

**ANNUAL REPORT
OF THE
CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA**

FOR THE YEAR ENDED DECEMBER 31, 2022

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 12
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	16
Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Fiduciary Net Position - Fiduciary Fund	19
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	20
Notes to Financial Statements	21 - 92
REQUIRED SUPPLEMENTARY INFORMATION	
Defined Benefit Pension Plan Information - Schedule of Changes in the Net Pension Liability and Related Ratios	93 - 100
Defined Benefit Pension Plan Information - Schedule of Employer Contributions	101- 103
Defined Benefit Pension Plan Information - Notes to Required Supplementary Information	104
Defined Benefit OPEB Plan Information - Single Employer - Police Plan - Schedule of Changes in the Net OPEB Liability and Related Ratios	105 - 109
Defined Benefit OPEB Plan Information - Single Employer - Police Plan - Schedule of Employer Contributions and Investment Returns	110 - 114
OPEB Liability Information Related to Single Employer Plan - Police Plan - Notes to Required Supplementary Information	115
Defined Benefit OPEB Plan Information - Single Employer - Police Plan - Notes to Required Supplementary Information	116 - 118
Defined Benefit OPEB Plan Information - Single Employer - Firemen's Plan - Schedule of Changes in the Net OPEB Liability and Related Ratios	119 - 123
Defined Benefit OPEB Plan Information - Single Employer - Firemen's Plan - Schedule of Employer Contributions and Investment Returns	124 - 128
OPEB Liability Information Related to Single Employer Plan - Firemen's Plan - Notes to Required Supplementary Information	129
Defined Benefit OPEB Plan Information - Single Employer - Firemen's Plan - Notes to Required Supplementary Information	130 - 132
Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	133
Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - Highway Aid Fund	134
Notes to Required Supplementary Information - General Fund and Highway Aid Fund - Budget and Actual	135

C O N T E N T S
(CONTINUED)

Page

SUPPLEMENTARY INFORMATION

Combining Fund Statements of Primary Government:

Combining Balance Sheet - Nonmajor Governmental Funds	136
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	137
Combining Statement of Fiduciary Net Position - Pension Trust Funds	138
Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds	139
 Schedule of Expenditures of Federal Awards	 140
 Notes to Schedule of Expenditures of Federal Awards	 141
 Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	 142 - 143
 Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	 144 - 146
 Schedule of Findings and Questioned Costs	 147 - 150
 Status of Prior Year's Findings	 151

INDEPENDENT AUDITOR'S REPORT

City of Altoona
 Mayor and Council Members
 City Hall
 13th Avenue and 12th Street
 Altoona, Pennsylvania 16601

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Altoona, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Altoona's basic financial statements as listed in the contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-type Activities	Unmodified
Aggregate Discretely Presented Component Units	Qualified
General Fund	Unmodified
Special Reserve Fund	Unmodified
Highway Aid Fund	Unmodified
Act 205 Pension Fund	Unmodified
American Rescue Plan Fund	Unmodified
Capital Expenditures Fund	Unmodified
Equipment Replacement Fund	Unmodified
Housing & Community Development Fund	Unmodified
Grant Match Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Qualified Opinion on the Aggregate Discretely Presented Component Units

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the City of Altoona, as of December 31, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITOR'S REPORT
(CONTINUED)**

Unmodified Opinions on Governmental Activities, Each Major Fund, and Aggregate Remaining Fund Information
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Altoona, as of December 31, 2022, and the respective changes in financial position 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Altoona, 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 qualified and unmodified audit opinions. The financial statements of Altoona Water Authority and The Parking Authority of the City of Altoona were not audited in accordance with *Government Auditing Standards*.

Matter Giving Rise to Qualified Opinion on the Aggregate Discretely Presented Component Units

A substantial portion of the revenue of The Parking Authority of the City of Altoona consists of daily rentals and coin collection. It is not practical to satisfy ourselves with respect to such revenues beyond the amounts recorded as received.

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 Altoona'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 and *Government 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

**INDEPENDENT AUDITOR'S REPORT
(CONTINUED)**

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 Altoona'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 Altoona'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 on pages 5 - 12 and 93 - 135 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 Altoona's basic financial statements. The accompanying combining nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Other Reporting Required by Government Auditing Standard

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2023 on our consideration of the City of Altoona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Altoona's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Altoona's internal control over financial reporting and compliance.

Young, DeLee, Brown & Company, P.C.

Altoona, Pennsylvania
June 14, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Altoona's annual financial report, the City's management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. The discussion focuses on the City's primary government, and unless otherwise noted, component units reported separately from the primary government are not included.

Financial Highlights

- The City's assets exceeded its liabilities by \$427,233,242 (*net position*) for the fiscal year reported.
- Total net assets are comprised of the following:
 - (1) Net investment in Capital assets of \$457,449,480 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net position of \$4,207,210 are restricted by constraints imposed either (a) externally by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. These restricted net assets are composed of the following:

Capital Expenditures	\$ 833,813
Recreation	188,650
Liquid Fuels	1,058,685
Other Projects	2,126,062

- (3) Unrestricted net position represents the portion of net assets available to maintain the City's continuing obligations to citizens and creditors; however, as of December 31, 2022, the City of Altoona had a deficit in unrestricted net position of (\$34,423,448).
- The City's governmental funds reported total ending fund balance of \$33,861,960 this year. This compares to the prior year ending fund balance of \$32,711,821 showing a \$1,150,139 increase during the year. Unassigned fund balance of \$10,634,115 for fiscal year 2022 shows an increase of \$2,152,097 from the prior year.
 - At the end of fiscal year 2022, the unassigned fund balance for the General Fund was \$10,634,115.

Overview of the Financial Statements

Management's discussion and analysis introduces the City's basic financial statements. The basic financial statements include the Government-Wide Financial Statements, i.e. the Statement of Net Assets and the Statement of Activities, as well as the Fund Financial Statements, i.e. the Balance Sheet-Governmental Funds, the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds, the Statement of Fiduciary Net Assets, and the Statement of Changes in Fiduciary Net Assets-Fiduciary Funds. The City also includes in this report additional information to supplement the basic financial statements.

Government-Wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Assets*. This is the City-wide statement presenting information that includes all of the City's assets and liabilities, with the difference 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 as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other non-financial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities which reports how the City's net assets changed during fiscal year 2022. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the statement of activities is to show the financial reliance of the City's distinct activities and functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues from business-type activities; however, during 2022, the City operations consisted totally of governmental activities. Governmental activities include general government, public safety, public services, and culture and recreation. Fiduciary activities such as employee pension plans are not included in the government-wide statements since these assets are not available to fund City programs.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

Governmental Funds

Governmental funds are reported in the fund financial statements and encompass basically the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

The City of Altoona maintains 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Special Reserve Fund, the Highway Aid Fund, the Act 205 Pension Fund, the Capital Expenditures Fund, the Equipment Replacement Fund, the Housing and Community Development Fund, the American Reserve Plan Fund and the Grant Match fund, all of which are considered to be major funds. Data from the other 8 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds

The City of Altoona maintains no proprietary funds.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Altoona's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements. These notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Altoona's progress in funding its obligation to provide pension benefits to its employees. In addition, the City of Altoona adopts an annual appropriated budget for its General fund and Highway Aid fund. Budgetary comparison schedules, another component of *required supplementary information*, have been provided for these funds to demonstrate compliance with this budget.

The combining statements for non-major governmental funds referred to earlier are presented immediately following the required supplementary information on pensions.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Altoona, assets exceeded liabilities by \$427,232,242, at the close of fiscal year 2022.

A significant portion of the City of Altoona’s net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Altoona’s investment in 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.

In addition, the other significant portions of the City of Altoona’s restricted net assets are reflected below:

Capital Expenditures	\$ 833,813
Recreation	188,650
Liquid Fuels	1,058,685
Other Projects	2,126,062

**CITY OF ALTOONA
Net Assets**

**Governmental
Activities**

	2021 (Restated)	2022	% Change
Current and other Assets	\$61,241,615	\$179,216,593	192.64
Capital Assets	\$512,990,805	\$523,264,603	2.00
Total Assets	\$574,232,420	\$702,481,196	22.33
Deferred Outflows of Resources	\$12,396,652	\$28,961,646	133.62
Long-term liabilities outstanding	\$131,610,953	\$153,618,901	16.72
Other Liabilities	\$27,597,612	\$37,307,398	35.18
Total Liabilities	\$159,208,565	\$190,926,299	19.92
Deferred Inflows of Resources	\$13,278,773	\$113,283,301	753.12
Net Assets:			
Net Investment in capital assets	\$444,726,689	\$457,449,480	2.86
Restricted	\$7,477,063	\$4,207,210	(43.73)
Unrestricted	(\$38,062,018)	(\$34,423,448)	9.56
Total Net Assets/Position	\$414,141,734	\$427,233,242	3.16

At the end of fiscal year 2022, the City of Altoona is able to report positive balances in the first two categories of net assets; however, for the unrestricted portion, a deficit of (\$34,423,448) is reported.

Governmental activities. Governmental activities increased the City of Altoona's net assets/net position by \$13,091,508. Key elements of the changes are as follows:

CITY OF ALTOONA
Changes in Net Assets
Governmental Activities
2021 - 2022

	<u>2021</u>	<u>2022</u>	<u>% Change</u>
Revenues:			
Program Revenues:			
Charges for Services	\$ 3,660,715	\$ 15,063,830	311.50
Operating Grants and Contributions	14,173,062	13,529,247	(4.54)
Capital Grants	2,462,024	0	(100.00)
General Revenues and Transfers:			
Taxes	23,675,467	24,808,643	4.79
Payments In Lieu of Taxes	60,096	286,998	377.57
Unrestricted Investment Income	193,051	605,587	213.69
Gain (Loss) on Disposal of Assets	125,459	165,802	32.16
Intra-Entity Transfer	38,404,674	19,427,978	(49.41)
Total Revenues	<u>\$ 82,754,548</u>	<u>\$ 73,888,085</u>	(10.71)
Expenses:			
General Government	\$ 3,219,489	\$ 3,489,828	8.40
Public Safety	16,530,114	16,510,620	(0.12)
Public Works - Highway	8,869,831	9,222,179	3.97
Public Works – Sanitation	56,362	55,084	(2.27)
Other Public Works Enterprises	1,609,657	669,232	(58.42)
Culture-Recreation	1,221,482	1,179,225	(3.46)
Conservation and Development	2,290,317	8,642,747	277.36
Employer Paid Benefits	2,870,318	10,710,785	273.16
Insurance	303,682	310,779	2.34
Miscellaneous	189,829	227,934	20.07
Water and Wastewater	8,662,386	9,223,337	6.48
Interest on Long-Term Debt & Related Items	2,256,053	554,827	(75.41)
Total Expenses	<u>\$ 48,079,520</u>	<u>\$ 60,796,577</u>	26.45
Change in Net Assets/Position	\$34,675,028	\$13,091,508	(62.25)
Net Assets/Position-Beginning	\$ 300,442,524	\$ 335,117,552	11.54
Prior Period Adjustment	0	79,024,182	
Net Assets/Position-Ending	<u>\$335,117,552</u>	<u>\$427,233,242</u>	27.49

- Revenue received through charges for service increased significantly over the prior year.
- Revenue received from operating grants and contributions decreased over the prior year.
- Expenses related to water and waste water increased from the prior year.
- Expenses related to public safety decreased over the prior year expenses.

Financial Analysis of the Government's Funds

As noted earlier, the City of Altoona uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Altoona'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 financial 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.

As of the end of 2022, the City of Altoona's governmental funds reported combined ending fund balances of \$33,861,960 an increase of \$1,150,139 in comparison to the prior year. The unassigned fund balance is \$10,634,115. The remaining portion of the ending fund balance is restricted or assigned, and is not available for spending at the City's discretion, because it has already been committed for the following:

Capital Expenditures	\$7,156,684
Retirement Plans	9,898,676
Employees' Future Worker's Compensation Claims	760,527
Recreation	188,650
Prepaid Expenses	152,954
Inventories	410,607
Highway Aid	1,058,685
OPEB Plans	1,475,000
Other Projects (Includes Special Reserve Fund)	2,126,062

The general fund is the chief operating fund of the City of Altoona. At the end of fiscal year 2022, the unassigned fund balance of the general fund was \$10,634,115, while total fund balance of the general fund increased to \$13,491,103. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 33.39% of general fund expenditures, while total fund balance of the general fund represents 42.36% of general fund expenditures.

The fund balance of the City of Altoona's general fund increased by \$2,099,938 during fiscal year 2022. Key factors of this change are as follows:

- Total Expenditures decreased by \$1,033,781
- Total Revenue decreased by \$679,623
- Transfers in from other funds, primarily from the Act 205 Fund, amounted to \$3,613,171

General Fund Budgetary Highlights

During the year, actual revenues fell behind budgetary projections by \$3,938,074 and actual expenditures were \$2,352,322 less than budgeted totals.

Capital Asset and Debt Administration

Capital Assets. The City of Altoona’s investment in capital assets for its governmental type activities as of December 31, 2022, amounts to \$456,641,879 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, machinery and equipment, park facilities, roads, highways, and bridges, as well as all assets claimed from the Altoona Water Authority.

Major capital asset events for fiscal year 2022 included the following:

- Capital assets acquired during fiscal year 2022 included vehicles for the departments, as well as a major road resurfacing program.
- Repair and upgrade of City buildings and facilities.
- Public works projects designed to maintain stormwater infrastructure and preserve functionality at various recreational facilities throughout the City.

CITY OF ALTONA’S Capital Assets (Net of Depreciation) Governmental Activities

	<u>2021 Restated</u>	<u>2022</u>	<u>% Change</u>
Land	215,621,800	215,617,252	0.00%
Construction in Progress	439,662	2,403,239	446.61%
Water and Wastewater Projects			
In Progress	45,953,802	44,164,554	(3.89%)
Land Improvements	37,320,416	35,273,879	(5.48%)
Buildings and Improvements	7,503,171	7,563,256	.80%
Machinery and Equipment	5,139,317	5,142,660	.07%
Water and Wastewater Related			
Assets	<u>201,012,637</u>	<u>213,099,763</u>	6.01%
Total	\$512,990,805	\$523,264,603	2.00%

Additional information on the City of Altoona’s capital assets can be found in Note II. D on page 39 of this report.

Long-term debt. At the end of fiscal year 2022, the City of Altoona had total General Obligation Bonds and Notes outstanding of \$30,423,000.

CITY OF ALTOONA’S Outstanding Debt General Obligation Bonds and Notes

	<u>2021</u>	<u>2022</u>	<u>% Change</u>
General Obligation Bonds	\$33,006,000	\$30,423,000	(7.83%)

The City of Altoona’s total long-term debt principal decreased by \$2,583,000 (net) during fiscal year 2022. The primary reason for this decrease is directly related to payment of General Obligation Bonds.

- The City of Altoona maintained its rating from Standard and Poor’s to “A” with a stable outlook in relation to general obligation debt.

Economic Factors and Next Year's Budget and Rates

- Although statistics from the U.S. Census Bureau indicate a potential stabilization of this trend, the City of Altoona has lost population since the 1930's. Population loss, and any continued out-migration of wage earners in the middle and upper-middle class will adversely affect the City's financial condition moving forward.
- A Countywide reassessment has led to an increase in Real Estate Tax Revenues. However, the assessed value of real estate within the City of Altoona is stagnant and this will undermine any potential for growth in revenues received from the City's Real Estate Tax going forward.
- In 2017, the City reclaimed assets managed by the Altoona Water Authority. Although this has, and will, increase the City's cash flow, the liabilities associated with maintaining these assets are not entirely known at this time and have the potential to become a financial burden on the City in the future.
- The City has suffered the affects of the COVID-19 pandemic. Although this is true of virtually every other municipality in the state and country, the residual effects of business-driven revenue loss and reduced output may continue to suppress revenue during the current year and the near future.

(4) Requests for Information

Copies of the audit reports of the City's component units are available for review by contacting the Altoona Water Authority's offices at 900 Chestnut Avenue, the Redevelopment Authority of Altoona's offices at 13th Avenue and 12th Street, Altoona, Pennsylvania 16601 and the Parking Authority of the City of Altoona's offices at 1225 Eleventh Avenue, Altoona, PA 16601.

This financial report is designed to provide a general overview of the City of Altoona's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Suite 104, 1301 Twelfth Street, Altoona, PA 16601.

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
STATEMENT OF NET POSITION
DECEMBER 31, 2022
(AMOUNTS EXPRESSED IN WHOLE DOLLARS)**

	PRIMARY GOVERNMENT		COMPONENT UNITS	
	Governmental Activities	Altoona Water Authority	Redevelopment Authority of Altoona	The Parking Authority of the City of Altoona
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 63,456,541	\$ 4,966,236	\$1,372,227	\$ 166,995
Investments	182,850	18,348,388	0	0
Taxes Receivable	4,042,204	0	0	0
Accounts Receivable	0	3,442,435	0	1,898
Special Assessment Receivable	37,884	0	0	0
Intergovernmental Receivables	225,253	0	0	0
Loans Receivable - Current	261,404	0	10,111	0
Lease Receivable - Current	2,772,322	0	0	0
Other Receivables	157,703	41,562	0	0
Prepaid Expenses	152,954	166,891	0	2,463
Inventory	410,607	0	0	0
Loans Receivable - Long-Term	2,901,895	0	74,560	0
Lease Receivable - Long Term	104,614,976	0	0	0
Right to Use Asset, Net	0	82,535,273	0	0
Capital Assets, Net of Accumulated Depreciation	<u>523,264,603</u>	<u>0</u>	<u>248,293</u>	<u>2,445,495</u>
TOTAL ASSETS	\$702,481,196	\$109,500,785	\$1,705,191	\$2,616,851
<u>Deferred Outflows of Resources</u>				
Deferred Charges:				
Bond Discounts	\$ 88,358	\$ 0	\$ 0	\$ 0
Defined Benefit Pensions	28,514,192	4,373,810	0	0
OPEB Plans	<u>359,096</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Deferred Outflows of Resources	\$ 28,961,646	\$ 4,373,810	\$ 0	\$ 0
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,329,762	\$ 1,651,332	\$ 1,038	\$ 17,816
Accrued Expenses	0	453,090	0	0
Accrued Payroll, Taxes, and Withholding	661,640	316,717	0	3,412
Accumulated Compensated Absences	0	0	0	3,061
Accrued Interest	405,527	0	0	196
Deposits Held	223,606	84,105	0	0
Unearned Revenues - Grants	34,686,863	0	1,000,698	6,229
Unearned Revenues - Rent Received in Advance	0	0	0	18,407
Noncurrent Liabilities:				
Due Within One Year	4,949,747	6,076,010	0	24,985
Due in More Than One Year	<u>148,669,154</u>	<u>182,282,788</u>	<u>0</u>	<u>92,822</u>
TOTAL LIABILITIES	\$190,926,299	\$190,864,042	\$1,001,736	\$ 166,928
<u>Deferred Inflows of Resources</u>				
Defined Benefit Pensions	\$ 9,618,214	\$ 1,773,800	\$ 0	\$ 0
Unearned Revenue - Water Authority	<u>103,665,087</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Deferred Inflows of Resources	\$113,283,301	\$ 1,773,800	\$ 0	\$ 0
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$457,449,480	\$ 0	\$ 248,293	\$2,327,688
Restricted for:				
Highway Aid	1,058,685	0	0	0
Capital Expenditures	833,813	0	0	0
Recreation	188,650	0	0	0
Other Projects	2,126,062	0	491,405	0
Unrestricted (Deficit)	<u>(34,423,448)</u>	<u>(78,763,247)</u>	<u>(36,243)</u>	<u>122,235</u>
TOTAL NET POSITION	\$427,233,242	(\$ 78,763,247)	\$ 703,455	\$2,449,923

See Accompanying Notes and Independent Auditor's Report

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022
(AMOUNTS EXPRESSED IN WHOLE DOLLARS)**

Expenses

Functions/Programs

Primary Government

Governmental Activities

General Government	\$ 3,489,828
Public Safety (Protection to Persons and Property)	16,510,620
Public Works - Sanitation	55,084
Public Works, Highways, Roads, and Streets	9,222,179
Other Public Works Enterprises	669,232
Culture - Recreation	1,179,225
Conservation and Development	8,642,747
Water and Wastewater	9,223,337
Employer Paid Benefits	10,710,785
Insurance	310,779
Miscellaneous	227,934
Interest on Long-Term Debt	<u>554,827</u>
Total Primary Government	<u>\$60,796,577</u>

Component Units

Water	\$17,397,899
Wastewater	16,041,029
Redevelopment and Housing	44,789
Parking	<u>346,179</u>
Total Component Units	<u>\$33,829,896</u>

Total	<u><u>\$94,626,473</u></u>
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General Revenues and Transfers

Taxes
 Payments in Lieu of Taxes
 Unrestricted Investment Income
 Gain (Loss) on Disposal of Assets
 Intra-Entity Transfer

Total General Revenues

Change in Net Position

Net Position - Beginning

Prior Period Adjustment

Net Position - Beginning (Restated)

Net Position - Ending

See Accompanying Notes and Independent Auditor's Report

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022
(AMOUNTS EXPRESSED IN WHOLE DOLLARS)**

Program Revenues			Net (Expense) Revenue and Changes in Net Position			
Charges for Services	Operating Grants and Contributions	Capital Grants	Governmental Activities	Altoona Water Authority	Redevelopment Authority of Altoona	The Parking Authority of the City of Altoona
\$ 1,651,433	\$ 371,902	\$ 0	(\$ 1,466,493)	\$ 0	\$ 0	\$ 0
695,430	284,112	0	(15,531,078)	0	0	0
39	0	0	(55,045)	0	0	0
826,606	1,869,777	0	(6,525,796)	0	0	0
250	1,214,751	0	545,769	0	0	0
(35,051)	140,963	0	(1,073,313)	0	0	0
254,509	7,985,498	0	(402,740)	0	0	0
11,636,055	0	0	2,412,718	0	0	0
34,559	1,662,244	0	(9,013,982)	0	0	0
0	0	0	(310,779)	0	0	0
0	0	0	(227,934)	0	0	0
0	0	0	(554,827)	0	0	0
<u>\$15,063,830</u>	<u>\$13,529,247</u>	<u>\$ 0</u>	<u>(\$ 32,203,500)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$21,940,011	\$ 0	\$ 0	\$ 0	\$ 4,542,112	\$ 0	\$ 0
15,027,706	0	0	0	(1,013,323)	0	0
9,291	155,637	0	0	0	120,139	0
<u>309,486</u>	<u>34,250</u>	<u>156,771</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>154,328</u>
<u>\$37,286,494</u>	<u>\$ 189,887</u>	<u>\$ 156,771</u>	<u>\$ 0</u>	<u>\$ 3,528,789</u>	<u>\$120,139</u>	<u>\$ 154,328</u>
<u>\$52,350,324</u>	<u>\$13,719,134</u>	<u>\$ 156,771</u>	<u>(\$ 32,203,500)</u>	<u>\$ 3,528,789</u>	<u>\$120,139</u>	<u>\$ 154,328</u>
			\$ 24,808,643	\$ 0	\$ 0	\$ 0
			286,998	0	0	0
			605,587	173,405	0	134
			165,802	0	0	0
			<u>19,427,978</u>	<u>(19,427,978)</u>	<u>0</u>	<u>0</u>
			<u>\$ 45,295,008</u>	<u>(\$19,254,573)</u>	<u>\$ 0</u>	<u>\$ 134</u>
			<u>\$ 13,091,508</u>	<u>(\$15,725,784)</u>	<u>\$120,139</u>	<u>\$ 154,462</u>
			<u>\$335,117,552</u>	<u>(\$63,037,463)</u>	<u>\$583,316</u>	<u>\$2,295,461</u>
			<u>79,024,182</u>	<u>0</u>	<u>0</u>	<u>0</u>
			<u>\$414,141,734</u>	<u>(\$63,037,463)</u>	<u>\$583,316</u>	<u>\$2,295,461</u>
			<u>\$427,233,242</u>	<u>(\$78,763,247)</u>	<u>\$703,455</u>	<u>\$2,449,923</u>

See Accompanying Notes and Independent Auditor's Report

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022
(AMOUNTS EXPRESSED IN WHOLE DOLLARS)**

	<u>General Fund</u>	<u>Special Reserve</u>	<u>Highway Aid Fund</u>	<u>Act 205 Pension Fund</u>
<u>ASSETS</u>				
Cash	\$10,820,111	\$867,220	\$1,140,088	\$ 9,540,910
Investments	0	0	0	0
Taxes Receivable	2,802,677	0	0	1,239,527
Special Assessment Receivable	0	0	0	0
Intergovernmental Receivables	106,254	0	0	0
Loans Receivable - Current	0	0	0	0
Other Receivables	157,703	0	0	0
Inventory - Highway Yard	410,607	0	0	0
Due From Other Funds	1,442,348	0	0	0
Loans Receivable - Long-Term	0	0	0	0
Prepaid Expenses	<u>152,954</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	\$15,892,654	\$867,220	\$1,140,088	\$10,780,437
<u>LIABILITIES</u>				
Accounts Payable	\$ 404,510	\$ 0	\$ 73,251	\$ 37,186
Accrued Payroll	552,968	0	0	0
Payroll Taxes and Benefits Payable	108,672	0	0	0
Accumulated Compensated Absences	63,842	0	0	0
Due to Other Funds	2,313	0	8,152	844,575
Deposits Held	191,867	0	0	0
Unavailable Revenues - Property Taxes	1,001,622	0	0	0
Unearned Revenues - Grants	<u>75,757</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	\$ 2,401,551	\$ 0	\$ 81,403	\$ 881,761
<u>FUND BALANCE</u>				
Nonspendable: Inventory and Prepaid Expenses Committed for Employees' Future Worker's Compensation Claims	\$ 563,561	\$ 0	\$ 0	\$ 0
Restricted for Retirement Plans	760,527	0	0	0
Restricted for Highway Aid	0	0	0	9,898,676
Restricted for Capital Expenditures	0	0	1,058,685	0
Restricted for OPEB Plans	0	0	0	0
Assigned for Capital Expenditures	1,475,000	0	0	0
Assigned for Projects	0	0	0	0
Assigned for Recreation	57,900	867,220	0	0
Unassigned Fund Balance	0	0	0	0
	<u>10,634,115</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balance	\$13,491,103	\$867,220	\$1,058,685	\$ 9,898,676
TOTAL LIABILITIES AND FUND BALANCE	\$15,892,654	\$867,220	\$1,140,088	\$10,780,437

See Accompanying Notes and Independent Auditor's Report

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022
(AMOUNTS EXPRESSED IN WHOLE DOLLARS)**

<u>American Rescue Plan</u>	<u>Capital Expenditures</u>	<u>Equipment Replacement Fund</u>	<u>Housing and Community Development</u>	<u>Grant Match Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$32,193,443	\$1,195,936	\$6,335,613	\$ 108,341	\$935,075	\$319,804	\$63,456,541
0	0	0	0	0	182,850	182,850
0	0	0	0	0	0	4,042,204
0	0	0	0	0	37,884	37,884
0	0	0	118,999	0	0	225,253
0	0	0	261,404	0	0	261,404
0	0	0	0	0	0	157,703
0	0	0	0	0	0	410,607
0	0	0	0	0	2,313	1,444,661
0	0	0	2,901,895	0	0	2,901,895
0	0	0	0	0	0	152,954
<u>\$32,193,443</u>	<u>\$1,195,936</u>	<u>\$6,335,613</u>	<u>\$3,390,639</u>	<u>\$935,075</u>	<u>\$542,851</u>	<u>\$73,273,956</u>
\$ 643,229	\$ 47,715	\$ 12,742	\$ 69,103	\$ 34,373	\$ 7,653	\$ 1,329,762
0	0	0	0	0	0	552,968
0	0	0	0	0	0	108,672
0	0	0	0	0	0	63,842
168,410	314,408	0	67,960	32,342	6,501	1,444,661
0	0	0	31,739	0	0	223,606
0	0	0	0	0	0	1,001,622
<u>31,381,804</u>	<u>0</u>	<u>0</u>	<u>3,221,837</u>	<u>0</u>	<u>7,465</u>	<u>34,686,863</u>
<u>\$32,193,443</u>	<u>\$ 362,123</u>	<u>\$ 12,742</u>	<u>\$3,390,639</u>	<u>\$ 66,715</u>	<u>\$ 21,619</u>	<u>\$39,411,996</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 563,561
0	0	0	0	0	0	760,527
0	0	0	0	0	0	9,898,676
0	0	0	0	0	0	1,058,685
0	833,813	0	0	0	0	833,813
0	0	0	0	0	0	1,475,000
0	0	6,322,871	0	0	0	6,322,871
0	0	0	0	868,360	332,582	2,126,062
0	0	0	0	0	188,650	188,650
0	0	0	0	0	0	10,634,115
<u>\$ 0</u>	<u>\$ 833,813</u>	<u>\$6,322,871</u>	<u>\$ 0</u>	<u>\$868,360</u>	<u>\$521,232</u>	<u>\$33,861,960</u>
<u>\$32,193,443</u>	<u>\$1,195,936</u>	<u>\$6,335,613</u>	<u>\$3,390,639</u>	<u>\$935,075</u>	<u>\$542,851</u>	<u>\$73,273,956</u>

See Accompanying Notes and Independent Auditor's Report

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(AMOUNTS EXPRESSED IN WHOLE DOLLARS)**

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

Total Fund Balances	\$ 33,861,960
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	523,264,603
Other long-term assets are not available to pay for current period expenditures, and, are therefore, deferred or not recorded in the funds:	
Property Tax Receivable	1,001,622
Lease Receivable - Altoona Water Authority	107,387,298
Deferred charges related to bonds discounts are not reflected in the funds because they are measured on the accrual basis.	88,358
Deferred outflows/(inflows) of resources related to the defined benefit pension plans, OPEB plans, and unearned revenue from lease with Water Authority are not reflected in the funds because they are measured on the accrual basis. The effect is	(84,410,013)
Certain liabilities are not due and payable currently, and, therefore, are not reported in the funds:	
Net Pension Liability	(48,693,871)
Other Postretirement Benefits	(35,297,620)
Accrued Interest on Long-Term Debt	(405,527)
Long-Term Notes and Bonds Payable	(65,888,000)
Long-Term Capital Lease Obligation	(760,936)
Long-Term Portion of Vacation and Sick Payable	(2,337,707)
Long-Term Portion of Workers' Compensation Payable	(<u>576,925</u>)
Net Position of Governmental Activities	<u>\$427,233,242</u>

See Accompanying Notes and Independent Auditor's Report

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(AMOUNTS EXPRESSED IN WHOLE DOLLARS)**

	<u>General Fund</u>	<u>Special Reserve</u>	<u>Highway Aid Fund</u>	<u>Act 205 Pension Fund</u>
Revenue				
Taxes	\$19,298,568	\$ 0	\$ 0	\$5,709,494
Licenses and Permits	1,536,300	0	0	0
Investment Earnings, Rents, and Royalties	6,219,809	10,554	8,010	24,947
Intergovernmental Revenue	2,463,017	0	1,341,250	0
Fines and Forfeits	251,763	0	0	0
Charges for Services (Departmental Earnings)	1,112,260	0	0	0
Miscellaneous Revenue	<u>199,948</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenue	<u>\$31,081,665</u>	<u>\$ 10,554</u>	<u>\$1,349,260</u>	<u>\$5,734,441</u>
Expenditures				
Current Expenditures				
General Government	\$ 2,850,157	\$ 0	\$ 0	\$ 171,285
Public Safety (Protection to Persons and Property)	14,395,936	0	0	0
Public Works - Sanitation	55,084	0	0	0
Public Works - Highways, Roads, and Streets	4,035,454	0	522,113	0
Other Public Works Enterprises	430,965	0	0	0
Culture - Recreation	397,512	0	0	0
Conservation and Development	82,548	743,519	0	0
Employer Paid Benefits	5,402,658	0	0	0
Insurance	310,779	0	0	0
Miscellaneous Expenditures or Expenses	212,526	0	0	0
Capital Expenditures				
General Government	0	0	0	0
Public Safety	69,577	0	0	0
Public Works - Highways, Roads, and Streets	532,643	0	463,059	0
Other Public Works - Enterprises	0	0	0	0
Culture - Recreation	12,600	0	0	0
Conservation and Development	0	0	0	0
Debt Service				
Debt Service - Principal	2,587,096	0	0	0
Debt Service - Interest	<u>471,193</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$31,846,728</u>	<u>\$ 743,519</u>	<u>\$ 985,172</u>	<u>\$ 171,285</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(\$ 765,063)</u>	<u>(\$ 732,965)</u>	<u>\$ 364,088</u>	<u>\$5,563,156</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	\$ 77,113	\$ 0	\$ 0	\$ 0
Transfer In	3,613,171	0	0	0
Transfer Out	<u>(825,283)</u>	<u>0</u>	<u>(456,700)</u>	<u>(2,889,111)</u>
Total Other Financing Sources (Uses)	<u>\$ 2,865,001</u>	<u>\$ 0</u>	<u>(\$ 456,700)</u>	<u>(\$2,889,111)</u>
Excess (Deficiency) of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ 2,099,938</u>	<u>(\$ 732,965)</u>	<u>(\$ 92,612)</u>	<u>\$2,674,045</u>
Fund Balance – Beginning	<u>11,391,165</u>	<u>1,600,185</u>	<u>1,151,297</u>	<u>7,224,631</u>
Fund Balance - Ending	<u>\$13,491,103</u>	<u>\$ 867,220</u>	<u>\$1,058,685</u>	<u>\$9,898,676</u>

See Accompanying Notes and Independent Auditor's Report

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(AMOUNTS EXPRESSED IN WHOLE DOLLARS)**

American Rescue Plan	Capital Expenditures	Equipment Replacement Fund	Housing and Community Development	Grant Match Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$25,008,062
0	0	0	0	0	0	1,536,300
376,869	12,271	25,947	199,537	3,981	19,054	6,900,979
7,349,581	0	0	2,662,398	0	0	13,816,246
0	0	0	0	0	0	251,763
0	0	0	0	0	75,956	1,188,216
0	0	0	0	0	0	199,948
<u>\$7,726,450</u>	<u>\$ 12,271</u>	<u>\$ 25,947</u>	<u>\$2,861,935</u>	<u>\$ 3,981</u>	<u>\$ 95,010</u>	<u>\$48,901,514</u>
\$ 25,242	\$ 117,799	\$ 11	\$ 0	\$ 0	\$ 8,768	\$ 3,173,262
0	52,322	0	0	736	20,110	14,469,104
0	0	0	0	0	0	55,084
0	15,963	525	0	0	0	4,574,055
113,267	125,000	0	0	0	0	669,232
70,000	12,508	0	0	0	10,899	490,919
5,323,100	0	0	2,186,257	0	63,999	8,399,423
0	0	0	0	0	0	5,402,658
0	0	0	0	0	0	310,779
0	0	0	0	0	15,408	227,934
510,132	207,309	0	0	0	0	717,441
94,241	85,714	272,479	0	25,974	0	547,985
249,611	1,120,369	1,019,917	0	47,967	0	3,433,566
1,101,484	147,011	0	0	0	0	1,248,495
70,963	101,025	0	0	0	0	184,588
0	0	0	675,678	0	0	675,678
0	154,643	0	0	0	0	2,741,739
0	35,353	0	0	0	0	506,546
<u>\$7,558,040</u>	<u>\$2,175,016</u>	<u>\$1,292,932</u>	<u>\$2,861,935</u>	<u>\$ 74,677</u>	<u>\$119,184</u>	<u>\$47,828,488</u>
\$ 168,410	(\$2,162,745)	(\$1,266,985)	\$ 0	(\$ 70,696)	(\$ 24,174)	\$ 1,073,026
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 77,113
0	0	805,283	0	0	20,000	4,438,454
(168,410)	0	0	0	(32,342)	(66,608)	(4,438,454)
<u>(\$ 168,410)</u>	<u>\$ 0</u>	<u>\$ 805,283</u>	<u>\$ 0</u>	<u>(\$ 32,342)</u>	<u>(\$ 46,608)</u>	<u>\$ 77,113</u>
\$ 0	(\$2,162,745)	(\$ 461,702)	\$ 0	(\$ 103,038)	(\$ 70,782)	\$ 1,150,139
0	2,996,558	6,784,573	0	971,398	592,014	32,711,821
<u>\$ 0</u>	<u>\$ 833,813</u>	<u>\$6,322,871</u>	<u>\$ 0</u>	<u>\$ 868,360</u>	<u>\$521,232</u>	<u>\$33,861,960</u>

See Accompanying Notes and Independent Auditor's Report

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(AMOUNTS EXPRESSED IN WHOLE DOLLARS)**

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

Net Change in Fund Balances - Total Governmental Funds	\$ 1,150,139
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount by which capital outlays exceeded depreciation in the current period.	10,285,557
Certain gains/losses related to disposal of capital assets have been reduced by the basis of these assets.	(11,759)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Net change during the period is a decrease for property tax revenue.	(199,419)
Change in Lease Revenue from Altoona Water Authority	3,722,210
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Accrued Interest on Bonds (Net Change)	(70,489)
Accrued Vacation and Sick Pay (Net Change)	171,061
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither has any effect on net position. Also, governmental funds report the effect of premium and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of these items:	
Repayment on Capital Lease Obligation	158,739
Repayment of Bonded Debt/Notes	4,453,000
Amortization of Discounts, net of additional Bond Premiums	22,208
The addition in pension expense associated with the defined benefit plans that do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(5,308,127)
The additional other postemployment benefit expense associated with the defined benefit plans that do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(<u>1,281,612</u>)
Change in Net Position of Governmental Activities	<u>\$13,091,508</u>

See Accompanying Notes and Independent Auditor's Report

CITY OF ALTOONA
 BLAIR COUNTY, PENNSYLVANIA
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUND
 DECEMBER 31, 2022
 (AMOUNTS EXPRESSED IN WHOLE DOLLARS)

	<u>Pension Trust Funds</u>
<u>ASSETS</u>	
Investments	\$96,124,426
	<hr style="border-top: 1px solid black;"/>
<u>LIABILITIES</u>	\$ 0
	<hr style="border-top: 1px solid black;"/>
<u>NET POSITION</u>	
Held in Trust for Pension Benefits	\$96,124,426
	<hr style="border-top: 1px solid black;"/>

See Accompanying Notes and Independent Auditor's Report

CITY OF ALTOONA
 BLAIR COUNTY, PENNSYLVANIA
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (AMOUNTS EXPRESSED IN WHOLE DOLLARS)

	<u>Pension Trust Funds</u>
<u>Additions</u>	
Contributions:	
Employer	\$ 5,396,590
Plan Members	<u>706,897</u>
Total Contributions	\$ 6,103,487
Investment Income:	
Net Realized and Unrealized Gains (Losses)	(\$ 19,423,274)
Interest and Dividend Income	<u>1,815,934</u>
Total Investment Income (Loss)	(\$ 17,607,340)
Less: Investment Expense	(<u>164,694</u>)
Net Investment Income	(\$ 17,772,034)
Total Additions	(\$ 11,668,547)
<u>Deductions</u>	
Benefits	\$ 8,835,487
Administrative Expenses	<u>57,159</u>
Total Deductions	\$ 8,892,646
Net (Decrease)	(\$ 20,561,193)
<u>Net Position Being Held in Trust for Pension Benefits</u> - Beginning of Year	<u>116,685,619</u>
<u>Net Position Being Held in Trust for Pension Benefits</u> - End of Year	<u>\$ 96,124,426</u>

See Accompanying Notes and Independent Auditor's Report

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

I. Summary of Significant Accounting Policies

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately in the government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

The City of Altoona (the "City"), which is located in Blair County, Pennsylvania, was incorporated in 1868 under the provisions of the Commonwealth of Pennsylvania. The City of Altoona is a third-class Pennsylvania City organized under a council-manager form of government in which the seven-member council, including the mayor, are elected officials. City council appoints the city manager, who in turn, appoints department heads. The City council on behalf of the City makes policy decisions, borrows money, levies local taxes, and authorizes expenditures in accordance with the third-class city code of the Commonwealth of Pennsylvania. In addition, the City provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units, none of which exists for the City, would be combined with data of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. Each discretely presented component unit has a December 31 year-end.

Discretely Presented Component Unit

The Altoona Water Authority is responsible for operating the water and sewer systems of the City of Altoona. The members of the Authority's board are appointed by the City. The City is financially accountable for the Authority, considering the significance of its operational and financial relationship with the City.

The Redevelopment Authority of Altoona is responsible for implementing urban renewal initiatives, eliminating blight, and assisting in economic development. The members of the Authority's board are appointed by the City. The City, with respect to the Authority, has the ability to impose its will and incur a financial burden.

The Parking Authority of the City of Altoona is responsible for managing the City's public parking. The City appoints the Authority's board. The Authority is fiscally dependent upon the City because the City has provided advances for debt service and guarantees the Authority's bond issue.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

I. **Summary of Significant Accounting Policies** (Continued)

B. **Discretely Presented Component Unit** (Continued)

Complete financial statements for each component unit may be obtained at the entities' administrative office.

Altoona Water Authority
900 Chestnut Avenue
Altoona, Pennsylvania 16601

Redevelopment Authority of Altoona
City Hall
13th Avenue and 12th Street
Altoona, Pennsylvania 16601

The Parking Authority of the City of Altoona
1225 11th Avenue
Altoona, Pennsylvania 16601

For purposes of these financial statements, it is the policy of the City not to eliminate transactions between the City and its component units.

C. **Basis of Presentation - Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has two discretely presented component units. While neither the Redevelopment Authority of Altoona nor the Parking Authority of the City of Altoona are considered to be a major component unit, they are nevertheless shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions between the City and its component units. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. **Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental Funds

The City reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those accounted for in another fund.
- The *Highway Aid Fund* is used to account for financial resources received for the Commonwealth of Pennsylvania's Department of Transportation's Liquid Fuels Taxes from the State's Motor License Fund, which must be used on the roads and streets for which the City is responsible.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

D. Governmental Funds (Continued)

- The *Act 205 Pension Fund* is used to account for the portion of the earned income tax which accumulates resources to provide for the payment of pension expenses.
- The *American Reserve Plan Fund* is used to account for financial resources received from the Federal Government, which must be used for approved projects.
- The *Capital Projects Fund* accounts for financial resources used to acquire or construct major capital facilities.
- The *Community Development Block Grant Fund* is used to account for funds received from the U.S. Department of Housing and Urban Development to develop viable urban communities by providing decent housing, a suitable living environment and expanding economic opportunities, principally for persons of low or moderate income.
- The *Special Reserve Fund* is used to account for financial resources to fund expenditures for non-operational purposes across a broad spectrum of potential projects and uses.
- *Equipment Replacement Fund* was established to be used to replace vehicle and other related equipment that has been fully-depreciated and reached or exceeded its useful life.
- *Grant Match Fund* was established as a means of identifying a source of City funds to be used as the local match component for State or Federal grants which may be the subject of application by the City.

Fiduciary Fund Types

Additionally, the City reports the following fund type:

- The *pension trust funds* report fiduciary resources held in trust and the receipt, investment, and distribution of retirement contributions.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being *measured such as current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The pension benefit trust *funds are reported using the economic resources measurement focus and the accrual basis of accounting*.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City maintains a cash and investment pool that is available for use by the general and capital expenditures fund. Each fund's portion of this pool is displayed on the combined balance sheet as cash. Deposits are stated at cost. Cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Insurance Trust (PLGIT).

2. Investments

Investments are separately held by several of the City's funds. Investments are reported at fair value. Changes in the fair value of investments are recorded as investment income. Cash deposits are reported at carrying amounts which approximate fair values.

3. Inventories and Prepaid Items

Inventories consist of items used at the Highway Yard and are valued at cost, using the first-in, first-out (FIFO) method. The cost of such inventories is recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements for the Parking Authority of the City of Altoona. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

Capital assets with useful lives of more than one year, which include land, land improvements, buildings, building improvements, computer hardware, office furniture and equipment, other equipment, and vehicles are reported in the government-wide financial statements. The City defines capital assets as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

In 2005, dollar thresholds changed, and various asset classes were valued and depreciated in accordance with the following chart:

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont.)

4. Capital Assets (Continued)

GASB 34 Asset Class	Examples	Estimated Useful Life	Dollar Threshold
Land		N/A Non-depreciable	\$ 3,000
Land Improvements	Parking lots, curbs, sidewalks	15 - 20 years	\$10,000
Buildings	HVAC, electrical, capitalized interest	30 - 40 years	\$10,000
Building/Leasehold Improvements	Renovations, major repairs	30 - 40 years	\$10,000
Computer Hardware	PC's, printers, network hardware	3 years	\$ 3,000
Office Furniture	Office furniture, appliances	10 years	\$ 3,000
Office Equipment	Fax, copiers, telephone system	5 years	\$ 3,000
Vehicles	Autos, trucks	5 years	\$ 3,000

In order to comply with GASB 34 requirements, all infrastructure assets were inventoried and assigned a dollar threshold and useful life during calendar year 2007. Therefore, beginning in year 2007, the various infrastructure asset classes were valued and depreciated in accordance with the following chart:

GASB 34 Infrastructure Asset Class	Examples	Estimated Useful Life	Dollar Threshold
Roads	Streets and Avenues	20 years	\$ 5,000/Mile
Bridges and Culverts	Eighth Street Bridge	50 years	\$20,000/Project
Storm Sewers	Storm Sewers	40 years	\$20,000/Project
Signs	Stop Sign, Speed Limit Sign	10 years	\$10,000 Project
Street Lights	Street Light	25 years	\$ 5,000/Project
Traffic Signals	Traffic Signal	20 years	\$ 5,000/Project
Handicap Ramps	Handicap Ramp	50 years	\$ 5,000/Project
Guiderail	Guiderail	50 years	\$ 5,000/Project

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has four items that qualify for reporting in this category: unamortized discounts on bonds; the differences between expected and actual experience related to defined benefit pension plans and other Post-Employment Benefits plans; changes of assumptions on the defined benefit pension plan; and the net difference between projected and actual earnings on defined benefit pension plan investments, which will be amortized through 2040.

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 position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has three items, which arises only under the

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont.)

5. Deferred Outflows/Inflows of Resources (Continued)

accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the items, which represent differences between expected and actual experience of the defined benefit pension plans; net difference between projected and actual earnings on defined pension plan investments, and deferred inflows related to lease receivable with the Altoona Water Authority, which will be amortized through 2043 and are not reported in the governmental funds balance sheet.

6. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

7. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by Mayor and Council policy (e.g., encumbrances or future anticipated costs). The governing council is the highest level of decision-making authority for the government that can, prior to the end of the fiscal year, commit fund balance. Once committed, the limitation imposed by the policy remains in place until a similar action is taken to remove or revise the limitation.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Cont.)

8. Fund Balance Policies (Continued)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The mayor and council assign fund balance. The mayor and council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - amounts that cannot be spent because they are in a nonspendable form (e.g., inventory or prepaid expenses) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

Restricted - amounts limited by external parties or legislation (e.g., grants or donations).

Committed - amounts limited by the Mayor and Council policy (e.g., encumbrances or future anticipated costs).

Assigned - amounts that are intended for a particular purpose, such as a rate stabilization fund or segregation of an amount intended to be used at some time in the future.

Unassigned - amounts available for consumption or not restricted in any manner.

Management ensures that fund balance reporting be consistent with Governmental Accounting Standards Board (GASB) statements.

All references to fund balance shall be assumed to be unrestricted, undesignated, and unassigned unless specifically stated otherwise.

The responsibility for designating fund to specific classifications shall be as follows:

1. Nonspendable - shall be assigned by the finance director.
2. Restricted - shall be assigned by the finance director.
3. Committed - shall be assigned by the Mayor and Council.
4. Assigned - shall be assigned by the Mayor and Council.

Management shall be responsible for the enforcement of this policy.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied as of January 1 on land property values assessed on the same date. The tax levy was billed in March 2022.

A levy of 5.129 mills was made for general expenses. A 2% discount is given to taxpayers if paid by June 30; and thereafter, a 10% penalty is charged on the taxes.

Taxes not collected by the tax collector by December 31, 2022 are returned to the Blair County Tax Claim Bureau for collection.

In the governmental fund financial statements, property taxes receivable are recorded at year-end. These receivables represent delinquent taxes. Any delinquent taxes not paid within 60 days after year-end are recorded as deferred revenue.

In the government-wide financial statements, property taxes receivable and related revenue include all amounts due to the City regardless of when cash is received. Over time, substantially all property taxes are collected.

3. Intergovernmental Receivables and Unavailable Revenue

Intergovernmental receivables are comprised of amounts due from other governments. Revenue is recorded as earned when eligibility requirements are met. Revenue received prior to meeting all eligibility requirements are considered unavailable until such time as the eligibility requirements are met.

4. Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused sick leave. Sick leave is accumulated continuously for full-time employees at rates determined by contracts to a maximum specified in these contracts. Police are paid for 50% of the accumulated sick leave for the first one-hundred fifty (150) days, and fifty dollars (\$50.00) for each unused sick day in excess of 150 days upon retirement or termination up to 250 days. Firemen are paid for 40% of the accumulated sick leave upon retirement, resignation, or termination up to 175 days.

AFSCME non-uniformed employees may accumulate their unused sick leave up to a maximum of 120 days. When these employees retire, with at least twenty (20) years of verifiable service working in a full-time capacity, or 60 years of age, they shall be paid for their accumulated unused sick leave in accordance with the schedule below:

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

G. Revenues and Expenditures/Expenses (Continued)

4. Compensated Absences (Continued)

<u>Days Available at Retirement</u>	<u>Percentage Buyout</u>
51 - 100	40%
101 - 175	50%
176 - 250	60%

AFSCME School Crossing Guard employees may accumulate their unused sick leave up to a maximum of 120 days. When these employees retire with at least 15 years of service they shall be paid for their accumulated unused sick leave in accordance with the schedule below:

<u>Days Available at Retirement</u>	<u>Percentage Buyout</u>
0 - 100	30%
101 and above	50%

Full-time employees have various days of vacation leave per year dependent upon employment classification and length of service. Vacation leave may be carried beyond the leave year of January 1 to December 31 only with the City Manager's approval. In the government-wide financial statements, the cost of vacation and sick leave is recognized when incurred. In governmental funds, the cost of vacation and sick leave is recognized when payments are made to employees.

Employees who subsequently accumulate over 120 days will receive an annual sick leave incentive bonus, as follows:

<u>Number of Full Days</u>	<u>Percentage of Pay Buyout</u>
0 - 5	10% of pay rate for each day
6 - 10	30% of pay rate for each day
11 - 15	50% of pay rate for each day

As of December 31, 2013, any employee who had a maximum accumulation for sick and vacation leave exceeding the stated maximum specified within the Fire, Police, and AFSCME contracts were entitled to maintain those total number of days accumulated.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds

A. Cash and Investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy permits assets pledged as collateral to be pooled in accordance with Act 72, relating to pledges of assets to secure deposits of public funds, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). The City encourages the purchase and sale of securities and certificates of deposit through a competitive and negotiated process involving telephone solicitation of at least three bids for each transaction. **Custodial credit risk** for deposits is not formally addressed by pension trust policies.

Deposits of the City's reporting entity are insured or collateralized with securities held by the City, its agent, or by the pledging financial institution's trust department or agent in the name of the City or applicable public trust. At year end, the City's carrying amount of bank deposits was \$63,456,541 and the bank balance was \$63,633,473. Of the bank balance, \$516,039 was covered by federal depository insurance and \$62,906,674 was covered by collateral held in the pledging bank's trust department, but not in the City's name. In addition, \$210,760 of the bank balance and book balance was invested in an external investment pools from which the City purchased a prorata share of all investments and deposits, which are held in the name of the fund, which is considered to be a cash equivalent by the City.

Investments

As of December 31, 2022, the City's reporting entity had the following investments:

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Months to Maturity (2)</u>
<u>Primary Government</u>				
Non-Pooled Investments:				
Cash and Cash Equivalents	\$ 8,321	\$ 8,321	N/A	N/A
Taxable Fixed Income Funds	58,967	66,775	(3)	(3)
Domestic Equity Mutual Funds and ETFs	67,593	65,840	N/A	N/A
Real Estate Mutual Fund	5,732	5,818	N/A	N/A
International Funds and ETFs	34,435	34,072	N/A	N/A
Hedge Funds	7,616	7,560	N/A	N/A
Accrued Interest	186	186	N/A	N/A
Total Primary Government Investments (non-fiduciary)	\$ 182,850	\$ 188,572		
<u>Fiduciary Funds</u>				
Cash and Cash Equivalents	\$ 711,953	\$ 711,953	N/A	N/A
Mutual Funds - Equity	66,692,189	75,542,735	(3)	(3)
Mutual Funds - Fixed Income	24,849,943	26,345,027	(3)	(3)
Partnerships/Joint Ventures (4)	3,867,161	3,861,396		
Accrued Interest	3,180	3,180	N/A	N/A
Total Fiduciary Investments	\$ 96,124,426	\$106,464,291		

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

A. Cash and Investments (Continued)

Investments (Continued)

Fair Value is determined by comparison to readily available market prices.

- (1) Ratings are provided where applicable to indicate associated **Credit Risk**. N/A indicates not applicable.
 - (2) **Interest Rate Risk** is estimated using either duration or weighted average months to maturity depending on the respective policy. Amounts are shown in months except as otherwise noted. The City manages its exposure to decline in fair value by limiting maturity of Certificates of Deposit to original maturity of one year.
 - (3) Information unavailable.
 - (4) Last valued at June 30, 2021.
- * Cost basis information is not available so fair value is reflected.

Investments Policies

Investment policies for the City's reporting entity are maintained by the City's Chief Finance Officer. Summarizations follow in subsequent sections of this Note.

City Policy

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City's investing activities are managed under the custody of the City's Chief Finance Officer, except for the Martin Goodman Trust for which greater flexibility in investments exists in comparison to the following information. Investing is performed in accordance with investment policies adopted by the City Council complying with State Statutes and the City Charter. City funds may be invested in: (1) United States Treasury bills; (2) short-term obligations of the United States Government or its agencies or instrumentalities; (3) deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) or Federal Savings & Loan Insurance Corporation (FSLIC) or the National Credit Union Share Insurance Fund or their successor agencies; (4) obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision; (5) shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the only investments of that company are in the authorized investments for Municipal funds listed in (1) through (4); (6) certificates of deposit purchased from institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. For deposits in savings accounts, time deposits, share accounts, or certificates of deposit the City's policy requires that any amount above the insured maximum be collateralized by a pledge or assignment of assets of the institution.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

A. Cash and Investments (Continued)

City Policy (Continued)

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. **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 securities in the possession of an outside party. Interest Rate Risk and Custodial Credit Risk are not addressed by the City's investment policy.

Pension Trust Policy

The City's three pension trusts are the City of Altoona Non-Uniformed Employees' Pension Plan, the Firefighter's Pension Fund of the City of Altoona, and the Altoona Police Pension Fund Association. The Council of the City of Altoona is authorized to hold and supervise the investment of the assets of the Non-Uniformed Employees' Pension Plan. Funds in the Non-Uniformed Plan may be invested in securities which are at the time legal investments for fiduciaries under the Pennsylvania Fiduciaries Investment Act or funds may be placed in a deposit bank. The Firefighter's Pension Fund plan authorized the Board of Managers to make investment decisions on its own or to retain an investment counselor or broker. Firefighter's Pension Fund Plan funds are to be invested as authorized under Chapter 73 of the *Probate Estates and Fiduciaries Code Laws of 1972*, Act No. 164, effective July 1, 1972, as amended. The Police Pension Fund Board has full charge and management of all matters pertaining to investment of the Altoona Police Pension Fund. The Police plan does not specify authorized types of investments.

Credit Risk, Interest Rate Risk, Concentration of Credit Risk, and Custodial Credit Risk are not addressed by the pension trust policies.

Component Unit - Cash and Investments

Altoona Water Authority

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

The Commonwealth of Pennsylvania recognizes this risk. Under its Act 72, deposits of public funds (in excess of FDIC insurance) held by banks must be collateralized. Banks must place on deposit with a third-party (usually a Federal Reserve Bank) securities with an aggregate market value in excess of all of its uninsured balances. The Authority requires this protection for its funds.

The Authority is permitted to have mutual funds offered through the Pennsylvania Local Government Investment Trust (PLGIT) which are subject to the same types of restrictions described below relating to investments by governments in general.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

A. Cash and Investments (Continued)

Component Unit - Cash and Investments (Continued)

Altoona Water Authority (Continued)

Cash

The table below presents the Authority's deposit risk classifications:

Cash Deposits - Bank Balances

PLGIT	\$ 15,612
FDIC Insured or Collateralized	250,000
Secured Under Pennsylvania Act 72	<u>4,767,598</u>
Total	<u>\$5,033,210</u>

Investments

Under State Law and its Trust Indenture(s), the Authority is permitted to invest in U.S. Treasury Bills, short-term U.S. Government or agency obligations, deposits in savings accounts, time deposits or share accounts, obligations of the United States, or any of its agencies or instrumentalities, obligations of the Commonwealth of Pennsylvania, or any of its agencies or instrumentalities obligations of any state of the United States, or any of its agencies or instrumentalities, commercial paper rated, on the date of acquisition, in one of the two highest categories, and written repurchase agreements.

The table below presents the Authority's investment risk classification, as described above.

Collateralized Under Act 72

Water Division	\$ 8,253,463
Wastewater Division	<u>10,094,925</u>
Total	<u>\$18,348,388</u>

Redevelopment Authority of Altoona

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned, or the Authority will not be able to recover collateral securities in the possession of an outside party.

The deposit and investments of the Authority adhere to state statutes. Deposits of the governmental funds are maintained in demand deposits.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

A. Cash and Investments (Continued)

Component Unit - Cash and Investments (Continued)

Redevelopment Authority of Altoona (Continued)

Deposits (Continued)

Deposits of the Authority's reporting entity are insured or collateralized with securities held by the Authority, its agent, or by the pledging financial institution's trust department or agent in the name of the Redevelopment Authority of Altoona.

At year end, the carrying amount of the government's deposits was \$1,372,227 and the bank balance was \$1,373,449. \$250,000 of the bank balance was covered by federal depository insurance, and the remainder was covered by collateral held in the pledging bank's trust department, but not in the Authority's name.

Investments

At year end, the Redevelopment Authority of Altoona had no investments.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the Authority's investing activities are managed under the custody of the Board of Directors. Investing is performed in accordance with state statutes.

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. treasury bills, other short-term U.S. and Pennsylvania government obligations and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. **Concentration of credit risk** is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer.

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, the Redevelopment Authority of Altoona will not be able to recover the value of its investments or collateral securities in the possession of an outside party.

The Parking Authority of the City of Altoona

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned, or the Authority will not be able to recover collateral securities in the possession of an outside party.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

A. Cash and Investments (Continued)

Component Unit - Cash and Investments (Continued)

The Parking Authority of the City of Altoona (Continued)

Deposits (Continued)

The deposit and investments of the Authority adhere to state statutes. Deposits of the fund are maintained in demand deposits.

Deposits of the Authority's reporting entity are insured or collateralized with securities held by the Authority, its agent, or by the pledging financial institution's trust department or agent in the name of the Authority.

At year end, the carrying amount of the government's deposits was \$166,995 and the bank balance was \$168,469. Of the bank balance, all was covered by federal depository insurance.

Investments

As of December 31, 2022, the Parking Authority of the City of Altoona had no investments.

The Authority has not formally adopted deposit and investment policies that limit its allowable deposits or investments and address specific types of risk to which it is exposed.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the Authority's investing activities are managed under the custody of the Board of Directors. Investing is performed in accordance with state statutes.

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. treasury bills, other short-term U.S. and Pennsylvania government obligations and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. **Concentration of credit risk** is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer.

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities in the possession of an outside party.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

B. Lease With Altoona Water Authority

On March 23, 2017, the City entered into a series of agreements with the Altoona Water Authority (the "Authority"). Pursuant to the Water and Sewer System Asset Conveyance Agreement, deeds were signed to convey all the Authority's right, title, and interest to all the real property assets of its water system and sewer system to the City.

Concurrently, the City leased the water and sewer systems to the Authority, giving it lawful possession to operate and set rates for the systems. The lease terms extend throughout the remaining term of all PENNVEST loans, provided that either party may terminate the lease after twenty years, with the consent of PENNVEST.

Under the lease agreement, the required annual payments are as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
2023	\$4,288,000	\$2,412,000	\$6,700,000
2024	\$4,416,000	\$2,484,000	\$6,900,000

Annual lease payments for the remaining years of the term of the lease will be negotiated by the Authority and the City beginning in 2025. If the parties are unable to come to an agreement the lease payments will increase by 3% compounded annually for the remaining year term of the lease.

The City has adopted Government Accounting Standards Board Statement No. 87, "Leases," and, in accordance with the Statement recognized a lease receivable of \$109,425,643 and a corresponding deferred inflow of resources of \$109,425,643 as of January 1, 2023.

Future required payments on the lease receivable are as follows:

Water

	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,791,282	\$ 2,496,718
2024	1,997,023	2,418,977
2025	2,216,174	2,332,306
2026	2,448,810	2,236,124
2027	2,695,637	2,129,846
2028-2032	17,730,982	8,656,729
2033-2037	26,499,766	4,090,826
2038	<u>2,148,396</u>	<u>93,240</u>
Total	<u>\$57,528,070</u>	<u>\$24,454,766</u>

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

B. Lease With Altoona Water Authority (Continued)

Sewer

	<u>Principal</u>	<u>Interest</u>
2023	\$ 981,040	\$ 1,430,960
2024	1,081,196	1,402,804
2025	1,186,746	1,371,774
2026	1,297,562	1,337,714
2027	1,413,860	1,300,474
2028-2032	9,022,021	5,821,070
2033-2037	12,892,749	4,314,465
2038-2042	17,749,854	2,198,024
2043	<u>4,234,200</u>	<u>121,510</u>
Total	<u>\$49,859,228</u>	<u>\$19,298,795</u>

While the Authority retains nominal title to equipment and other personal property, such titles are for administrative convenience and the assets are considered owned by the City. Under the terms of the leases, the City can compel the Authority to deliver any of its assets to the City upon request.

Subject to the approval of the City the Authority's borrowings are limited to, 1) bridge loans not exceeding a single two-year term for any particular project, 2) loans from a government lender, or 3) equipment loans, including, without limitation, lease purchase agreements. The Authority may not issue bonds; the City will issue any required bonded indebtedness and the lease payments will be adjusted to pay 100% of the debt service.

C. Receivables

Receivables and Uncollectible Accounts

Significant receivables include amounts due from businesses, landlords, and homeowners who have received loans from the City's Housing and Community Development funds. Once these loans are made, repayment terms are established. Because the City places liens against the property generating the receivable, it is the City's policy to use the direct write-off method for bad debts, which generally is not materially different from the allowance method.

In the General Fund, significant receivables represent moneys due related to the TV Cable franchise fees; a payment in lieu of taxes; and street cuts. Other less significant receivables represent amounts due from licenses, district justices, and other miscellaneous sources. Because most of these material amounts are received in a timely manner, it is the City's policy to use the direct write-off method for bad debts, which generally is not materially different from the allowance method.

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)**

II. Detailed Notes on All Activities and Funds (Continued)

D. Capital Assets

Capital asset activity for the year ended December 31, 2022 is as follows:

	<u>Restated Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfer</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>					
Capital Assets, not being depreciated:					
Land	\$215,621,800	\$ 1,895	(\$ 6,443)	\$ 0	\$215,617,252
Construction in Progress	439,662	2,257,340	0	(293,763)	2,403,239
Water and Wastewater Projects in Progress	<u>45,953,802</u>	<u>12,816,237</u>	<u>0</u>	<u>(14,605,485)</u>	<u>44,164,554</u>
Total Capital Assets, Not Being Depreciated	<u>\$262,015,264</u>	<u>\$15,075,472</u>	<u>(\$ 6,443)</u>	<u>(\$14,899,248)</u>	<u>\$262,185,045</u>
Capital Assets, being depreciated:					
Land Improvements	\$210,040,768	\$ 2,217,831	\$ 0	\$ 293,763	\$212,552,362
Buildings and Improvements	14,989,836	439,620	0	0	15,429,456
Machinery and Equipment	31,349,503	1,892,962	(150,716)	0	33,091,749
Water and Wastewater Related Assets	<u>365,321,937</u>	<u>6,710,294</u>	<u>(322,901)</u>	<u>14,605,485</u>	<u>386,314,815</u>
Total Capital Assets, Being Depreciated	<u>\$621,702,044</u>	<u>\$11,260,707</u>	<u>(\$ 473,617)</u>	<u>\$14,899,248</u>	<u>\$647,388,382</u>
Accumulated Depreciation for:					
Land Improvements	\$172,720,352	\$ 4,558,131	\$ 0	\$ 0	\$177,278,483
Building and Improvements	7,486,665	379,535	0	0	7,866,200
Machinery and Equipment	26,210,186	1,889,619	(150,716)	0	27,949,089
Water and Wastewater Related Assets	<u>164,309,300</u>	<u>9,223,337</u>	<u>(317,585)</u>	<u>0</u>	<u>173,215,052</u>
Total Accumulated Depreciation	<u>\$370,726,503</u>	<u>\$16,050,622</u>	<u>(\$ 468,301)</u>	<u>\$ 0</u>	<u>\$386,308,824</u>
Total Capital Assets, Being Depreciated, Net	<u>\$250,975,541</u>	<u>(\$ 4,789,915)</u>	<u>(\$ 5,316)</u>	<u>\$14,899,248</u>	<u>\$261,079,558</u>
Governmental Activities, Capital Assets, Net	<u>\$512,990,805</u>	<u>\$10,285,557</u>	<u>(\$ 11,759)</u>	<u>\$ 0</u>	<u>\$523,264,603</u>

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

Governmental Activities

General Government	\$ 324,074
Public Safety	923,324
Public Works - Highways, Roads, and Streets	4,647,061
Culture and Recreation	688,306
Conservation and Development	244,520
Water and Wastewater	<u>9,223,337</u>

Total Depreciation Expense - Governmental Activities \$16,050,622

Component Units

Altoona Water Authority

Right to Use Asset Under Leases and Related Liability

On March 23, 2017, the Authority entered into a series of agreements with the City of Altoona (the "City"). Pursuant to the Water and Sewer System Asset Conveyance Agreement, deeds were signed to convey all the Authority's right, title, and interest to all the real property assets of its water system ("Water") and sewer system ("Sewer") to the City.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

D. Capital Assets (Continued)

Component Units (Continued)

Altoona Water Authority (Continued)

Right to Use Asset Under Leases and Related Liability (Continued)

Concurrently, the City leased the water and sewer systems to the Authority, giving it lawful possession to operate and set rates for the systems. The lease terms extend throughout the remaining term of all PENNVEST loans, provided that either party may terminate the lease after twenty years, with the consent of PENNVEST.

Under the lease agreement, the required annual payments are as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
2023	\$4,288,000	\$2,412,000	\$6,700,000
2024	\$4,416,000	\$2,484,000	\$6,900,000

Annual lease payments for the remaining years of the term of the lease will be negotiated by the Authority and the City beginning in 2025. If the parties are unable to come to an agreement the lease payments will increase by 3% compounded annually for the remaining year term of the lease.

The Authority has chosen to early-adopt Statement No. 87 of the Government Accounting Standards Board and, in accordance with the statement, capitalize the right to use the water and sewer systems as an asset along with a related long-term liability. In conjunction with this lease the Authority recognized right to use assets of \$63,922,722 for the water system and \$53,449,974 for the sewer system. The Authority also recorded an obligation liability of \$117,372,696.

The right to use asset consists of the following at December 31, 2022:

	<u>Water</u>	<u>Sewer</u>
Right to Use Asset	\$63,922,722	\$53,449,974
Less: Accumulated Amortization	(<u>17,768,870</u>)	(<u>17,285,900</u>)
Right to Use Asset, Net	<u>\$45,153,852</u>	<u>\$36,164,074</u>

The right to use assets were computed based on the net present value of the future lease payments (including the default 3% per year increase) discounted using the weighted-average interest rates of the outstanding bonds and PENNVEST loans of the respective systems. Such discount rates were 4.34% and 2.87% for the Water and Sewer right to use assets, respectively.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

D. Capital Assets (Continued)

Component Units (Continued)

Altoona Water Authority (Continued)

Right to Use Asset Under Leases and Related Liability (Continued)

During the year ended December 31, 2022, the Authority recorded \$6,070,090 of amortization expense.

Future required payments on the lease obligation are as follows:

Water

	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,791,282	\$ 2,496,718
2024	1,997,023	2,418,977
2025	2,216,174	2,332,306
2026	2,448,810	2,236,124
2027	2,695,637	2,129,846
2028-2032	17,730,982	8,656,729
2033-2037	26,499,766	4,090,826
2038	<u>2,148,396</u>	<u>93,240</u>
Total	<u>\$57,528,070</u>	<u>\$24,454,766</u>

Sewer

	<u>Principal</u>	<u>Interest</u>
2023	\$ 981,040	\$ 1,430,960
2024	1,081,196	1,402,804
2025	1,186,746	1,371,774
2026	1,297,562	1,337,714
2027	1,413,860	1,300,474
2028-2032	9,022,021	5,821,070
2033-2037	12,892,749	4,314,465
2038-2042	17,749,854	2,198,024
2043	<u>4,234,200</u>	<u>121,510</u>
Total	<u>\$49,859,228</u>	<u>\$19,298,795</u>

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

D. Capital Assets (Continued)

Component Units (Continued)

Altoona Water Authority (Continued)

Right to Use Asset Under Leases and Related Liability (Continued)

While the Authority retains nominal title to equipment and other personal property, such titles are for administrative convenience and the assets are considered owned by the City. Under the terms of the leases, the City can compel the Authority to deliver any of its assets to the City upon request.

Subject to the approval of the City the Authority's borrowings are limited to, 1) bridge loans not exceeding a single two-year term for any particular project, 2) loans from a government lender, or 3) equipment loans, including, without limitation, lease purchase agreements. The Authority may not issue bonds; the City will issue any required bonded indebtedness and the lease payments will be adjusted to pay 100% of the debt service.

Redevelopment Authority of Altoona

Changes in Capital Assets

The following table provides a summary of changes in capital assets:

	CAPITAL ASSETS, NOT DEPRECIATED		CAPITAL ASSETS, DEPRECIATED		<u>Totals</u>
	<u>Land</u>	<u>Furniture, Machinery, and Equipment</u>	<u>Land Improvement</u>		
<u>Governmental Activities</u>					
Balance - December 31, 2021	\$62,334	\$314,622	\$40,400		\$417,356
Increases	18,522	0	0		18,522
Decreases	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
Balance - December 31, 2022	<u>\$80,856</u>	<u>\$314,622</u>	<u>\$40,400</u>		<u>\$435,878</u>
<u>Accumulated Depreciation</u>					
Balance - December 31, 2021	\$ 0	\$164,912	\$13,200		\$178,112
Increases	0	8,190	1,283		9,473
Decreases	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
Balance - December 31, 2022	<u>\$ 0</u>	<u>\$173,102</u>	<u>\$14,483</u>		<u>\$187,585</u>
Balance - December 31, 2022 - Net	<u>\$80,856</u>	<u>\$141,520</u>	<u>\$25,917</u>		<u>\$248,293</u>

All depreciation expense was charged to the Redevelopment and Housing function.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

D. Capital Assets (Continued)

Component Units (Continued)

The Parking Authority of the City of Altoona

Changes in Capital Assets

The following table provides a summary of changes in capital assets:

	CAPITAL ASSETS, NOT DEPRECIATED	CAPITAL ASSETS, ----- DEPRECIATED -----			Totals
	<u>Land</u>	<u>Parking Garage</u>	<u>Improvements</u>	<u>Furniture Machinery, and Equipment</u>	
<u>Business-Type Activities</u>					
Balance - December 31, 2021	\$308,318	\$2,636,394	\$2,218,177	\$127,752	\$5,290,641
Increases	<u>0</u>	<u>0</u>	<u>156,771</u>	<u>1,953</u>	<u>158,724</u>
Balance - December 31, 2022	<u>\$308,318</u>	<u>\$2,636,394</u>	<u>\$2,374,948</u>	<u>\$129,705</u>	<u>\$5,449,365</u>
<u>Accumulated Depreciation</u>					
Balance - December 31, 2021	\$ 0	\$1,522,038	\$1,298,497	\$ 92,580	\$2,913,115
Increases	<u>0</u>	<u>39,651</u>	<u>41,130</u>	<u>9,974</u>	<u>90,755</u>
Balance - December 31, 2022	<u>\$ 0</u>	<u>\$1,561,689</u>	<u>\$1,339,627</u>	<u>\$102,554</u>	<u>\$3,003,870</u>

All depreciation expense was charged to the parking function.

E. Pension Plans

Single-Employer Plans

1. Plan Descriptions, Contribution Information, and Funding Policies

The City's reporting entity participates in three single-employer plans. Assets are held separately and may be used only for the payment of benefits to the members of the respective plans, as follows:

Primary Government

City of Altoona Non-Uniformed Pension Plan (NUPP) provides retirement benefits for substantially all full-time non-uniformed employees of the primary government.

City of Altoona Police Pension Plan (PPP) provides retirement benefits for all policemen of the reporting entity.

City of Altoona Paid Firemen's Pension Plan (PFPP) provides retirement benefits for all paid firemen of the reporting entity.

Unless otherwise indicated, information for each plan in this note is provided as of the latest actuarial valuation, January 1, 2021.

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)**

II. Detailed Notes on All Activities and Funds (Continued)

E. Pension Plans (Continued)

Single-Employer Plans (Continued)

1. Plan Descriptions, Contribution Information, and Funding Policies (Continued)

Actuarially valuations are performed on a biennial basis.

These plans are defined benefit plans but do not issue stand-alone financial reports, nor are they included in the report of a Public Employee Retirement System or another entity. The following is a summary of funding policies, contribution methods, and benefit provisions:

	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Year established and governing authority	01/15/30; City Council Ordinance	09/4/45; City Council Ordinance	09/10/45; City Council Ordinance
Determination of contribution requirements	Actuarially Determined	Actuarially Determined	Actuarially Determined
Contributions: Employer	Minimum Municipal Obligation (MMO) after deduction for employee contributions	Minimum Municipal Obligation (MMO) after deduction for employee contributions	Minimum Municipal Obligation (MMO) after deduction for employee contributions
Plan Members	5% of Compensation	5% of Compensation Plus \$5/month until age 65 for those hired before 1/1/14; 5% of wages for those hired on/after 1/1/14.	5% of Total Compensation
Funding of administrative costs	Investment earnings	Investment earnings	Investment earnings
Period required to vest	12 Years	12 Years	12 Years
Post-retirement benefit increases	None	For those hired before 1/1/14, every officer in good standing of the Police Pension Fund Association who retires on or after 1/1/96, shall receive an annual cost of living adjustment, not to exceed 50% of the original pension benefit. The annual adjustment will be based on the annual percentage increase in the Consumer Price Index on a yearly basis from October to October of the prior year. In addition, such accumulated COLA increases shall not, at any time, exceed 50% of the current salary being paid patrolman of the highest pay grade. There is no COLA for those hired on/after 1/1/14.	For retirements after 12/31/95, annual increases based on the Consumer Price Index, capped at 50% of the original benefit. At no time can the total pension benefit received exceed 50% of the salary paid to firemen of highest pay grade.
Deferred Retirement Option Plan (DROP) Benefit	None	None	Participants attaining normal retirement eligible to accumulate monthly pensions for a maximum of 60 months

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)**

II. Detailed Notes on All Activities and Funds (Continued)

E. Pension Plans (Continued)

Single-Employer Plans (Continued)

1. Plan Descriptions, Contribution Information, and Funding Policies (Continued)

	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Eligibility for distributions	Later of age 60 or completion of 20 years of credited service.	For those hired on/after 1/1/14, later of age 50 and completion of 20 years of service. For those hired prior to 1/1/14, an officer may retire immediately after 20 years of service.	20 Years of Service
Provisions for: Disability Benefits	For total and permanent disablement which occurs after the completion of 10 years of service, member receives Normal Retirement Benefit.	Service Related: basic normal retirement benefit. For those hired prior to 1/1/14, Non-Service Related: if less than 10 years of service, 25% of salary; otherwise 50%. There is no non-service related benefit to those hired on/after 1/1/14.	Service Related: normal Retirement benefit Non-Service Related: if less than 10 years of service, 25% of salary; otherwise 50%.
Retirement Benefits	Monthly benefit equal to 50% of average monthly compensation (highest 5 years of compensation).	For those hired prior to 1/1/14, 50% of base salary plus service increment. For those hired on or after 1/1/14, 50% of base salary.	Monthly benefit equal to 50% of pay at retirement. Also, a service increment of 1/8 th of monthly pension per years of service in excess of 20 years is payable to a maximum of \$500. In addition, a monthly \$100 contractual bonus is payable at retirement. Participants hired after 12/31/13 do not receive the \$100 contractual bonus, service increment or a cost-of-living adjustment. Additionally, for Post-2013 hires, there is an age 50 requirement for retirement and pensions calculated on 50% of the base wage.
Provisions for: Death Benefits	Before retirement, refund of contributions without interest. After retirement, none, unless, at retirement, member chose a joint and survivor option, in which case 50% of participant's benefit maybe payable to the beneficiary, if still living.	For those hired prior to 1/1/14, before retirement, survivor benefits of 25% of salary if death occurs before 10 years of service. For all officers, before retirement with 10 or more years of service, survivor benefits are 50% of salary. After retirement, for all officers survivor benefit of 100% of pension participant was receiving or was entitled to receive at date of death. In the event of the spouse's death, each of the participant's dependent children will receive an equal share of benefit until their 18 th birthday.	Vested or killed in service: spouse receives 100% of benefit payments participant was receiving or entitled to at death. In event of spouse's death, dependent children will receive an equal share of benefit until their 18 th birthday. If not vested or killed in service, refund of contributions to designated beneficiary.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

E. Pension Plans (Continued)

Single-Employer Plans (Continued)

1. Plan Descriptions, Contribution Information, and Funding Policies (Continued)

Memberships of the plans are as follows:

	<u>As of</u> <u>12/31/22</u> <u>NUPP</u>	<u>As of</u> <u>12/31/20</u> <u>PPP</u>	<u>As of</u> <u>12/31/22</u> <u>PFPP</u>
Active Members	91	63	54
Retirees and Beneficiaries Currently Receiving Benefits	78	102	107
DROP Participants	0	0	4
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	<u>7</u>	<u>4</u>	<u>1</u>
Total	<u>176</u>	<u>169</u>	<u>166</u>

2. Reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits for all plans. The plans held no individual investments (other than U.S. government and U.S. government guaranteed obligations) whose market value exceeds five percent or more of net position available for benefits.

3. Components of Net Pension Liability as of December 31, 2022 Measurement Date

	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Total Pension Liability	\$25,828,017	\$55,148,920	\$63,778,088
Plan Fiduciary Net Position	(18,635,949)	(39,638,928)	(37,786,277)
Net Pension Liability	<u>\$ 7,192,068</u>	<u>\$15,509,992</u>	<u>\$25,991,811</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	72.2%	71.88%	59.25%
Covered Employee Payroll	\$ 4,744,228	\$ 4,827,431	\$ 3,805,698
Net Liability as a Percentage of Covered Employee Payroll	151.6%	321.29%	682.97%

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

E. Pension Plans (Continued)

Single-Employer Plans (Continued)

4. Sensitivity of the Net Pension Liability to Changes in the Discount Rate as of December 31, 2022

A. Non-Uniformed Pension Plan (NUPP)

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Net Pension Liability	\$9,834,958	\$7,192,068	\$4,938,469
	=====	=====	=====

B. Police Pension Plan (PPP)

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Net Pension Liability	\$22,375,710	\$15,509,992	\$9,057,187
	=====	=====	=====

C. Paid Firemen's Pension Plan (PFPP)

	1% Decrease <u>5.75%</u>	Current Discount Rate <u>6.75%</u>	1% Increase <u>7.75%</u>
Net Pension Liability	\$33,917,587	\$25,991,811	\$19,434,012
	=====	=====	=====

5. Investments

Target allocation and long-term expected real rate of return for each asset class:

A. NUPP

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity - Large Cap		4.09% - 7.34%
U.S. Equity - Small/Mid Cap	INFORMATION	5.01% - 9.06%
Non-U.S. Equity - Developed		4.62% - 8.26%
Non-U.S. Equity - Emerging		5.65% - 10.49%
U.S. Corporate Bond - Core	NOT	.88% - 2.02%
U.S. Corporate Bond - High Yield		2.80% - 4.96%
Non-U.S. Debt - Developed		.44% - 1.89%
Non-U.S. Debt - Emerging	PROVIDED	2.69% - 4.76%
U.S. Treasuries/Cash		.07% - .53%

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

E. Pension Plans (Continued)

Single-Employer Plans (Continued)

5. Investments (Continued)

B. PPP

	<u>Target Allocation</u>	Long-Term Expected Real Rate of Return	
		<u>Gross Return</u>	<u>Real Return</u>
Domestic Equity	35%	8.2%	5.7%
International Equity	35%	8.2%	5.7%
Fixed Income	19%	3.1%	.6%
Merger Arbitrage	10%	5.5%	3.0%
Cash	1%	2.5%	0.0%
	<u>100%</u>	<u>6.9%</u>	<u>4.4%</u>

Long-Term (15 years) inflation rate of 2.5%

C. PFPP

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equities	43%	5.1%
International Equities	22%	5.5%
Global Listed Infrastructure	4%	5.0%
Core Real Estate	4%	4.8%
Core Fixed Income	26%	1.8%
Cash	1%	0.0%

6. Changes in Net Pension Liability

NUPP

	----- Increase (Decrease) -----		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at December 31, 2021	\$24,169,434	\$22,465,784	\$1,703,650
Changes for the Year:			
Service Cost	\$ 513,902	\$ 0	\$ 513,902
Interest	1,735,996	0	1,735,996
Changes of Benefit Terms	800,961	0	800,961
Contributions - Employer	0	633,024	(633,024)
Contributions - Employee	0	256,497	(256,497)

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

E. Pension Plans (Continued)

Single-Employer Plans (Continued)

6. Changes in Net Pension Liability (Continued)

NUPP (Continued)

	----- Increase (Decrease) -----		
	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability <u>(a) - (b)</u>
Changes for the Year: (Continued)			
Net Investment Income	\$ 0	(\$ 3,272,334)	\$3,272,334
Benefit Payments and Refunds of Employee Contributions	(1,351,093)	(1,351,093)	0
Administrative Expense	0	(54,746)	54,746
Annuity Purchase	(41,183)	(41,183)	0
Net Changes	<u>\$ 1,658,583</u>	<u>(\$ 3,829,835)</u>	<u>\$5,488,418</u>
Balances at December 31, 2022	<u>\$25,828,017</u>	<u>\$18,635,949</u>	<u>\$7,192,068</u>

PPP

	----- Increase (Decrease) -----		
	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability <u>(a) - (b)</u>
Balances at December 31, 2021	<u>\$54,266,519</u>	<u>\$47,960,643</u>	<u>\$ 6,305,876</u>
Changes for the Year:			
Service Cost	\$ 695,810	\$ 0	\$ 695,810
Interest	3,607,868	0	3,607,868
Differences Between Expected and Actual Experience	229,913	0	229,913
Benefit Payments	(3,651,190)	(3,651,190)	0
Contributions - Employer (1)	0	2,506,151	(2,506,151)
Contributions - Employee	0	245,751	(245,751)
Net Investment Income	0	(7,402,461)	7,402,461
Administrative Expense	0	(19,966)	19,966
Net Changes	<u>\$ 882,401</u>	<u>(\$ 8,321,715)</u>	<u>\$ 9,204,116</u>
Balances at December 31, 2022	<u>\$55,148,920</u>	<u>\$39,638,928</u>	<u>\$15,509,992</u>

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

E. Pension Plans (Continued)

Single-Employer Plans (Continued)

6. Changes in Net Pension Liability (Continued)

<u>PFPP</u>	----- Increase (Decrease) -----		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at December 31, 2021	\$60,584,167	\$46,227,423	\$14,356,744
Changes for the Year:			
Service Cost	\$ 833,582	\$ 0	\$ 833,582
Interest	4,006,629	0	4,006,629
Differences Between Expected and Actual Experience	2,177,234	0	2,177,234
Benefit Payments	(3,823,524)	(3,823,524)	0
Contributions - Employer (1)	0	2,257,415	(2,257,415)
Contributions - Employee	0	204,649	(204,649)
Net Investment Income	0	(7,062,569)	7,062,569
Administrative Expense	0	(17,117)	17,117
Net Changes	\$ 3,193,921	(\$ 8,441,146)	\$11,635,067
Balances at December 31, 2022	\$63,778,088	\$37,786,277	\$25,991,811

(1) - Includes State Aid

7. Deferred Outflows of Resources and Deferred Inflows of Resources

<u>NUPP</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience	\$ 0	\$ 898,506
Changes of Assumptions	333,486	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,862,178	662,310
Total	\$4,195,664	\$1,560,816

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

E. Pension Plans (Continued)

Single-Employer Plans (Continued)

7. Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

NUPP (Continued)

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

<u>Year Ended December 31</u>	<u>Amount</u>
2023	\$310,904
2024	603,065
2025	775,833
2026	945,046
2027	0
Thereafter	0

PPP

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience	\$ 537,011	\$2,112,670
Changes of Assumptions	978,390	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>8,535,502</u>	<u>2,636,951</u>
Total	<u>\$10,050,903</u>	<u>\$4,749,621</u>

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

<u>Year Ended December 31</u>	<u>Amount</u>
2023	\$1,093,588
2024	1,289,667
2025	1,875,822
2026	2,298,675
2027	(166,150)
Thereafter	(1,090,320)

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

E. Pension Plans (Continued)

Single-Employer Plans (Continued)

7. Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

PFPP

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience	\$ 5,110,479	\$1,590,830
Change of Assumptions	1,048,535	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>8,108,611</u>	<u>1,716,947</u>
Total	<u>\$14,267,625</u>	<u>\$3,307,777</u>

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

<u>Year Ended December 31</u>	<u>Amount</u>
2023	\$ 2,276,614
2024	2,487,988
2025	3,230,180
2026	2,731,792
2027	233,274
Thereafter	0

8. Annual Pension Expense

Components of Pension Expense for the year ended December 31, 2022:

NUPP

Service Cost	\$ 513,902
Interest	1,735,996
Recognition of Difference Between Expected and Actual Experience	(422,213)
Recognition of Changes in Benefit Terms	800,961
Recognition of Changes of Assumptions	104,215
Employee Contributions	(256,497)
Projected Earnings on Pension Plan Investments	(1,555,388)
Recognition of Differences Between Projected and Actual Earnings on Plan Investments	1,247,261
Administrative Expenses	<u>54,746</u>
Total Pension Expense	<u>\$2,222,983</u>

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

E. Pension Plans (Continued)

Single-Employer Plans (Continued)

8. Annual Pension Expense (Continued)

PPP

Service Cost	\$ 695,810
Interest	3,607,868
Recognition of Difference Between Expected and Actual Experience	(79,796)
Changes of Assumptions	244,597
Employee Contributions	(245,751)
Projected Earnings on Pension Plan Investments	(3,333,228)
Recognition of Differences Between Projected and Actual Earnings on Plan Investments	2,249,817
Administrative Expenses	<u>86,278</u>
Total Pension Expense	<u>\$3,225,595</u>

PFPP

Service Cost	\$ 833,582
Interest	4,006,629
Difference Between Expected and Actual Experience	810,633
Changes of Assumptions	308,392
Employee Contributions	(204,649)
Projected Earnings on Pension Plan Investments	(3,073,195)
Differences Between Projected and Actual Earnings on Plan Investments	2,557,624
Administrative Expenses	<u>17,117</u>
Total Pension Expense	<u>\$5,256,133</u>

9. City Contributions

The City contributions for 2022 for each Plan is as follows:

NUPP	\$ 633,024
PPP	2,506,151
PFPP	2,257,415

10. Plan Related Financial Statement Items

As of December 31, 2022 and for the year then ended, the Plan's had the following:

	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Plan Related Assets	\$18,635,949	\$39,638,928	\$37,786,277
Deferred Outflows of Resources	4,195,664	10,050,903	14,267,625
Net Pension Liability	(7,192,068)	(15,509,992)	(25,991,811)
Deferred Inflows of Resources	(1,560,816)	(4,749,621)	(3,307,777)
Pension Expense	2,222,983	3,225,595	5,256,133
Pension Expenditures	633,024	2,506,151	2,257,415

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

E. Pension Plans (Continued)

Component Unit

Altoona Water Authority

Summary of Significant Accounting Policies

Basis of Accounting

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

Valuation of Investments

Plan investments are at fair value as reported by the Wilmington Trust Company.

Plan Description

Plan Administration

The Altoona Water Authority Employees' Pension Plan is a single-employer defined benefit pension plan. The Plan was established effective January 15, 1930. The Plan was amended and restated by Resolution No. 03-02-235, effective January 1, 2002. The Plan is governed by the Board of Directors of the Altoona Water Authority which may amend the plan provisions, and which is responsible for the management of Plan assets. The Board of Directors has delegated the authority to manage certain Plan assets to the Wilmington Trust Company. The plan is required to file Form PC-203C biennially with the Pennsylvania Department of the Auditor General's Municipal Pension Reporting Program (MPRP). The most recent filing was as of January 1, 2021.

Plan Membership

The plan provides pensions for full-time employees of the Authority. As of December 31, 2022, pension plan membership consists of:

• Active Employees	125
• Retirees and Beneficiaries Currently Receiving Benefits	73
• Terminated Employees Entitled to Benefits But Not Yet Receiving Them	<u>16</u>
Total	214

Benefit Program

Pension plan benefit provisions are as follows:

• Eligibility Requirements

Normal Retirement:	Age 62
Early Retirement:	Age 55 and 5 years of service.
Vesting:	100% after 5 years of service.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

E. Pension Plans (Continued)

Component Unit (Continued)

Altoona Water Authority (Continued)

Plan Description (Continued)

Benefit Program (Continued)

• Retirement Benefit

A monthly benefit payable for life equal to 1/12 of 75% of total member contributions made while an active member. Disabled member receives benefit credit equal to 1.5% of the monthly rate of annual earnings immediately prior to disablement for each month the member remains disabled. The minimum normal retirement benefit is \$16.67 times credited service, up to a maximum of \$500.

• Death Benefit

Before Vesting:

Refund of contributions plus interest.

After Vesting But
Before Retirement:

The participant may elect the following: If a participant dies after becoming vested and before retirement, the spouse will receive a benefit payable at the later of the participant's date of death or earliest retirement date, equal to 50% of the joint and 50% survivor benefit, payable as if the participant had terminated employment at the date of death, survived to earliest retirement date and commenced payment of benefits.

After Retirement:

Benefit in force at participants death.

• Disability Benefit

Service Related:

Normal Retirement benefit, after 5 years of service, calculated at date of disability, payable at Normal retirement date. Participants may elect earlier commencement of reduced benefits, but this causes the special benefit credit to cease.

Non-Service Related:

Same.

• Vesting Benefit

Retirement Benefit as calculated as termination date is payable at Normal Retirement date.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

E. Pension Plans (Continued)

Component Unit (Continued)

Altoona Water Authority (Continued)

Plan Description (Continued)

Benefit Program (Continued)

- Early Retirement Retirement Benefit calculated at termination is reduced by 0.5% for each month early.
- Member Contributions

Amount or Rate:	2.0%
Interest Rate Credited to Member Contributions:	6.0%

Contributions

The employer follows the funding policy prescribed by Act 205 of 1984 (as amended), which requires that annual contributions be based upon the Minimum Municipal Obligation (MMO) using the plan's most recent biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. Any financial requirements established by the MMO must be funded by the employer.

Employees are required to contribute 2 percent of covered payroll to the Plan. This contribution is governed by the Plan's governing ordinances and collective bargaining.

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

Deposits and Investment at Risk Disclosures

Deposits

At December 31, 2022, the Plan held \$0 in deposits.

Investments

The Plan is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act. The Plan's target asset allocation is as follows:

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

E. Pension Plans (Continued)

Component Unit (Continued)

Altoona Water Authority (Continued)

Deposits and Investment at Risk Disclosures (Continued)

Investments (Continued)

<u>Asset Class</u>	<u>Target Percentages</u>
Equity	65%
Fixed Income	35%

Credit Risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The plan has no investment policy for credit risk. The credit ratings of the plan's investments (excluding obligations explicitly guaranteed by the U.S. government) are indicated on the table below.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Cash Equivalents	\$ 143,267	Not Rated
Fixed Income Funds	<u>5,089,846</u>	Not Rated
Total	<u>\$5,233,113</u>	

Concentration of Credit Risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The plan places no limit on the amount that may be invested in any one issuer. At December 31, 2022, the Plan had no investments (other than U.S. Government and U.S. Government guaranteed obligations, mutual funds or other pooled investments) in any one issuer that represent 5% or more of Fiduciary Net Position.

Interest Rate Risk for investments is the risk that a change in interest rates will adversely affect the fair value of an investment. The plan has no investment policy for interest rate risk other than the 35 percent limit on fixed income securities. The maturities of the plan's debt investments are listed on the table below.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5.99</u>	<u>6 - 10</u>
Fixed Income Mutual Fund *	\$5,089,846	\$ 0	\$1,634,575	\$3,455,271
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

*average effective duration

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

E. Pension Plans (Continued)

Component Unit (Continued)

Altoona Water Authority (Continued)

Net Pension Liability

The components of the net pension liability at December 31, 2022 are as follows:

Total Pension Liability *	\$20,015,244
Plan Fiduciary Net Position	(<u>15,475,838</u>)
Net Pension Liability	\$ <u>4,539,406</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.3%

*The total pension liability was determined by an actuarial as of January 1, 2021 and rolled forward to the reporting date using the following significant actuarial assumptions applied to all periods included in the measurement:

Actuarial Assumptions

Inflation:	2.5%
Salary Increase:	4.25% including inflation
Mortality:	Pub G-2010 Public Retirement Plan General Employees mortality tables projected from the year 2020 with rates derived from the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report.
Expected Long-Term Rate of Return:	7.00%, applied to all periods

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of inflation and investment expenses not funded through the MMO) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset claim included in the target asset allocation as of December 31, 2022 are summarized in the following table:

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

E. Pension Plans (Continued)

Component Unit (Continued)

Altoona Water Authority (Continued)

Actuarial Assumptions (Continued)

Expected Long-Term
Rate of Return: (Continued)

<u>Asset Class</u>	<u>Long-Term Expected Real ROR</u>
U.S. Equity - Large Cap	4.09% - 7.34%
U.S. Equity - Small Cap	5.01% - 9.06%
Non-U.S. Equity - Developed	4.62% - 8.26%
Non-U.S. Equity - Emerging	5.65% - 10.49%
U.S. Corporate Bond - Core	.88% - 2.02%
U.S. Corporate Bond - High Yield	2.80% - 4.96%
Non-U.S. Debt - Developed	.44% - 1.89%
Non-U.S. Debt - Emerging	2.69% - 4.76%
U.S. Treasuries/Cash	.07% - .53%

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made equal to the Minimum Municipal Obligation. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Change in Net Pension Liability

	----- Increase (Decrease) -----		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2021	\$19,087,574	\$18,707,365	\$ 380,209
Changes for the Year:			
Service Cost	\$ 420,130	\$ 0	\$ 420,130
Interest	1,336,999	0	1,336,999
Contributions - Employer	0	846,602	(846,602)
Contributions - Employee	0	142,280	(142,280)
Net Investment Income	0	(3,344,311)	3,344,311

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

E. Pension Plans (Continued)

Component Unit (Continued)

Altoona Water Authority (Continued)

Change in Net Pension Liability (Continued)

	----- Increase (Decrease) -----		
	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability <u>(a) - (b)</u>
Changes for the Year: (Continued)			
Benefit Payments and Refunds of Employee Contributions	(\$ 829,459)	(\$ 829,459)	\$ 0
Administrative Expense	<u>0</u>	<u>(46,639)</u>	<u>46,639</u>
Net Changes	<u>\$ 927,670</u>	<u>(\$ 3,231,527)</u>	<u>\$4,159,197</u>
Balances at December 31, 2022	<u>\$20,015,244</u>	<u>\$15,475,838</u>	<u>\$4,539,406</u>

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

The following shows the effect of a 1% change in the discount rate on the net pension liability.

	1% Decrease <u>6.00%</u>	Current Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Net Pension Liability	<u>\$6,674,654</u>	<u>\$4,539,406</u>	<u>\$2,705,804</u>

At December 31, 2022, there were no outstanding Authority contributions.

Pension Expense

Components of Pension Expense for the Year Ended December 31, 2022:

Service Cost	\$ 420,130
Interest on the Total Pension Liability	1,336,999
Recognition of Differences Between Expected and Actual Experience	(152,123)
Recognition of Changes In Assumptions	237,759
Employee Contributions	(142,280)
Projected Earnings on Pension Plan Investments	(1,323,384)
Recognition of Differences Between Projected and Actual Earnings on Plan Investments	523,965
Pension Plan Administrative Expense	<u>46,639</u>
Total Pension Expense	<u>\$ 947,705</u>

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

E. Pension Plans (Continued)

Component Unit (Continued)

Altoona Water Authority (Continued)

Deferred Outflows/Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 0	\$ 439,799
Changes of Assumptions	639,654	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>3,734,156</u>	<u>1,334,001</u>
Total	<u>\$4,373,810</u>	<u>\$1,773,800</u>

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

<u>Year Ended December 31</u>	<u>Amount</u>
2023	\$ 329,949
2024	633,367
2025	685,779
2026	946,908
2027	4,007
Thereafter	<u>0</u>
Net	<u>\$2,600,010</u>

F. Deferred Retirement Option Plan (DROP) Agreement

Effective April 1, 2009, a Retirement Benefit distribution option is available to those firefighters who qualify and voluntarily elect to participate. This option shall not affect a member's eligibility for a City Pension. Additionally, participants in the DROP program are considered to be active firefighters and will continue to be members of the collective bargaining unit. However, if while in the DROP program, contractual benefits change which affect retirement, any member already participating in the DROP will abide by the contract language which was in effect at the time he/she entered the DROP. Otherwise, participants in the DROP program are subject to all rights and responsibilities provided by the collective bargaining agreement until no longer performing the duties of firefighter and terminate employment with the City of Altoona.

A member must have a minimum of twenty (20) year's service to be eligible for the DROP.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

F. Deferred Retirement Option Plan (DROP) Agreement (Continued)

Members eligible to participate in the DROP plan shall include all members hired subsequent to January 1, 2005 who do NOT have the option to buy the post-retirement health care coverage provided by the city with accrued sick leave. Furthermore, any member hired prior to January 1, 2005 may use their accrued sick leave to purchase either post-retirement health care OR buy into the DROP, but not both. In any case, buying into the DROP or post-retirement health care shall mean trading in one hundred two (102) sick days for the option chosen.

Any employee hired before January 1, 2005 must waive the requirement to be paid for accumulated sick leave to participate in the DROP. Firefighters must have accumulated fifty percent (50%) of the maximum allowed sick leave to participate in the DROP and have attained twenty (20) years of service necessary for normal retirement, and will be paid the value of twenty percent of all accumulated sick days in excess of one-hundred and two (102) up to the maximum number. For purposes of the DROP, retirement shall mean when the employee is no longer employed as a Firefighter for the City.

A member participating in DROP must establish a date certain upon which the member shall resign from service as a City Firefighter. This date certain must be prior to completion of the maximum participation period. As a condition of participation in the DROP program, the individual member acknowledges that the Union and the City shall have no responsibility for the financial impact and/or consequences of a member's participation in DROP, including but not limited to, the investment of the contents of a member's DROP account, the performance of any such investments, the member's decision to participate in DROP, or any tax consequences flowing from the DROP participation.

Upon deciding to participate in the DROP, a member must submit, on forms provided by the City: (a) a binding letter of resignation from regular employment with the City which discloses the members' intent to retire; and (b) a written election to participate in the DROP that details the members' rights and obligations under the DROP and includes an agreement to forgo:

- (i) active membership in the pension plan
- (ii) any growth in the salary base used for calculating the regular retirement benefit
- (iii) any additional benefit accrual for retirement purposes

Upon entry into the DROP, a member's pensionable service, and the average applicable compensation shall be frozen and his/her pension and retirement payments shall be calculated as if he/she actually retired on the date he/she entered the DROP. The monthly DROP pension payment, plus any applicable COLA, shall be paid to an individual DROP investment account managed by Wells Fargo Advisors. Wells Fargo Advisors shall maintain the account, independent of the City of Altoona.

Each member shall upon electing to enter the DROP meet with a member of Wells Fargo Advisors to establish an Account and select the investments in his/her individual investment account from an array of options as offered by the Program. The Third Party will be the party responsible for all investment options and record keeping of all assets transferred to the member's Account from the Pension Fund. All investment and administrative costs incurred with the Third Party shall be charged against the individual DROP investment accounts of the participants.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

F. Deferred Retirement Option Plan (DROP) Agreement (Continued)

If at any time Wells Fargo Advisors is no longer able to provide the Individual Drop Account satisfactorily as described in this agreement, the City and Union agree to select a mutually agreed upon Third Party to administer the Individual Drop Accounts.

Upon entry into the DROP, all City and Employee Contributions to the Firemen's Pension Fund shall cease, with no additional costs to the City.

An eligible member may participate in the DROP plan for no more than sixty (60) months. At any time up to sixty (60) months, the member may terminate his or her employment and enact the payment options with their Individual DROP Account. Once the maximum participation has been achieved, the member must terminate employment and separate from service.

Commensurate with DROP participation, a member shall make an election, on appropriate forms, selecting the payout option(s) he/she wishes at the termination of the DROP period. This election may be changed at any time prior to termination. The distribution options are as follows:

- (1) A full and lump sum distribution.
- (2) Rollover to another qualified retirement plan (as permitted by law) or to an IRA.
- (3) Purchase of an annuity.
- (4) Keep the monies in the individual DROP investment account. Monies kept in the individual DROP Investment Account may be withdrawn in any manner desired by the member.
- (5) Any other distribution provided by the Third Party Administrator, or any manner permitted by law.

As with the decision to participate in the DROP program, the City assumes no responsibility for the consequences of the rollover election made by a participating member, including, tax consequences and issues of the legality of a rollover, of the manner of distribution which a member selects for the distribution and the individual DROP participants agree to hold the City harmless for any consequences flowing from the member's receipt of a full or partial distribution of the contents of the member's DROP account.

Commensurate with DROP participation, a member shall make an election, on appropriate forms, designating the beneficiary or beneficiaries he/she wishes to receive the monies in his/her individual DROP Investment Account in the event of his/her death before all monies have been distributed.

A member who becomes permanently disabled during the DROP period shall be retired from service and, thereafter, shall revert to his/her normal pension retirement pension. He will directly receive those pension payments which were being deposited into his/her DROP investment account. The participant will then have access to the distributions from his/her individual DROP Investment Account.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

F. Deferred Retirement Option Plan (DROP) Agreement (Continued)

If a member becomes temporarily disabled during his/her participation in DROP, the time period while on disability counts toward the sixty (60) month participation limit. During such period of temporary disability, a member shall receive disability pay in the same amount as disabled firefighters that are not participating in DROP. In no event shall a member on temporary disability have the ability to draw from the DROP Account.

However, if a member is disabled and has not returned to work as of the date of his required retirement, such retirement shall take precedence over all other provisions and said member shall immediately resign.

The members agree that any costs or fees associated with the management and/or Administration or the DROP accounts shall be paid directly from the Individual Drop Account and not by the City.

In expressing the normal cost and administrative expense requirements as a dollar amount under Act 205, the City shall exclude the compensation of all DROP participants from the payroll of the active membership of the pension plan. For purposes of computing and reporting the applicable number of units under Act 205, a DROP participant shall not be reported to the Auditor General as an active employee.

Any amendment to the DROP Plan shall be consistent with the provisions covering deferred retirement option plans set forth in the collective bargaining agreement and shall be binding upon all future DROP participants and upon all DROP participants who have balances in their deferred retirement option accounts. The DROP Plan may only be amended upon a written instrument. The members agree to act promptly and in good faith to amend this DROP plan to ensure compliance with Act 205 and any other applicable law.

Participation in the DROP program does not create any separate entitlement to employment. In addition, nothing shall be construed as a change to the parties practice of calculating pensionable compensation, and except for the ability to establish a DROP Account and participate in the DROP Program, nothing is intended to create new pension benefits of any kind which did not exist as of December 31, 2007.

G. Post-Employment Benefits - Single Employer

Police Postretirement Benefits

Police Plan Description

The City's Police Postretirement Plan is a non-contributory, single-employer defined benefit postretirement benefit plan that covers full-time uniformed police officers of the City that were hired prior to 2014. Plan member contributions by retired officers toward their postretirement benefits reduce the employer cost and the resulting liability. The Plan provides postretirement medical benefits upon retirement or disability to Plan members and their beneficiaries, pursuant to City ordinances and the collective bargaining agreement between the City and its Police officers. Eligible members with other medical coverage may elect to receive opt-out payments in lieu of these benefits and may later elect to receive plan benefits

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

G. Post-Employment Benefits - Single Employer (Continued)

Police Postretirement Benefits (Continued)

Police Plan Description (Continued)

if the other coverage is discontinued. The Plan may be amended by the City through its ordinances and union contracts. The Plan is administered by an administrator appointed by the City Council.

Separate financial statements are not issued for this plan.

Memberships of the plan are as follows:

	<u>12/31/22</u>
Active Members	33
Retirees and Beneficiaries Currently Receiving Benefits	71
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	<u>0</u>
Total	104
	104

Plan Funding

Officers who retire in 2014 and later and are receiving postretirement benefits under the Plan are required to pay a flat amount toward medical premium and life insurance coverage, as well as the cost of dental and vision coverage and dependent coverage; however, medical, dental, and vision coverage is provided for disabled officers at the City's expense. Some prior retired officers are grandfathered under the provisions in effect at their retirement and are required to contribute different amounts or are not required to contribute towards their medical coverage.

The Plan does not have a funding policy. The City's portion of medical and life insurance premiums for retired members, including the implicit rate subsidy, are paid from the City's General Fund.

Valuation Date

July 1, 2021

Actuarial Assumptions

Inflation

2.5%

Interest Rate

4.0% based upon the 20-year AA/Aa municipal bond rates.

Salary Increases

Active plan members' salaries are assumed to increase by 4.5% per year. As Plan benefits are not pay-related, this assumption was used solely to determine the normal costs under the actuarial cost method.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

G. Post-Employment Benefits - Single Employer (Continued)

Police Postretirement Benefits (Continued)

Actuarial Assumptions (Continued)

Mortality

RP-2000 Table for healthy males and females, using the combined mortality table for active and retired members, projected using scale AA. 25% of active member's deaths are assumed to be in the line of duty. Mortality for disabled lives is assumed to be that of healthy members who are ten years older.

Turnover

Table T-1. The following is a list of the annual rates of withdrawal (employee turnover) at selected ages under the table:

<u>Age</u>	<u>Rate of Turnover</u>
20	5.5000%
25	4.9706%
30	3.8011%
35	2.4866%
40	1.3283%
45	0.6233%
50	0.6475%
55	1.4036%
60	1.5555%

Disability

1992 Railroad Retirement Board Disability Table. The following is a list of the annual rates of disablement at selected ages:

<u>Age</u>	<u>Rate of Disability</u>
20	0.08%
25	0.08%
30	0.08%
35	0.08%
40	0.37%
45	0.86%
50	1.48%
55	2.46%
60	4.81%

Retirement

Officers are assumed to retire at the latest of age 54, completion of 20 years of service or their age at the valuation date.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

G. Post-Employment Benefits - Single Employer (Continued)

Police Postretirement Benefits (Continued)

Actuarial Assumptions (Continued)

Percent Married

85% of retiring members are assumed to be married at the time of retirement. Female spouses are assumed to be the same age as male spouses.

Member Elections

85% of retiring members are assumed to elect coverage under the Plan. 10% of members who elect coverage are assumed to elect the cash out instead of receiving medical coverage under the Plan.

Medicare Eligibility

10% of retired members reaching age 65 are assumed not to be eligible for Medicare benefits.

Medical Claims Rates

Medical claim rates are based on the current premium rates, adjusted based on the factors used by the insurer to adjust the composite group insurance premiums rates to reflect the age of retired plan members. The adjustment factors by age and sex are as follows:

<u>Ages</u>	<u>Female Factors</u>	<u>Male Factors</u>
<20	0.500	0.587
20-24	0.394	0.625
25-29	0.410	0.922
30-34	0.515	1.165
35-39	0.646	1.200
40-44	0.805	1.229
45-49	1.016	1.349
50-54	1.339	1.587
55-59	1.740	1.835
60-64	2.233	2.184
65-69	2.786	2.618
70+	3.338	3.087

Medical Inflation

For the medical coverage (doctor, hospitalization, major medical and prescription drug) coverage, premium rates are assumed to increase at the following rates, based on the Gentzen Model of Long-Run Medical Cost Trends:

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

G. Post-Employment Benefits - Single Employer (Continued)

Police Postretirement Benefits (Continued)

Actuarial Assumptions (Continued)

Medical Inflation (Continued)

<u>Year</u>	<u>Rate of Increase</u>
2021-2044	5.3%
2045-2046	5.1%
2047-2049	5.0%
2050-2053	4.9%
2054-2059	4.8%
2060-2065	4.7%
2066	4.6%
2067	4.5%
2068-2069	4.4%
2070	4.3%
2071	4.2%
2072-2073	4.1%
2074	4.0%
2075+	3.9%

Census Data

The actuarial valuation was prepared using census data and plan benefits and costs as of January 1, 2021.

Actuarial Cost Method

The actuarial cost method is the way that unfunded Plan costs are allocated over future years, including the current year. The Plan uses the entry age normal actuarial cost method. Under this method, the normal cost and actuarial accrued liability are determined on an individual basis. The unfunded actuarial accrued liability is determined as the excess of the actuarial accrued liability over the actuarial value of assets. If the actuarial accrued liability exceeds the actuarial value of Plan assets, the unfunded actuarial accrued liability is amortized over future years as part of the annual contribution requirement. The amortization amounts are determined based on the source of each piece of the unfunded actuarial accrued liability (e.g., actuarial gains and losses, plan amendments, changes in assumptions, etc.). If the actuarial value of assets exceeds the actuarial accrued liability, 10% of this excess is used to reduce the Plan's financial requirement.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

G. Post-Employment Benefits - Single Employer (Continued)

Police Postretirement Benefits (Continued)

Components of Net OPEB Liability as of December 31, 2022 Measurement Date

Total OPEB Liability	\$21,504,233
Plan Fiduciary Net Position	0
Net OPEB Liability	\$21,504,233
Fiduciary Net Position as a Percentage of Total OPEB Liability	0%
Covered Employee Payroll	\$ 1,979,698
Net Liability as a Percentage of Covered Payroll	1086.24%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate as of December 31, 2022

	1% Decrease <u>3.00%</u>	Current Discount Rate <u>4.00%</u>	1% Increase <u>5.00%</u>
Net Pension Liability	\$24,253,043	\$21,504,233	\$19,238,464

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates as of December 31, 2022

	1% Decrease in Medical <u>Trend Rate</u>	Current Medical <u>Trend Rate</u>	1% Increase in Medical <u>Trend Rate</u>
Net Pension Liability	\$18,852,518	\$21,504,233	\$24,756,838

Investments and Discount Rate

Since there are no plan assets, the discount rate is based on a 20 year High-Grade Municipal Rate Index.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

G. Post-Employment Benefits - Single Employer (Continued)

Police Postretirement Benefits (Continued)

Changes in Net OPEB Liability

	----- Increase (Decrease) -----		
	Total OPEB Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net OPEB Liability <u>(a) - (b)</u>
Balances at January 1, 2022	\$21,040,739	\$ 0	\$21,040,739
<hr/>			
Changes for the Year:			
Service Cost	\$ 400,670	\$ 0	\$ 400,670
Interest	842,071	0	842,071
Employer Contributions	0	779,247	(779,247)
Benefit Payments	(779,247)	(779,247)	0
Net Changes	\$ 463,494	\$ 0	\$ 463,494
<hr/>			
Balances at December 31, 2022	\$21,504,233	\$ 0	\$21,504,233
<hr/>			

Deferred Outflows of Resources and Deferred Inflows of Resources

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences in Projected and Actual Experience	\$359,096	\$0
	<hr/>	<hr/>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to other post-retirement benefits will be recognized in other post-retirement benefits expense as follows:

<u>Year Ended December 31</u>	<u>Amount</u>
2023	\$359,096
2024	0
2025	0
2026	0
2027	0
	<hr/>
	\$359,096
	<hr/>

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

G. Post-Employment Benefits - Single Employer (Continued)

Police Postretirement Benefits (Continued)

Annual OPEB Expense

Components of OPEB Expense for the year ended December 31, 2022:

Service Cost	\$ 400,670
Interest	842,071
Difference Between Expected and Actual Experience	<u>816,128</u>
Total OPEB Expense	<u>\$2,058,869</u>

City Contributions

The City's contributions for the year ended December 31, 2022 was \$779,247.

Plan Related Financial Statement Items

As of December 31, 2022 and for the year then ended, the Plan's had the following:

Plan Related Assets	\$ 0
Deferred Outflows of Resources	359,096
Net OPEB Liability	(21,504,233)
Deferred Inflows of Resources	0
OPEB Expense	2,058,869
OPEB Expenditures	779,247

Firemen's Postretirement Benefits Plan

Firemen Plan Description

The City's Firemen's Postretirement Plan is a non-contributory, single-employer defined benefit postretirement benefit plan that covers full-time uniformed firemen of the City that were hired prior to 2005. Plan member contributions by retired firemen toward their postretirement benefits reduce the employer costs and resulting liability. The Plan provides postretirement medical benefits upon retirement or disability to Plan members and their beneficiaries, pursuant to City ordinances and the collective bargaining agreement between the City and its Firemen. Eligible members with other medical coverage may elect to receive opt-out payments in lieu of these benefits and may later elect to receive plan benefits if the other coverage is discontinued. The Plan may be amended by the City through its ordinances and union contracts. The Plan is administered by an administrator appointed by the City Council.

Separate financial statements are not issued for this plan.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

G. Post-Employment Benefits - Single Employer (Continued)

Firemen's Postretirement Benefits Plan (Continued)

Firemen Plan Description (Continued)

Memberships of the plan are as follows:

	<u>12/31/22</u>
Active Members	27
Retirees and Beneficiaries Currently Receiving Benefits	73
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	<u>0</u>
Total	100
	<hr style="width: 100%;"/>

Plan Funding

Firemen who retire and are receiving postretirement benefits under the Plan are required to pay a flat amount towards medical premium and life insurance coverage, as well as the cost of dental and vision coverage and dependent coverage; however, medical, dental, and vision coverage is provided for disabled firemen at the City's expense. Some prior retired firemen are grandfathered under the provisions in effect at their retirement and are required to contribute different amounts or are not required to contribute towards their medical coverage.

The Plan does not have a funding policy. The City's portion of medical and life insurance premiums for retired members, including explicit rate subsidy, are paid from the City's General Fund.

Valuation Date

January 1, 2021

Actuarial Assumptions

Inflation

2.5%

Interest Rate

4.0%, based upon the 20-year AA/Aa municipal bond rates.

Salary Increases

Active plan members' salaries are assumed to increase by 4.5% per year. As Plan benefits are not pay-related, this assumption was used solely to determine the normal costs under the actuarial cost method.

Mortality

RP-2000 Table for healthy males and females, using the combined mortality table for active and retired members, projected using scale AA. 25% of active member's deaths are assumed to be in the line of duty. Mortality for disabled lives is assumed to be that of healthy members who are ten years older.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

G. Post-Employment Benefits - Single Employer (Continued)

Firemen's Postretirement Benefits Plan (Continued)

Actuarial Assumptions (Continued)

Turnover

Table T-1. The following is a list of the annual rates of withdrawal (employee turnover) at selected ages under the table:

<u>Age</u>	<u>Rate of Turnover</u>
20	5.5000%
25	4.9706%
30	3.8011%
35	2.4866%
40	1.3283%
45	0.6233%
50	0.6475%
55	1.4036%
60	1.5555%

Disability

UAW 1995 Table. The following list Table T-1. The following is a list of the annual rates of disablement at selected ages:

<u>Age</u>	<u>Rate of Disability</u>	
	<u>Females</u>	<u>Males</u>
20	0.04%	0.03%
25	0.05%	0.03%
30	0.06%	0.04%
35	0.08%	0.05%
40	0.10%	0.07%
45	0.15%	0.10%
50	0.26%	0.18%
55	0.49%	0.36%
60	1.21%	0.90%

Retirement

Firefighters are assumed to retire at the later of age 56 or normal retirement eligibility.

Percent Married

85% of retiring members are assumed to be married at the time of retirement. Female spouses are assumed to be the same age as male spouses.

Member Elections

85% of retiring members are assumed to elect coverage under the Plan. 10% of members who elect coverage are assumed to elect the cash out instead of receiving medical coverage under the Plan.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

G. Post-Employment Benefits - Single Employer (Continued)

Firemen's Postretirement Benefits Plan (Continued)

Actuarial Assumptions (Continued)

Medicare Eligibility

10% of retired members reaching age 65 are assumed not to be eligible for Medicare benefits.

Medical Claims Rates

Medical claim rates are based on the current premium rates, adjusted based on the factors used by the insurer to adjust the composite group insurance premiums rates to reflect the age of retired plan members. The adjustment factors by age and sex are as follows:

<u>Ages</u>	<u>Female Factors</u>	<u>Male Factors</u>
<20	0.500	0.587
20-24	0.394	0.625
25-29	0.410	0.922
30-34	0.515	1.165
35-39	0.646	1.200
40-44	0.805	1.229
45-49	1.016	1.349
50-54	1.339	1.587
55-59	1.740	1.835
60-64	2.233	2.184
65-69	2.786	2.618
70+	3.338	3.087

Medical Inflation

For the medical coverage ((doctor, hospitalization, major medical and prescription drug) coverage, premium rates are assumed to increase at the following rates, based on the Gentzen Model of Long-Run Medical Cost Trends:

<u>Year</u>	<u>Rate of Increase</u>
2019	5.4%
2020-2044	5.3%
2045-2046	5.1%
2047-2049	5.0%
2050-2053	4.9%
2054-2059	4.8%
2060-2065	4.7%
2066	4.6%
2067	4.5%
2068-2069	4.4%
2070	4.3%
2071	4.2%
2072-2073	4.1%
2074	4.0%
2075+	3.9%

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

G. Post-Employment Benefits - Single Employer (Continued)

Firemen's Postretirement Benefits Plan (Continued)

Census Data

The actuarial valuation was prepared using census data and plan benefits and costs as of January 1, 2021.

Actuarial Cost Method

The actuarial cost method is the way that unfunded Plan costs are allocated over future years, including the current year. The Plan uses the entry age normal actuarial cost method. Under this method, the normal cost and actuarial accrued liability are determined on an individual basis. The unfunded actuarial accrued liability is determined as the excess of the actuarial accrued liability over the actuarial value of assets. If the actuarial accrued liability exceeds the actuarial value of Plan assets, the unfunded actuarial accrued liability is amortized over future years as part of the annual contribution requirement. The amortization amounts are determined based on the source of each piece of the unfunded actuarial accrued liability (e.g., actuarial gains and losses, plan amendments, changes in assumptions, etc.). If the actuarial value of assets exceeds the actuarial accrued liability, 10% of this excess is used to reduce the Plan's financial requirement.

Components of Net OPEB Liability as of December 31, 2022 Measurement Date

Total Pension Liability	\$13,793,387
Plan Fiduciary Net Position	<u>0</u>
Net OPEB Liability	<u>\$13,793,387</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	0%
Covered Employee Payroll	\$ 638,553
Net Liability as a Percentage of Covered Payroll	2160.10%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate as of December 31, 2022

	1% Decrease <u>3.00%</u>	Current Discount Rate <u>4.00%</u>	1% Increase <u>5.00%</u>
Net Pension Liability	<u>\$15,552,714</u>	<u>\$13,793,387</u>	<u>\$12,341,367</u>

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

G. Post-Employment Benefits - Single Employer (Continued)

Firemen's Postretirement Benefits Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates as of December 31, 2022

	<u>1% Decrease in Medical Trend Rate</u>	<u>Current Medical Trend Rate</u>	<u>1% Increase in Medical Trend Rate</u>
Net Pension Liability	\$12,228,607	\$13,793,387	\$15,674,819

Investments and Discount Rate

Since there are no plan assets, the discount rate is based on a 20 year High-Grade Municipal Rate Index.

Changes in Net OPEB Liability

	----- Increase (Decrease) -----		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) - (b)</u>
Balances at January 1, 2022	\$13,791,397	\$ 0	\$13,791,397
Changes for the Year:			
Service Cost	\$ 167,100	\$ 0	\$ 167,100
Interest	544,155	0	544,155
Employer Contributions	0	709,265	(709,265)
Benefit Payments	(709,265)	(709,265)	0
Net Changes	\$ 1,990	\$ 0	\$ 1,990
Balances at December 31, 2022	\$13,793,387	\$ 0	\$13,793,387

Deferred Outflows of Resources and Deferred Inflows of Resources

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences in Projected and Actual Experience	\$0	\$0

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

G. Post-Employment Benefits - Single Employer (Continued)

Firemen's Postretirement Benefits Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to other post-retirement benefits will be recognized in other post-retirement benefits expense as follows:

<u>Year Ended December 31</u>	<u>Amount</u>
2023	\$0
2024	0
2025	0
2026	0
2027	<u>0</u>
	\$0
	=

Annual OPEB Expense

Components of OPEB Expense for the year ended December 31, 2022:

Service Cost	\$167,100
Interest	<u>544,155</u>
Total OPEB Expense	<u>\$711,255</u>

City Contributions

The City's contributions for the year ended December 31, 2022 was \$709,265.

Plan Related Financial Statement Items

As of December 31, 2022 and for the year then ended, the Plan's had the following:

Plan Related Assets	\$ 0
Deferred Outflows of Resources	0
Net OPEB Liability	(13,793,387)
Deferred Inflows of Resources	0
OPEB Expense	711,255
OPEB Expenditures	709,265

H. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of property; errors and omissions; and natural disasters for which the City carries commercial insurance. In addition, the City maintains a limited self-insurance program for Worker's Compensation.

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)**

II. Detailed Notes on All Activities and Funds (Continued)

H. Risk Management (Continued)

The City is self-insured with respect to worker's compensation in order to pay worker's compensation claims of City employees and minimize the total annual costs of worker's compensation to the City. A third-party administrator determines payments to be made by the City based on actual incurred workers compensation claims by City employees. Annual claims are paid from the general fund. Claims incurred but not paid of \$38,312 have been recorded as a payable in the general fund as of December 31, 2022. Additional claims are estimated to be \$576,925. During 2010, the Commonwealth of Pennsylvania's Department of Labor and Industry's Bureau of Workers' Compensation calculated the funding status of the City's workers' compensation dedicated asset account, pursuant to revised self-insurance regulations. Due to these revised regulations, the estimate of the City's required reserve decreased from \$2,033,934 to \$576,925, and, historically, this reserve has been used by the City to estimate the long-term portion of its workers' compensation liability.

The City's specific excess annual retention for each accident or each employee for disease are as follows:

- a. As respects to the loss comprised of medical and rehabilitation expenses:
 - i. the first \$110,000 incurred during the first retention period
 - ii. the first \$60,000 incurred during the second retention period
 - iii. the first \$50,000 incurred during the third and each other retention period
- b. As respects to the loss comprised of periodic income benefits: The first \$27,000 due during each retention period.
- c. \$450,000, as respects to the loss:
 - i. comprised of liability imposed by law for damages
 - ii. comprised of lump-sum benefits (including lump-sum benefits payable in installments) rather than periodic income benefits
 - iii. for which you purchase an annuity or make other financial arrangement to discharge your liability for payment of periodic income benefits
 - iv. for which any governmental entity requires you to make a deposit to fund the payment of periodic income benefits
- d. subject to a maximum retention of \$450,000

The annual changes to worker's compensation liabilities for claims as of December 31, 2022 are as follows:

<u>January 1, 2022</u>	<u>Net Change</u>	<u>December 31, 2022</u>	<u>Due Within One Year</u>
\$635,966	(\$20,729)	\$615,237	\$38,312
=====	=====	=====	=====

The City has recognized, as due within one year, the payments made under the City's self-insured program through March 31, 2023.

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)**

II. Detailed Notes on All Activities and Funds (Continued)

I. Lease Obligations

Operating Leases

The City is committed under various leases. These leases are considered for accounting purposes to be operating leases with month-to-month terms.

J. Long-Term Debt

General Obligation Bonds, Series of 2017

As of December 22, 2017, the City issued \$9,359,000 General Obligation Bonds, Series of 2017 to advance refund a portion (\$1,790,000) of the City's outstanding General Obligation Bonds, Series of 2013 (the "Refunded 2013 Bonds"). In addition, a portion of the proceeds were deposited into a sinking fund held by the Escrow Agent for the City's General Obligation Bonds, Series of 2009 to redeem and retire \$330,000 outstanding principal amount thereof. Proceeds of the Bonds will also pay the costs of issuing the Bonds, and all remaining proceeds will be deposited into a capital projects account to fund various capital projects of the City.

The General Obligation Bonds are general obligations of the City of Altoona, payable from its tax and other general revenues, and the City has pledged its full faith, credit, and taxing power. The interest rate on these Bonds is 2.56%.

Annual debt service requirements to maturity for these General Obligation Bonds are as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total</u>
03/01/2023	\$ 0	2.56%	\$ 86,618	\$ 86,618
09/01/2023	699,000	2.56%	86,618	785,618
03/01/2024	0	2.56%	77,670	77,670
09/01/2024	713,000	2.56%	77,670	790,670
03/01/2025	0	2.56%	68,544	68,544
09/01/2025	734,000	2.56%	68,544	802,544
03/01/2026	0	2.56%	59,149	59,149
09/01/2026	750,000	2.56%	59,149	809,149
03/01/2027	0	2.56%	49,549	49,549
09/01/2027	770,000	2.56%	49,549	819,549
03/01/2028	0	2.56%	39,693	39,693
09/01/2028	790,000	2.56%	39,693	829,693
03/01/2029	0	2.56%	29,581	29,581
09/01/2029	555,000	2.56%	29,581	584,581
03/01/2030	0	2.56%	22,477	22,477
09/01/2030	571,000	2.56%	22,477	593,477
03/01/2031	0	2.56%	15,168	15,168
09/01/2031	585,000	2.56%	15,168	600,168
03/01/2032	0	2.56%	7,680	7,680
09/01/2032	<u>600,000</u>	2.56%	<u>7,680</u>	<u>607,680</u>
	<u>\$6,767,000</u>		<u>\$ 912,258</u>	<u>\$7,679,258</u>

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

J. Long-Term Debt (Continued)

General Obligation Bond, Series A and AA of 2021

In 2021, the City issued \$17,840,000 General Obligation Bonds, Series A of 2021 to refund the City's General Obligation Note, Series of 2015; its General Obligation Bonds, Series of 2016; and its General Obligation Note, Series A of 2019; and to pay the costs of issuing the Bonds.

The General Obligation Bonds are general obligation of the City of Altoona, payable from its tax and other general revenues, and the City has pledged its full faith, credit, and taxing power. The interest rate on these Bonds is 1.46%.

In addition, the City issued \$7,640,000 General Obligation Bonds, Series AA of 2021 to refund the City's General Obligation Bonds, Series of 2020 and to pay the costs of issuing the Bonds.

The General Obligation Bonds are general obligation of the City of Altoona, payable from its tax and other general revenues, and the City has pledged its full faith, credit, and taxing power. The interest rate on these Bonds is 1.6%.

Annual debt service requirements to maturity for these General Obligation Bonds are as follows:

----- SERIES AA OF 2021 -----

<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
03/01/2023		1.600%	\$ 61,120	\$ 61,120	
09/01/2023	\$ 1,500	1.600%	61,120	62,620	\$ 123,740
03/01/2024		1.600%	61,108	61,108	
09/01/2024	1,500	1.600%	61,108	62,608	123,716
03/01/2025		1.600%	61,096	61,096	
09/01/2025	44,000	1.600%	61,096	105,096	166,192
03/01/2026		1.600%	60,744	60,744	
09/01/2026	588,000	1.600%	60,744	648,744	\$ 709,488
03/01/2027		1.600%	56,040	56,040	
09/01/2027	705,000	1.600%	56,040	761,040	817,080
03/01/2028		1.600%	50,400	50,400	
09/01/2028	856,000	1.600%	50,400	906,400	956,800
03/01/2029		1.600%	43,552	43,552	
09/01/2029	872,000	1.600%	43,552	915,552	959,104
03/01/2030		1.600%	36,576	36,576	
09/01/2030	887,000	1.600%	36,576	923,576	960,152
03/01/2031		1.600%	29,480	29,480	
09/01/2031	902,000	1.600%	29,480	931,480	960,960
03/01/2032		1.600%	22,264	22,264	
09/01/2032	912,000	1.600%	22,264	934,264	956,528

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

J. Long-Term Debt (Continued)

General Obligation Bond, Series A and AA of 2021 (Continued)

----- SERIES AA OF 2021 -----

<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
03/01/2033		1.600%	\$ 14,968	\$ 14,968	
09/01/2033	\$ 926,000	1.600%	14,968	940,968	\$ 955,936
03/01/2034		1.600%	7,560	7,560	
09/01/2034	<u>945,000</u>	1.600%	<u>7,560</u>	<u>952,560</u>	<u>960,120</u>
	<u>\$7,640,000</u>		<u>\$1,009,816</u>	<u>\$8,649,816</u>	<u>\$8,649,816</u>

----- SERIES A OF 2021 -----

<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
03/01/2023		1.460%	\$ 116,917	\$ 116,917	
09/01/2023	\$ 2,175,000	1.460%	116,917	2,291,917	\$ 2,408,834
03/01/2024		1.460%	101,039	101,039	
09/01/2024	2,211,000	1.460%	101,039	2,312,039	2,413,078
03/01/2025		1.460%	84,899	84,899	
09/01/2025	2,289,000	1.460%	84,899	2,373,899	2,458,798
03/01/2026		1.460%	68,189	68,189	
09/01/2026	1,842,000	1.460%	68,189	1,910,189	1,978,378
03/01/2027		1.460%	54,743	54,743	
09/01/2027	1,761,000	1.460%	54,743	1,815,743	1,870,486
03/01/2028		1.460%	41,887	41,887	
09/01/2028	1,076,000	1.460%	41,887	1,117,887	1,159,774
03/01/2029		1.460%	34,033	34,033	
09/01/2029	\$1,084,000	1.460%	34,033	1,118,033	1,152,066
03/01/2030		1.460%	26,119	26,119	
09/01/2030	1,105,000	1.460%	26,119	1,131,119	1,157,238
03/01/2031		1.460%	18,053	18,053	
09/01/2031	1,121,000	1.460%	18,053	1,139,053	1,157,106
03/01/2032		1.460%	9,870	9,870	
09/01/2032	1,136,000	1.460%	9,870	1,145,870	1,155,740
03/01/2033		1.460%	1,577	1,577	
09/01/2033	216,000	1.460%	1,577	217,577	219,154
03/01/2034		1.460%	0	0	0
09/01/2034	<u>0</u>	1.460%	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$16,016,000</u>		<u>\$1,114,652</u>	<u>\$17,130,652</u>	<u>\$17,130,652</u>

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

J. Long-Term Debt (Continued)

Guaranteed Sewer Revenue Bonds, Series of 2019

On July 11, 2019, the City Issued Sewer Revenue Bonds, Series of 2019 (Bonds) in the amount of \$28,895,000.

The City owns facilities that provide sanitary sewage collection, transmission, and treatment services in the City and neighboring municipalities (the Sewer System). The Sewer System is operated by the Altoona Water Authority (the Authority) under a Sewer System Agreement of Lease, dated March 23, 2017 (the Sewer Lease). Under the Sewer Lease the Authority renders, and bills customers for, Sewer System services and the resulting revenues are applied by the Authority to pay the following, in order of priority: (1) Authority Operating Expenses and Administrative Expenses, (2) all sums due on Authority Sewer Indebtedness, including PENNVEST loans of the Authority, and (3) at least the minimum net rentals due to the City. The amount of such minimum lease rentals must be sufficient to cover at least 100% of the Debt Service Requirements on City Sewer Indebtedness plus supplemental lease rentals that represents the City's rate of return for its ownership of the Sewer System.

These Bonds are secured by all rights, titles, and interest of the City in and to: (1) the annual lease payments receivable by it from the Authority under the Sewer Lease in amounts by fiscal year equal to the principal and interest due on the Bonds, and (2) all Sewer System rates, fees and other revenues received or receivable by the City following any termination of the Sewer Lease, including applicable deposits, accounts and accounts receivable, and which are legally available for the payment of debt service due on the Bonds (collectively, the Sewer Revenues). The City has also covenanted that if the pledged Sewer Revenues are insufficient to pay the Bonds when due the City will pay the balance from its tax and other general revenues (the Guaranty). The City covenants to include the amount of the debt service, or the amount payable in respect of the Guaranty, for each fiscal year of the City in which such sums are payable, in its budget for that year; appropriate such amounts from its Sewer Revenues and, in respect of the Guaranty, from its tax and other general revenues, for the payment of such debt service and Guaranty, respectively; and duly and punctually pay or cause to be paid from the Sinking Fund, or any other of its receipts, revenues, and money pledged hereunder, or, in respect of the Guaranty, from its tax and other general revenues. For such budgeting, appropriation and payment of the Guaranty, the City has pledged, irrevocably, its full faith, credit, and taxing power. The interest rates range from 2.0% to 5.0%.

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>	<u>Interest</u>	<u>Annual Debt Service</u>
06/01/2023				\$ 419,741	
12/01/2023	\$ 1,040,000	5.000	1.820	419,740	\$ 1,879,481
06/01/2024				393,741	
12/01/2024	1,090,000	5.000	1.900	393,740	1,877,481
06/01/2025				366,491	
12/01/2025	1,145,000	5.000	1.950	366,490	1,877,981
06/01/2026				337,866	
12/01/2026	1,205,000	5.000	2.000	337,865	1,880,731

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)**

II. Detailed Notes on All Activities and Funds (Continued)

J. Long-Term Debt (Continued)

Guaranteed Sewer Revenue Bonds, Series of 2019 (Continued)

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>	<u>Interest</u>	<u>Annual Debt Service</u>
06/01/2027				\$ 307,741	
12/01/2027	\$ 1,265,000	5.000	2.090	307,740	\$ 1,880,481
06/01/2028				276,116	
12/01/2028	1,330,000	2.250	2.450	276,115	1,882,231
06/01/2029				261,153	
12/01/2029	1,355,000	2.375	2.550	261,153	1,877,306
06/01/2030				245,063	
12/01/2030	1,395,000	2.750	2.920	245,062	1,885,125
06/01/2031				225,882	
12/01/2031	1,425,000	2.750	2.920	225,881	1,876,763
06/01/2032				206,288	
12/01/2032	1,470,000	2.750	2.920	206,287	1,882,575
06/01/2033				186,075	
12/01/2033	1,510,000	3.000	3.050	186,075	1,882,150
06/01/2034				163,425	
12/01/2034	1,555,000	3.000	3.050	163,425	1,881,850
06/01/2035				140,100	
12/01/2035	1,600,000	3.000	3.050	140,100	1,880,200
06/01/2036				116,100	
12/01/2036	1,650,000	3.000	3.100	116,100	1,882,200
06/01/2037				91,350	
12/01/2037	1,695,000	3.000	3.100	91,350	1,877,700
06/01/2038				65,925	
12/01/2038	1,750,000	3.000	3.100	65,925	1,881,850
06/01/2039				39,675	
12/01/2039	1,795,000	3.000	3.100	39,675	1,874,350
06/01/2040				12,750	
12/01/2040	<u>850,000</u>	3.000	3.100	<u>12,750</u>	<u>875,500</u>
	<u>\$25,125,000</u>			<u>\$7,710,955</u>	<u>\$32,835,955</u>

Guaranteed Sewer Revenue Bonds, Series of 2020

On July 2, 2020, the City Issued Sewer Revenue Bonds, Series of 2020 (Bonds) in the amount of \$12,300,000.

The City owns facilities that provide sanitary sewage collection, transmission, and treatment services in the City and neighboring municipalities (the Sewer System). The Sewer System is operated by the Altoona Water Authority (the Authority) under a Sewer System Agreement of Lease, dated March 23, 2017 (the Sewer Lease). Under the Sewer Lease the Authority renders, and bills customers for, Sewer System services and the resulting revenues are

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

J. Long-Term Debt (Continued)

Guaranteed Sewer Revenue Bonds, Series of 2020(Continued)

applied by the Authority to pay the following, in order of priority: (1) Authority Operating Expenses and Administrative Expenses, (2) all sums due on Authority Sewer Indebtedness, including PENNVEST loans of the Authority, and (3) at least the minimum net rentals due to the City. The amount of such minimum lease rentals must be sufficient to cover at least 100% of the Debt Service Requirements on City Sewer Indebtedness plus supplemental lease rentals that represents the City's rate of return for its ownership of the Sewer System.

These Bonds are secured by all rights, titles, and interest of the City in and to: (1) the annual lease payments receivable by it from the Authority under the Sewer Lease in amounts by fiscal year equal to the principal and interest due on the Bonds, and (2) all Sewer System rates, fees and other revenues received or receivable by the City following any termination of the Sewer Lease, including applicable deposits, accounts and accounts receivable, and which are legally available for the payment of debt service due on the Bonds (collectively, the Sewer Revenues), The City has also covenanted that if the pledged Sewer Revenues are insufficient to pay the Bonds when due the City will pay the balance from its tax and other general revenues (the Guaranty). The City covenants to include the amount of the debt service, or the amount payable in respect of the Guaranty, for each fiscal year of the City in which such sums are payable, in its budget for that year; appropriate such amounts from its Sewer Revenues and, in respect of the Guaranty, from its tax and other general revenues, for the payment of such debt service and Guaranty, respectively; and duly and punctually pay or cause to be paid from the Sinking Fund, or any other of its receipts, revenues, and money pledged hereunder, or, in respect of the Guaranty, from its tax and other general revenues. For such budgeting, appropriation and payment of the Guaranty, the City has pledged, irrevocably, its full faith, credit, and taxing power. The interest rates range from 2.0% to 4.0%.

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>	<u>Interest</u>	<u>Annual Debt Service</u>
02/01/2023				\$ 164,850	
08/01/2023	\$ 910,000	4.000	1.050	164,850	\$ 1,239,700
02/01/2024				146,650	
08/01/2024	945,000	4.000	1.150	146,650	1,238,300
02/01/2025				127,750	
08/01/2025	980,000	4.000	1.300	127,750	1,235,500
02/01/2026				108,150	
08/01/2026	1,020,000	4.000	1.430	108,150	1,236,300
02/01/2027				87,750	
08/01/2027	1,060,000	4.000	1.580	87,750	1,235,500
02/01/2028				66,550	
08/01/2028	1,105,000	4.000	1.670	66,550	1,238,100
02/01/2029				44,450	
08/01/2029	1,150,000	2.000	2.190	44,450	1,238,900
02/01/2030				32,950	
08/01/2030	1,170,000	2.000	2.190	32,950	1,235,900

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)**

II. Detailed Notes on All Activities and Funds (Continued)

J. Long-Term Debt (Continued)

Guaranteed Sewer Revenue Bonds, Series of 2020 (Continued)

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>	<u>Interest</u>	<u>Annual Debt Service</u>
02/01/2031				\$ 21,250	
08/01/2031	\$ 1,195,000	2.125	2.290	21,250	\$ 1,237,500
02/01/2032				8,553	
08/01/2032	<u>805,000</u>	2.125	2.290	<u>8,553</u>	<u>822,106</u>
	<u>\$10,340,000</u>			<u>\$1,617,806</u>	<u>\$11,957,806</u>

Changes in Long-Term Liabilities

Long-Term liability activity for the year ended December 31, 2022 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Workers Compensation	\$ 576,925	\$ 0	\$ 0	\$ 576,925	\$ 0
General Obligation Bonds	33,006,000	0	(2,583,000)	30,423,000	2,875,500
Guaranteed Sewer Revenue Bonds (1)	37,335,000	0	(1,870,000)	35,465,000	1,950,000
Accumulated Compensated Absences	2,574,947	0	(173,398)	2,401,549	63,842
Capital Lease Obligation	919,675	0	(158,739)	760,936	60,405
Net Pension Liability	22,366,270	26,327,601	0	48,693,871	0
Net OPEB Liability	<u>34,832,136</u>	<u>465,484</u>	<u>0</u>	<u>35,297,620</u>	<u>0</u>
Total Government Activity Long-Term Liabilities	<u>\$131,610,953</u>	<u>\$26,793,085</u>	<u>(\$ 4,785,137)</u>	<u>\$153,618,901</u>	<u>\$4,949,747</u>

The accumulated compensated absences will be paid by the fund for which the employee worked. The only amount of accumulated compensated absences recognized as due within one year is the incentive payment made in February 2023.

(1) - Paid by Altoona Water Authority

Component Units

Altoona Water Authority

Loans Payable - PENNVEST

The capital debt of the Authority has been obtained primarily by borrowing from Pennsylvania Infrastructure Investment Authority (PENNVEST) and issuing revenue bonds. Long-term bonds and notes issued and outstanding as of December 31, 2022 and 2021 are as follows:

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)**

II. Detailed Notes on All Activities and Funds (Continued)

J. Long-Term Debt (Continued)

Component Units (Continued)

Altoona Water Authority (Continued)

Loans Payable - PENNVEST (Continued)

<u>Water Division</u>	<u>2022</u>	<u>2021</u>
PENNVEST loan No. 50035, issued November 7, 1994 in the original amount of \$20,000,000, repayable in monthly installments of \$71,518 including interest at an annual rate of 1%.	\$ 1,628,574	\$ 2,465,959
PENNVEST loan No. 12590 issued January 7, 2003 in the original amount of \$7,204,016, repayable in monthly installments of \$32,818 including interest at an annual rate of 1%.	843,738	1,227,035
PENNVEST loan No. 89197 issued June 28, 2013, in the original amount of \$6,466,636, repayable in monthly installments of \$28,084, including interest commencing April 1, 2020. The interest rate is fixed at 1%. As of December 31, 2022 and 2021, \$6,230,760 and \$6,230,760, respectively, had been advanced on this loan.	4,205,156	4,498,524
PENNVEST loan No. 12761 issued in the original amount of \$1,939,874, currently repayable in interest only payments until closing. The interest rate is fixed at 1%. As of December 31, 2022 and 2021, \$1,597,334 and \$1,587,226 had been advanced on this loan.	1,482,189	1,555,124
PENNVEST loan No. 85177 issued March 19, 2021, in the original amount of \$7,500,000, currently repayable in interest only payments until November 1, 2022, when monthly installments of \$34,492 commence for the next 60 monthly payments, which includes interest at 1%. On November 1, 2027, the interest rate increased to 1.743% for all remaining payments. As of December 31, 2022 and 2021, \$5,928,761 and \$2,236,839, respectively, had been advanced on this loan.	5,928,761	2,236,839
PENNVEST loan No. 12776 issued January 18, 2022, in the original amount of \$24,500,000, repayable in monthly installments of \$112,674 including interest, commencing September 1, 2024. The interest rate is fixed at 1%. As of December 31, 2022, \$4,926,235 had been advanced on this loan.	4,926,235	0
PENNVEST loan No. 85178 issued January 18, 2022, in the original amount of \$11,125,000, repayable in monthly installments of \$51,163 including interest, commencing September 1, 2024. The interest rate is fixed at 1%. As of December 31, 2022, \$4,406,693 had been advanced on this loan.	<u>4,406,693</u>	<u>0</u>
Total - Water Division	<u>\$23,421,346</u>	<u>\$11,983,481</u>

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

J. Long-Term Debt (Continued)

Component Units (Continued)

Altoona Water Authority (Continued)

Loans Payable - PENNVEST (Continued)

	<u>2022</u>	<u>2021</u>
<u>Wastewater Division</u>		
PENNVEST loan No. 75380 issued February 9, 2021, in the original amount of \$36,615,700, currently repayable in interest only payments until October 1, 2023, when monthly installments of \$168,394 including interest commence. The interest rate is fixed at 1%. As of December 31, 2022 and 2021 \$32,153,651 and \$25,124,779, respectively, had been advanced on this loan.	\$32,153,651	\$25,124,779
PENNVEST loan No. 72400 issued April 20, 2011, in the original amount of \$10,000,000, repayable in monthly installments of \$32,164 including interest. The interest rate is fixed at 1.00%.	6,470,510	6,749,722
PENNVEST loan No. 71402 issued September 2, 2014, in the original amount of \$6,116,523 currently repayable in monthly installments of \$28,120 including interest. The interest rate is fixed at 1.00%.	4,037,732	4,333,197
PENNVEST loan No. 75334 issued January 3, 2019, in the original amount of \$11,695,000, repayable in monthly installments of \$37,616 including interest, commencing June 1, 2021. The interest rate is fixed at 1.00%. As of December 31, 2022 and 2021, \$10,496,670 and \$10,493,547, respectively, had been advanced on this loan.	<u>10,152,534</u>	<u>10,493,547</u>
Total Wastewater Division	\$52,814,427	\$46,701,245
	-----	-----
Total PENNVEST	\$76,235,773	\$58,684,726
Less: Current Portion	(<u>3,254,624</u>)	(<u>2,574,739</u>)
Net PENNVEST Long-Term Position	<u>\$72,981,149</u>	<u>\$56,109,987</u>

All PENNVEST loans are secured by the Authority's full faith and credit and a pledge of the gross receipts and revenues of the Division benefited by the loan(s).

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)**

II. Detailed Notes on All Activities and Funds (Continued)

J. Long-Term Debt (Continued)

Component Units (Continued)

Altoona Water Authority (Continued)

Loans Payable - PENNVEST (Continued)

Aggregate payments due under the loans are as follows:

	<u>Water Principal</u>	<u>Water Interest</u>	<u>Water Total</u>	<u>Sewer Principal</u>	<u>Sewer Interest</u>	<u>Sewer Total</u>
2023	\$ 1,959,175	\$ 225,250	\$ 2,184,425	\$ 1,295,448	\$ 523,578	\$ 1,819,026
2024	2,090,977	205,250	2,296,227	2,404,540	504,189	2,908,729
2025	1,231,530	187,804	1,419,334	2,428,696	480,033	2,908,729
2026	1,175,298	181,257	1,356,555	2,453,095	455,634	2,908,729
2027	1,185,817	172,779	1,358,596	2,477,739	430,991	2,908,730
2028-2032	6,118,730	674,250	6,792,980	12,767,101	1,776,546	14,543,647
2033-2037	5,881,437	349,857	6,231,294	12,653,896	1,130,524	13,784,420
2038-2042	2,970,302	113,698	3,084,000	12,340,580	515,893	12,856,473
2043-2047	808,080	6,751	814,831	3,773,146	73,727	3,846,873
2048	0	0	0	220,186	605	220,791
	<u>\$23,421,346</u>	<u>\$2,116,896</u>	<u>\$25,538,242</u>	<u>\$52,814,427</u>	<u>\$5,891,720</u>	<u>\$58,706,147</u>

The Parking Authority of the City of Altoona

Term Loan

On May 17, 2019, the Authority entered into a \$200,000 term note agreement with M&T Bank, with a fixed interest rate of 3.86%, which will be repaid in 96 monthly payments of \$2,425, including interest, with a final maturity of June 15, 2027. This loan is secured by all of the revenues and assets owned by the Authority.

The debt service requirements of the above debt are as follows:

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 24,985	\$ 4,115	\$ 29,100
2024	25,967	3,133	29,100
2025	26,986	2,114	29,100
2026	28,055	1,045	29,100
2027	<u>11,814</u>	<u>136</u>	<u>11,950</u>
Total	<u>\$117,807</u>	<u>\$10,543</u>	<u>\$128,350</u>

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)**

II. Detailed Notes on All Activities and Funds (Continued)

J. Long-Term Debt (Continued)

Change in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2022:

<u>Description and Purpose</u>	<u>Balance January 1, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance December 31, 2022</u>	<u>Due Within One Year</u>
<u>Business-Type Activities</u>					
Term Note Payable	\$141,854	\$0	(\$24,047)	\$117,807	\$24,985
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

K. Lease Obligations

1. 2017 Capital Lease - Fire Department

In 2017, the City entered into a lease agreement as lessee for financing the acquisition of a new Custom Rosenbauer Aerial Truck for the fire department valued at \$520,512. The equipment has a five year useful life. The amount of \$104,102 was included in depreciation expense in the current year. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

This lease was paid off in 2022.

2. 2018 Capital Lease - Fire Department

In 2018, the City entered into a lease agreement as lessee for financing the acquisition of a new Custom Rosenbauer Pumper Truck for the fire department valued at \$960,364. The equipment has a five year estimated useful life. The amount of \$192,079 was included in depreciation expense in the current year. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2022, were as follows:

<u>Year Ended December 31</u>	<u>Governmental Activities</u>
2023	\$ 86,345
2024	86,345
2025	86,345
2026	86,345
2027	86,345
2028-2032	431,725
2033	<u>86,345</u>
Total Minimum Lease Payments	\$949,795
Less: Amount Representing Interest	(<u>193,143</u>)
Present Value of Minimum Lease Payments	<u>\$756,652</u>

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)**

II. Detailed Notes on All Activities and Funds (Continued)

K. Lease Obligations (Continued)

3. 2019 Capital Lease - Codes Department

In 2019, the City entered into a lease agreement as lessee for financing the acquisition of a new 2019 Ford Escape SE 4WD vehicle for the Codes Department valued at \$20,523, before a trade-in allowance of \$3,000. The equipment has a five-year estimated useful life. The amount of \$4,105 was included in depreciation expense in the current year. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2022, were as follows:

<u>Year Ended December 31</u>	<u>Governmental Activities</u>
2023	\$ 4,481
Less: Amount Representing Interest	(197)
Present Value of Minimum Lease Payments	\$4,284
	<hr style="width: 10%; margin-left: auto; margin-right: 0;"/>

L. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2022 is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Housing and Community Development	\$ 67,960
General Fund	Altoona Public Access	6,000
Recreation Capital Reserve	General Fund	2,313
General Fund	Highway Aid Fund	8,152
General Fund	Capital Expenditures	314,408
General Fund	Act 205 Pension Fund	844,575
General Fund	Martin Goodman Trust	500
General Fund	Justice Grant Trust Fund	1
General Fund	American Rescue Plan	168,410
General Fund	Grant Match Fund	32,342
		<hr style="width: 10%; margin-left: auto; margin-right: 0;"/>
Total		\$1,444,661
		<hr style="width: 10%; margin-left: auto; margin-right: 0;"/>

The outstanding balances between funds result mainly from the time lag between that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. Detailed Notes on All Activities and Funds (Continued)

M. Interfund Transfers

<u>Transfers Out</u>	----- Transfer In -----			
	<u>General Fund</u>	<u>Equipment Replacement Fund</u>	<u>Special Investigations</u>	<u>Total</u>
Highway Aid Fund	\$ 456,700	\$ 0	\$ 0	\$ 456,700
Act 205 Pension Fund	2,889,111	0	0	2,889,111
General Fund	0	805,283	20,000	825,283
American Rescue Plan	168,410	0	0	168,410
Grant Match Fund	32,342	0	0	32,342
Altoona Public Access	<u>66,608</u>	<u>0</u>	<u>0</u>	<u>66,608</u>
 Total	 <u>\$3,613,171</u>	 <u>\$805,283</u>	 <u>\$20,000</u>	 <u>\$4,438,454</u>

Transfers are used to (1) move revenues from the fund with taxing authorization to the general fund as pension contributions become due, (2) move revenues from the fund receiving grants/allocations to the general fund where the expenditures are paid from, and (3) move unrestricted general fund revenues to fund special investigations by the police department.

N. Revenues and Expenditures-On-Behalf Payments

During 2022, the Commonwealth of Pennsylvania paid to the City \$1,662,245 for on-behalf payments for pensions of City employees.

O. Cooperation Agreement - Altoona Water Authority

On March 23, 2017, the City entered into a series of agreements with the Altoona City Authority. Pursuant to the Water and Sewer System Asset Conveyance Agreement, the Authority transferred to the City all right, title, and interest in and to the water system and sewer system owned and operated by the Authority. Concurrently, the City leased the water and sewer systems to the Authority, giving it lawful possession to operate and set rates for the systems. The lease terms extend throughout the remaining term of all PENNVEST loans, provided that either party may terminate the lease after twenty years, with the consent of PENNVEST. In addition, the City guaranteed all the Authority's outstanding PENNVEST loans and bonds.

P. Contingent Liabilities

In the normal course of operations, there are various claims made against the City for a number of reasons. As of the date of this report, however, no uninsured losses which are measurable and material in amounts or the likelihood of their being settled against the City have been disclosed by the solicitors.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

II. **Detailed Notes on All Activities and Funds** (Continued)

P. Contingent Liabilities (Continued)

In addition, the City receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by the federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, will not be significant to the City's financial statements.

Q. Prior Period Adjustment

As of December 31, 2021, the value of land owned by the City was understated by \$79,024,182, which affected the beginning net position on the government-wide financial statements.

R. Subsequent Events

The date to which events occurring after December 31, 2022, the date of the most recent balance sheet, have been evaluated by management for possible adjustment to the financial statements or disclosure is June 14, 2023, which is the date on which the financial statements were available to be issued.

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS**

Total Pension Liability

As of and for the Year Ended December 31, 2022

	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Service Cost	\$ 513,902	\$ 695,810	\$ 833,582
Interest	1,735,996	3,607,868	4,006,629
Changes of Benefit Terms	800,961	0	0
Annuity Purchase	(41,183)	0	0
Differences Between Expected and Actual Experience	0	229,913	2,177,234
Benefit Payments and Refunds of Employee Contributions	(1,351,093)	(3,651,190)	(3,823,524)
 Net Change in Total Pension Liability	 \$ 1,658,583	 \$ 882,401	 \$ 3,193,921
<u>Total Pension Liability</u> – Beginning	<u>24,169,434</u>	<u>54,266,519</u>	<u>60,584,167</u>
<u>Total Pension Liability</u> – Ending	<u>\$25,828,017</u>	<u>\$55,148,920</u>	<u>\$63,778,088</u>

Plan Fiduciary Net Position

Contributions - Employer (1)	\$ 633,024	\$ 2,506,151	\$ 2,257,415
Contributions - Member	256,497	245,751	204,649
Net Investment Income	(3,272,334)	(7,402,461)	(7,062,569)
Benefit Payments and Refunds of Employee Contributions	(1,351,093)	(3,651,190)	(3,823,524)
Administrative Expenses	(54,746)	(19,966)	(17,117)
Annuity Purchase	(41,183)	0	0
 Net Change in Plan Fiduciary Net Position	 (\$ 3,829,835)	 (\$ 8,321,715)	 (\$ 8,441,146)
<u>Plan Fiduciary Net Position</u> - Beginning	<u>22,465,784</u>	<u>47,960,643</u>	<u>46,227,423</u>
<u>Plan Fiduciary Net Position</u> - Ending	<u>\$18,635,949</u>	<u>\$39,638,928</u>	<u>\$37,786,277</u>
 <u>City's Net Position Liability</u> - Ending	 <u>\$ 7,192,068</u>	 <u>\$15,509,992</u>	 <u>\$25,991,811</u>

(1) - Include State Aid

Plan's Fiduciary Net Position as a Percentage of Total Pension Liability	72.2%	71.89%	59.25%
Covered Employee Payroll	\$ 4,744,228	\$ 4,827,431	\$ 3,805,698
Net Pension Liability as a Percentage of Covered Employee Payroll	151.6%	321.29%	682.97%

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
(CONTINUED)**

Total Pension Liability

As of and for the Year Ended December 31, 2021

	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Service Cost	\$ 473,706	\$ 680,704	\$ 842,818
Interest	1,621,256	3,542,841	3,791,228
Differences Between Expected and Actual Experience	(1,074,846)	518,127	2,598,634
Changes of Assumptions	541,916	1,467,584	1,665,319
Benefit Payments and Refunds of Employee Contributions	(<u>1,204,872</u>)	(<u>3,434,076</u>)	(<u>3,160,304</u>)
Net Change in Total Pension Liability	\$ 357,160	\$ 2,775,180	\$ 5,737,695
<u>Total Pension Liability</u> – Beginning	<u>23,812,274</u>	<u>51,491,339</u>	<u>54,846,472</u>
<u>Total Pension Liability</u> – Ending	<u>\$24,169,434</u>	<u>\$54,266,519</u>	<u>\$60,584,167</u>

Plan Fiduciary Net Position

Contributions - Employer (1)	\$ 633,427	\$ 2,530,300	\$ 2,249,212
Contributions – Member	216,371	226,624	202,768
Net Investment Income	1,889,373	5,020,283	4,320,018
Benefit Payments and Refunds of Employee Contributions	(1,204,872)	(3,434,076)	(3,160,304)
Administrative Expenses	(<u>57,062</u>)	(<u>16,348</u>)	(<u>20,691</u>)
Net Change in Plan Fiduciary Net Position	\$ 1,477,237	\$ 4,326,783	\$ 3,591,003
<u>Plan Fiduciary Net Position</u> - Beginning	<u>20,988,547</u>	<u>43,633,860</u>	<u>42,636,420</u>
<u>Plan Fiduciary Net Position</u> - Ending	<u>\$22,465,789</u>	<u>\$47,960,643</u>	<u>\$46,227,423</u>
<u>City's Net Position Liability</u> - Ending	<u>\$ 1,703,650</u>	<u>\$ 6,305,876</u>	<u>\$14,356,744</u>

(1) - Include State Aid

Plan's Fiduciary Net Position as a Percentage of Total Pension Liability	79.7%	88.38%	76.30%
Covered Employee Payroll	\$ 4,111,301	\$ 4,177,504	\$ 3,536,887
Net Pension Liability as a Percentage of Covered Employee Payroll	110.5%	150.95%	405.91%

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
(CONTINUED)**

Total Pension Liability

As of and for the Year Ended December 31, 2020

	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Service Cost	\$ 423,432	\$ 628,684	\$ 907,871
Interest	1,650,820	3,420,167	3,464,177
Differences Between Expected and Actual Experience	0	0	3,371,723
Benefit Payments	(1,196,036)	(3,091,552)	(3,245,571)
Net Change in Total Pension Liability	\$ 878,216	\$ 957,299	\$ 4,498,200
<u>Total Pension Liability</u> - Beginning	<u>22,934,058</u>	<u>50,534,040</u>	<u>50,348,272</u>
<u>Total Pension Liability</u> - Ending	<u>\$23,812,274</u>	<u>\$51,491,339</u>	<u>\$54,846,472</u>

Plan Fiduciary Net Position

Contributions - Employer (1)	\$ 594,080	\$ 2,425,571	\$ 2,672,712
Contributions - Member	218,841	249,104	195,607
Net Investment Income	2,139,268	5,625,048	4,405,446
Benefit Payments	(1,196,036)	(3,091,552)	(3,245,571)
Administrative Expenses	(64,670)	(11,870)	(15,247)
Net Change in Plan Fiduciary Net Position	\$ 1,691,483	\$ 5,196,301	\$ 4,012,947
<u>Plan Fiduciary Net Position</u> - Beginning	<u>19,297,064</u>	<u>38,437,559</u>	<u>38,623,473</u>
<u>Plan Fiduciary Net Position</u> - Ending	<u>\$20,988,547</u>	<u>\$43,633,860</u>	<u>\$42,636,420</u>
<u>City's Net Position Liability</u> - Ending	<u>\$ 2,823,727</u>	<u>\$ 7,857,479</u>	<u>\$12,210,052</u>

(1) - Include State Aid

Plan's Fiduciary Net Position as a Percentage of Total Pension Liability	88.1%	84.74%	77.74%
Covered Employee Payroll	\$ 4,455,592	\$ 4,498,855	\$ 3,713,303
Net Pension Liability as a Percentage of Covered Employee Payroll	63.4%	174.66%	328.82%

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
(CONTINUED)**

Total Pension Liability

As of and for Year Ended December 31, 2019

	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Service Cost	\$ 416,352	\$ 604,076	\$ 869,877
Interest	1,589,582	3,311,173	3,674,539
Differences Between Expected and Actual Experience	(1,099,110)	0	(4,212,507)
Benefit Payments	(1,141,620)	(3,019,750)	(3,268,799)
Net Change in Total Pension Liability	(\$ 234,796)	\$ 895,499	(\$ 2,936,890)
<u>Total Pension Liability</u> - Beginning	<u>23,168,854</u>	<u>49,638,541</u>	<u>53,285,162</u>
<u>Total Pension Liability</u> - Ending	<u>\$22,934,058</u>	<u>\$50,534,040</u>	<u>\$50,348,272</u>

Plan's Fiduciary Net Position

	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Contributions - Employer (1)	\$ 577,405	\$ 2,299,876	\$ 2,639,355
Contributions - Employees	215,348	227,862	197,326
Net Investment Income	1,775,610	3,430,781	3,465,153
Benefit Payments	(1,141,620)	(3,019,750)	(3,268,799)
Administrative Expense	(60,083)	(10,012)	(11,910)
Net Change in Plan's Fiduciary Net Position	\$ 1,366,660	\$ 2,928,757	\$ 3,021,125
<u>Plan's Fiduciary Net Position</u> - Beginning	<u>17,930,404</u>	<u>35,508,802</u>	<u>35,602,348</u>
<u>Plan's Fiduciary Net Position</u> - Ending	<u>\$19,297,064</u>	<u>\$38,437,559</u>	<u>\$38,623,473</u>
<u>City's Net Position Liability</u> - Ending	<u>\$ 3,636,994</u>	<u>\$12,096,481</u>	<u>\$11,724,799</u>

(1) - Included State Aid

Plan's Fiduciary Net Position as a Percentage of Total Pension Liability	84.1%	76.06%	76.71%
Estimated Covered Payroll	\$ 4,416,048	\$ 4,429,587	\$ 3,979,021
Net Pension Liability as a Percentage of Covered Payroll	82.40%	273.08%	294.67%

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
(CONTINUED)**

Total Pension Liability

As of and for Year Ended December 31, 2018

	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Service Cost	\$ 414,193	\$ 743,700	\$ 843,472
Interest	1,603,158	3,759,228	3,594,258
Differences Between Expected and Actual Experience	0	(2,248,947)	(73,019)
Benefit Payments	(1,074,852)	(2,922,042)	(3,217,729)
Net Change in Total Pension Liability	\$ 942,499	(\$ 668,061)	\$ 1,146,982
<u>Total Pension Liability</u> - Beginning	<u>22,226,355</u>	<u>50,306,602</u>	<u>52,138,180</u>
<u>Total Pension Liability</u> - Ending	<u>\$23,168,854</u>	<u>\$49,638,541</u>	<u>\$53,285,162</u>

Plan's Fiduciary Net Position

	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Contributions - Employer (1)	\$ 588,619	\$ 2,669,372	\$ 2,561,844
Contributions - Employees	211,414	204,018	243,007
Net Investment Income	(1,657,764)	(3,782,859)	(3,973,444)
Benefit Payments	(1,074,852)	(2,922,042)	(3,217,729)
Administrative Expense	(75,569)	(20,575)	(21,099)
Net Change in Plan's Fiduciary Net Position	(\$ 2,008,152)	(\$ 3,852,086)	(\$ 4,407,421)
<u>Plan's Fiduciary Net Position</u> - Beginning	<u>19,938,556</u>	<u>39,360,888</u>	<u>40,009,769</u>
<u>Plan's Fiduciary Net Position</u> - Ending	<u>\$17,930,404</u>	<u>\$35,508,802</u>	<u>\$35,602,348</u>
<u>City's Net Position Liability</u> - Ending	<u>\$ 5,238,450</u>	<u>\$14,129,739</u>	<u>\$17,682,814</u>

(1) - Included State Aid

Plan's Fiduciary Net Position as a Percentage of Total Pension Liability	77.4%	71.53%	66.81%
Estimated Covered Payroll	\$ 4,199,354	\$ 4,077,231	\$ 3,779,253
Net Pension Liability as a Percentage of Covered Payroll	124.7%	346.55%	467.89%

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
(CONTINUED)**

Total Pension Liability

As of and for Year Ended December 31, 2017

	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Service Cost	\$ 418,553	\$ 724,987	\$ 823,620
Interest	1,538,030	3,328,581	3,489,469
Differences Between Expected and Actual Experience	(1,030,226)	(940,613)	356,968
Benefit Payments	(1,033,681)	(2,885,118)	(3,148,214)
Net Change in Total Pension Liability	(\$ 107,324)	\$ 227,837	\$ 1,521,843
<u>Total Pension Liability</u> - Beginning	<u>22,333,679</u>	<u>50,078,765</u>	<u>50,616,337</u>
<u>Total Pension Liability</u> - Ending	<u>\$22,226,355</u>	<u>\$50,306,602</u>	<u>\$52,138,180</u>

Plan's Fiduciary Net Position

	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Contributions - Employer (1)	\$ 582,815	\$ 2,651,796	\$ 2,568,624
Contributions - Employees	209,817	233,341	198,443
Net Investment Income	2,446,581	5,088,928	5,243,966
Benefit Payments	(1,033,681)	(2,885,118)	(3,148,214)
Administrative Expense	(59,574)	(8,702)	(25,246)
Net Change in Plan's Fiduciary Net Position	\$ 2,145,958	\$ 5,080,245	\$ 4,837,573
<u>Plan's Fiduciary Net Position</u> - Beginning	<u>17,792,598</u>	<u>34,280,643</u>	<u>35,172,196</u>
<u>Plan's Fiduciary Net Position</u> - Ending	<u>\$19,938,556</u>	<u>\$39,360,888</u>	<u>\$40,009,769</u>
<u>City's Net Position Liability</u> - Ending	<u>\$ 2,287,799</u>	<u>\$10,945,714</u>	<u>\$12,128,411</u>

(1) - Included State Aid

Plan's Fiduciary Net Position as a Percentage of Total Pension Liability	89.7%	78.24%	76.74%
Estimated Covered Payroll	\$ 4,172,831	\$ 3,925,817	\$ 3,666,874
Net Pension Liability as a Percentage of Covered Payroll	54.8%	278.81%	330.76%

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
(CONTINUED)**

Total Pension Liability

As of and for Year Ended December 31, 2016

	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Service Cost	\$ 427,068	\$ 764,469	\$ 815,918
Interest	1,545,009	3,380,925	3,494,605
Differences Between Expected and Actual Experience	0	0	(1,214,381)
Benefit Payments	(1,025,657)	(2,886,700)	(3,197,018)
Net Change in Total Pension Liability	\$ 946,420	\$ 1,258,694	(\$ 100,876)
<u>Total Pension Liability</u> - Beginning	<u>21,387,259</u>	<u>48,820,071</u>	<u>50,717,213</u>
<u>Total Pension Liability</u> - Ending	<u>\$22,333,679</u>	<u>\$50,078,765</u>	<u>\$50,616,337</u>

Plan's Fiduciary Net Position

	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Contributions - Employer (1)	\$ 492,824	\$ 2,175,571	\$ 3,084,533
Contributions - Employees	203,357	218,396	179,301
Net Investment Income	721,864	1,567,772	1,546,238
Benefit Payments	(1,025,657)	(2,886,700)	(3,197,018)
Administrative Expense	(66,957)	(10,962)	(27,547)
Net Change in Plan's Fiduciary Net Position	\$ 325,431	\$ 1,064,077	\$ 1,585,507
<u>Plan's Fiduciary Net Position</u> - Beginning	<u>17,467,167</u>	<u>33,216,566</u>	<u>33,586,689</u>
<u>Plan's Fiduciary Net Position</u> - Ending	<u>\$17,792,598</u>	<u>\$34,280,643</u>	<u>\$35,172,196</u>
<u>City's Net Position Liability</u> - Ending	<u>\$ 4,541,081</u>	<u>\$15,798,122</u>	<u>\$15,444,141</u>

(1) - Included State Aid

Plan's Fiduciary Net Position as a Percentage of Total Pension Liability	79.7%	68.45%	69.49%
Estimated Covered Payroll	\$ 4,111,031	\$ 4,181,246	\$ 3,539,165
Net Pension Liability as a Percentage of Covered Payroll	110.5%	377.83%	436.38%

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
(CONTINUED)**

Total Pension Liability

As of and for Year Ended December 31, 2015

	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Service Cost	\$ 453,637	\$ 736,931	\$ 671,459
Interest	1,481,810	3,269,134	3,451,962
Differences Between Expected and Actual Experience	(576,125)	0	(457,359)
Changes of Assumptions	364,470	0	3,257,536
Benefit Payments	(1,048,272)	(2,824,117)	(3,154,252)
 Net Change in Total Pension Liability	 \$ 675,520	 \$ 1,181,948	 \$ 3,769,346
<u>Total Pension Liability</u> - Beginning	<u>20,711,739</u>	<u>47,638,123</u>	<u>46,947,867</u>
<u>Total Pension Liability</u> - Ending	<u>\$21,387,259</u>	<u>\$48,820,071</u>	<u>\$50,717,213</u>

Plan's Fiduciary Net Position

As of and for Year Ended December 31, 2015

	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Contributions - Employer (1)	\$ 500,327	\$ 2,194,478	\$ 3,039,983
Contributions - Employees	212,380	216,756	174,139
Net Investment Income	(339,724)	(876,269)	(842,653)
Benefit Payments	(1,048,272)	(2,824,117)	(3,154,252)
Administrative Expense	(58,609)	(18,478)	(30,163)
Other Changes	<u>0</u>	<u>3,453</u>	<u>0</u>
 Net Change in Plan's Fiduciary Net Position	 (\$ 733,898)	 (\$ 1,304,177)	 (\$ 812,946)
<u>Plan's Fiduciary Net Position</u> - Beginning	<u>18,201,065</u>	<u>34,520,743</u>	<u>34,399,635</u>
<u>Plan's Fiduciary Net Position</u> - Ending	<u>\$17,467,167</u>	<u>\$33,216,566</u>	<u>\$33,586,689</u>
 <u>City's Net Position Liability</u> - Ending	 <u>\$ 3,920,092</u>	 <u>\$15,603,505</u>	 <u>\$17,130,524</u>

(1) - Included State Aid

Plan's Fiduciary Net Position as a Percentage of Total Pension Liability	81.7%	68.04%	66.22%
Estimated Covered Payroll	\$ 4,226,241	\$ 4,127,756	\$ 3,487,941
Net Pension Liability as a Percentage of Covered Payroll	92.8%	378.01%	491.14%

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

	----- 2022 -----		
	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Actuarially Determined Contribution	\$ 633,024	\$2,506,151	\$2,257,415
City Contribution	<u>633,024</u>	<u>2,506,151</u>	<u>2,257,415</u>
Contribution Deficiency	\$ 0	\$ 0	\$ 0
Covered Payroll	<u>\$4,744,228</u>	<u>\$4,827,431</u>	<u>\$3,560,942</u> (1)
Contribution as a Percentage of Covered Payroll	<u>13.3%</u>	<u>51.92%</u>	<u>63.39%</u>
	----- 2021 -----		
	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Actuarially Determined Contribution	\$ 633,427	\$2,530,300	\$2,249,212
City Contribution	<u>633,427</u>	<u>2,530,300</u>	<u>2,249,212</u>
Contribution Deficiency	\$ 0	\$ 0	\$ 0
Covered Payroll	<u>\$4,205,507</u>	<u>\$4,177,504</u>	<u>\$3,549,929</u> (1)
Contribution as a Percentage of Covered Payroll	<u>15.1%</u>	<u>60.57%</u>	<u>63.36%</u>
	----- 2020 -----		
	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Actuarially Determined Contribution	\$ 594,800	\$2,425,571	\$2,672,712
City Contribution	<u>594,800</u>	<u>2,425,571</u>	<u>2,672,712</u>
Contribution Deficiency	\$ 0	\$ 0	\$ 0
Covered Payroll	<u>\$4,455,592</u>	<u>\$4,498,855</u>	<u>\$3,713,303</u> (1)
Contribution as a Percentage of Covered Payroll	<u>13.3%</u>	<u>53.915%</u>	<u>71.98%</u>

(1) - Amount used from Minimum Municipal Obligation

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(CONTINUED)**

	----- 2019 -----		
	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Actuarially Determined Contribution	\$ 577,405	\$2,299,876	\$2,639,355
City Contribution	<u>577,405</u>	<u>2,299,876</u>	<u>2,639,355</u>
Contribution Deficiency	\$ 0	\$ 0	\$ 0
Covered Payroll	<u>\$4,416,048</u>	<u>\$4,429,587</u>	<u>\$3,392,973</u> (1)
Contribution as a Percentage of Covered Payroll	<u>13.1%</u>	<u>51.921%</u>	<u>77.79%</u>
	----- 2018 -----		
	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Actuarially Determined Contribution	\$ 588,619	\$2,669,372	\$2,561,844
City Contribution	<u>588,619</u>	<u>2,669,372</u>	<u>2,561,844</u>
Contribution Deficiency	\$ 0	\$ 0	\$ 0
Covered Payroll	<u>\$4,199,354</u>	<u>\$4,077,231</u>	<u>\$3,467,438</u> (1)
Contribution as a Percentage of Covered Payroll	<u>14.0%</u>	<u>65.47%</u>	<u>73.88%</u>
	----- 2017 -----		
	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Actuarially Determined Contribution	\$ 582,815	\$2,651,796	\$2,568,624
City Contribution	<u>582,815</u>	<u>2,651,796</u>	<u>2,568,624</u>
Contribution Deficiency	\$ 0	\$ 0	\$ 0
Covered Payroll	<u>\$4,172,831</u>	<u>\$3,925,817</u>	<u>\$3,558,221</u> (1)
Contribution as a Percentage of Covered Payroll	<u>14.0%</u>	<u>67.548%</u>	<u>72.19%</u>

(1) - Amount used from Minimum Municipal Obligation

CITY OF ALTOONA
 BLAIR COUNTY, PENNSYLVANIA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT PENSION PLAN INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 (CONTINUED)

	----- 2016 -----		
	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Actuarially Determined Contribution	\$ 492,824	\$2,175,571	\$3,084,533
City Contribution	<u>492,824</u>	<u>2,175,571</u>	<u>3,084,533</u>
Contribution Deficiency	\$ 0	\$ 0	\$ 0
Covered Payroll	<u>\$4,111,031</u>	<u>\$4,181,246</u>	<u>\$4,026,014</u> (1)
Contribution as a Percentage of Covered Payroll	<u>12.0%</u>	<u>52.032%</u>	<u>76.62%</u>
	----- 2015 -----		
	<u>NUPP</u>	<u>PPP</u>	<u>PFPP</u>
Actuarially Determined Contribution	\$ 500,327	\$2,194,478	\$3,039,983
City Contribution	<u>500,327</u>	<u>2,194,478</u>	<u>3,039,983</u>
Contribution Deficiency	\$ 0	\$ 0	\$ 0
Covered Payroll	<u>\$4,226,241</u>	<u>\$4,127,756</u>	<u>\$3,823,241</u> (1)
Contribution as a Percentage of Covered Payroll	<u>11.8%</u>	<u>53.164%</u>	<u>79.51%</u>

(1) - Amount used from Minimum Municipal Obligation

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

	<u>Altoona Non-Uniformed Employee Pension Plan</u>	<u>Altoona Police Pension Plan</u>	<u>Altoona Paid Firemen's Pension Plan</u>
Valuation date	01/01/21	01/01/21	01/01/21
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level Dollar Closed	Level Dollar	Level Dollar
Remaining Amortization period	13 Years	18 Years	17 Years
Actuarial asset valuation method	4 year smoothing	5 year smoothing Asset Corridor ± 20%	Fair Value
Actuarial assumptions:			
Investment rate of return	7.0%	7.00%	7.0%
Projected salary increases	4.5%	4.5%	4.5%
Actuarial assumptions:			
Post-retirement benefit increases	None	Every officer in good standing who retires on or after January 1, 1996, shall receive an annual cost of living adjustment, not to exceed 50% of the original benefit. The annual adjustment will be based on the annual percentage increase in the Consumer Price Index on a year basis from October to October of the prior year. In addition to the 50% maximum, such accumulated COLA increases shall not at any time exceed 50% of the current salary being paid patrolmen of the highest pay grade. Not available to officers hired after 2013.	For retirements after December 31, 1995, annual increases are based on the CPI, capped at 50% of the original benefit. At no time can the total pension benefit received exceed 50% of the salary paid to firemen of the highest pay grade. Not applicable to Post-2013 hires.
Inflation	3%	2.25%	2.0%
Mortality	RP-2000 Combined Healthy Mortality Table, with disabled lives set forward 5 years for disabled lives.	RP 2000 Gen Scale AA, set forward 10 years for disabled lives.	RP-2000
Disability Retirement	For total and permanent Disablement which occurs after the completion of 10 years of service, the member will receive their Normal Retirement Benefit.	1992 Railroad Retirement Board	If disabled in line of duty, same benefit as Retirement Benefit. If non-service related, 50% of monthly compensation at date of disability; if less than 10 years of service, 25% of monthly compensation.
Retirement	Age 60 and 20 years of service.	Latter of age 54 and 20 years of service.	20 years of service.

**CITY OF ALTOONA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - POLICE PLAN
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
AND RELATED RATIOS**

Total OPEB Liability

As of and for Year December 31, 2022

Service Cost	\$	400,670
Interest		842,071
Differences Between Expected and Actual Experience		0
Benefit Payments		(779,247)
 Net Change in Total OPEB Liability		 \$ 463,494
<u>Total OPEB Liability</u> - Beginning		<u>21,040,739</u>
<u>Total OPEB Liability</u> - Ending		<u>\$21,504,233</u>
<u>City's Fiduciary Net Position</u>		
Net Change in Plan's Fiduciary Net Position	\$	0
<u>Plan's Fiduciary Net Position</u> - Beginning		<u>0</u>
<u>Plan's Fiduciary Net Position</u> - Ending	\$	<u>0</u>
<u>City's Net OPEB Liability</u> – Ending		<u>\$21,504,233</u>
Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability		0%
Estimated Covered Employee Payroll	\$	1,979,698
Net OPEB Liability as a Percentage of Covered Employee Payroll		1086.24%

CITY OF ALTOONA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - POLICE PLAN
 SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
 AND RELATED RATIOS
 (CONTINUED)

Total OPEB Liability

As of and for Year December 31, 2021

Service Cost	\$ 407,600
Interest	826,346
Differences Between Expected and Actual Experience	1,991,352
Benefit Payments	(888,513)
Net Change in Total OPEB Liability	\$ 2,336,785
<u>Total OPEB Liability</u> - Beginning	<u>18,703,954</u>
<u>Total OPEB Liability</u> - Ending	<u>\$21,040,739</u>
<u>City's Fiduciary Net Position</u>	
Net Change in Plan's Fiduciary Net Position	\$ 0
<u>Plan's Fiduciary Net Position</u> - Beginning	<u>0</u>
<u>Plan's Fiduciary Net Position</u> - Ending	<u>\$ 0</u>
<u>City's Net OPEB Liability</u> - Ending	<u>\$21,040,739</u>
Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	0%
Estimated Covered Employee Payroll	\$ 1,925,121
Net OPEB Liability as a Percentage of Covered Employee Payroll	1092.96%

**CITY OF ALTOONA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - POLICE PLAN
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
AND RELATED RATIOS
(CONTINUED)**

Total OPEB Liability

As of and for Year December 31, 2020

Service Cost	\$ 477,081
Interest	735,560
Differences Between Expected and Actual Experience	0
Benefit Payments	(841,200)
 Net Change in Total OPEB Liability	 \$ 371,441
<u>Total OPEB Liability</u> - Beginning	<u>18,332,513</u>
<u>Total OPEB Liability</u> - Ending	<u>\$18,703,954</u>
<u>City's Fiduciary Net Position</u>	
Net Change in Plan's Fiduciary Net Position	\$ 0
<u>Plan's Fiduciary Net Position</u> - Beginning	<u>0</u>
<u>Plan's Fiduciary Net Position</u> - Ending	<u>\$ 0</u>
<u>City's Net OPEB Liability</u> - Ending	<u>\$18,703,954</u>
Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	0%
Estimated Covered Employee Payroll	\$ 2,091,999
Net OPEB Liability as a Percentage of Covered Employee Payroll	894.07%

**CITY OF ALTOONA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - POLICE PLAN
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
AND RELATED RATIOS
(CONTINUED)**

Total OPEB Liability

As of and for Year December 31, 2019

Service Cost	\$ 466,294
Interest	721,949
Differences Between Expected and Actual Experience	1,334,377
Benefit Payments	(876,301)
 Net Change in Total OPEB Liability	 \$ 1,646,319
<u>Total OPEB Liability</u> - Beginning	<u>16,686,194</u>
<u>Total OPEB Liability</u> - Ending	<u>\$18,332,513</u>
<u>City's Fiduciary Net Position</u>	
Net Change in Plan's Fiduciary Net Position	\$ 0
<u>Plan's Fiduciary Net Position</u> - Beginning	<u>0</u>
<u>Plan's Fiduciary Net Position</u> - Ending	<u>\$ 0</u>
<u>City's Net OBEB Liability</u> - Ending	<u>\$18,332,513</u>
Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	0%
Estimated Covered Employee Payroll	\$ 3,446,332
Net OPEB Liability as a Percentage of Covered Employee Payroll	531.94%

CITY OF ALTOONA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - POLICE PLAN
 SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
 AND RELATED RATIOS
 (CONTINUED)

Total OPEB Liability

As of and for Year December 31, 2018

Service Cost	\$ 552,195
Interest	659,843
Differences Between Expected and Actual Experience	0
Benefit Payments	(939,463)
Net Change in Total OPEB Liability	(\$ 272,575)
<u>Total OPEB Liability</u> - Beginning	<u>16,413,619</u>
<u>Total OPEB Liability</u> - Ending	<u>\$16,686,194</u>
<u>City's Fiduciary Net Position</u>	
Net Change in Plan's Fiduciary Net Position	\$ 0
<u>Plan's Fiduciary Net Position</u> - Beginning	<u>0</u>
<u>Plan's Fiduciary Net Position</u> - Ending	<u>\$ 0</u>
<u>City's Net OBEB Liability</u> - Ending	<u>\$16,686,194</u>
Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	0%
Estimated Covered Employee Payroll	\$ 3,062,984
Net OPEB Liability as a Percentage of Covered Employee Payroll	544.77%

CITY OF ALTOONA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - POLICE PLAN
 SCHEDULES OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS

**Year Ending
December 31, 2022**

Schedule of Contributions

Actuarially Determined Contribution	\$1,825,536
City Contribution	<u>779,247</u>
Contribution Deficiency	\$1,046,289
	<hr style="border-top: 3px double #000;"/>
Covered Employee Payroll	\$1,979,698
	<hr style="border-top: 3px double #000;"/>
Contribution as a Percentage of Covered Employee Payroll	39.36%
	<hr style="border-top: 3px double #000;"/>

Schedule of Investment Returns

Annual Money-Weighted Rate of Return, Net of Investment Expense	N/A
	<hr style="border-top: 3px double #000;"/>

CITY OF ALTOONA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - POLICE PLAN
 SCHEDULES OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS
 (CONTINUED)

	<u>Year Ending December 31, 2021</u>
<u>Schedule of Contributions</u>	
Actuarially Determined Contribution	\$1,825,536
City Contribution	<u>888,513</u>
Contribution Deficiency	\$ 937,023
	<u> </u>
Covered Employee Payroll	\$1,925,121
	<u> </u>
Contribution as a Percentage of Covered Employee Payroll	46.15%
	<u> </u>
<u>Schedule of Investment Returns</u>	
Annual Money-Weighted Rate of Return, Net of Investment Expense	<u>N/A</u>

CITY OF ALTOONA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - POLICE PLAN
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS
(CONTINUED)

	<u>Year Ending</u> <u>December 31, 2020</u>
<u>Schedule of Contributions</u>	
Actuarially Determined Contribution	\$1,674,707
City Contribution	<u>841,200</u>
Contribution Deficiency	\$ 833,507
	<u> </u>
Covered Employee Payroll	\$2,091,999
	<u> </u>
Contribution as a Percentage of Covered Employee Payroll	<u>40.21%</u>
	<u> </u>
<u>Schedule of Investment Returns</u>	
Annual Money-Weighted Rate of Return, Net of Investment Expense	<u>N/A</u>

CITY OF ALTOONA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - POLICE PLAN
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS
(CONTINUED)

	<u>Year Ending December 31, 2019</u>
<u>Schedule of Contributions</u>	
Actuarially Determined Contribution	\$1,674,707
City Contribution	<u>876,301</u>
Contribution Deficiency	<u>\$ 798,406</u>
Covered Employee Payroll	<u>\$3,446,332</u>
Contribution as a Percentage of Covered Employee Payroll	<u>25.43%</u>
<u>Schedule of Investment Returns</u>	
Annual Money-Weighted Rate of Return, Net of Investment Expense	<u>N/A</u>

CITY OF ALTOONA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - POLICE PLAN
 SCHEDULES OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS
 (CONTINUED)

**Year Ending
December 31, 2018**

Schedule of Contributions

Actuarially Determined Contribution	\$1,639,115
City Contribution	<u>939,463</u>
Contribution Deficiency	<u>\$ 699,652</u>
Covered Employee Payroll	<u>\$3,343,406</u>
Contribution as a Percentage of Covered Employee Payroll	<u>28.10%</u>

Schedule of Investment Returns

Annual Money-Weighted Rate of Return, Net of Investment Expense	<u>N/A</u>
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**CITY OF ALTOONA
REQUIRED SUPPLEMENTARY INFORMATION
OPEB LIABILITY INFORMATION RELATED TO SINGLE EMPLOYER PLAN - POLICE PLAN
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

	<u>Year Ending 12/31/2022</u>	<u>Year Ending 12/31/2021</u>	<u>Year Ending 12/31/2020</u>	<u>Year Ending 12/31/2019</u>	<u>Year Ending 12/31/2018</u>
<u>Plan Membership</u>					
Retirees or Beneficiaries Receiving Benefits	71	71	77	89	95
Terminated Members Entitled to But Not Yet Receiving Benefits	0	0	0	0	0
Active Plan Members	<u>33</u>	<u>34</u>	<u>35</u>	<u>38</u>	<u>38</u>
Total	<u>104</u>	<u>105</u>	<u>112</u>	<u>127</u>	<u>133</u>
	<u>Year Ending 12/31/2022</u>	<u>Year Ending 12/31/2021</u>	<u>Year Ending 12/31/2020</u>	<u>Year Ending 12/31/2019</u>	<u>Year Ending 12/31/2018</u>
<u>Components of the Net OPEB Liability</u>					
Total OPEB Liability	\$21,504,233	\$21,040,739	\$18,703,954	\$18,332,513	\$16,686,194
Plan Fiduciary Net Position	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net OPEB Liability	<u>\$21,504,233</u>	<u>\$21,040,739</u>	<u>\$18,703,954</u>	<u>\$18,332,513</u>	<u>\$16,686,194</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate as of December 31, 2022

	<u>1% Decrease 3.00%</u>	<u>Current Discount Rate 4.00%</u>	<u>1% Increase 5.00%</u>
Net OPEB Liability	<u>\$24,253,043</u>	<u>\$21,504,233</u>	<u>\$19,238,464</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates as of December 31, 2022

	<u>1% Decrease in Medical Trend Rate</u>	<u>Current Medical Trend Rate</u>	<u>1% Increase in Medical Trend Rate</u>
Net OPEB Liability	<u>\$18,852,518</u>	<u>\$21,504,233</u>	<u>\$24,756,838</u>

**CITY OF ALTOONA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - POLICE PLAN
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

Valuation Date

January 1, 2021

Actuarial Cost Method

Entry Age Normal

Amortization Method

Level Dollar, Closed

Remaining Amortization Period

21.0 Years

Actuarial Asset Valuation Method

Market Value

Inflation

2.5%

Interest Rate

4.0%. The interest rate represents the 20-year AA/Aa municipal bond rates.

Salary Increases

Active plan members' salaries are assumed to increase by 4.5% per year. As Plan benefits are not pay-related, this assumption was used solely to determine the normal costs under the actuarial cost method.

Mortality

RP-2000 Table for healthy males and females, using the combined mortality table for active and retired members, projected using scale AA. 25% of active member's deaths are assumed to be in the line of duty. Mortality for disabled lives is assumed to be that of healthy members who are ten years older.

Turnover

Table T-1. The following is a list of the annual rates of withdrawal (employee turnover) at selected ages under the table:

<u>Age</u>	<u>Rate of Turnover</u>
20	5.5000%
25	4.9706%
30	3.8011%
35	2.4866%
40	1.3283%
45	0.6233%
50	0.6475%
55	1.4036%
60	1.5555%

**CITY OF ALTOONA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - POLICE PLAN
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 (CONTINUED)**

Disability

1992 Railroad Retirement Board Disability Table. The following is a list of the annual rates of disablement at selected ages:

<u>Age</u>	<u>Rate of Disability</u>
20	0.08%
25	0.08%
30	0.08%
35	0.08%
40	0.37%
45	0.86%
50	1.48%
55	2.46%
60	4.81%

Retirement

Officers are assumed to retire at the latest of age 54, completion of 20 years of service or their age at the valuation date.

Percent Married

85% of retiring members are assumed to be married at the time of retirement. Female spouses are assumed to be the same age as male spouses.

Member Elections

85% of retiring members are assumed to elect coverage under the Plan. 10% of members who elect coverage are assumed to elect the cash out instead of receiving medical coverage under the Plan.

Medicare Eligibility

10% of retired members reaching age 65 are assumed not to be eligible for Medicare benefits.

Medical Claims Rates

Medical claim rates are based on the current premium rates, adjusted based on the factors used by the insurer to adjust the composite group insurance premiums rates to reflect the age of retired plan members. The adjustment factors by age and sex are as follows:

<u>Ages</u>	<u>Female Factors</u>	<u>Male Factors</u>
<20	0.500	0.587
20-24	0.394	0.625
25-29	0.410	0.922
30-34	0.515	1.165
35-39	0.646	1.200
40-44	0.805	1.229
45-49	1.016	1.349
50-54	1.339	1.587
55-59	1.740	1.835
60-64	2.233	2.184
65-69	2.786	2.618
70+	3.338	3.087

CITY OF ALTOONA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - POLICE PLAN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(CONTINUED)

Medical Inflation

For the medical (doctor, hospitalization, major medical and prescription drug) coverage, premium rates and retirees contributions are assumed to increase at the following rates, based on the Gentzen Model of Long-Run Medical Cost Trends:

<u>Year</u>	<u>Rate of Increase</u>
2021-2044	5.3%
2045-2046	5.1%
2047-2049	5.0%
2050-2053	4.9%
2054-2059	4.8%
2060-2065	4.7%
2066	4.6%
2067	4.5%
2068-2069	4.4%
2070	4.3%
2071	4.2%
2072-2073	4.1%
2074	4.0%
2075+	3.9%

**CITY OF ALTOONA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - FIREMEN'S PLAN
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
AND RELATED RATIOS**

Total OPEB Liability

As of and for Year December 31, 2022

Service Cost	\$	167,100
Interest		544,155
Differences Between Expected and Actual Experience		0
Benefit Payments	(<u>709,265)</u>
Net Change in Total OPEB Liability	\$	1,990
<u>Total OPEB Liability</u> - Beginning		<u>13,791,397</u>
<u>Total OPEB Liability</u> - Ending		<u><u>\$13,793,387</u></u>
<u>City's Fiduciary Net Position</u>		
Net Change in Plan's Fiduciary Net Position	\$	0
<u>Plan's Fiduciary Net Position</u> - Beginning		<u>0</u>
<u>Plan's Fiduciary Net Position</u> - Ending	\$	<u><u>0</u></u>
<u>City's Net OPEB Liability</u> - Ending		<u><u>\$13,793,387</u></u>
Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability		0%
Estimated Covered Employee Payroll	\$	638,553
Net OPEB Liability as a Percentage of Covered Employee Payroll		2160.10%

CITY OF ALTOONA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - FIREMEN'S PLAN
 SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
 AND RELATED RATIOS
 (CONTINUED)

Total OPEB Liability

As of and for Year December 31, 2021

Service Cost	\$ 160,450
Interest	542,737
Differences Between Expected and Actual Experience	576,592
Benefit Payments	(639,536)
 Net Change in Total OPEB Liability	 \$ 640,243
<u>Total OPEB Liability</u> - Beginning	<u>13,151,154</u>
<u>Total OPEB Liability</u> - Ending	<u>\$13,791,397</u>
<u>City's Fiduciary Net Position</u>	
Net Change in Plan's Fiduciary Net Position	\$ 0
<u>Plan's Fiduciary Net Position</u> - Beginning	<u>0</u>
<u>Plan's Fiduciary Net Position</u> - Ending	<u>\$ 0</u>
<u>City's Net OPEB Liability</u> - Ending	<u>\$13,791,397</u>
Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	0%
Estimated Covered Employee Payroll	\$ 812,114
Net OPEB Liability as a Percentage of Covered Employee Payroll	1698.21%

CITY OF ALTOONA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - FIREMEN'S PLAN
 SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
 AND RELATED RATIOS
 (CONTINUED)

Total OPEB Liability

As of and for Year December 31, 2020

Service Cost	\$ 214,680
Interest	518,058
Differences Between Expected and Actual Experience	
Benefit Payments	(<u>636,698</u>)
Net Change in Total OPEB Liability	\$ 96,040
<u>Total OPEB Liability</u> - Beginning	<u>13,055,114</u>
<u>Total OPEB Liability</u> - Ending	<u>\$13,151,154</u>
<u>City's Fiduciary Net Position</u>	
Net Change in Plan's Fiduciary Net Position	\$ 0
<u>Plan's Fiduciary Net Position</u> - Beginning	<u>0</u>
<u>Plan's Fiduciary Net Position</u> - Ending	<u>\$ 0</u>
<u>City's Net OBEB Liability</u> - Ending	<u>\$13,151,154</u>
Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	0%
Estimated Covered Employee Payroll	\$ 1,581,824
Net OPEB Liability as a Percentage of Covered Employee Payroll	831.39%

**CITY OF ALTOONA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - FIREMEN'S PLAN
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
AND RELATED RATIOS
(CONTINUED)**

Total OPEB Liability

As of and for Year December 31, 2019

Service Cost	\$ 209,157
Interest	514,083
Differences Between Expected and Actual Experience	637,466
Benefit Payments	(<u>622,076</u>)
Net Change in Total OPEB Liability	\$ 738,630
<u>Total OPEB Liability</u> - Beginning	<u>12,316,484</u>
<u>Total OPEB Liability</u> - Ending	<u>\$13,055,114</u>
<u>City's Fiduciary Net Position</u>	
Net Change in Plan's Fiduciary Net Position	\$ 0
<u>Plan's Fiduciary Net Position</u> - Beginning	<u>0</u>
<u>Plan's Fiduciary Net Position</u> - Ending	<u>\$ 0</u>
<u>City's Net OBEB Liability</u> - Ending	<u>\$13,055,114</u>
Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	0%
Estimated Covered Employee Payroll	\$ 1,362,960
Net OPEB Liability as a Percentage of Covered Employee Payroll	957.85%

**CITY OF ALTOONA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - FIREMEN'S PLAN
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
AND RELATED RATIOS
(CONTINUED)**

Total OPEB Liability

As of and for Year December 31, 2018

Service Cost	\$ 210,464
Interest	490,495
Differences Between Expected and Actual Experience	0
Benefit Payments	(872,776)
 Net Change in Total OPEB Liability	 (\$ 171,817)
<u>Total OPEB Liability</u> - Beginning	<u>12,488,301</u>
<u>Total OPEB Liability</u> - Ending	<u>\$12,316,484</u>
<u>City's Fiduciary Net Position</u>	
Net Change in Plan's Fiduciary Net Position	\$ 0
<u>Plan's Fiduciary Net Position</u> - Beginning	<u>0</u>
<u>Plan's Fiduciary Net Position</u> - Ending	<u>\$ 0</u>
<u>City's Net OBEB Liability</u> - Ending	<u>\$12,316,484</u>
Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	0%
Estimated Covered Employee Payroll	\$ 1,536,846
Net OPEB Liability as a Percentage of Covered Employee Payroll	801.41%

CITY OF ALTOONA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - FIREMEN'S PLAN
 SCHEDULES OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS

**Year Ending
December 31, 2022**

Schedule of Contributions

Actuarially Determined Contribution	\$1,072,521
City Contribution	<u>709,265</u>
Contribution Deficiency	\$ 363,256
	<u> </u>
Covered Employee Payroll	\$ 638,553
	<u> </u>
Contribution as a Percentage of Covered Employee Payroll	111.07%
	<u> </u>

Schedule of Investment Returns

Annual Money-Weighted Rate of Return, Net of Investment Expense	N/A
	<u> </u>

CITY OF ALTOONA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - FIREMEN'S PLAN
 SCHEDULES OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS
 (CONTINUED)

**Year Ending
December 31, 2021**

Schedule of Contributions

Actuarially Determined Contribution	\$1,072,521
City Contribution	<u>639,536</u>
Contribution Deficiency	\$ 432,985
	<u> </u>
Covered Employee Payroll	\$ 812,114
	<u> </u>
Contribution as a Percentage of Covered Employee Payroll	<u>78.75%</u>

Schedule of Investment Returns

Annual Money-Weighted Rate of Return, Net of Investment Expense	<u>N/A</u>
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CITY OF ALTOONA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - FIREMEN'S PLAN
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS
(CONTINUED)

Year Ending
December 31, 2020

Schedule of Contributions

Actuarially Determined Contribution	\$1,039,071
City Contribution	<u>636,698</u>
Contribution Deficiency	<u>\$ 402,373</u>
Covered Employee Payroll	<u>\$1,581,824</u>
Contribution as a Percentage of Covered Employee Payroll	<u>40.25%</u>

Schedule of Investment Returns

Annual Money-Weighted Rate of Return, Net of Investment Expense	<u>N/A</u>
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CITY OF ALTOONA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - FIREMEN'S PLAN
 SCHEDULES OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS
 (CONTINUED)

	<u>Year Ending December 31, 2019</u>
<u>Schedule of Contributions</u>	
Actuarially Determined Contribution	\$1,039,071
City Contribution	<u>622,076</u>
Contribution Deficiency	<u>\$ 416,995</u>
Covered Employee Payroll	<u>\$1,362,960</u>
Contribution as a Percentage of Covered Employee Payroll	<u>45.64%</u>
<u>Schedule of Investment Returns</u>	
Annual Money-Weighted Rate of Return, Net of Investment Expense	<u>N/A</u>

CITY OF ALTOONA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - FIREMEN'S PLAN
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS
(CONTINUED)

	<u>Year Ending</u> <u>December 31, 2018</u>
<u>Schedule of Contributions</u>	
Actuarially Determined Contribution	\$ 996,299
City Contribution	<u>872,776</u>
Contribution Deficiency	<u>\$ 123,523</u>
Covered Employee Payroll	<u>\$1,536,846</u>
Contribution as a Percentage of Covered Employee Payroll	<u>56.79%</u>
<u>Schedule of Investment Returns</u>	
Annual Money-Weighted Rate of Return, Net of Investment Expense	<u>N/A</u>

**CITY OF ALTOONA
REQUIRED SUPPLEMENTARY INFORMATION
OPEB LIABILITY INFORMATION RELATED TO SINGLE EMPLOYER PLAN - FIREMEN'S PLAN
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

	<u>Year Ending 12/31/2022</u>	<u>Year Ending 12/31/2021</u>	<u>Year Ending 12/31/2020</u>	<u>Year Ending 12/31/2019</u>	<u>Year Ending 12/31/2018</u>
Plan Membership					
Retirees or Beneficiaries Receiving Benefits	73	69	71	78	80
Terminated Members Entitled to But Not Yet Receiving Benefits	0	0	0	0	0
Active Plan Members	<u>27</u>	<u>24</u>	<u>21</u>	<u>21</u>	<u>23</u>
Total	<u>100</u>	<u>93</u>	<u>92</u>	<u>99</u>	<u>103</u>
	<u>Year Ending 12/31/2022</u>	<u>Year Ending 12/31/2021</u>	<u>Year Ending 12/31/2020</u>	<u>Year Ending 12/31/2019</u>	<u>Year Ending 12/31/2018</u>
Components of the Net OPEB Liability					
Total OPEB Liability	\$13,793,387	\$13,791,397	\$13,151,154	\$13,055,114	\$12,316,484
Plan Fiduciary Net Position	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net OPEB Liability	<u>\$13,793,387</u>	<u>\$13,791,397</u>	<u>\$13,151,154</u>	<u>\$13,055,114</u>	<u>\$12,316,484</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate as of December 31, 2022

	<u>1% Decrease 3.00%</u>	<u>Current Discount Rate 4.00%</u>	<u>1% Increase 5.00%</u>
Net OPEB Liability	<u>\$15,552,714</u>	<u>\$13,793,387</u>	<u>\$12,341,367</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates as of December 31, 2022

	<u>1% Decrease in Medical Trend Rate</u>	<u>Current Medical Trend Rate</u>	<u>1% Increase in Medical Trend Rate</u>
Net OPEB Liability	<u>\$12,228,607</u>	<u>\$13,793,387</u>	<u>\$15,674,819</u>

**CITY OF ALTOONA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - FIREMEN'S PLAN
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

Valuation Date

January 1, 2021

Actuarial Cost Method

Entry Age Normal

Amortization Method

Level Dollar, Closed

Remaining Amortization Period

22.0 Years

Actuarial Asset Valuation Method

Market Value

Inflation

2.5%

Interest Rate

4.0%. The interest rate represents the 20-year AA/Aa municipal bond rates.

Salary Increases

Active plan members' salaries are assumed to increase by 4.5% per year. As Plan benefits are not pay-related, this assumption was used solely to determine the normal costs under the actuarial cost method.

Mortality

RP-2000 Table for healthy males and females, using the combined mortality table for active and retired members, projected using scale AA. 25% of active member's deaths are assumed to be in the line of duty. Mortality for disabled lives is assumed to be that of healthy members who are ten years older.

Turnover

Table T-1. The following is a list of the annual rates of withdrawal (employee turnover) at selected ages under the table:

<u>Age</u>	<u>Rate of Turnover</u>
20	5.5000%
25	4.9706%
30	3.8011%
35	2.4866%
40	1.3283%
45	0.6233%
50	0.6475%
55	1.4036%
60	1.5555%

**CITY OF ALTOONA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - FIREMEN'S PLAN
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 (CONTINUED)**

Disability

UAW 1995 Table for males and females. The following list Table T-1. The following is a list of the annual rates of disablement at selected ages:

<u>Age</u>	<u>Rate of Disability</u>	
	<u>Females</u>	<u>Males</u>
20	0.04%	0.03%
25	0.05%	0.03%
30	0.06%	0.04%
35	0.08%	0.05%
40	0.10%	0.07%
45	0.15%	0.10%
50	0.26%	0.18%
55	0.49%	0.36%
60	1.21%	0.90%

Retirement

Firefighters are assumed to retire at the later of age 56 or normal retirement eligibility.

Percent Married

85% of retiring members are assumed to be married at the time of retirement. Female spouses are assumed to be the same age as male spouses.

Member Elections

85% of retiring members are assumed to elect coverage under the Plan. 10% of members who elect coverage are assumed to elect the cash out instead of receiving medical coverage under the Plan.

Medicare Eligibility

10% of retired members reaching age 65 are assumed not to be eligible for Medicare benefits.

Medical Claims Rates

Medical claim rates are based on the current premium rates, adjusted based on the factors used by the insurer to adjust the composite group insurance premiums rates to reflect the age of retired plan members. The adjustment factors by age and sex are as follows:

<u>Ages</u>	<u>Female Factors</u>	<u>Male Factors</u>
<20	0.500	0.587
20-24	0.394	0.625
25-29	0.410	0.922
30-34	0.515	1.165
35-39	0.646	1.200
40-44	0.805	1.229
45-49	1.016	1.349
50-54	1.339	1.587
55-59	1.740	1.835
60-64	2.233	2.184
65-69	2.786	2.618
70+	3.338	3.087

CITY OF ALTOONA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER - FIREMEN'S PLAN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(CONTINUED)

Medical Inflation

For the medical (doctor, hospitalization, major medical and prescription drug) coverage, premium rates are assumed to increase at the following rates, based on the Gentzen Model of Long-Run Medical Cost Trends:

<u>Year</u>	<u>Rate of Increase</u>
2019	5.4%
2020-2044	5.3%
2045-2046	5.1%
2047-2049	5.0%
2050-2053	4.9%
2054-2059	4.8%
2060-2065	4.7%
2066	4.6%
2067	4.5%
2068-2069	4.4%
2070	4.3%
2071	4.2%
2072-2073	4.1%
2074	4.0%
2075+	3.9%

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022
(AMOUNTS EXPRESSED IN WHOLE DOLLAR)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>Revenue</u>			
Taxes	\$18,083,765	\$18,083,765	\$19,298,568
Licenses and Permits	1,577,470	1,577,470	1,536,300
Fines and Forfeits	104,100	104,100	251,763
Interest, Rents, and Royalties	179,885	179,885	6,219,809
Intergovernmental Revenue	7,731,589	7,731,589	2,463,017
Charges for Services (Departmental Earnings)	6,751,094	6,751,094	1,112,260
Miscellaneous Revenue	<u>591,836</u>	<u>591,836</u>	<u>199,948</u>
 Total Revenue	 \$35,019,739	 \$35,019,739	 \$31,081,665
<u>Expenditures</u>			
General Government	\$ 2,869,272	\$ 2,869,272	\$ 2,850,157
Public Safety (Protections to Persons and Property)	14,958,719	14,958,719	14,469,994
Public Works - Sanitation	55,000	55,000	55,084
Public Works - Highways, Roads, and Streets	5,351,908	5,351,908	4,568,097
Other Public Works Enterprises	455,603	455,603	430,965
Culture - Recreation	406,388	406,388	410,112
Community Development	548,200	548,200	82,548
Debt Service	3,046,944	3,046,944	3,053,808
Employer Paid Benefits	5,396,590	5,396,590	5,402,658
Insurance	387,687	387,687	310,779
Miscellaneous Expenditures	<u>722,739</u>	<u>722,739</u>	<u>212,526</u>
 Total Expenditures	 \$34,199,050	 \$34,199,050	 \$31,846,728
 Excess (Deficiency) of Revenue Over (Under) Expenditures	 \$ 820,689	 \$ 820,689	 (\$ 765,063)
<u>Other Financing Sources (Uses)</u>			
Sale of Capital Assets	\$ 15,000	\$ 15,000	\$ 77,113
Transfers In	0	0	3,613,171
Transfers Out	(175,000)	(175,000)	(825,283)
 Total Other Financing Sources (Uses)	 (\$ 160,000)	 (\$ 160,000)	 \$ 2,865,001
 Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	 \$ 660,689	 \$ 660,689	 \$ 2,099,938
 <u>Fund Balance - Beginning</u>	 <u>0</u>	 <u>0</u>	 <u>11,391,165</u>
<u>Fund Balance - Ending</u>	 <u>\$ 660,689</u>	 <u>\$ 660,689</u>	 <u>\$13,491,103</u>

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HIGHWAY AID FUND
FOR THE YEAR ENDED DECEMBER 31, 2022
(AMOUNTS EXPRESSED IN WHOLE DOLLARS)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>Revenue</u>			
Interest, Rents, and Royalties	\$ 2,000	\$ 2,000	\$ 8,010
Intergovernmental Revenue	1,371,501	1,371,501	1,341,250
Miscellaneous Revenue	<u>11,000</u>	<u>11,000</u>	<u>0</u>
Total Revenue	<u>\$1,384,501</u>	<u>\$1,384,501</u>	<u>\$1,349,260</u>
<u>Expenditures</u>			
Public Works - Highway, Roads, and Streets	\$1,917,000	\$1,917,000	\$ 985,172
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(\$ 532,499)</u>	<u>(\$ 532,499)</u>	<u>\$ 364,088</u>
<u>Other Financing (Uses)</u>			
Transfers Out	(\$ 456,700)	(\$ 456,700)	(\$ 456,700)
Excess (Deficiency) of Revenue Over (Under) Expenditures and Other Financing (Uses)	<u>(\$ 989,199)</u>	<u>(\$ 989,199)</u>	<u>(\$ 92,612)</u>
<u>Fund Balance</u> - Beginning	<u>1,019,200</u>	<u>1,019,200</u>	<u>1,151,297</u>
<u>Fund Balance</u> - Ending	<u>\$ 30,001</u>	<u>\$ 30,001</u>	<u>\$1,058,685</u>

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND AND HIGHWAY AID FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

A. Budgetary Data

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Formal budgetary integration is employed as a management control device during the year for the general and highway aid funds. These budgets are adopted on a modified accrual basis of accounting.
- b. The city council approves by ordinance total budget appropriations only. The city council and mayor are authorized to transfer budget amounts between departments within any fund. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes this level has been expanded to a functional basis (general government, public safety, etc.)
- c. Unused appropriations for all of the above annually budgeted funds do not lapse at the end of the year.

Encumbrance accounting is employed in the governmental funds.

B. Excess of Expenditures over Appropriations

General Fund

For the year ended December 31, 2022, expenditures exceeded appropriations for the Public Works - Sanitation, Culture and Recreation, Debt Service, and Employer Paid Benefits functions for the General Fund.

CITY OF ALTOONA
 BLAIR COUNTY, PENNSYLVANIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AT DECEMBER 31, 2022
 (AMOUNTS EXPRESSED IN WHOLE DOLLARS)

SPECIAL REVENUE FUNDS

	<u>Altoona Public Access</u>	<u>Justice Grant Trust Fund</u>	<u>Federal Seizure Fund</u>
<u>ASSETS</u>			
Cash	\$253,331	\$446	\$7,020
Investments	0	0	0
Special Assessment Receivable	0	0	0
Due from Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	\$253,331	\$446	\$7,020
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 513	\$ 0	\$ 0
Due to Other Funds	6,000	1	0
Unearned Revenues - Grants	<u>0</u>	<u>445</u>	<u>7,020</u>
Total Liabilities	<u>\$ 6,513</u>	<u>\$446</u>	<u>\$7,020</u>
<u>Fund Balances</u>			
Assigned for Projects	\$246,818	\$ 0	\$ 0
Assigned for Recreation	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>\$246,818</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL LIABILITIES AND FUND BALANCES	\$253,331	\$446	\$7,020

CITY OF ALTOONA
 BLAIR COUNTY, PENNSYLVANIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AT DECEMBER 31, 2022
 (AMOUNTS EXPRESSED IN WHOLE DOLLARS)

SPECIAL REVENUE FUNDS				TOTAL	CAPITAL PROJECTS	
<u>Special Investigations Account</u>	<u>Martin Goodman Trust</u>	<u>39th Street Sanitary Sewer</u>	<u>Altoona Transportation Center</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Recreation Capital Reserve</u>	<u>Total</u>
\$32,159	\$ 6,300	\$ 8,581	\$11,967	\$319,804	\$ 0	\$319,804
0	182,850	0	0	182,850	0	182,850
0	0	37,884	0	37,884	0	37,884
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,313</u>	<u>2,313</u>
<u>\$32,159</u>	<u>\$189,150</u>	<u>\$46,465</u>	<u>\$11,967</u>	<u>\$540,538</u>	<u>\$2,313</u>	<u>\$542,851</u>
\$ 0	\$ 0	\$ 0	\$ 7,140	\$ 7,653	\$ 0	\$ 7,653
0	500	0	0	6,501	0	6,501
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,465</u>	<u>0</u>	<u>7,465</u>
<u>\$ 0</u>	<u>\$ 500</u>	<u>\$ 0</u>	<u>\$ 7,140</u>	<u>\$ 21,619</u>	<u>\$ 0</u>	<u>\$ 21,619</u>
\$32,159	\$ 0	\$46,465	\$ 4,827	\$330,269	\$2,313	\$332,582
<u>0</u>	<u>188,650</u>	<u>0</u>	<u>0</u>	<u>188,650</u>	<u>0</u>	<u>188,650</u>
<u>\$32,159</u>	<u>\$188,650</u>	<u>\$46,465</u>	<u>\$ 4,827</u>	<u>\$518,919</u>	<u>\$2,313</u>	<u>\$521,232</u>
<u>\$32,159</u>	<u>\$189,150</u>	<u>\$46,465</u>	<u>\$11,967</u>	<u>\$540,538</u>	<u>\$2,313</u>	<u>\$542,851</u>

CITY OF ALTOONA
 BLAIR COUNTY, PENNSYLVANIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (AMOUNTS EXPRESSED IN WHOLE DOLLARS)

SPECIAL REVENUE FUNDS

	<u>Altoona Public Access</u>
<u>Revenues</u>	
Charges for Services	\$ 74,735
Investment Earnings	846
Rental Income	<u>0</u>
Total Revenues	<u>\$ 75,581</u>
 <u>Expenditures</u>	
<u>Current</u>	
General Government	\$ 8,768
Public Safety	0
Culture - Recreation	0
Community Development	0
Miscellaneous Expenditures	<u>0</u>
Total Expenditures	<u>\$ 8,768</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 66,813</u>
 <u>Other Financing Sources (Uses)</u>	
Transfers In	\$ 0
Transfers Out	(<u>66,608</u>)
Total Other Financing Sources (Uses)	<u>(\$ 66,608)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	<u>\$ 205</u>
 <u>Fund Balances</u> - Beginning	 <u>246,613</u>
<u>Fund Balances</u> - Ending	<u>\$246,818</u>

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(AMOUNTS EXPRESSED IN WHOLE DOLLARS)

<u>Special Investigations Account</u>	<u>SPECIAL REVENUE FUNDS</u>			<u>TOTAL</u>	<u>CAPITAL PROJECTS</u>	<u>Total</u>
	<u>Martin Goodman Trust</u>	<u>39th Street Sanitary Sewer</u>	<u>Altoona Transportation Center</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Recreation Capital Reserve</u>	
\$ 0	\$ 0	\$ 0	\$ 1,221	\$ 75,956	\$ 0	\$ 75,956
0	(35,582)	39	66	(34,631)	0	(34,631)
<u>0</u>	<u>0</u>	<u>0</u>	<u>53,685</u>	<u>53,685</u>	<u>0</u>	<u>53,685</u>
\$ 0	(\$ 35,582)	\$ 39	\$54,972	\$ 95,010	\$ 0	\$ 95,010
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,768	\$ 0	\$ 8,768
20,110	0	0	0	20,110	0	20,110
0	10,899	0	0	10,899	0	10,899
0	0	0	63,999	63,999	0	63,999
<u>0</u>	<u>6,054</u>	<u>9,354</u>	<u>0</u>	<u>15,408</u>	<u>0</u>	<u>15,408</u>
\$20,110	\$ 16,953	\$ 9,354	\$63,999	\$119,184	\$ 0	\$119,184
<u>20,110</u>	<u>16,953</u>	<u>9,354</u>	<u>63,999</u>	<u>119,184</u>	<u>0</u>	<u>119,184</u>
(\$20,110)	(\$ 52,535)	(\$ 9,315)	(\$ 9,027)	(\$ 24,174)	\$ 0	(\$ 24,174)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$20,000	\$ 0	\$ 0	\$ 0	\$ 20,000	\$ 0	\$ 20,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(66,608)</u>	<u>0</u>	<u>(66,608)</u>
\$20,000	\$ 0	\$ 0	\$ 0	(\$ 46,608)	\$ 0	(\$ 46,608)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(\$ 110)	(\$ 52,535)	(\$ 9,315)	(\$ 9,027)	(\$ 70,782)	\$ 0	(\$ 70,782)
<u>32,269</u>	<u>241,185</u>	<u>55,780</u>	<u>13,854</u>	<u>589,701</u>	<u>2,313</u>	<u>592,014</u>
\$32,159	\$188,650	\$46,465	\$ 4,827	\$518,919	\$2,313	\$521,232
<u>32,159</u>	<u>188,650</u>	<u>46,465</u>	<u>4,827</u>	<u>518,919</u>	<u>2,313</u>	<u>521,232</u>

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
DECEMBER 31, 2022
(AMOUNTS EXPRESSED IN WHOLE DOLLARS)

	<u>Paid Firemen's Pension Fund</u>	<u>Altoona Police Pension Fund</u>	<u>Non-Uniformed Employees Pension Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Investments	\$37,786,277	\$39,641,401	\$18,696,748	\$96,124,426
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Liabilities</u>	\$ 0	\$ 0	\$ 0	\$ 0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Net Position</u>				
Held in Trust for Pension Benefits	\$37,786,277	\$39,641,401	\$18,696,748	\$96,124,426
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(AMOUNTS EXPRESSED IN WHOLE DOLLARS)**

	<u>Paid Firemen's Pension Fund</u>	<u>Altoona Police Pension Fund</u>	<u>Non-Uniformed Employees Pension Fund</u>	<u>Total</u>
<u>Additions</u>				
Contributions:				
Employer	\$ 2,257,415	\$ 2,506,151	\$ 633,024	\$ 5,396,590
Plan Members	<u>204,649</u>	<u>245,751</u>	<u>256,497</u>	<u>706,897</u>
Total Contributions	\$ 2,462,064	\$ 2,751,902	\$ 889,521	\$ 6,103,487
Investment Income:				
Realized and Unrealized Gains (Losses)	(\$ 7,703,330)	(\$ 8,083,019)	(\$ 3,636,925)	(\$ 19,423,274)
Interest/Dividend Income	<u>704,474</u>	<u>746,871</u>	<u>364,589</u>	<u>1,815,934</u>
Less: Investment Expense	(\$ 6,998,856) (<u>63,713</u>)	(\$ 7,336,148) (<u>66,312</u>)	(\$ 3,272,336) (<u>34,669</u>)	(\$ 17,607,340) (<u>164,694</u>)
Net Investment Income (Loss)	(\$ 7,062,569)	(\$ 7,402,460)	(\$ 3,307,005)	(\$ 17,772,034)
Total Additions	(\$ 4,600,505)	(\$ 4,650,558)	(\$ 2,417,484)	(\$ 11,668,547)
<u>Deductions</u>				
Benefits	\$ 3,823,524	\$ 3,653,777	\$ 1,358,186	\$ 8,835,487
Administrative Expenses	<u>17,117</u>	<u>19,966</u>	<u>20,076</u>	<u>57,159</u>
Total Deductions	\$ 3,840,641	\$ 3,673,743	\$ 1,378,262	\$ 8,892,646
Net Increase	(\$ 8,441,146)	(\$ 8,324,301)	(\$ 3,795,746)	(\$ 20,561,193)
Net Position Being Held in Trust for Pension Benefits:				
Beginning of Year	<u>46,227,423</u>	<u>47,965,702</u>	<u>22,492,494</u>	<u>116,685,619</u>
End of Year	<u>\$37,786,277</u>	<u>\$39,641,401</u>	<u>\$18,696,748</u>	<u>\$ 96,124,426</u>

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Pass-Through Grantor Number</u>	<u>Source Code</u>	<u>Federal Assistance Listing Number</u>
<u>U.S. Department of Housing and Urban Development</u>			
Community Development Block Grants/Entitlement Grants		D	14.218
HOME Investment Partnerships Program		D	14.239 *
Total U.S. Department of Housing and Urban Development			
<u>U.S. Department of the Treasury</u>			
Coronavirus State and Local Fiscal Recovery Funds		D	21.027 *
<u>U.S. Department of Homeland Security</u>			
Assistance to Firefighters Grant		D	97.044
<u>U.S. Department of Transportation</u>			
Passed Through Pennsylvania Department of Transportation:			
Highway Planning and Construction	138877	I	20.205
<u>U.S. Department of Justice</u>			
Federal Surplus Property Transfer Program		D	16.578
Edward Bryne Memorial Justice Assistance Grant Program		D	16.738
Total U.S. Department of Justice			
TOTAL FEDERAL AWARDS			

D = Direct

I = Indirect

* = Denotes Major Program

(1) = Includes Program Income

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>Passed Through to Subrecipients</u>	<u>Cash Receipts</u>	<u>Accrued or (Deferred) Revenue at 01/01/22</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue at 12/31/22</u>
\$ 0	\$ 2,339,327 (1)	\$ 19,150	\$ 2,439,176	\$ 2,439,176	\$ 118,999
\$ 298,743	\$ 446,658 (1)	\$ 3,425	\$ 422,759	\$ 422,759	(\$ 20,474)
\$ 298,743	\$ 2,785,985	\$ 22,575	\$ 2,861,935	\$ 2,861,935	\$ 98,525
\$5,034,250	\$20,005,923 (1)	(\$19,102,331)	\$ 7,726,450	\$ 7,726,450	(\$31,381,804)
\$ 0	\$ 23,810	\$ 0	\$ 23,810	\$ 23,810	\$ 0
\$ 0	\$ 191,566	\$ 28,317	\$ 163,249	\$ 163,249	\$ 0
\$ 0	\$ 20 (1)	(\$ 7,000)	\$ 0	\$ 0	(\$ 7,020)
0	44,251	9,226	34,580	34,580	(445)
\$ 0	\$ 44,271	\$ 2,226	\$ 34,580	\$ 34,580	(\$ 7,465)
\$5,332,993	\$23,051,555	(\$19,049,213)	\$10,810,024	\$10,810,024	(\$31,290,744)

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 1: The Schedule of Expenditures of Federal Awards has been prepared on the modified accrual basis of accounting. Revenues were adjusted to balance the expenditures incurred for each project.

Note 2: An extensive compliance tests, as required by the Uniform Guidance, was performed on the Coronavirus State and Local Fiscal Recovery Funds and the HOME Investment Partnership Program, which represents 75% of the total expenditures reflected on the Schedule of Expenditures of Federal Awards.

The 40% test was satisfied as follows:

Coronavirus State and Local Fiscal Recovery Funds	\$ 7,726,450
Community Development Block Grants/Entitlement Grants	2,439,176
HOME Investment Partnerships Program	422,759
Highway Planning and Construction	163,249
Edward Bryne Memorial JAG Program	34,580
Assistance to Firefighters Grant	<u>23,810</u>
	\$10,810,024
	x <u>40%</u>
Minimum Amount Which Must Be Tested	<u>\$ 4,324,010</u>

The Coronavirus State and Local Fiscal Recovery Funds and the HOME Investment Partnership Program are major programs (i.e., must be tested). The major programs exceed \$4,324,010 and, therefore, represent the only programs to which the specific compliance requirements must be applied.

Note 3: The City has elected to use the 10% de minimis indirect cost rate; however, the City has not recovered any indirect cost as a result.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

City of Altoona
Mayor and Council Members
City Hall
13th Avenue and 12th Street
Altoona, Pennsylvania 16601

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Altoona, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Altoona's basic financial statements and have issued our report thereon dated June 14, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Altoona's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Altoona's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Altoona's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, 2022-003, and 2022-004 to be material weaknesses.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(CONTINUED)**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Altoona's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Altoona's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures of the City of Altoona's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City of Altoona's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Young, Decker, Brown & Company, P.C.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

City of Altoona
Mayor and Council Members
City Hall
13th Avenue and 12th Street
Altoona, Pennsylvania 16601

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Altoona's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Altoona's major federal programs for the year ended December 31, 2022. City of Altoona's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Altoona complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Altoona and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Altoona's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Altoona's federal programs.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Altoona's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Altoona's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Altoona's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Altoona's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Altoona's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

Report on Internal Control Over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Young, Decker, Brown & Company, P.C.

**Altoona, Pennsylvania
June 14, 2023**

**CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Section I - Summary of Auditor's Results

1. A qualified opinion was issued on the City's financial statements.
2. Material weaknesses in internal control were disclosed by the audit of the financial statements.
3. Our audit disclosed no noncompliance which is material to the financial statements of the City.
4. No material weaknesses or significant deficiencies in internal control over major programs were disclosed by the audit.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit discloses no audit findings relating to major programs that are required to be reported under 2 CFR Section 200.516(a).
7. The City's major federal programs are the Coronavirus State and Local Fiscal Recovery Funds and the HOME Investment Partnership Program.
8. The dollar threshold used to determine Type A and Type B programs was \$750,000.
9. The City was not deemed to be a low-risk auditee.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(CONTINUED)

Section II - Financial Statement Findings

Item 2022-001

Condition

A complete segregation of duties, so that no one individual performs all functions related to any financial transaction, does not exist in all instances. For example, the purchasing function is performed by, and purchase orders are prepared by personnel who also perform payables and disbursing functions. In addition, in the Planning Department, one person initiates purchase orders, receives vendor invoices, prepares checks, has access to checks after signature, controls accounts receivable functions, and maintains all journals. This is a repeat finding (2021-001) from the prior year.

Criteria

No one individual should have complete authority over any one transaction.

Cause

The City has a relatively small number of employees in their Finance Office and Planning Department's fiscal function.

Effect

An internal control weakness exists if any individual performs all functions related to any financial transaction.

Recommendation

The City should examine the benefits that could be derived from adding additional staff members to the Finance Office and Planning Department's fiscal function versus the costs of adding these additional staff members.

City's Response

Because of budgetary constraints, the City has a relatively small number of employees in its Finance Department. However, the Finance Director and City Manager or City Clerk review all financial transactions and authorize all purchase orders and payment activity.

None of these circumstances are new, and the results have not changed. Although the City began the process of integrating the Accounting Manager into the financial accounting processes in a broad-based manner during 2022, we have not yet integrated this position in a way that fully isolates, or segregates, the related duties. As the City moves forward, integration of the Accounting Manager in a manner that enables a full segregation of duties will occur and is currently ongoing.

Item 2022-002

Condition

The City does not have anyone on its staff who could prepare the external financial statements, including note disclosures. This is a repeat finding (2021-002) from the prior year.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(CONTINUED)

Section II - Financial Statement Findings (Continued)

Item 2022-002 (Continued)

Criteria

AU-C Section 265, *Communicating Internal Control Related Matters Identified in an Audit*, required that an entity must have someone who prepares the year end financial statements, including note disclosures.

Cause

Historically, this has been seen as the role of the auditor.

Effect

A material weakness in internal control exists.

Recommendation

We recommend that the City examine the costs benefits of satisfying AU-C Section 265.

City's Response

The City continues to examine the costs and benefits of satisfying this requirement, which will likely correspond with the full implementation of the City's BS&A software and adding capacity within the City's Finance Department.

Item 2022-003

Condition

The City owns various parcels of land; however, no one tracks the acquisition and disposal of these parcels on an on-going basis.

Criteria

The City need to accurately report the land value on its government-wide financial statements.

Cause

The Department responsible has changed.

Effect

A material weakness in internal control exists.

Recommendation

We recommend the City re-examine which Department and individual is responsible for tracking the acquisition and disposal of land parcels owned by the City.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(CONTINUED)

Section II - Financial Statement Findings (Continued)

Item 2022-003 (Continued)

City's Response

The responsibility for the tracking of acquisition and disposition of City-owned parcels of land has now been assigned to the City's GIS Technician. A change in personnel had temporarily disrupted the informational chain related to maintaining an accurate inventory of these properties. This position previously resided in the Planning Department and currently resides within the Department of Codes and Inspections, and the individual in this position will be provided with all necessary information regarding land acquisition and disposition on an ongoing basis moving forward. Information related to changes that occurred in the City's land-holding inventory during the current year (2023) will subsequently be updated and maintained thereafter.

Item 2022-004

Condition

The City makes various loans to property owners; however, no one tracks the loans on an on-going basis.

Criteria

The City needs to be able to determine which loans are currently outstanding and the respective value of these loans.

Cause

The personnel responsible has changed.

Effect

A material weakness in internal control exists.

Recommendation

We recommend that the City institute a policy of tracking loans owed to the City on an on-going basis and select an individual responsible for verifying that this is done.

City's Response

The City is now aware of the deficiency, as outlined in the condition. A change in personnel over the past couple of years has been accompanied by a disjointed transfer of information concerning the state of the loans in question. The City has taken steps to update the tracking of these loans and associated payments. An employee has been assigned to this task, and the Community Development Director has been notified of the issue and will be provided with the tools to monitor the tracking of loan payments moving forward.

Section III - Uniform Guidance Findings

None noted.

CITY OF ALTOONA
BLAIR COUNTY, PENNSYLVANIA
STATUS OF PRIOR YEAR'S FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022

Findings and Questioned Costs

Section II - Financial Statement Findings

Prior year finding 2021-001 and 2021-002 remain unresolved.

Section III - Uniform Guidance Findings

No prior year issues were noted.