre Street Intermodal Fund</u>	<u>Parking Authority</u>	<u>Solid Waste Fund</u>	<u>Total Proprietary Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and other revenues	\$ 114,771	\$ 655,993	\$ 1,294,652	\$ 2,065,416
Cash payments to employees for services	0	4,430	0	4,430
Cash paid to suppliers for goods and services	0	(131,705)	(1,605,036)	(1,736,741)
Cash paid for other operating expenses	<u>(88,312)</u>	<u>(241,024)</u>	<u>0</u>	<u>(329,336)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	26,459	287,694	(310,384)	3,769
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfer to Primary Government	0	(265,496)	59,281	(206,215)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	0	(265,496)	59,281	(206,215)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments for general fund loans	0	0	0	0
Proceeds from general fund loans	0	0	0	0
Payments for capital purchases	0	(10,000)	0	(10,000)
Proceeds from grants	0	0	0	0
Proceeds from line of credit	0	0	0	0
Principal paid on capital debt	<u>0</u>	<u>(16,453)</u>	<u>0</u>	<u>(16,453)</u>
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	0	(26,453)	0	(26,453)
CASH FLOWS FROM INVESTING ACTIVITIES				
Earnings on investments	5,539	30,692	2,950	39,181
PPP Income	0	0	0	0
Proceeds from sale of fixed asset	0	0	0	0
NET CASH PROVIDED BY INVESTING ACTIVITIES	5,539	30,692	2,950	39,181
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	31,998	26,437	(248,153)	(189,718)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	422,438	757,398	293,926	1,473,762
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 454,436	\$ 783,835	\$ 45,773	\$ 1,284,044
OPERATING INCOME (LOSS)	\$ (398,984)	\$ 253,880	\$ (175,520)	\$ (320,624)
Adjustments to reconcile operating income (loss) to net cash provided (used for) operating activities:				
Depreciation	439,660	19,740	0	459,400
Bad debt expense	0	0	0	0
Changes in current assets and current liabilities				
(Increase) Decrease in accounts receivable	(14,846)	0	(135,283)	(150,129)
(Increase) Decrease in prepaid expenses	0	0	0	0
Increase (Decrease) in accounts payable	629	(132)	419	916
Increase (Decrease) in accrued expenses	0	(2,070)	0	(2,070)
Increase (Decrease) in deferred revenue	0	16,276	0	16,276
TOTAL ADJUSTMENTS	425,443	33,814	(134,864)	324,393
TOTAL CASH PROVIDED BY (USED FOR)	\$ 26,459	\$ 287,694	\$ (310,384)	\$ 3,769

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

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

FINANCIAL REPORTING ENTITY

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

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

The financial statements include:

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

COMPONENT UNITS

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

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

COMPONENT UNITS - continued

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

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

The City has 3 other component units, they are:

Pottsville Housing Authority
Pottsville Hospital Authority
Greater Pottsville Area Sewer Authority

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

BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

BASIS OF PRESENTATION - continued

GOVERNMENT-WIDE FINANCIAL STATEMENTS - continued

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

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

FUND FINANCIAL STATEMENTS

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

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

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

BASIS OF PRESENTATION – continued

FUND FINANCIAL STATEMENTS - continued

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

FUND ACCOUNTING

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

- a. Total assets and deferred outflows of resources, or liabilities and deferred inflows of resources, or revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type and,
- b. Total assets and deferred outflows of resources, or liabilities and deferred inflows of resources, or revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

BASIS OF PRESENTATION – continued

FUND ACCOUNTING - continued

The funds of the financial reporting entity are described below:

GOVERNMENTAL FUNDS

The City reports the following governmental funds:

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

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

PROPRIETARY FUNDS

The City reports the following proprietary fund types:

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

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

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

FIDUCIARY FUNDS

The City has no fiduciary funds.

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

BASIS OF ACCOUNTING

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

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

CASH AND CASH EQUIVALENTS

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

CITY OF POTTSVILLE

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

COMPENSATED ABSENCES

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

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

INVENTORIES

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

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

BUDGETS AND BUDGETARY ACCOUNTING

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

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

CAPITAL ASSETS

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

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

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

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

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

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

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

USE OF ESTIMATES

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

NET POSITION

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

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

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

NET POSITION – continued

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

NET POSITION FLOW ASSUMPTION

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

FUND BALANCE – GOVERNMENTAL FUNDS

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

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

CITY OF POTTSVILLE

NOTES TO FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

FUND BALANCE – GOVERNMENTAL FUNDS – continued

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

FUND BALANCE FLOW ASSUMPTIONS

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualifies for reporting in this category for the various amounts related to pension liabilities. This amount will be amortized in future periods.

CITY OF POTTSVILLE

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES – continued

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

TAXES ASSESSED

During the year ended December 31, 2024, the City had the following tax levies under ordinance:

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

The final tax duplicate for 2024 was as follows:

Real Estate - General Purpose	\$ 4,449,373
Real Estate - Library	\$ 53,275
City Occupational Assessment	\$ 503,923
City Per Capita	\$ 44,165
City Residence	\$ 44,165

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

CITY OF POTTSVILLE

NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - CAPITAL ASSETS:

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

	Balance December 31, 2023	Additions	Dispositions	Balance December 31, 2024
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 316,430	\$ 0	\$ 0	\$ 316,430
Construction in Progress	0	0	0	0
Total Capital Assets, Not Being Depreciated	316,430	0	0	316,430
Capital Assets, Being Depreciated:				
Buildings and Improvements	11,697,669	0	0	11,697,669
Machinery and Equipment	3,252,389	466,130	0	3,718,519
Site Improvements	2,489,753	0	0	2,489,753
Infrastructure	22,472,755	0	0	22,472,755
Total Capital Assets, Being Depreciated	39,912,566	466,130	0	40,378,696
Accumulated Depreciation For:				
Buildings and Improvements	(2,271,478)	(287,220)	0	(2,558,698)
Machinery and Equipment	(2,174,570)	(246,637)	0	(2,421,207)
Site Improvements	(1,769,794)	(71,788)	0	(1,841,582)
Infrastructure	(21,849,055)	(90,337)	0	(21,939,392)
Total Accumulated Depreciation	(28,064,897)	(695,982)	0	(28,760,879)
Governmental Activities - Capital Assets, Net	\$ 12,164,099	\$ (229,852)	\$ 0	\$ 11,934,247
Business-Type Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 1,342,622	\$ 0	\$ 0	\$ 1,342,622
Total Capital Assets, Not Being Depreciated	1,342,622	0	0	1,342,622
Capital Assets, Being Depreciated:				
Buildings and Improvements	15,839,875	10,000	0	15,849,875
Machinery and Equipment	38,746	0	0	38,746
Total Capital Assets, Being Depreciated	15,878,621	10,000	0	15,888,621
Accumulated Depreciation For:				
Buildings and Improvements	(5,790,520)	(457,421)	0	(6,247,941)
Machinery and Equipment	(16,579)	(1,979)	0	(18,558)
Total Accumulated Depreciation	(5,807,099)	(459,400)	0	(6,266,499)
Business-Type Activities - Capital Assets, Net	\$ 11,414,144	\$ (449,400)	\$ 0	\$ 10,964,744

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - CAPITAL ASSETS - continued

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

Governmental Activities:

General Government	\$ 83,518
Culture and Recreation	139,196
Public Safety	48,719
Public Works - Highways and Streets	424,549
Total Depreciation Expense	<u>695,982</u>

Business-Type Activities:

Parking Authority	19,740
Intermodel	439,660
Total Depreciation Expense	<u>\$ 1,155,382</u>

NOTE 3 - CHANGES IN LONG-TERM DEBT:

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

Governmental Activities:	<u>General Obligation Bonds</u>	<u>Notes Payable</u>	<u>Lease Purchase Obligations</u>	<u>Compensated Absences</u>	<u>Pension Liability</u>	<u>Other Post- Employment Benefits</u>	<u>Total</u>
Long-Term Debt - 1/1/24	\$ 3,245,000	\$ 4,833,256	\$ 129,581	\$ 622,028	\$ 2,804,848	\$ 11,760,628	\$ 23,395,341
Bonds Matured and Redeemed	0	0	0	0	0	0	0
Lease/Loan Payments	0	0	(148,807)	(98,145)	0	0	(246,952)
Debt Issued	0	0	0	0	0	0	0
Payments	(215,000)	(101,398)	0	0	(683,239)	(256,231)	(1,255,868)
Additions	0	0	466,130	0	0	0	466,130
Long-Term Debt - 12/31/24	\$ 3,030,000	\$ 4,731,858	\$ 446,904	\$ 523,883	\$ 2,121,609	\$ 11,504,397	\$ 22,358,651

Business-Type Activities:	<u>General Obligation Bonds</u>	<u>Notes Payable</u>	<u>Lease Purchase Obligations</u>	<u>Compensated Absences</u>	<u>Total</u>
Long-Term Debt - 1/1/24	\$ 0	\$ 248,237	\$ 0	\$ 0	\$ 248,237
Debt Issued	0	0	0	0	0
Loan Payments	0	(16,453)	0	0	(16,453)
Long-Term Debt - 12/31/24	\$ 0	\$ 231,784	\$ 0	\$ 0	\$ 231,784

CITY OF POTTSVILLE

NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 3 - CHANGES IN LONG-TERM DEBT – continued

Governmental activities debt is composed of the following:

GENERAL OBLIGATION BONDS - SERIES OF 2016 (GOVERNMENTAL)

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

Other Long-Term Liabilities at December 31, 2024 consist of the following:

LEASE OBLIGATION – EQUIPMENT (GOVERNMENTAL)

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

\$ 18,482	

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

\$ 19,680	

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

\$ 8,352	

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

\$ 13,581	

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

\$ 12,462	

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 3 - CHANGES IN LONG-TERM DEBT – continued

LEASE OBLIGATION – EQUIPMENT (GOVERNMENTAL) – continued

In June of 2023, the City entered into a capital lease obligation for the purchase of a Ford Utility Police Interceptor. Terms of the lease require 3 annual payments of \$21,192. Payments begin in June 2024 and include interest at 5.60%.

\$ 39,072	
=====	

In June of 2023, the City entered into a capital lease obligation for the purchase of a Ram Chevy 5500 Truck. Terms of the lease require 5 annual payments of \$7,990. Payments begin in June 2024 and include interest at 4.89%.

\$ 28,406	
=====	

In June of 2023, the City entered into a capital lease obligation for the purchase of a Altec Bucket Truck. Terms of the lease require 5 annual payments of \$31,072. Payments begin in June 2024 and include interest at 4.89%.

\$ 110,463	
=====	

In August of 2023, the City entered into a capital lease obligation for the purchase of a Dulevo Street Sweeper. Terms of the lease require 5 annual payments of \$55,853. Payments begin in August 2024 and include interest at 5.36%.

\$ 196,406	
=====	

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

USDA Loan	\$ 4,731,858
Total	<u>\$ 4,731,858</u>

Compensated absences at December 31, 2024, consist of the following:

Non-Uniform Employees	\$ 265,300
Uniform Employees (Police)	258,583
Total	<u>\$ 523,883</u>

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

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

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

Year Ending December 31,	GENERAL OBLIGATION DEBT			PROPRIETARY FUND DEBT			Total
	Principal	Interest	Principal	Interest			
2025	\$ 479,458	\$ 220,713	\$ 16,836	\$ 7,538			724,545
2026	441,045	159,350	16,836	7,201			624,432
2027	419,183	193,833	17,219	6,864			637,099
2028	430,681	182,834	17,601	6,520			637,636
2029	348,058	170,942	17,983	6,168			543,151
THEREAFTER	6,090,337	1,641,340	145,309	23,934			7,900,920
Total	\$ 8,208,762	\$ 2,569,012	\$ 231,784	\$ 58,225			\$ 11,067,783

NOTE 5- DEPOSITS AND INVESTMENTS:

DEPOSITS

The City of Pottsville is governed by the deposit and investment limitations of state law. The deposits and investments held at December 31, 2024, and reported at fair value are listed below:

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a policy for custodial credit risk on deposits. At December 31, 2024, the carrying amount of the City's deposits was \$2,514,689. and the bank balance was \$2,579,005. Of the bank balance, \$757,178 was covered by federal depository insurance and \$1,821,827. was exposed to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the City's name.

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 5 – DEPOSITS AND INVESTMENTS – continued

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. It is the practice of the City to limit its interest rate risk by investing in securities with maturity dates under one year. At December 31, 2024, the City's investments in securities of U.S. agencies had maturity dates of less than one year.

Custodial Credit Risk

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

Credit Risk

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

Concentration Risk

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

NOTE 6 – NOTES RECEIVABLE AND INTERGOVERNMENTAL RECEIVABLES:

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

NOTES RECEIVABLE FIREMAN'S RELIEF TRUST ASSOCIATION

The note receivable represents a loan in the original amount of \$381,881 made to the Pottsville Fireman's Relief Trust Association. Payments are made semi-annually beginning on March 1, 2017 for 10 years in the amount of \$21,162, which includes interest at 1%. The balance as of December 31, 2024 is \$82,574.

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 6 – NOTES RECEIVABLE AND INTERGOVERNMENTAL RECEIVABLES – continued

NOTES RECEIVABLE HOUSING AUTHORITY

The note receivable represents a loan in the original amount of \$1,969,549 made to the Pottsville Housing Authority. Payments are made semi-annually, and the amounts vary according to an agreed schedule. The first payment each year is interest only and the second payment is interest and principal in an amount that will pay off the loan in 18 years. The final payment is scheduled to be made on October 1, 2027. The balance as of December 31, 2024 is \$1,442,608.

NOTES RECEIVABLE PARKING AUTHORITY

The note receivable represents a loan in the original amount of \$334,336 made to the Pottsville Parking Authority which is a component unit that is presented in these financial statements as a proprietary fund. Payments are made semi-annually. The first payment each year is interest only and the second payment is interest and principal in an amount that will pay off the loan in 20 years. The final payment is scheduled to be made on October 1, 2027. The balance as of December 31, 2024 is \$232,167.

NOTES RECEIVABLE NORTH CENTRE STREET LIMITED PARTNERSHIP

The note receivable of the component unit, the Pottsville Redevelopment Authority, represents a loan in the original amount of \$485,925 made to 225 North Centre Street Limited Partnership dated March 9, 1995 from the Redevelopment Authority, for use in acquiring and rehabilitating a six-unit ,mixed use, affordable housing project. The loan is interests free for a term of 30 years with no payments due for the first 15 years. Starting in year 16 principal only is due in the amount of \$8,272 for 14 years. The remaining balance of \$343,117 is due in the year 2025. The balance as of December 31, 2024, is \$343,117.

NOTE 7 - RISK MANAGEMENT:

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

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - COMMITMENTS:

During May 2005, the City adopted an ordinance to guaranty a portion (83% - \$15,541,518.) of the Greater Pottsville Area Sewer Authority 2005 Guaranteed Sewer Revenue Bond of \$18,724,721. The outstanding liability at December 31, 2024 is \$558,701.

NOTE 9 - PENSION PLANS:

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

UNIFORM (POLICE) PENSION PLAN

PLAN DESCRIPTION

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

PLAN MEMBERSHIP

At December 31, 2024, the following employees were covered by the benefit terms:

Active Members	20
Inactive Members or Beneficiaries Currently	
Receiving Benefits	35
Inactive Members Entitled to	
but not yet Receiving Benefits	5
Total	<u>60</u>

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9- PENSION PLANS – continued

UNIFORM (POLICE) PENSION PLAN - continued

CONTRIBUTION DESCRIPTION

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

ACTUARIAL METHODS AND ASSUMPTIONS USED TO DETERMINE TOTAL PENSION LIABILITY

The net pension liability was measured as of December 31, 2024, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2023. No significant events of changes in assumptions occurred between the valuation date and the fiscal year end.

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.50%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

LONG-TERM EXPECTED RATE OF RETURN ON ASSETS

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation), are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	65.00%	5.50%-7.50%
Fixed Income	35.00%	1.00%-3.00%
Total	<u>100.00%</u>	

CITY OF POTTSVILLE

NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - PENSION PLANS – continued

UNIFORM (POLICE) PENSION PLAN - continued

Changes in Net Pension Liability

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

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2023	\$ 17,000,199	\$ 14,966,561	\$ 2,033,638
Changes for the year:			
Service Cost	301,765	0	301,765
Interest	1,256,692	0	1,256,692
Changes of Assumptions	0	0	0
Changes in Benefit Terms	0	0	0
Changes for Experience	0	0	0
Differences Between Expected and Actual Experience	0	0	0
Contributions - Employer	0	539,599	(539,599)
Contributions - Member	0	99,233	(99,233)
Net Investment Income	0	1,534,309	(1,534,309)
Benefit Payments	(1,092,151)	(1,092,151)	0
Administrative Expense	0	(11,860)	11,860
Other Changes	0	0	0
Net Changes	<u>466,306</u>	<u>1,069,130</u>	<u>(602,824)</u>
Balances at 12/31/2024	<u>\$ 17,466,505</u>	<u>\$ 16,035,691</u>	<u>\$ 1,430,814</u>

NET PENSION LIABILITY SENSITIVITY

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

	Current	1% Decrease	Discount Rate	1% Increase
		6.50%	7.50%	8.50%
Net Pension Liability	\$ 1,430,814	\$ 2,969,688	\$ (473,694)	

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - PENSION PLANS – continued

UNIFORM (POLICE) PENSION PLAN – continued

Pension Expense for Fiscal Year Ended December 31, 2024

Service Cost	\$ 301,765
Interest on total Pension Liability	1,256,692
Differences Between Expected and Actual Experience	(214,204)
Changes of Assumptions	0
Changes in Benefit Terms	0
Member Contributions	(99,233)
Projected Earnings on Pension Plan Investments	(1,105,048)
Differences Between Projected and Actual Earnings on Investments	203,877
Administrative Expense	11,860
Other Changes in Fiduciary Net Position	0
Total Pension Expense	\$ 355,709

For the year ended December 31, 2024, City of Pottsville recognized a pension expense of \$355,709.

ACTUARIAL ASSUMPTIONS

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

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

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - PENSION PLANS – continued

UNIFORM (POLICE) PENSION PLAN – continued

Schedule of Collective Deferred Inflows and Outflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ (433,137)
Changes in Assumptions	0	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,615,770	(1,002,055)
Total Pension Expense	\$ 1,615,770	\$ (1,435,192)

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

Year Ending December 31,	Amount
2025	\$ 36,116
2026	36,116
2027	36,116
2028	36,115
2029	36,115
Thereafter	0
Total	\$ 180,578

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - PENSION PLANS – continued

NON-UNIFORM PENSION PLAN

PLAN DESCRIPTION

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

PLAN MEMBERSHIP

At December 31, 2024, the following employees were covered by the benefit terms:

Active employees	32
Inactive Members or Beneficiaries Currently	
Receiving Benefits	28
Inactive Members Entitled to	
but not yet Receiving Benefits	2
Total	<u>62</u>

CONTRIBUTION DESCRIPTION

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

ACTUARIAL METHODS AND ASSUMPTIONS USED TO DETERMINE TOTAL PENSION LIABILITY

The net pension liability was measured as of December 31, 2024, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2023. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - PENSION PLANS – continued

NON-UNIFORM PENSION PLAN – continued

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.50%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

LONG-TERM EXPECTED RATE OF RETURN ON ASSETS

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation), are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	65.00%	5.50%-7.50%
Fixed Income	35.00%	1.00%-3.00%
Total	<u>100.00%</u>	

CITY OF POTTSVILLE

NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - PENSION PLANS – continued

NON-UNIFORM PENSION PLAN – continued

Changes in Net Pension Liability

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

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2023	\$ 6,455,642	\$ 5,684,432	\$ 771,210
Changes for the year:			
Service Cost	168,885	0	168,885
Interest	482,910	0	482,910
Changes of Assumptions	0	0	0
Changes in Benefit Terms	0	0	0
Changes for Experience	0	0	0
Differences Between Expected and Actual Experience			
Contributions - Employer	0	95,158	(95,158)
Contributions - Member	0	71,645	(71,645)
Net Investment Income	0	578,127	(578,127)
Benefit Payments	(371,458)	(371,458)	0
Administrative Expense	0	(12,720)	12,720
Other Changes	0	0	0
Net Changes	280,337	360,752	(80,415)
Balances at 12/31/2024	\$ 6,735,979	\$ 6,045,184	\$ 690,795

NET PENSION LIABILITY SENSITIVITY

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

	Current		
	1% Decrease	Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Net Pension Liability	\$ 1,376,273	\$ 690,795	\$ 108,538

CITY OF POTTSVILLE

NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - PENSION PLANS – continued

NON-UNIFORM PENSION PLAN – continued

Pension Expense for Fiscal Year Ended December 31, 2024

Service Cost	\$ 168,885
Interest on total Pension Liability	482,910
Differences Between Expected and Actual Experience	7,230
Changes of Assumptions	47,059
Changes in Benefit Terms	0
Member Contributions	(71,645)
Projected Earnings on Pension Plan Investments	(418,181)
Differences Between Projected and Actual Earnings on Investments	81,464
Administrative Expense	12,720
Other Changes in Fiduciary Net Position	0
Total Pension Expense	\$ 310,442

For the year ended December 31, 2024, City of Pottsville recognized a pension expense of \$310,442.

ACTUARIAL ASSUMPTIONS

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

	<u>Non-Uniform Pension Plan</u>
Valuation Date	01/01/21
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increase	5.00%
Includes Inflation at	3.00%
Cost-of-living Adjustments	None

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - PENSION PLANS – continued

NON-UNIFORM PENSION PLAN – continued

Schedule of Collective Deferred Inflows and Outflows

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 31,988	\$ (26,983)
Changes in Assumptions	51,375	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	637,228	(382,962)
Total Pension Expense	\$ 720,591	\$ (409,945)

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

Year Ending <u>December 31,</u>	<u>Amount</u>
2025	\$ 62,130
2026	62,129
2027	62,129
2028	62,129
2029	62,129
Thereafter	0
Total	\$ 310,646

NOTE 10 - RISK MANAGEMENT:

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

CITY OF POTTSVILLE

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS:

PLAN DESCRIPTION

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

FUNDING POLICY

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

ELIGIBILITY FOR BENEFITS

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

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

MEDICAL BENEFITS PAYABLE UPON RETIREMENT

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

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

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

CITY OF POTTSVILLE

NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - continued

MEDICAL BENEFITS PAYABLE UPON RETIREMENT - continued

Eligible retiring Nonuniformed Employees may receive \$275. per month to use toward medical and prescription drug coverage. Past retirees may be receiving lesser amounts. If coverage is elected through the City, the member or spouse must move to the Signature 65 plan upon reaching Medicare age.

The City may contribute the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. For 2024, the City made no contributions and instead elected to continue funding on a *pay-as-you-go* basis, which amounted to \$495,418. for 2024. These costs are recognized as an expense when claims or premiums are paid.

ANNUAL OPEB COST AND NET OPEB OBLIGATION

For 2024, the City's OPEB liability was measured as of January 1, 2023. The components of the City's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation to the Plan were as follows:

Service Cost	\$ 253,827
Interest on Net OPEB Obligation	506,256
Changes of Benefit Terms	151,946
Changes of Assumptions	(1,315,998)
Differences Between Expected and Actual Experience	<u>643,156</u>
Annual OPEB Cost	239,187
Contributions or Payments Made	(495,418)
Decrease in Net OPEB Obligation	(256,231)
Net OPEB Obligation, Beginning of Year	<u>11,760,628</u>
Net OPEB Obligation, End of Year	<u>\$ 11,504,397</u>

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - continued

ACTUARIAL METHODS AND ASSUMPTIONS

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

In the January 1, 2024 actuarial valuation, the individual entry age normal actuarial cost method was used. There were also merit and seniority salary rate increase of 5% assumptions taken into consideration and those are detailed in the actuarial study and are based on age. There was also an inflationary rate assumption factored into the calculation. Per the actuarial study, the assumed rate ranges from 7.0% in the short-term to 4.0% in the long-term for health care related costs. The UAAL is being amortized as a level percentage of active member payroll over a period of 30 years.

CITY OF POTTSVILLE
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 13 – SINGLE AUDIT APPLICABILITY:

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

NOTE 14 – SUBSEQUENT EVENTS:

The City has evaluated events and transactions occurring subsequent to the balance sheet date of December 31, 2024 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through January 28, 2026, the date these financial statements were available to be issued.

REQUIRED

SUPPLEMENTARY INFORMATION

CITY OF POTTSVILLE
CITY OF POTTSVILLE POLICE (UNIFORM) PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND INVESTMENT RETURNS

LAST 10 FISCAL YEARS

SCHEDULE OF CONTRIBUTIONS	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution	\$ 531,694	\$ 531,374	\$ 550,925	\$ 556,397	\$ 574,773	\$ 625,404	\$ 628,254	\$ 768,154	\$ 547,839	\$ 558,174	\$ 539,599
Contributions in relation to the actuarially determined contribution	\$ 531,694	\$ 531,374	\$ 556,397	\$ 574,773	\$ 574,773	\$ 625,404	\$ 628,254	\$ 768,154	\$ 547,839	\$ 558,174	\$ 539,599
Contribution deficiency (excess)	\$ 0	\$ 0	\$ (5,472)	\$ (18,376)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered employee payroll	\$ 1,417,445	\$ 1,546,235	\$ 1,552,723	\$ 1,728,897	\$ 1,792,427	\$ 1,877,812	\$ 1,821,514	\$ 1,807,771	\$ 1,738,809	\$ 1,732,780	\$ 1,766,938
Contributions as a percentage of covered employee payroll	37.5%	34.4%	35.8%	33.2%	32.1%	33.3%	34.5%	42.5%	31.5%	32.2%	30.5%

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

CITY OF POTTSVILLE
CITY OF POTTSVILLE POLICE (NONUNIFORM) PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND INVESTMENT RETURNS

LAST 10 FISCAL YEARS

SCHEDULE OF CONTRIBUTIONS	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Actuarially determined contribution	\$ 148,938	\$ 85,403	\$ 93,856	\$ 93,315	\$ 138,452	\$ 140,269	\$ 209,428	\$ 97,566	\$ 96,634	\$ 95,158
Contributions in relation to the actuarially determined contribution	\$ <u>148,938</u>	\$ <u>93,856</u>	\$ <u>93,856</u>	\$ <u>93,315</u>	\$ <u>138,452</u>	\$ <u>140,269</u>	\$ <u>209,428</u>	\$ <u>97,566</u>	\$ <u>96,634</u>	\$ <u>95,158</u>
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>(8,453)</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Covered employee payroll	\$ 1,211,936	\$ 1,369,299	\$ 1,370,123	\$ 1,571,658	\$ 1,595,653	\$ 1,574,922	\$ 1,458,926	\$ 1,621,547	\$ 1,602,454	\$ 1,691,763
Contributions as a percentage of covered employee payroll	12.3%	6.9%	6.9%	5.9%	8.7%	8.9%	14.4%	6.0%	6.0%	5.6%

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

CITY OF POTTSVILLE
CITY OF POTTSVILLE POLICE (UNIFORM) PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	2019	2020	2021	2022	2023	2024
TOTAL PENSION LIABILITY						
Service cost	\$ 280,026	\$ 294,027	\$ 291,444	\$ 306,016	\$ 287,395	\$ 301,765
Interest	1,132,180	1,173,274	1,176,381	1,219,299	1,220,058	1,256,692
Changes of benefit terms	0	0	0	0	(547,337)	0
Differences between expected and actual experience	65,146	0	(523,680)	0	0	0
Changes of assumptions	288,077	0	0	0	0	0
Benefit payments, including refunds of member contributions	(853,728)	(902,841)	(896,396)	(923,900)	(974,592)	(1,092,151)
NET CHANGE IN TOTAL PENSION LIABILITY	911,701	564,460	47,749	601,415	(14,476)	466,306
TOTAL PENSION LIABILITY - BEGINNING	14,889,350	15,801,051	16,365,511	16,413,260	17,014,675	17,000,199
TOTAL PENSION LIABILITY - ENDING	\$ 15,801,051	\$ 16,365,511	\$ 16,413,260	\$ 17,014,675	\$ 17,000,199	\$ 17,466,505
PLAN FIDUCIARY NET POSITION						
Contributions - employer	\$ 625,404	\$ 628,254	\$ 768,154	\$ 547,839	\$ 558,174	\$ 539,599
Contributions - employee	93,892	93,449	91,641	92,299	94,025	99,233
Net investment income	2,137,704	2,018,938	1,766,859	(2,811,412)	1,872,292	1,534,309
Benefit payments, including refunds of member contributions	(853,728)	(902,841)	(896,396)	(923,900)	(974,592)	(1,092,151)
Administrative expense	(7,700)	(3,700)	(6,400)	(7,100)	0	(11,860)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1,995,572	1,834,100	1,723,858	(3,102,274)	1,549,899	1,069,130
PLAN FIDUCIARY NET POSITION - BEGINNING	10,965,406	12,960,978	14,795,078	16,518,936	13,416,662	14,966,561
PLAN FIDUCIARY NET POSITION - ENDING	\$ 12,960,978	\$ 14,795,078	\$ 16,518,936	\$ 13,416,662	\$ 14,966,561	\$ 16,035,691
NET POSITION LIABILITY - ENDING	\$ 2,840,073	\$ 1,570,433	\$ (105,676)	\$ 3,598,013	\$ 2,033,638	\$ 1,430,814
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	82.0%	90.4%	100.6%	78.9%	88.0%	91.8%
COVERED EMPLOYEE PAYROLL	\$ 1,877,812	\$ 1,821,514	\$ 1,807,771	\$ 1,738,809	\$ 1,732,780	\$ 1,766,938
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	151.2%	86.2%	-5.8%	206.9%	117.4%	81.0%

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

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

CITY OF POTTSVILLE
CITY OF POTTSVILLE POLICE (NONUNIFORM) PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	2019	2020	2021	2022	2023	2024
TOTAL PENSION LIABILITY						
Service cost	\$ 141,119	\$ 148,175	\$ 130,712	\$ 137,248	\$ 160,843	\$ 168,885
Interest	399,207	418,586	430,829	445,691	463,770	482,910
Changes of benefit terms	0	0	0	0	0	0
Differences between expected and actual experience	88,468	0	(53,963)	0	13,826	0
Changes of assumptions	205,503	0	0	0	0	0
Benefit payments, including refunds of member contributions	(278,473)	(299,508)	(364,696)	(375,142)	(383,460)	(371,458)
NET CHANGE IN TOTAL PENSION LIABILITY	555,824	267,253	142,882	207,797	254,979	280,337
TOTAL PENSION LIABILITY - BEGINNING	5,026,907	5,582,731	5,849,984	5,992,866	6,200,663	6,455,642
TOTAL PENSION LIABILITY - ENDING	\$ 5,582,731	\$ 5,849,984	\$ 5,992,866	\$ 6,200,663	\$ 6,455,642	\$ 6,735,979
PLAN FIDUCIARY NET POSITION						
Contributions - employer	\$ 138,452	\$ 140,269	\$ 209,428	\$ 97,566	\$ 96,634	\$ 95,158
Contributions - employee	47,830	49,719	59,498	56,544	70,793	71,645
Net investment income	872,184	812,269	703,965	(1,112,472)	717,676	578,127
Benefit payments, including refunds of member contributions	(278,473)	(299,508)	(364,696)	(375,142)	(383,460)	(371,458)
Administrative expense	(7,600)	(4,800)	(7,600)	(4,400)	0	(12,720)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	772,393	697,949	600,595	(1,337,904)	501,643	360,752
PLAN FIDUCIARY NET POSITION - BEGINNING	4,449,756	5,222,149	5,920,098	6,520,693	5,182,789	5,684,432
PLAN FIDUCIARY NET POSITION - ENDING	\$ 5,222,149	\$ 5,920,098	\$ 6,520,693	\$ 5,182,789	\$ 5,684,432	\$ 6,045,184
NET POSITION LIABILITY - ENDING	\$ 360,582	\$ (70,114)	\$ (527,827)	\$ 1,017,874	\$ 771,210	\$ 690,795
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	93.5%	101.2%	108.8%	83.6%	88.1%	89.7%
COVERED EMPLOYEE PAYROLL	\$ 1,595,653	\$ 1,574,922	\$ 1,458,926	\$ 1,621,547	\$ 1,602,454	\$ 1,691,763
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	22.6%	-4.5%	-36.2%	62.8%	48.1%	40.8%

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

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

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
TOTAL OPEB LIABILITY							
Service cost	\$ 237,933	\$ 273,999	\$ 263,949	\$ 257,368	\$ 343,445	\$ 362,106	\$ 253,827
Benefit payments	(435,435)	(464,889)	(468,641)	(393,639)	(408,959)	(466,611)	(495,418)
Interest	389,914	374,918	415,174	385,287	275,222	335,010	506,256
Changes in benefit terms	41,349	(630,557)	1,082,582	2,114,782	(820,299)	0	151,946
Changes in assumptions or other inputs	1,100,793	0	0	0	0	(3,249,863)	(1,315,998)
Differences between expected and actual experience	0	0	(914,377)	0	1,252,303	0	643,156
NET CHANGE IN TOTAL OPEB LIABILITY	1,334,554	(446,529)	378,687	2,363,798	641,712	(3,019,358)	(256,231)
TOTAL OPEB LIABILITY - BEGINNING	10,507,764	11,842,318	11,395,789	11,774,476	14,138,274	14,779,986	11,760,628
TOTAL OPEB LIABILITY - ENDING	\$ 11,842,318	\$ 11,395,789	\$ 11,774,476	\$ 14,138,274	\$ 14,779,986	\$ 11,760,628	\$ 11,504,397
PLAN FIDUCIARY NET POSITION	\$ 0						
NET OPEB LIABILITY	\$ 11,842,318	\$ 11,395,789	\$ 11,774,476	\$ 14,138,274	\$ 14,779,986	\$ 11,760,628	\$ 11,504,397

NOTES TO SCHEDULE:

Methods and assumptions used to determine net OPEB liability:

Actuarial Cost Method:	Entry age normal
Inflation:	3.00%
Discount Rate:	4.00%
Mortality Table:	Based on S&P Municipal Bond 20-Year High Grade Rate Index at January 1, 2024
Mortality Improvement:	PubS-2010 (Police), PubG-2010 (Non Uniform) Incorporated into the mortality tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement
Withdrawal:	Rates range from 4.0% to 5.5% for Police
Disablement:	Rates range from 5.0% to 7.0% for Non Uniform
Valuation Retirement Age:	Police: SOA 1987 Group LTD Table Males 3 Month Non Uniform: None Normal retirement age, or attained age if currently eligible to retire
Participation:	100% of eligible retirees
Coverage Election:	Future retirees: 100% elect individual coverage Current retirees: continuation of current coverage level

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded or (Funding Excess) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
01/01/2011	\$ 8,573,056	\$ 11,654,396	\$ 3,081,340	73.6%	\$ 1,737,748	177.3%
01/01/2013	\$ 9,048,427	\$ 12,020,432	\$ 2,972,005	75.3%	\$ 1,508,261	197.0%
01/01/2015	\$ 10,450,026	\$ 13,362,295	\$ 2,912,269	78.2%	\$ 1,417,445	205.5%
01/01/2017	\$ 10,455,675	\$ 13,997,113	\$ 3,541,438	74.7%	\$ 1,552,723	228.1%
01/01/2019	\$ 10,965,406	\$ 15,242,573	\$ 4,277,167	71.9%	\$ 1,792,427	238.6%
01/01/2021	\$ 14,795,078	\$ 15,841,831	\$ 1,046,753	93.4%	\$ 1,821,514	57.5%
01/01/2023	\$ 13,416,662	\$ 16,467,338	\$ 3,050,676	81.5%	\$ 1,738,809	175.4%
01/01/2025	\$ 16,035,691	\$ 18,391,389	\$ 2,355,698	87.2%	\$ 1,766,938	133.3%

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded or (Funding Excess) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
01/01/2011	\$ 3,111,700	\$ 3,629,097	\$ 517,397	85.7%	\$ 1,454,189	35.6%
01/01/2013	\$ 3,507,049	\$ 3,909,939	\$ 402,890	89.7%	\$ 1,317,231	30.6%
01/01/2015	\$ 4,214,279	\$ 4,031,163	\$ (183,116)	104.5%	\$ 1,292,408	-14.2%
01/01/2017	\$ 4,339,409	\$ 4,613,433	\$ 274,024	94.1%	\$ 1,369,299	20.0%
01/01/2019	\$ 4,449,756	\$ 5,320,878	\$ 871,122	83.6%	\$ 1,571,658	55.4%
01/01/2021	\$ 5,920,098	\$ 5,796,021	\$ (124,077)	102.1%	\$ 1,574,922	-7.9%
01/01/2023	\$ 5,182,789	\$ 6,214,489	\$ 1,031,700	83.4%	\$ 1,621,547	63.6%
01/01/2025	\$ 6,045,184	\$ 6,862,494	\$ 817,310	88.1%	\$ 1,691,994	48.3%

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

OTHER SUPPLEMENTARY INFORMATION

CITY OF POTTSVILLE

COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2024

	<u>Community Development Fund</u>	<u>State Highway Aid Fund</u>	<u>Home Grant Fund</u>	<u>Total Funds</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash	\$ 579	\$ 681	\$ 18,983	\$ 20,243
Due from other governments	0	0	0	0
TOTAL ASSETS	<u>579</u>	<u>681</u>	<u>18,983</u>	<u>20,243</u>
DEFERRED OUTFLOWS OF RESOURCES	0	0	0	0
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>579</u>	<u>681</u>	<u>18,983</u>	<u>20,243</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0
Interfund payables	579	0	18,983	19,562
Deferred revenue	0	0	0	0
TOTAL LIABILITIES	<u>579</u>	<u>0</u>	<u>18,983</u>	<u>19,562</u>
DEFERRED INFLOWS OF RESOURCES	0	0	0	0
FUND BALANCES				
Unreserved - designated fund balance	0	0	0	0
Unreserved - undesignated fund balance	0	681	0	681
TOTAL FUND BALANCES	<u>0</u>	<u>681</u>	<u>0</u>	<u>681</u>
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>579</u>	<u>681</u>	<u>18,983</u>	<u>20,243</u>

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

CITY OF POTTSVILLE

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

FOR THE YEAR ENDED DECEMBER 31, 2024

	Community Development Fund	State Highway Aid Fund	Home Grant Fund	Total Funds
REVENUES AND OTHER FINANCING SOURCES				
Interest and rents	\$ 0	\$ 3,811	\$ 0	\$ 3,811
Intergovernmental revenues	57,917	407,920	357,411	823,248
Donations	0	0	0	0
Miscellaneous revenues	0	0	0	0
TOTAL REVENUES AND OTHER FINANCING SOURCES	57,917	411,731	357,411	827,059
EXPENDITURES AND OTHER FINANCING (USES)				
Public safety	0	0	0	0
Public works - highways	0	412,000	0	412,000
Community development	57,917	0	357,411	415,328
Culture - recreation	0	0	0	0
Debt service	0	0	0	0
Interfund transfers	0	0	0	0
TOTAL EXPENDITURES AND OTHER FINANCING (USES)	57,917	412,000	357,411	827,328
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING (USES)	0	(269)	0	(269)
FUND BALANCE - JANUARY 1, 2024	0	950	0	950
FUND BALANCE - DECEMBER 31, 2024	\$ 0	\$ 681	\$ 0	\$ 681

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