

CITY OF SCRANTON, PENNSYLVANIA

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council of
City of Scranton, Pennsylvania:

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scranton, Pennsylvania (the "City"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City as listed in the table of contents.

Summary of Opinions

	<u>Type of Opinion</u>
Entity-Wide:	
Governmental Activities	Unmodified
Business-Type Activity	Unmodified
Aggregate Discretely Presented Component Unit	Adverse
Fund:	
General Fund	Unmodified
OECD	Unmodified
Special Cities	Unmodified
ARPA	Unmodified
Non-major Funds	Unmodified
Enterprise Fund - Sewer Authority	Unmodified
Internal Service Fund	Unmodified
Pension Trust Fund	Unmodified

Adverse Opinion on the Aggregate Discretely Presented Component Unit

In our opinion, because of the significance of the matter described in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statements do not fairly present the financial position of the aggregate discretely presented component unit of the City, as of December 31, 2021, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CERTIFIED PUBLIC ACCOUNTANTS

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Unmodified Opinions on the Governmental Activities, Business-Type Activities, Each Major Fund and the Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund and the aggregate remaining fund information of the City, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 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 adverse and unmodified audit opinions.

Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Unit

The financial statements do not include financial data for the City's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for that component unit to be reported with the financial data of the City's primary government, unless the City also issues financial statements for the financial reporting entity that include the financial data for its component unit. The City has not issued such reporting entity financial statements.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these 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'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 GAAS 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 GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of changes in the City's net pension liability and related ratios, schedules of the City contributions - pension plans, schedules of changes in the City's OPEB liability and related ratios, and supplemental schedule of revenue and expenditures - budget and actual - general fund on pages 57 - 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining balance sheet - non-major governmental funds, and the combining statement of revenues, expenditures and changes in fund balances - non-major governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2023 on our consideration of the City's internal control over financial reporting and 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 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 the City's internal control over financial reporting and compliance.

Kohanski & Co., PC

Scranton, PA
March 17, 2023

CITY OF SCRANTON, PENNSYLVANIA**STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activity (March 31, 2021)	Total
CURRENT ASSETS:			
Cash and cash equivalents	\$ 17,969,729	\$ 256,449	\$ 18,226,178
Investments	22,250,164	-	22,250,164
Receivables:			
Taxes receivable, net	16,717,982	-	16,717,982
Garbage fees receivable, net	7,052,971	-	7,052,971
Accounts receivable, net	1,821,544	60,301	1,881,845
Loans receivable	626,060	-	626,060
Property held for resale	96,769	-	96,769
Prepaid expenses	-	7,338	7,338
Escrow deposits	-	8,859,420	8,859,420
Restricted cash and cash equivalents	<u>41,498,567</u>	<u>-</u>	<u>41,498,567</u>
Total Current Assets	108,033,786	9,183,508	117,217,294
CAPITAL ASSETS, net	74,894,806	1,379	74,896,185
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	9,868,406	-	9,868,406
Deferred outflows related to OPEB	<u>18,521,033</u>	<u>-</u>	<u>18,521,033</u>
	<u>\$ 211,318,031</u>	<u>\$ 9,184,887</u>	<u>\$ 220,502,918</u>

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

CITY OF SCRANTON, PENNSYLVANIA

**STATEMENT OF NET POSITION (CONT'D)
DECEMBER 31, 2021**

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activity (March 31, 2021)</u>	<u>Total</u>
CURRENT LIABILITIES:			
Accounts payable	\$ 2,379,622	\$ 436,786	\$ 2,816,408
Credits outstanding	-	157,140	157,140
Lien payment refunds	-	9,885	9,885
Other liabilities	1,556,095	2,827	1,558,922
Funds in escrow	3,674,744	-	3,674,744
Current portion of long term debt:			
Long-term debt obligations	6,815,528	-	6,815,528
Capital leases	468,439	-	468,439
Accrued interest	814,744	-	814,744
Accrued claims and judgements	490,000	-	490,000
Total Current Liabilities	<u>16,199,172</u>	<u>606,638</u>	<u>16,805,810</u>
LONG-TERM OBLIGATIONS, net of current portion:			
Long-term debt obligations	70,771,029	-	70,771,029
Capital leases	776,683	-	776,683
Worker's compensation claims	15,167,049	-	15,167,049
Net other post-employment benefit obligations	195,437,896	-	195,437,896
Net pension liability	50,747,393	-	50,747,393
Compensated absences	4,588,451	-	4,588,451
Unearned revenue	35,823,579	-	35,823,579
Total Long-term Obligations, net of current portion:	<u>373,312,080</u>	<u>-</u>	<u>373,312,080</u>
Total Liabilities	<u>389,511,252</u>	<u>606,638</u>	<u>390,117,890</u>

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

CITY OF SCRANTON, PENNSYLVANIA

**STATEMENT OF NET POSITION (CONT'D)
DECEMBER 31, 2021**

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activity (March 31, 2021)</u>	<u>Total</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	13,563,849	-	13,563,849
Deferred inflows related to OPEB	<u>36,886,266</u>	<u>-</u>	<u>36,886,266</u>
	<u>50,450,115</u>	<u>-</u>	<u>50,450,115</u>
NET POSITION:			
Net investment in capital assets	73,649,684	1,379	73,651,063
Restricted for escrow agreements	-	8,859,420	8,859,420
Restricted for externally imposed restrictions	8,202,885	-	8,202,885
Unrestricted	<u>(310,495,905)</u>	<u>(282,550)</u>	<u>(310,778,455)</u>
Total Net Position	<u>(228,643,336)</u>	<u>8,578,249</u>	<u>(220,065,087)</u>
	<u>\$ 211,318,031</u>	<u>\$ 9,184,887</u>	<u>\$ 220,502,918</u>

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

CITY OF SCRANTON, PENNSYLVANIA

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

		Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Primary Government					
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities (Year Ended March 31, 2021)	Total
FUNCTIONS/PROGRAMS:		Expenses					
Governmental Activities:							
General government - administrative		\$ 15,599,972	\$ 19,685	\$ -	\$ (12,791,537)	\$ -	\$ (12,791,537)
Public safety		35,104,009	798,040	-	(33,931,363)	-	(33,931,363)
Public works		18,479,300	-	2,168,308	(3,252,085)	-	(3,252,085)
Community development		5,266,337	4,960,889	-	(147,321)	-	(147,321)
Culture and recreation		887,757	-	-	(887,757)	-	(887,757)
Interest and fees on long-term debt		4,482,985	-	-	(4,482,985)	-	(4,482,985)
Total Governmental Activities		79,820,360	5,778,614	2,168,308	(55,493,048)	-	(55,493,048)
Business-type Activity (year ended March 31, 2021)		746,104	-	-	-	(746,104)	(746,104)
		<u>\$ 80,566,464</u>	<u>\$ 5,778,614</u>	<u>\$ 2,168,308</u>	<u>(55,493,048)</u>	<u>(746,104)</u>	<u>(56,239,152)</u>
General Revenues:							
Taxes:							
Property taxes					36,402,829	-	36,402,829
Act 511 taxes					42,713,528	-	42,713,528
Other taxes and penalties					114,312	-	114,312
Cable television franchise revenue					1,043,512	-	1,043,512
Payments in lieu of taxes					275,759	-	275,759
Investment earnings					262,251	3,749	266,000
Bad debt recovery					-	64,904	64,904
Miscellaneous					194,883	-	194,883
Disposal of assets					(213,547)	-	(213,547)
Rents and concessions					(4,969)	-	(4,969)
Total General Revenues					80,788,558	68,653	80,857,211
CHANGE IN NET POSITION					25,295,510	(677,451)	24,618,059
NET POSITION - BEGINNING					(253,938,846)	9,255,700	(244,683,146)
NET POSITION - ENDING					<u>\$ (228,643,336)</u>	<u>\$ 8,578,249</u>	<u>\$ (220,065,087)</u>

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

CITY OF SCRANTON, PENNSYLVANIA

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General Fund	OECD	Special Cities	ARPA Fund	Non-major Funds	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	\$ 13,489,539	\$ -	\$ 2,954,284	\$ -	\$ 1,525,906	\$ 17,969,729
Taxes receivable, net	16,717,982	-	-	-	-	16,717,982
Garbage fees receivable, net	7,052,971	-	-	-	-	7,052,971
Accounts receivable	992,646	119,801	682,249	-	-	1,794,696
Loans receivable, net	-	611,158	-	-	14,902	626,060
Restricted cash and cash equivalents	578,993	2,019,518	4,535,617	34,364,439	-	41,498,567
Property held for resale	-	-	-	-	96,769	96,769
Due from other funds	605,179	561,487	904,133	-	-	2,070,799
	<u>\$ 39,437,310</u>	<u>\$ 3,311,964</u>	<u>\$ 9,076,283</u>	<u>\$ 34,364,439</u>	<u>\$ 1,637,577</u>	<u>\$ 87,827,573</u>
LIABILITIES:						
Accounts payable	\$ 1,783,411	\$ 2,273	\$ 290,064	\$ 11,535	\$ 836	\$ 2,088,119
Funds in escrow	-	-	3,674,744	-	-	3,674,744
Other liabilities	1,289,105	266,990	-	-	-	1,556,095
Unearned revenue	-	611,157	859,082	34,353,340	-	35,823,579
Due to other funds	904,133	-	605,179	-	561,487	2,070,799
	<u>3,976,649</u>	<u>880,420</u>	<u>5,429,069</u>	<u>34,364,875</u>	<u>562,323</u>	<u>45,213,336</u>
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue	13,340,441	-	-	-	14,902	13,355,343
FUND BALANCES:						
Nonspendable	-	-	-	-	96,769	96,769
Restricted	578,993	2,431,544	3,676,535	-	1,515,813	8,202,885
Assigned	9,156,379	-	-	-	-	9,156,379
Unassigned	12,384,848	-	(29,321)	(436)	(552,230)	11,802,861
	<u>22,120,220</u>	<u>2,431,544</u>	<u>3,647,214</u>	<u>(436)</u>	<u>1,060,352</u>	<u>29,258,894</u>
	<u>\$ 39,437,310</u>	<u>\$ 3,311,964</u>	<u>\$ 9,076,283</u>	<u>\$ 34,364,439</u>	<u>\$ 1,637,577</u>	<u>\$ 87,827,573</u>

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

**RECONCILIATION OF FUND BALANCE IN THE BALANCE SHEET -
GOVERNMENTAL FUNDS WITH NET POSITION IN THE
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

TOTAL GOVERNMENTAL FUND BALANCES	\$ 29,258,894
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Amounts reported in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in the fund financial statements:

Capital assets	198,250,038
Accumulated depreciation	(123,355,232)

Property taxes and refuse fees receivable will be collected but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the general fund.	13,340,441
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Loans made by Scranton Redevelopment Authority to qualified projects will be repaid in future years but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the non-major fund.	14,902
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Internal service fund is used by management to charge the cost of workmen's compensation insurance to various departments. The net position of the internal service fund is reported with governmental activities.	6,818,460
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The City's net pension liability, deferred outflows of resources, and deferred inflows of resources related to the City's pension plans are not reported in the governmental funds but are reported in the statement of net position:

Net pension liability	(50,747,393)
Deferred outflows of resources	9,868,406
Deferred inflows of resources	(13,563,849)

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

CITY OF SCRANTON, PENNSYLVANIA

**RECONCILIATION OF FUND BALANCE IN THE BALANCE SHEET -
GOVERNMENTAL FUNDS WITH NET POSITION IN THE
STATEMENT OF NET POSITION (CONT'D)
DECEMBER 31, 2021**

The City's net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the City's OPEB plans are not reported in the governmental funds but are reported in the statement of net position:

Net OPEB liability	(195,437,896)
Deferred outflows of resources	18,521,033
Deferred inflows of resources	(36,886,266)

Long-term obligations are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term obligations at year end consist of the following:

General obligation bonds payable	(41,835,000)
General obligation notes payable	(34,711,000)
Governmental notes payable	(1,040,557)
Capitalized lease payable	(1,245,122)
Accrued interest payable	(814,744)
Compensated absences	(4,588,451)
Accrued claims and judgements	(490,000)

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (228,643,336)</u>
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The accompanying notes are an integral part of these financial statements.

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	General Fund	OECD	Special Cities	ARPA Fund	Non-major Funds	Total Governmental Funds
REVENUES:						
Taxes	\$ 81,564,165	\$ -	\$ -	\$ -	\$ -	\$ 81,564,165
Refuse disposal fee	9,528,740	-	-	-	-	9,528,740
Intergovernmental revenue	679,325	4,960,889	118,715	19,685	2,168,308	7,946,922
Licenses and permits	2,721,315	-	-	-	-	2,721,315
Cable television franchise revenue	1,043,512	-	-	-	-	1,043,512
Departmental earnings	271,707	-	742,179	-	-	1,013,886
Program income	340,606	158,127	-	-	-	498,733
Payments in lieu of taxes	275,759	-	-	-	-	275,759
Other revenues	154,399	797	32,187	-	7,500	194,883
Investment income (loss)	99,318	8,811	20,956	(436)	1,307	129,956
Rents and concessions	-	-	-	-	6,435	6,435
Total Revenues	96,678,846	5,128,624	914,037	19,249	2,183,550	104,924,306
EXPENDITURES:						
Current:						
General government	15,322,815	-	13,509	19,685	-	15,356,009
Public safety	48,275,559	-	524,764	-	-	48,800,323
Public works	13,171,049	-	45,750	-	-	13,216,799
Community development	-	5,223,532	-	-	30,844	5,254,376
Culture and recreation	618,421	-	3,320	-	-	621,741
Debt Service:						
Principal	11,142,337	-	16,484,745	-	-	27,627,082
Interest/fees	4,431,287	-	802	-	42,217	4,474,306
Capital Outlay	1,212,374	8,023	441,904	-	-	1,662,301
Total Expenditures	94,173,842	5,231,555	17,514,794	19,685	73,061	117,012,937
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,505,004	(102,931)	(16,600,757)	(436)	2,110,489	(12,088,631)
OTHER FINANCING SOURCES (USES):						
Operating transfers-in	2,926,816	-	-	-	-	2,926,816
Operating transfers-out	-	-	(208,204)	-	(2,718,612)	(2,926,816)
Proceeds from issuance of debt	3,353,014	-	-	-	-	3,353,014
Court awards	(463,017)	-	-	-	-	(463,017)
Proceeds from tax anticipation note	12,200,000	-	-	-	-	12,200,000
Payments on tax anticipation note	(12,297,271)	-	-	-	-	(12,297,271)
Total Other Financing Sources (Uses)	5,719,542	-	(208,204)	-	(2,718,612)	2,792,726
CHANGE IN FUND BALANCE	8,224,546	(102,931)	(16,808,961)	(436)	(608,123)	(9,295,905)
FUND BALANCE - Beginning:	13,895,674	2,534,475	20,456,175	-	1,668,475	38,554,799
FUND BALANCE - Ending	\$ 22,120,220	\$ 2,431,544	3,647,214	\$ (436)	\$ 1,060,352	\$ 29,258,894

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

CITY OF SCRANTON, PENNSYLVANIA

**RECONCILIATION OF CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS
WITH CHANGE IN NET POSITION
YEAR ENDED DECEMBER 31, 2021**

CHANGE IN FUND BALANCE	\$ (9,295,905)
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The change in net position reported in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense:

Capital outlays	1,662,301
Depreciation	(6,329,263)

Disposals of capital assets are not reported in governmental funds but are reported as a loss on disposal in the statement of activities.

(213,547)

Proceeds from long-term and short-term debt and capital lease agreements are considered a current financial resource and are reported in the statement of changes in fund balances but not in the statement of activities.

(15,553,014)

Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The effect of these transactions in the statement of activities is shown below:

Repayment of general obligation bonds	8,525,000
Repayment of notes payable	30,819,857
Repayment of capitalized leases	482,225
Accrued interest	88,592

In the statement of revenues, expenditures, and changes in fund balance, non-exchange revenue is only recognized when measurable and available. Therefore, any non-exchange balances collected past sixty-days of the balance sheet date are not recognized as revenue until the period collected. This amount is the net change in revenue accrued between the prior and the current year.

(2,278,227)

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

CITY OF SCRANTON, PENNSYLVANIA

**RECONCILIATION OF CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS
WITH CHANGE IN NET POSITION (CONT'D)
YEAR ENDED DECEMBER 31, 2021**

Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. These items consist of:

Change in compensated absences	(818,106)
Change in net OPEB obligation and related deferrals	1,615,910
Change in net pension liability and related deferrals	15,703,041
Accrued claims and judgements	285,000

Internal service fund is used by management to charge the cost of workmen's compensation insurance to various departments. The net revenue of the internal service fund is reported with governmental activities.

601,646

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 25,295,510</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF SCRANTON, PENNSYLVANIA**STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2021**

	Business-Type Activity	Governmental Activity
	Enterprise Fund Sewer Authority (March 31, 2021)	Internal Service Fund
CURRENT ASSETS:		
Cash and cash equivalents	\$ 256,449	\$ -
Investments	-	22,250,164
Accounts receivable, net	60,301	26,848
Prepaid insurance	7,338	-
Escrow deposits	8,859,420	-
Total Current Assets	9,183,508	22,277,012
CAPITAL ASSETS, net	1,379	-
	<u>\$ 9,184,887</u>	<u>\$ 22,277,012</u>
LIABILITIES:		
Current Liabilities:		
Accounts payable/accrued expenses	\$ 436,786	\$ 291,503
Lien payment refunds	9,885	-
Credits outstanding	157,140	-
Accrued payroll and payroll taxes	2,827	-
Total Current Liabilities	606,638	291,503
Non-Current Liabilities:		
Workers' compensation claims payable	-	15,167,049
Total Liabilities	606,638	15,458,552
NET POSITION:		
Net investment in capital assets	1,379	-
Restricted for escrow agreements	8,859,420	-
Restricted for workers compensation claims	-	6,818,460
Unrestricted	(282,550)	-
Total Net Position	8,578,249	6,818,460
	<u>\$ 9,184,887</u>	<u>\$ 22,277,012</u>

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

CITY OF SCRANTON, PENNSYLVANIA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021**

	<u>Business-Type Activity</u>	<u>Governmental Activity</u>
	<u>Enterprise Fund Sewer Authority (Year ended March 31, 2021)</u>	<u>Internal Service Fund</u>
REVENUES:		
Charges for services	\$ -	\$ 2,551,043
Bad debt recovery	<u>64,904</u>	<u>-</u>
Total Revenues	<u>64,904</u>	<u>2,551,043</u>
EXPENSES:		
Workers' compensation claims	-	1,837,692
Administrative and general	746,104	244,000
Other	<u>-</u>	<u>-</u>
Total Expenses	<u>746,104</u>	<u>2,081,692</u>
INCOME (LOSS) FROM OPERATIONS	<u>(681,200)</u>	<u>469,351</u>
NON-OPERATING REVENUES:		
Investment income	3,749	132,295
CHANGE IN NET POSITION	(677,451)	601,646
NET POSITION - Beginning	<u>9,255,700</u>	<u>6,216,814</u>
NET POSITION - Ending	<u>\$ 8,578,249</u>	<u>\$ 6,818,460</u>

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

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	<u>Business-Type Activity</u>	<u>Governmental Activity</u>
	<u>Enterprise Fund Sewer Authority (Year ended March 31, 2021)</u>	<u>Internal Service Fund</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 64,904	\$ -
Cash received from interfund services provided	-	2,567,613
Cash paid to employees for services	(74,764)	-
Cash paid for legal fees and easements	(131,213)	-
Cash paid for operating expenses	<u>(5,777)</u>	<u>(2,851,893)</u>
Net Cash Used By Operating Activities	<u>(146,850)</u>	<u>(284,280)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of investments	-	(1,929,706)
Proceeds from sales of investments	-	2,081,692
Interest and dividends received	<u>3,749</u>	<u>132,295</u>
Net Cash Provided by Investing Activities	<u>3,749</u>	<u>284,280</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(143,101)	-
CASH AND CASH EQUIVALENTS - Beginning	<u>399,550</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - Ending	<u>\$ 256,449</u>	<u>\$ -</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (loss) from operations	\$ (681,200)	\$ 469,351
Adjustments to reconcile income (loss) from operations to net cash used by operating activities:		
Depreciation	1,502	-
Change in assets and liabilities:		
Accounts receivable	1,289	16,570
Prepaid insurance	3,888	-
Escrow deposits	7,628,290	-
Accrued expenses	(7,094,289)	161,931
Accrued payroll	2,392	-
Worker's compensation claim payables	<u>(8,722)</u>	<u>(932,132)</u>
Net Cash Used by Operating Activities	<u>\$ (146,850)</u>	<u>\$ (284,280)</u>

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

CITY OF SCRANTON, PENNSYLVANIA

**STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2021**

	Pension Trust <u>Fund</u>
ASSETS:	
Cash and investments	<u>\$ 136,876,073</u>
LIABILITIES:	
Accounts payable	\$ 30,367
NET POSITION:	
Held-in-trust for pension benefits	<u>136,845,706</u>
	<u>\$ 136,876,073</u>

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

CITY OF SCRANTON, PENNSYLVANIA**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2021**

	<u>Pension Trust Fund</u>
ADDITIONS:	
Contributions:	
Employer contributions	\$ 8,875,919
State aid	3,593,165
Contributions by members	<u>1,371,025</u>
Total Contributions	<u>13,840,109</u>
Investment Income:	
Net appreciation in fair-value of investments	6,107,897
Net realized gain on sale of investments	4,613,115
Interest and dividends, net of fees	<u>2,491,455</u>
Total Investment Income	<u>13,212,467</u>
Total Additions	<u>27,052,576</u>
DEDUCTIONS:	
Retirement benefits paid	13,007,216
Administrative expenses	<u>119,081</u>
Total Deductions	<u>13,126,297</u>
CHANGE IN NET POSITION	13,926,279
NET POSITION - Beginning	<u>122,919,427</u>
NET POSITION - Ending	<u>\$ 136,845,706</u>

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies of the City of Scranton, Pennsylvania.

Reporting Entity

The City of Scranton, Pennsylvania (the "City") was incorporated in 1866 under the provisions of the constitution and general statutes of the Commonwealth of Pennsylvania. The City is a class 2A city, as defined by the state statutes. The City operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety, roads, sanitation, health, culture-recreation, and general administrative services.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

The City has evaluated its relationship with the following organizations to determine if these organizations should be included in the annual government-wide and fund financial statements of the City:

- Sewer Authority of the City of Scranton, Pennsylvania
- Parking Authority of the City of Scranton, Pennsylvania
- Scranton Municipal Recreation Authority
- Redevelopment Authority of the City of Scranton
- Scranton Housing Authority
- Scranton School District
- Scranton Lackawanna Health and Welfare Authority
- Scranton Public Library
- Single Tax Office

Component Unit

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The basis for determining component units is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of ability to exercise oversight responsibility include, but are not limited to, the selection

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Reporting Entity (Cont'd)

Component Unit (Cont'd)

of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. A component unit may then be reported in one or two following manners:

Discrete presentation

Financial data for the component unit is presented in a column separate from that of the City's financial data.

Blended presentation

Financial data for the component unit is presented in the same manner as that of the City's financial data and is reported as part of the City's financial operations.

Joint Venture

A legal entity or other organization resulting from a contractual arrangement that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or an ongoing financial responsibility. There are no such entities included in the City's reporting entity.

Related Organization

An organization for which the City is not financially accountable even though the City appoints a voting majority of the organization's governing board.

As a result of applying these criteria, the following organizations have been categorized and determined to be and are presented as component units for the year ended December 31, 2021:

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Reporting Entity (Cont'd)

Sewer Authority of the City of Scranton, Pennsylvania

On December 29, 2016, the Sewer Authority of the City of Scranton, Pennsylvania (the "Sewer Authority") sold substantially all of the Sewer Authority's assets to the Pennsylvania American Water Company. The proceeds from the sale were used to repay all of the Sewer Authority's outstanding notes with Pennsylvania Infrastructure Investment Authority, which the City had guaranteed. The City appoints all the Sewer Authority members. The Sewer Authority continues to operate on a limited basis, collecting outstanding receivables, which it retained, in satisfaction of liens on properties. The Sewer Authority reports its financial position and its operating activities on a fiscal year of April 1 to March 31. The Sewer Authority is a discretely presented component unit.

The Parking Authority of the City of Scranton, Pennsylvania

The Parking Authority of the City of Scranton, Pennsylvania (the "Parking Authority") oversees the operation of all public parking facilities in the City of Scranton. Parking facilities include both on-street and off-street facilities. The mayor of the City of Scranton appoints all Parking Authority members. Effective August 30, 2016, the Parking Authority and the City of Scranton completed an asset monetization through a forty-five (45) year concession lease which monetized the parking assets while continuing to maintain oversight and ownership of the assets. The City of Scranton owns the on-street parking assets (meters) while the Parking Authority owns the off-street assets (garages). The City of Scranton and Parking Authority negotiated the comprehensive economic transaction with the National Development Council ("NDC") through its public private partnership affiliate the Housing and Economic Development Corporation ("HEDC"). NDC has hired ABM Parking to manage the on-street and off-street parking facilities. The assets will be returned to the City of Scranton and Parking Authority of the City of Scranton upon the maturity of the concession lease, or when the debt assumed by HEDC is retired. An audit of the Parking Authority was not completed for the year ended December 31, 2021, and no financial statements have been prepared or included in the City's financial statements for the year ended December 31, 2021. The Parking Authority should be a discretely presented component unit.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Reporting Entity (Cont'd)

Redevelopment Authority of the City of Scranton

The Redevelopment Authority of the City of Scranton (the "SRA") operates for the purpose of promoting the elimination of blighted areas by acquisition; sound planning, and redevelopment of such areas for the promotion of health, safety, convenience, and welfare of the general public, through contracts with private redevelopers and public authorities for redevelopment. The City appoints all SRA members and is named guarantor on certain SRA conduit indebtedness. In addition, the City has provided the SRA with a portion of its Community Development Block Grant funding. The SRA is a blended component unit.

To obtain individual financial statements for any of the above-mentioned entities, individuals should contact the administrative office of each specific entity.

Government-Wide Financial Statements

The City's government-wide financial statements include a statement of net position and a statement of activities. These statements present information about the reporting government as a whole. They include all funds of the reporting government except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The primary government is reported separately from legally separate component units.

All of the City's assets and liabilities, including capital assets, and long-term liabilities, are included in the accompanying statement of net position. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. 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. Taxes and other items not included among other program revenues are reported as general revenues.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Governmental Fund Financial Statements

Financial statements of the reporting government are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, deferred inflows of resources, net assets/fund equity, revenues, and expenditures/expenses. The City reports the difference between its governmental fund assets and liabilities and deferred inflows of resources as fund balance.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and change in fund balances. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City has presented all major funds that met the applicable criteria. Schedules are presented to reconcile and explain the differences in governmental fund balances as presented in these statements to the net position and change in net position presented in the government-wide financial statements.

Governmental Funds

The following is a description of the governmental funds of the City:

General Fund (Major)

The general fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all financial resources, except those legally or administratively required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are utilized to account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) used to finance specific activities as required by law or administrative regulation. The following funds included in the accompanying government-wide and fund financial statements are accounted for as special revenue funds; special cities, liquid fuels, ARPA, Office of Economic and Community Development ("OECD"), and the SRA.

The OECD, special cities, and ARPA funds are classified as a major funds. The remaining special revenue funds are classified as non-major funds.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Governmental Funds (Cont'd)

Debt Service Fund

Debt service fund is a non-major fund and is used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt. The fund balance of the debt service fund is reserved to signify the amounts are restricted exclusively for debt service expenditure. The debt service fund related to the Emmaus General Authority Bonds was closed during 2021.

Proprietary Funds

The focus of proprietary funds measurement is the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations.

The City's proprietary funds are classified as internal service and enterprise funds.

Internal Service Fund

Internal service funds are used to account for the financing of goods or services provided by one department to other departments on a cost reimbursement basis. The City accounts for its self-insurance of workers' compensation claims in this fund. This proprietary fund is reported within the governmental activities in the government-wide financial statements.

Enterprise Fund

Enterprise funds are used for activities which are financed and operated in a manner similar to businesses in the private sector, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The principal operating revenue for the City's proprietary fund is the collection of delinquent sewer fees. Operating expenses for the City's enterprise fund includes salaries and administrative costs. All revenue or expenses not meeting this definition are reported as non-operating revenue and expenses.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fiduciary Funds

The focus of the fiduciary fund is to account for assets held by the City in a trustee capacity or an agent for individuals, private organizations, other governmental units and/or other funds. The pension trust funds consist of the Police Pension Plan, Firemen Pension Plan, and Non-uniformed Pension Plan. These funds are accounted for within a single aggregate fund.

Measurement Focus and Basis of Accounting

The government-wide statement of net position and statement of activities are reported using the "economic resources measurement focus" and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. 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 are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources. General capital asset acquisitions are reported as expenditures in governmental funds.

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and deferred inflows of resources.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement Focus and Basis of Accounting (Cont'd)

Revenues susceptible to accrual include property taxes, employment and business taxes, public charges for services, and interest. Other general revenues such as fines and forfeitures, permit fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The City reports unearned revenues on its governmental funds balance sheet. For governmental fund financial statements, unearned revenues arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

Budgets and Budgetary Accounting

The City prepares an annual operating budget for the general fund on a basis consistent with accounting principles generally accepted in the United States of America. The preparation of the annual operating budget begins by September 15 for the subsequent budget year. By November 15, the Mayor submits to City Council a proposed budget for the general fund for the fiscal year commencing January 1. City Council publishes, in one or more newspapers of general circulation within the City, a summary of the budget and a notice that the budget is available for public inspection. A public hearing takes place by December 1, at which time City Council may adopt the budget with or without amendment. In amending the budget, City Council may delete, increase or decrease programs or amounts, except for expenditures required by law or for debt service. If a change in a program or a budgetary item exceeds 10% of the Mayor's proposed budget, another public hearing must take place within 72 hours to justify the change. In no case can an amendment increase authorized expenditures to an amount greater than total estimated funds available. City Council must adopt an annual budget by December 15. If City Council fails to adopt a budget by December 15, the Mayor's proposed budget becomes the official budget for the City for the ensuing year.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents includes cash and all other investment instruments which are carried at cost, with original maturities of three months or less.

Restricted Cash

Several governmental fund cash accounts, which were funded through grants from the Federal government and the Commonwealth of Pennsylvania, are restricted for various programs undertaken by the City.

Investments

Investments are stated at fair-value based on quoted market prices. Fair-value is the amount at which a financial investment could be exchanged in a current transaction between willing parties.

Receivables

Accounts and taxes receivable in the governmental fund financial statements are shown at the total amount due. Taxes, franchise fees and grants not collected within 60 days are offset by deferred inflows of resources in the fund financial statements.

The City provides an allowance for doubtful accounts receivable equal to the estimated collection losses that will be incurred. The estimate is based on historical collection experience and a review of the current status of outstanding accounts.

Loans Receivable

Loans receivable consist of economic development loans to third parties that are administered by OECD. Most of these loans bear interest, usually at a very low rate and are reported at the gross principal outstanding net of an allowance for uncollectable loans. Grant revenue received for revolving loan programs is considered unearned revenue until principal payments are received on the loans. Interest income is recorded when received.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as due to and due from funds. Short-term interfund loans are reported as interfund receivables and payables. Long-term interfund loans are reported as advances from and to other funds. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Capital Assets

Capital assets are reported in the government-wide statement of net position but are reported in the government fund financial statements as expenditures. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

All capital assets, except land and construction-in-progress, are depreciated. Land is never depreciated. Construction-in-progress costs are accumulated until the project is complete and placed in service. At that time, the costs are transferred to the appropriate asset class and depreciation begins.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>SRA</u>	<u>Government-Wide</u>
Building and building improvements	N/A	20 - 50 years
Land improvements	N/A	10 - 15 years
Equipment/furniture	15 years	5 - 7 years
Vehicles	N/A	8 - 15 years
Roadways	N/A	30 - 50 years
Traffic systems	N/A	15 years

Depreciation of all exhaustible capital assets is recorded as a direct expense in the accompanying statement of activities, with accumulated depreciation reflected in the statement of net position.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Capital Assets (Cont'd)

Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing the cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

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 currently has two types of deferred outflows of resources. Accordingly, these items, deferred pension charges and deferred OPEB charges are reported in the statement of net position in connection with the City's Pension and OPEB Plans. These deferred charges are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension/healthcare expense in future periods in accordance with GAAP.

In addition to liabilities, the statement of financial position and the balance sheet 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 and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has two types of deferred inflows of resources. On the statement of net position, deferred inflows of resources are related to the City's Pension and OPEB Plans for certain actuarially determined differences between projected and actual investment earnings. In the governmental funds balance sheet, deferred inflows of resources are related to unavailable revenues from taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as a liability in the government-wide statements. Long-term debt consists primarily of bonds and notes payable.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Long-Term Debt (Cont'd)

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. Debt proceeds are reported as other financing sources and payment of principal and interest is reported as expenditures. The accounting for long-term debt in proprietary funds is the same in the fund financial statements as it is in the government-wide financial statements.

Bond discount or premium, the reacquisition price, and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

Compensated Absences

The City's vacation policy generally provides that unused vacation benefits lapse at year-end. Unused vacation may be carried over only with the approval of the department head. Unused sick pay accumulates to varying maximum amounts for the various classes of City employees.

Pensions and OPEB

For purposes of measuring the net pension liability, total OPEB liability, deferred outflows and deferred inflows of resources, pension and OPEB expense, fiduciary net position and additions to/deductions from the Plan's fiduciary net position, have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair-value.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Governmental Fund Balances

Generally, governmental fund balances represent the difference between the current assets and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Governmental Fund Balances (Cont'd)

Non-spendable: amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed: fund balance that contains self-imposed constraints of the government from its highest level of decision making authority, the City Council. The City Council commits revenue streams through adopted motions.

Assigned: amounts constrained by the City's intent to use them for a specific purpose. Fund balance is assigned by City Council by passage of a new resolution.

Unassigned: all other spendable amounts.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City's policy is to pay the expenditure from restricted fund balance and then from less restrictive classifications - committed, assigned, then unassigned.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Real Estate Taxes

Real estate taxes are based upon assessed valuations provided by Lackawanna County. The elected tax collector bills and collects real estate taxes. The assessed value at January 1, 2021, upon which the 2021 levy was based, was approximately \$383.5 million. Delinquent taxes for the first year are collected by the Single Tax Office and thereafter are collected by an outside collection agency.

The schedule for real estate taxes levied is as follows:

February 1	Original levy date
February 1 - March 1	2 1/2% discount period
March 1 - April 30	2% discount period
May 1 - June 30	Face payment period
July 1 - January 15	10% penalty period
January 16	Lien date

In addition, City taxes may be paid in four installments, in which the first two quarterly payments aggregating 50% of the face amount are due by June 30. The third and fourth quarterly payments are due on August 31 and October 31, respectively. Any delinquent installment is subject to a penalty of 10%. The City utilizes the reserve method for writing off uncollectible real estate taxes.

The millage rate at January 1, 2021 was 239.521 mills on the assessed value of land and 50.564 mills on the assessed value of improvements.

Effects of New Pronouncements

The following summarizes recent GASB pronouncements and their impact, if any, on the financial statements:

In June 2017, GASB issued Statement No. 87, *Leases*. The statement increases the usefulness of a government's financial statements by requiring recognition of certain lease assets and liabilities for previously classified operating leases as inflows of resources or outflows of resources based on payment provisions of the contract.

The provisions of Statement No. 87 are effective for fiscal years beginning after June 15, 2021. The City is currently evaluating the effects of this statement on its financial statements.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Effects of New Pronouncements (Cont'd)

The provisions of Statement No. 101 are effective for fiscal years beginning after December 15, 2023. The City is currently evaluating the effects of this statement on its financial statements.

GASB has issued the following pronouncements which management of the City does not expect to impact the financial statements.

- Statement No. 91, *Conduit Debt Obligations*, with an effective date for fiscal years beginning after December 15, 2021.
- Statement No. 92, *Omnibus 2020*, with an effective date for fiscal years beginning after June 15, 2021.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, with an effective date for fiscal years beginning after June 15, 2022.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, with an effective date for fiscal years beginning after June 15, 2022.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statement No. 14 and No. 84, and a suppression of GASB Statement No. 32*, with effective dates through June 15, 2021.
- Statement No. 98, *The Annual Comprehensive Financial Report*, with an effective date for fiscal years ending after December 15, 2021.
- Statement No. 99, *Omnibus 2022*, with effective dates for fiscal years through June 15, 2023.
- Statement No. 100, *Accounting Changes and Errors and Corrections - an Amendment of GASB Statement No. 62*, with an effective date for fiscal years beginning after June 15, 2023.

Subsequent Events

Management has evaluated subsequent events through March 17, 2023, which is the date the financial statements were available to be issued.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021****NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS**Cash

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

The deposit policy of the City adheres to state statutes. Deposits of the City are either maintained in demand deposits or invested in certificates-of-deposit.

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 maintains its deposits with financial institutions which are insured by the FDIC up to \$250,000. As of December 31, 2021, \$38,689,334 of the City's bank balances of \$40,002,491 was uninsured, but was collateralized by securities held by the pledging banks' trust department not in the City's name; and \$1,678,830 was collateralized by securities held by the pledging banks' trust department in the City's name.

The deposits of the SRA and the Sewer Authority are insured by the FDIC or collateralized by securities pledged by the financial institution, not in the SRA's or the Authority's name.

Investments

As of December 31, 2021, the City had the following investments:

PROPRIETARY FUNDS

	<u>Cost</u>	<u>Fair-Value</u>
Internal Service Fund:		
Cash and Cash Equivalents	\$ 6,887,373	\$ 6,887,373
Corporate obligations:		
Corporate-Domestic bonds	6,291,007	6,371,871
Governmental Securities:		
U.S. Government agencies	6,299,949	6,284,621
Mutual Funds:		
Equity Mutual funds	2,316,825	2,706,299
	<u>\$ 21,795,154</u>	<u>\$ 22,250,164</u>

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

FIDUCIARY FUNDS

	<u>Cost</u>	<u>Fair-Value</u>
Pension Trust Fund:		
Mutual Funds:		
Cash equivalents	\$ 8,474,604	\$ 8,474,603
Bond Mutual funds	41,576,708	41,513,976
Equity Mutual funds	<u>69,940,028</u>	<u>86,887,494</u>
	<u>\$ 119,991,340</u>	<u>\$ 136,876,073</u>

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in an event of the failure of the counterparty, the City will not recover the value of its investments of collateral securities that are in the possession of an outside party. The City does not have a deposit policy for custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investments in a single issuer. The City does not have a formal policy that addresses concentration of credit risk.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair-value of an investment.

Interest Rate Risk

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. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increasing interest rates.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3: FAIR-VALUE MEASUREMENTS

U.S. GAAP defines fair-value as the price that would be received upon the sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. U.S. GAAP specifies a hierarchy of inputs to valuation techniques, which categorizes inputs to fair-value measurement that reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). The following summarizes the fair-value hierarchy:

Level 1 Inputs - Unadjusted quoted market prices for identical assets and liabilities in an active market that an organization has the ability to access.

Level 2 Inputs - Inputs other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs - Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair-value measurements.

U.S. GAAP requires the use of observable market data, when available, in making fair-value measurements. When inputs used to measure fair-value fall within different levels of the hierarchy, the level within which the fair-value measurement is categorized is based on the lowest level input that is significant to the fair-value measurement.

The carrying values of cash, accounts receivable, prepaid expenses, accounts payable, accrued liabilities and other payables, approximate fair-values due to the short maturity of these financial instruments.

The following tables present the fair-value measurements of assets recognized in the accompanying statements of net position measured at fair-value on a recurring basis and the level within the fair-value hierarchy in which the fair-value measurements fall at December 31, 2021:

CITY OF SCRANTON, PENNSYLVANIA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3: FAIR-VALUE MEASUREMENTS (CONT'D)

<u>Investment Type</u>	<u>Fair-Value Measurement Using</u>			
	<u>Fair-Value</u>	<u>(Level 1) Inputs</u>	<u>(Level 2) Inputs</u>	<u>(Level 3) Inputs</u>
Internal Service Fund:				
Corporate obligations:				
Corporate-Domestic bonds	\$ 6,371,871	\$ 6,371,871	\$ -	\$ -
Governmental Securities:				
U.S. Government agencies	6,284,621	6,284,621	-	-
Mutual Funds:				
Equity mutual funds	<u>2,706,299</u>	<u>2,706,299</u>	<u>-</u>	<u>-</u>
	<u>\$ 15,362,791</u>	<u>\$ 15,362,791</u>	<u>\$ -</u>	<u>\$ -</u>
Pension Trust Fund:				
Mutual Funds:				
Equity mutual funds	\$ 86,887,494	\$ 86,887,494	\$ -	\$ -
Bond mutual funds	<u>41,513,976</u>	<u>41,513,976</u>	<u>-</u>	<u>-</u>
	<u>\$ 128,401,470</u>	<u>\$ 128,401,470</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4: TAXES AND FEES RECEIVABLE

Taxes receivable in the general fund consist of the following at December 31, 2021:

Real estate taxes	\$ 14,719,729
Other taxes:	
Earned Income	7,248,019
LST	1,336,238
Real Estate Transfer Tax	647,419
Business Privilege	<u>71,153</u>
	24,022,558
Less: allowance for uncollectible taxes	<u>7,304,576</u>
	<u>\$ 16,717,982</u>

CITY OF SCRANTON, PENNSYLVANIA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4: TAXES AND FEES RECEIVABLE (CONT'D)

Garbage fees receivable in the general fund are reported net of an allowance of \$6,894,048 at December 31, 2021.

Delinquent sewer fees in the proprietary fund are reported net of an allowance of \$2,954,762 at March 31, 2021.

NOTE 5: DUE TO/FROM OTHER FUNDS

The following summarizes receivables and payables between funds as of December 31, 2021:

	<u>DUE FROM</u>	<u>DUE TO</u>
General Fund:		
Special Cities	\$ 605,179	\$ 904,133
OECD:		
Non-major	561,487	-
Special Cities:		
General Fund	904,133	605,179
Non-major:		
OECD	<u>-</u>	<u>561,487</u>
	<u>\$ 2,070,799</u>	<u>\$ 2,070,799</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases/ Reclassifications</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES:				
Capital assets, not being depreciated:				
Land	\$ 3,863,184	\$ -	\$ (65,194)	\$ 3,797,990
Construction-in-progress	<u>1,066,743</u>	<u>900,549</u>	<u>-</u>	<u>1,967,292</u>
Total capital assets, not being depreciated	<u>\$ 4,929,927</u>	<u>\$ 900,549</u>	<u>\$ (65,194)</u>	<u>\$ 5,765,282</u>
Capital assets, being depreciated:				
Infrastructure	\$ 141,099,927	\$ 2,226,205	\$ (16,083)	\$ 143,310,049
Building	12,103,899	553,243	-	12,657,142
Land and building improvements	11,091,022	366,251	-	11,457,273
Vehicles, equipment and furniture	<u>31,002,651</u>	<u>726,485</u>	<u>(6,668,844)</u>	<u>25,060,292</u>
Total capital assets, being depreciated	<u>195,297,499</u>	<u>3,872,184</u>	<u>(6,684,927)</u>	<u>192,484,756</u>
Less: Accumulated depreciation				
Infrastructure	(84,920,544)	(5,577,878)	7,148	(90,491,274)
Building	(6,250,263)	(297,681)	116,693	(6,431,251)
Land and building improvements	(7,384,499)	(1,254,529)	-	(8,639,028)
Vehicles, equipment and furniture	<u>(21,896,807)</u>	<u>(1,023,039)</u>	<u>5,126,167</u>	<u>(17,793,679)</u>
Total accumulated depreciation	<u>(120,452,113)</u>	<u>(8,153,127)</u>	<u>5,250,008</u>	<u>(123,355,232)</u>
Total capital assets being depreciated, net	<u>\$ 74,845,386</u>	<u>\$ (4,280,943)</u>	<u>\$ (1,434,919)</u>	<u>\$ 69,129,524</u>
Capital assets, net	<u>\$ 79,775,313</u>	<u>\$ (3,380,394)</u>	<u>\$ (1,500,113)</u>	<u>\$ 74,894,806</u>

Depreciation expense was charged to functions/programs of governmental activities as follows:

Governmental Activities:	
General government - administrative	\$ 128,672
Parks and recreation	266,016
Public safety and corrections	599,849
Public works	5,322,765
Community development	<u>11,961</u>
Total depreciation expense - governmental activities	<u>\$ 6,329,263</u>

NOTE 7: SHORT-TERM DEBT

During the year ended December 31, 2021, the City obtained a \$12,200,000 tax anticipation note. The note was repaid, with interest, during the year for \$12,297,271.

CITY OF SCRANTON, PENNSYLVANIA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8: LONG-TERM OBLIGATIONS

At December 31, 2021, general long-term debt obligations were as follows:

	Balance Outstanding December 31, 2020	Additions	Reductions	Balance Outstanding December 31, 2021	Amounts Due Within One Year
General Obligation Bonds:					
Series A and AA of 2016	\$ 28,910,000	\$ -	\$ 3,075,000	\$ 25,835,000	\$ 3,385,000
Series A of 2017	18,315,000	-	2,315,000	16,000,000	2,425,000
Emmaus General Authority Series 2002	3,135,000	-	3,135,000	-	-
Total General Obligation Bonds	50,360,000	-	8,525,000	41,835,000	5,810,000
General Obligation Notes:					
Series of 2016	32,100,000	-	270,000	31,830,000	285,000
Series of 2021	-	3,210,000	329,000	2,881,000	391,000
Series of 2018	17,695,000	-	17,695,000	-	-
Total General Obligation Notes	49,795,000	3,210,000	18,294,000	34,711,000	676,000
Notes Payable:					
DCED Act 47 Loan	200,000	-	100,000	100,000	100,000
PIB Loan	1,166,414	-	225,857	940,557	229,528
Total Notes Payable	1,366,414	-	325,857	1,040,557	329,528
Total Long-Term Debt Obligations	\$ 101,521,414	3,210,000	\$ 27,144,857	\$ 77,586,557	\$ 6,815,528
Lease Obligations Payable:					
Capitalized Equipment Leases	\$ 1,584,333	143,014	\$ 482,225	\$ 1,245,122	\$ 468,439
Other Long-Term Liabilities:					
Compensated absences	\$ 3,770,345	\$ -	\$ 52,824	\$ 3,717,521	\$ -

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8: LONG-TERM OBLIGATIONS (CONT'D)

A summary of long-term debt outstanding at December 31, 2021 is as follows:

General Obligation Bonds

General Obligation Bonds, Series A and AA of 2016

In June 2016, the City issued Guaranteed Lease Revenue Bonds, Series A and Series AA of 2016 in the amount of \$29,810,000 and \$7,920,000, at interest rates of 5.00% and 5.25%, respectively. Principal and interest are due each year in May and November through November 2028 and 2026, respectively.

General Obligation Bonds, Series of 2017

In August 2017, the City issued General Obligation Bonds in the amount of \$24,620,000, at an interest rate of 5%. Principal and interest are due each year on September 1, through September 2029. The bonds were used to refund the Series B of 2003 debt.

Emmaus General Authority Series 2002

Variable rate demand bonds. Series of 1996 of Emmaus General Authority repaid in July 2021 with the issuance of the General Obligation Notes, Series 2021.

Future debt service requirements on general obligation bonds as of December 31, 2021 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 5,810,000	\$ 2,101,325	\$ 7,911,325
2023	6,220,000	1,809,100	8,029,100
2024	5,970,000	1,496,288	7,466,288
2025	4,940,000	1,195,875	6,135,875
2026	5,185,000	946,862	6,131,862
2027 - 2029	<u>13,710,000</u>	<u>1,373,250</u>	<u>15,083,250</u>
	<u>\$ 41,835,000</u>	<u>\$ 8,922,700</u>	<u>\$ 50,757,700</u>

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8: LONG-TERM OBLIGATIONS (CONT'D)

General Obligation Notes

General Obligation Note, Series of 2016

On August 24, 2016, the City of Scranton, in accordance with the Local Governmental Unit Debt Act of the Commonwealth of Pennsylvania, Act 53 Section 8111(a) issued \$32,850,000 of 5.00% general obligation notes. Proceeds of the notes were used towards the costs of a project consisting of a) refunding the City's outstanding lease rental debt represented by the City's respective guaranties of the Parking Authority of the City of Scranton, Pennsylvania's (the "Parking Authority") Guaranteed Parking Revenue Bonds, Series of 2004, the Parking Authority's Guaranteed Parking Revenue Bonds, Series of 2006 and the Parking Authority's Guaranteed Parking Revenue Bond, Series of 2007 (collectively, the "Refunded Bonds"); b) funding various capital improvements in the City, including renovations to certain fire stations located in the City, and c) paying the costs related to the issuance of the Notes. Interest is payable on May 15, and November 15, each year with final maturity November 15, 2032.

The Notes are subject to redemption at the option of the City prior to maturity. The Notes are subject to mandatory redemption from required sinking fund amortization, prior to maturity, in part, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to date fixed for redemption, on November 15 of each year, drawn by lot by the paying agent.

General Obligation Note, Series of 2021

On July 13, 2021, the City of Scranton, in accordance with the Local Governmental Debt Act of the Commonwealth of Pennsylvania, Act 53 Section 8111(a) issued \$3,210,000 of General Obligation Notes with an interest rate of 1.71%. Proceeds of the note were used to pay off the City's Emmaus General Authority, Series 2002 General Obligation Bonds. Principal and interest is payable on August 1 each year with final maturity on August 1, 2028.

General Obligation Note, Series of 2018

On December 17, 2018, the City of Scranton, in accordance with the Local Governmental Debt Act of the Commonwealth of Pennsylvania, Act 53 Section 8111(a) issued a \$22,990,000 General Obligation Note. The note was paid off in October 2021.

CITY OF SCRANTON, PENNSYLVANIA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8: LONG-TERM OBLIGATIONS (CONT'D)

General Obligation Notes (Cont'd)

Future debt service requirements on general obligation notes as of December 31, 2021 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 676,000	\$ 1,640,765	\$ 2,316,765
2023	693,000	1,619,829	2,312,829
2024	1,285,000	1,598,272	2,883,272
2025	2,677,000	1,547,348	4,224,348
2026	3,048,000	1,427,053	4,475,053
2027 - 2031	24,512,000	4,302,042	28,814,042
2032	<u>1,820,000</u>	<u>91,000</u>	<u>1,911,000</u>
	<u>\$ 34,711,000</u>	<u>\$ 12,226,309</u>	<u>\$ 46,937,309</u>

Notes Payable

DCED Act 47 Loan

On September 12, 2012, the City borrowed \$2,000,000 through a non-interest bearing loan under the Municipalities Financial Recovery Program from the Commonwealth of Pennsylvania acting through the Department of Community and Economic Development. The loan required a payment of \$1,000,000, within 30 days of the receipt of the 2012 unfunded debt settlement and thereafter \$50,000 semiannual payments on May 31 and November 30 of each year, with a maturity of November 2022.

PIB Loan

In 2015, the City borrowed \$2,242,820 at an interest rate of 1.625%. Principal and interest payments are due annually through November 2025.

CITY OF SCRANTON, PENNSYLVANIA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8: LONG-TERM OBLIGATIONS (CONT'D)

Notes Payable (Cont'd)

Future debt service requirements on notes payable as of December 31, 2021 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 329,528	\$ 15,284	\$ 344,812
2023	233,258	11,554	244,812
2024	237,048	7,764	244,812
2025	<u>240,723</u>	<u>4,089</u>	<u>244,812</u>
	<u>\$ 1,040,557</u>	<u>\$ 38,691</u>	<u>\$ 1,079,248</u>

Capitalized Leases

The City has entered into various leases for equipment with a net value of \$1,406,529 at December 31, 2021 payable in annual installments including interest from 3.35% to 4.272%, with final payments through August 2026.

Future debt service requirements on capitalized leases as of December 31, 2021 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 468,439	\$ 45,650	\$ 514,089
2023	491,785	28,470	520,255
2024	91,501	10,656	102,157
2025	94,924	7,233	102,157
2026	<u>98,475</u>	<u>3,684</u>	<u>102,158</u>
	<u>\$ 1,245,123</u>	<u>\$ 95,693</u>	<u>\$ 1,340,816</u>

CITY OF SCRANTON, PENNSYLVANIA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9: OPERATING LEASES

The City has entered into a lease with 233 Genessee Street Corporation for certain improvements to the City's street lights. The \$4,000,000 lease agreement requires annual principal and interest payments at 3.5% through May 1, 2027. The City may cancel the lease with written notice of termination at least 60 days prior to the end of the current fiscal period if sufficient funds have not been appropriated for the payment of all rental payments required to be paid during the next fiscal year.

Annual principal and interest payments under the lease are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 359,746	\$ 86,633	\$ 446,379
2023	381,312	73,838	455,150
2024	403,814	60,276	464,090
2025	427,292	45,914	473,206
2026	451,783	30,716	482,499
2027	411,835	14,648	426,483
	<u>\$ 2,435,782</u>	<u>\$ 312,025</u>	<u>\$ 2,747,807</u>

NOTE 10: INTERFUND TRANSFERS

Interfund transfers during the year ended December 31, 2021, were as follows:

<u>Operating Transfers</u>	<u>In</u>	<u>Out</u>
General Fund:		
Debt Service Fund	\$ 34,035	\$ -
Liquid Fuels Fund	2,684,577	-
Special Cities	208,204	-
Special Cities:		
General Fund	-	208,204
Non-major:		
General Fund	-	2,718,612
	<u>\$ 2,926,816</u>	<u>\$ 2,926,816</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11: RISK MANAGEMENTHealth Insurance

The City self-insures for health insurance to a maximum claim amount of \$325,000, after which claims are assumed by private insurance companies. Highmark Blue Cross/Blue Shield ("BCBS"), manages the claims and the City remits weekly payments to BCBS to cover the claims and administrative fees. Employees contribute to the cost of the insurance in amounts determined by their labor contract.

Workers' Compensation

The City's risk management activities for workers' compensation are reported within governmental activities and recorded in the workers' compensation internal service fund. The purpose of this fund is to administer a self-insured retention program (SIR). Claims in excess of SIR limits of \$350,000, are covered through third-party insurance policies. Payments of actual claim costs are made by a third-party administrator and are billed to the City and reimbursed by the general fund. The claim costs are reflected as revenues in the internal service fund.

The accrued workers' compensation claim loss reserve of \$15,167,049 as of December 31, 2021, was determined by an actuary and represents the discounted present value of expected losses using a 1.90% interest factor. The actuarial value was determined as of August 31, 2021. The amount of workers' compensation claims operating expense (income) for the internal service fund for the year ended December 31, 2021 is as follows:

Claims and cost paid	\$ 1,837,692
Decrease in actuarial discounted loss reserves	<u>(2,769,824)</u>
Workers' compensation claims, net	<u>\$ (932,132)</u>

The reconciliation of changes in the aggregate liabilities for the current year and the prior year are as follows:

<u>Year Ended</u>	<u>Balance Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance End of Year</u>
12/31/2020	\$ 16,252,595	\$ 1,447,763	\$ 1,601,177	\$ 16,099,181
12/31/2021	\$ 16,099,181	\$ 2,769,824	\$ 1,837,692	\$ 15,167,049

CITY OF SCRANTON, PENNSYLVANIA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 11: RISK MANAGEMENT (CONT'D)

Workers' Compensation (Cont'd)

In November 2022, Council adopted a resolution authorizing the allocation of \$2 million to establish an other Post Employment Benefit Plan Trust. The funds for the Trust came from a pool of unrestricted workers compensation excess reserve funds the Pennsylvania Department of Labor and Industry returned to the City.

Other

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City retains the risk up to various levels depending on the type of risk. Excess loss coverage is purchased for coverage on claims exceeding the retention level.

At December 31, 2021, the City's self-insured retention limits are as follows:

<u>Type of Coverage</u>	<u>Self-Insurance Retention (SIR) (All claims up to)</u>	<u>Excess Coverage Policy (From SIR up to)</u>
General Liability	\$ 50,000	\$ 1,000,000
Law Enforcement Liability	\$ 150,000	\$ 1,000,000
Public Officials Liability	\$ 50,000	\$ 1,000,000
Property	\$ 25,000	\$ 57,142,273
Automobile Liability	\$ 50,000	\$ 1,000,000
Excess Workers' Compensation	\$ 1,000,000	\$ 25,000,000
Boiler and Machinery	\$ 25,000	\$ 57,142,273

NOTE 12: PENSION PLANS - DEFINED BENEFIT

Plan Description

The City sponsors and administers three single employer defined benefit pension plans covering substantially all full-time employees. These plans are the police, firemen, and non-uniformed pension plans (the "Plans"). Pennsylvania Act 205 and the City's Home Rule Charter assigns the authority to establish and amend benefit provisions to the Pension Fund Board as authorized by City Council. Plans have been designated as severely distressed under Pennsylvania Act 205.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 12: PENSION PLANS - DEFINED BENEFIT (CONT'D)

Plan Description (Cont'd)

The Police Pension Plan provides for normal retirement with 25 years of credited service and an attained age of 55 years for members hired on or after July 1, 1987. For members hired prior to July 1, 1987, the Plan provides for normal retirement with 25 years of credited service. The Firemen's Pension Plan provides for normal retirement at age 55 with 25 years of credited service for members hired on or after July 1, 1987. For members hired prior to July 1, 1987, the Plan provides for normal retirement with 25 years of credited service. The non-uniformed Pension Plan provides for normal retirement at age 55 with completion of 15 years of service and have contributed to the pension fund for 20 years. Members are 100% vested when eligible.

Information regarding the plans can be obtained from the City. The plans do not issue separate financial statements but are included in the City's fund financial statements as a fiduciary fund type - Pension Trust Funds.

Plan Membership

The following table provides information concerning the types of covered employees and benefit provision for each of the Plans.

	Police Pension <u>Plan</u>	Firemen Pension <u>Plan</u>	Non-Uniformed Pension <u>Plan</u>
Inactive plan members currently receiving benefits	182	205	136
Inactive plan members entitled to but not yet receiving benefits	1	0	5
Active plan members	<u>144</u>	<u>135</u>	<u>116</u>
Total	<u>327</u>	<u>340</u>	<u>257</u>

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan pension payments and member/employer contributions are recognized in the period they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 12: PENSION PLANS - DEFINED BENEFIT (CONT'D)Plan Contributions

Police and firemen are required to contribute 6% of covered payroll. Non-uniformed nonunion employees are required to contribute 3% of covered payroll but not more than \$24 per month if hired before July 1, 1987. Non-uniformed nonunion employees contribute \$22 per month if hired after July 1, 1987 or amounts as determined by ordinance.

Pennsylvania Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act of the Commonwealth of Pennsylvania (as amended) ("Act 205") requires that annual contributions be based upon the Minimum Municipal Obligation ("MMO"), which is based on the Plans' biennial actuarial valuation. According to Act 205, actuarial valuations may be made biennially and the most recent valuation for all of the City's plans was completed as of January 1, 2021. The MMO is now defined as the total financial requirement to the pension fund, less funding adjustment and estimated member contribution. The Commonwealth of Pennsylvania provides an allocation of funds which must be used for pension funding. Any financial requirements established by the MMO which exceeds Commonwealth and member contributions must be funded by the City. In accordance with Act 205, the City was required to contribute to the three plans for the year ended December 31, 2021.

Contributions, based on the MMO, in 2021 consisted of the following:

	Police Pension <u>Plan</u>	Firemen Pension <u>Plan</u>	Non-Uniformed Pension <u>Plan</u>	<u>Total</u>
City	\$ 2,816,730	\$ 6,059,189	\$ -	\$ 8,875,919
Commonwealth	<u>1,490,084</u>	<u>1,394,139</u>	<u>708,942</u>	<u>3,593,165</u>
Total	<u>\$ 4,306,814</u>	<u>\$ 7,453,328</u>	<u>\$ 708,942</u>	<u>\$ 12,469,084</u>

Plan Investments

The long-term expected rate of return on pension plan investments was determined using log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) 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 percentage and adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of December 31, 2021 is as follows:

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021****NOTE 12: PENSION PLANS - DEFINED BENEFIT (CONT'D)**Plan Investments (Cont'd)

<u>Asset Class</u>	<u>Target</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	36.00%	5.10%
International Equity	13.50%	4.80%
Emerging Equity	5.50%	5.20%
Core Fixed Income	20.00%	1.40%
Intermediate Inv. Grade Corp.	10.00%	1.40%
High Yield	5.00%	2.50%
Emerging Debt	5.00%	2.40%
Cash	5.00%	<u>(.30%)</u>
Total Net Blended Return		<u>3.42%</u>

* Excludes 2.50% inflation assumption.

Long-term Expected Rate of Return (Including Inflation) 5.92%

For the year ended December 31, 2021, the annual money weighted rate of return on pension plan investments, net of investment expense was 10.75%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Method Used to Value Investments

Investments are reported at fair-value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6.25%) or one-percentage point higher (8.25%) than the current rate:

CITY OF SCRANTON, PENNSYLVANIA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 12: PENSION PLANS - DEFINED BENEFIT (CONT'D)

	1% Decrease <u>6.25%</u>	Current Discount Rate <u>7.25%</u>	1% Increase <u>8.25%</u>
<u>Net Pension Liability</u>			
Police Pension Plan	<u>\$ 23,805,674</u>	<u>\$ 14,409,189</u>	<u>\$ 6,461,542</u>
Firemen Pension Plan	<u>\$ 43,613,821</u>	<u>\$ 34,648,486</u>	<u>\$ 26,980,952</u>
Non-Uniformed Pension Plan	<u>\$ 2,653,911</u>	<u>\$ 1,689,718</u>	<u>\$ 856,190</u>

**City's Recognition of the Net Pension Liability, Pension Expense, and Deferred Outflows/
Inflows of Resources**

As allowed by GASB Statement No. 68, the City is reporting on its government-wide financial statements, its net pension liability, and related deferred outflows of resources and inflows of resources using information from the City's pension plans measured as of December 31, 2021. The City's pension plans' total pension liability as of December 31, 2021 was \$187,624,293, less the City pension plans' fiduciary net position of \$136,876,900 resulting in a net pension liability of \$50,747,393 at December 31, 2021. Accordingly, as of December 31, 2021, the City reported a net pension liability in the government-wide statement of net position. For the year ended December 31, 2021, the City recognized net pension gain of approximately \$3,032,287. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to the City pension plans from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience:		
Police pension plan	\$ -	\$ (2,498,314)
Firemen pension plan	-	(601,415)
Non-uniformed pension plan	14,456	-
Change in assumptions:		
Police pension plan	2,721,390	-
Firemen pension plan	6,699,357	-
Non-uniformed pension plan	433,203	-

CITY OF SCRANTON, PENNSYLVANIA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 12: PENSION PLANS - DEFINED BENEFIT (CONT'D)

**City's Recognition of the Net Pension Liability, Pension Expense, and Deferred Outflows/
Inflows of Resources (Cont'd)**

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments		
Police pension plan	-	(5,438,744)
Firemen pension plan	-	(4,318,202)
Non-uniformed pension plan	-	(707,174)
	<u>\$ 9,868,406</u>	<u>\$ (13,563,849)</u>

Amounts reported as deferred outflows/(inflows) of resources will be recognized in the pension expense as follows:

<u>Year Ending December 31,</u>	<u>Police Pension Plan</u>	<u>Firemen Pension Plan</u>	<u>Non-Uniform Pension Plan</u>
2022	\$ (4,336,520)	\$ 457,525	\$ (51,618)
2023	(1,376,781)	(226,398)	(178,071)
2024	(371,673)	528,722	(82,758)
2025	457,158	995,231	28,749
2026	412,148	24,660	24,183
	<u>\$ (5,215,668)</u>	<u>\$ 1,779,740</u>	<u>\$ (259,515)</u>

NOTE 13: PENSION PLAN - DEFINED CONTRIBUTION

The City contributes to a union sponsored, multi-employer plan for certain employees. The Plan is not administered by the City and contributions are determined in accordance with labor contracts. For the year ended December 31, 2021, the City contributed \$534,445 to this plan.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14: OTHER POSTEMPLOYMENT BENEFITSPlan Description

The City sponsors three Health and Welfare Plans (the "H&W Plans"). The H&W Plans are single-employer defined benefit healthcare plans administered by the City as an other post-employment benefit plan ("OPEB"). The H&W Plans provide medical coverage to eligible retirees and their dependents who meet specific criteria.

Under the police, firemen, and clerical labor contracts, the City is responsible for providing health insurance to retirees and spouses for the remainder of their lives if the employee was hired or retired prior to December 31, 1993. Employees hired after December 31, 1993, are not eligible for these benefits. The City's contribution for retiree health insurance is equal to the cost in effect in 1993 plus 75% of any increase above that cost. The retiree pays the other 25%.

Under the public works labor contract, the City will provide health insurance to retirees and spouses only from age 62 to 65. The City's contribution is equal to the cost in effect in 1994 plus 75% of any increase above those costs. The retiree pays the other 25%.

Plan Membership

The following employees were covered by the benefit terms at December 31, 2021:

	Police H & W <u>Plan</u>	Firemen H & W <u>Plan</u>	Non-Uniformed H & W <u>Plan</u>
Inactive employees or beneficiaries currently receiving benefits	177	203	111
Active employees, fully eligible	-	-	-
Active employees, not fully eligible	<u>138</u>	<u>136</u>	<u>182</u>
Total	<u>315</u>	<u>339</u>	<u>293</u>

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements. As of December 31, 2021, no trust has been established for the funding of the H & W Plan's post-employment benefit obligation.

CITY OF SCRANTON, PENNSYLVANIA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 14: OTHER POSTEMPLOYMENT BENEFITS (CONT'D)

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the City, calculated using a discount rate and healthcare trend rate that is one-percentage point lower, and one-percentage point higher than the current discount rate and healthcare cost trend rate, respectively:

<u>OPEB Liability</u>	<u>1% Decrease 1.25%</u>	<u>Discount Rate</u>	<u>1% Increase 3.25%</u>
		<u>Current Rate 2.25%</u>	
Police OPEB Plan	<u>\$ 102,320,435</u>	<u>\$ 90,625,011</u>	<u>\$ 80,882,304</u>
Firemen OPEB Plan	<u>\$ 81,460,837</u>	<u>\$ 72,888,413</u>	<u>\$ 65,708,742</u>
Non-Uniformed OPEB Plan	<u>\$ 35,137,148</u>	<u>\$ 31,924,472</u>	<u>\$ 29,194,568</u>

<u>OPEB Liability</u>	<u>1% Decrease</u>	<u>Healthcare Cost Rate</u>	<u>1% Increase</u>
		<u>Current Trend Rates</u>	
Police OPEB Plan	<u>\$ 80,688,593</u>	<u>\$ 90,625,011</u>	<u>\$ 102,406,634</u>
Firemen OPEB Plan	<u>\$ 65,936,533</u>	<u>\$ 72,888,413</u>	<u>\$ 81,069,182</u>
Non-Uniformed OPEB Plan	<u>\$ 29,142,846</u>	<u>\$ 31,924,472</u>	<u>\$ 35,124,552</u>

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience:		
Police OPEB	\$ -	\$ (10,623,242)
Firemen OPEB	-	(7,753,960)
Non-uniformed OPEB	47,673	(154,695)

CITY OF SCRANTON, PENNSYLVANIA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 14: OTHER POSTEMPLOYMENT BENEFITS (CONT'D)

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
(Cont'd)**

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in assumptions:		
Police OPEB	9,474,070	(3,939,622)
Firemen OPEB	6,367,820	(11,819,097)
Non-uniformed OPEB	<u>2,631,470</u>	<u>(2,595,650)</u>
	<u>\$ 18,521,033</u>	<u>\$ (36,886,266)</u>

Amounts reported as deferred outflows/(inflows) of resources will be recognized in the health insurance expense as follows:

<u>Year Ending December 31,</u>	<u>Police OPEB</u>	<u>Firemen OPEB</u>	<u>Non-Uniform OPEB</u>
2022	\$ (657,603)	\$ (637,894)	\$ 689,015
2023	(190,889)	(1,342,883)	535,902
2024	(1,297,219)	(3,741,486)	(276,927)
2025	(2,943,083)	(3,741,486)	(509,595)
2026	<u>-</u>	<u>(3,741,488)</u>	<u>(509,597)</u>
	<u>\$ (5,088,794)</u>	<u>\$ (13,205,237)</u>	<u>\$ (71,202)</u>

NOTE 15: FUND BALANCE

The following is a summary of the governmental fund balances of the City at December 31, 2021:

General Fund:

Restricted:

Employee healthcare

\$ 578,993

Assigned

9,156,379

Unassigned

12,384,848

22,120,220

CITY OF SCRANTON, PENNSYLVANIA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 15: FUND BALANCE (CONT'D)

OECD Fund:

Restricted:

Community development	<u>2,431,544</u>
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Special Cities Fund:

Restricted:

Other externally imposed restrictions	3,676,535
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Unassigned	<u>(29,321)</u>
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	<u>3,647,214</u>
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ARPA Fund:

Unassigned

	<u>(436)</u>
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Non-major Funds:

Non-spendable:

Property held for resale	96,769
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Restricted:

Roads and streets	959,720
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Other externally imposed restrictions	566,186
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Unassigned	<u>(562,323)</u>
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	<u>1,060,352</u>
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Total Governmental Fund Balance	<u>\$ 29,258,894</u>
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NOTE 16: CREDIT AND MARKET RISK

The City uses its authority to levy certain general purpose taxes. Major taxing revenue sources include real estate, earned income, mercantile, and business privilege taxes. These taxes account for approximately 87% of the total taxes collected by the City in 2021. Although the City has a diversified taxing base, its citizens' ability to honor their taxing obligations is substantially dependent upon the general economic condition of the region. The market value of the City's investments is subject to fluctuations in the prevailing market prices of those investments.

NOTE 17: RELATED PARTY TRANSACTIONS

The City paid \$705,835 to the Single Tax Office to subsidize certain operating costs of this entity. The Single Tax Office collected approximately \$38 million of tax revenues on behalf of the City in 2021.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 18: COMMITMENTS AND CONTINGENCIES

On March 11, 2020, the World Health Organization declared, a novel strain of coronavirus disease ("COVID-19") a pandemic. The extent of COVID-19's effect on the City's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape.

Management currently believes that it has adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with COVID-19 for twelve months from the date of this report.

Litigation

The City is the defendant in a matter which challenges the City's refuse ordinance, alleging that the City's refuse revenues are grossly disproportionate to its direct expenditures. This matter has been certified as a class action and approximately 6,000 individuals have opted into the class. Following mediation, the City and class counsel have tentatively resolved the matter for \$385,000 plus costs for administration of the Common Fund, which remains subject to court approval. Insurance coverage for this matter was not provided but the City has sufficient funds available should the court approve the tentatively agreed terms.

The City is the defendant in a matter which was filed by a City resident against the City for property issues, namely a large sink hole on the resident's property. The allegations sound mainly in mandamus and request the court to force the City to take remediation efforts on the resident's property. Plaintiffs have also alleged monetary damages. Trial was held and the jury awarded plaintiffs damages in excess of \$400,000. This matter is pending appeal in Pennsylvania Commonwealth Court. Insurance coverage has been denied.

The City was named a party to a class action complaint which the plaintiff filed against Northeast Revenue Service, LLC, asserting violations of the Pennsylvania Fair Credit Extension Uniformity Act and the Unfair Trade Practices and Consumer Protection Law, and sought damages, as well as declaratory relief, in connection with the percentage of penalties, interest and costs assessed by the City's third-party collector, Northeast Revenue Service, LLC, on delinquent refuse accounts.

The City participated in mediation with plaintiffs and co-defendant Northeast Revenue Services at which time Northeast Revenue Service, LLC disclosed that it had an unasserted legal claim against the City for breach of contract for reimbursement of fees it expended on the City's behalf in its contract for delinquent tax and refuse fee collection. Northeast Revenue Service, LLC alleged that it was entitled to approximately \$3.9 million, and that it would legally pursue collection of this sum in order to resolve the class

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 18: COMMITMENTS AND CONTINGENCIES (CONT'D)

Litigation (Cont'd)

action suit. As a result of mediation, the City has tentatively agreed to resolve both matter for a total figure of \$3.79 million. Insurance coverage has been issued under a Reservation of Rights and the City's insurer has agreed to make a minimal contribution to resolve these matters.

In addition, The City is named as a party in other legal proceedings and investigations that occur in the normal course of governmental operations. Although the ultimate outcome of these legal proceedings and investigations is unknown, the City is vigorously defending its position in each case.

Collective Bargaining Agreements

Substantially all of the City's non-management employees are covered by collective bargaining agreements between the City and various unions.

NOTE 19: DISTRESSED MUNICIPALITY STATUS

In 1992, the Pennsylvania Department of Community and Economic Development ("DCED") declared the City a distressed municipality under the Financially Distressed Municipalities Act (the "Act"). DCED then appointed the Pennsylvania Economy League ("PEL") as a coordinator to administer a recovery plan for the City pursuant to this Act.

Pursuant to an act of the Pennsylvania General Assembly, Act 199 of 2014 (the "Act 199") which amended Act 47, a financially distressed municipality may adopt a three-year exit plan. On July 27, 2017, the Scranton City Council adopted by ordinance the Act 47 Exit Plan for the City of Scranton (the "Exit Plan") prepared by PEL. The Mayor signed and the Council adopted the ordinance on July 28, 2017. Act 199 requires that before the end of the City's three-year Exit Plan, PEL will make a written recommendation to the Secretary of DCED (the "Secretary") recommending the Secretary make a determination to terminate the City's financially distressed status or a determination that a fiscal emergency exists. In July 2020, the City approved an 18 month extension to the Exit Plan and officially exited distressed status on January 27, 2022.

NOTE 20: TAX ABATEMENTS

As of December 31, 2021, the City provides tax abatements through a Local Economic Revitalization Tax Assistance ("LERTA") program. The City established a local LERTA to provide property tax abatements that encourage revitalization of existing land and buildings on all residential, commercial, and industrial properties located within the City.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 20: TAX ABATEMENTS (CONT'D)

LERTA approved projects will receive a 10-year, 100% tax abatement on owner improvements to properties within the City. The exemption will begin in the year immediately following the year in which the building permit is issued. Tax exemption applies to the improvements to the land or building only and are subject to standard tax rates and terms. For the year ended December 31, 2021, the City was not able to determine the amount of taxes abated.

NOTE 21: SEWER AUTHORITY

During the year ended December 31, 2016, the Sewer Authority was sold to Pennsylvania American Water Company ("PAWC") for \$195,000,000. The City received \$66,519,986 as part of the sale in addition to escrow deposits and wind-down funds held back of \$17,840,000, which are held by a third-party, \$67,065,588 was used to pay off the defeased Sewer Authority debt, and the Borough of Dunmore, Pennsylvania ("Dunmore") received \$16,626,366 for their share of the sale and \$4,460,000 of escrow deposits.

As part of the agreement, the City agreed to assume certain liabilities which were estimated to be less than the escrow deposit. However, if certain liabilities exceed the escrow deposits, the City would be liable for its proportionate share. Management believes that the escrow will be sufficient to extinguish all liabilities. Additionally, the City agreed to share in the up keep of certain storm water assets with the seller and Dunmore. Management believes such upkeep will be de minimis to the City.

NOTE 22: SUBSEQUENT EVENTS

In January 2022, the City issued a tax anticipation note in the amount of \$10,000,000. The note requires monthly interest payments at .830% through December 31, 2022, the maturity date of the loan. The loan was repaid before the maturity date.

In March 2022, the City leased four trucks. The lease requires monthly lease payments of \$3,520 through March 2027.

In January 2023, the City issued a tax anticipation note in the amount of \$4,900,000. The note requires monthly interest payments at 3.75% through December 31, 2023, the maturity date of the loan.

In May 2022, the City leased a firetruck. The lease requires annual lease payments of \$114,164 through May 2029.

CITY OF SCRANTON, PENNSYLVANIA

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

POLICE PENSION PLAN

UNAUDITED

DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability:								
Service cost	\$ 1,148,042	\$ 1,166,860	\$ 1,116,612	\$ 1,109,820	\$ 1,062,029	\$ 1,300,741	\$ 1,238,801	\$ 1,093,805
Interest	6,041,782	5,593,207	5,502,284	5,569,195	5,475,400	7,797,729	7,519,247	7,050,809
Differences between expected and actual experience	(855,617)	-	(1,580,091)	-	(7,477,628)	-	(218,430)	-
Change in assumptions	5,847,205	-	1,864,184	-	(20,511,936)	-	3,149,169	-
Benefit payments, including refunds of member contributions	(5,595,212)	(5,495,991)	(5,334,064)	(5,330,472)	(5,338,761)	(5,334,183)	(5,343,755)	(5,385,590)
Net Change in Total Pension Liability	6,586,200	1,264,076	1,568,925	1,348,543	(26,790,896)	3,764,287	6,345,032	2,758,670
Total Pension Liability - Beginning	79,992,899	78,728,823	77,159,898	75,811,350	102,602,246	98,837,959	92,492,927	89,734,257
Total Pension Liability - Ending	\$ 86,579,099	\$ 79,992,899	\$ 78,728,823	\$ 77,159,893	\$ 75,811,350	\$ 102,602,246	\$ 98,837,959	\$ 92,492,927
Plan Fiduciary Net Position:								
Contributions - Employer	\$ 2,816,730	\$ 2,563,526	\$ 2,100,737	\$ 12,903,789	\$ 6,647,833	\$ 5,006,025	\$ 4,041,361	\$ 3,975,175
Contributions - State Aid	1,490,084	1,600,420	1,757,264	1,522,058	1,348,946	1,268,647	1,129,200	1,107,586
Contributions - Member	650,747	654,294	652,255	643,578	645,078	754,378	420,859	350,984
Net investment income	6,967,540	8,415,913	8,676,068	(1,841,689)	4,364,702	2,556,892	115,460	1,754,307
Benefit payments, including refunds of member contributions	(5,595,212)	(5,495,991)	(5,332,669)	(5,330,472)	(5,338,761)	(5,334,183)	(5,343,755)	(5,385,989)
Administrative expense	(46,147)	(44,836)	(52,225)	(48,449)	(64,224)	(56,185)	(42,686)	(44,009)
Net Change in Plan Fiduciary Net Position	6,283,742	7,693,326	7,801,430	7,848,815	7,603,574	4,195,574	320,439	1,758,054
Total Plan Fiduciary Net Position - Beginning	65,886,168	58,192,842	50,391,412	42,542,597	34,939,023	30,743,449	30,423,010	28,664,956
Total Plan Fiduciary Net Position - Ending	\$ 72,169,910	\$ 65,886,168	\$ 58,192,842	\$ 50,391,412	\$ 42,542,597	\$ 34,939,023	\$ 30,743,449	\$ 30,423,010
Plan's Net Pension Liability	\$ 14,409,189	\$ 14,106,731	\$ 20,535,981	\$ 26,768,481	\$ 33,268,753	\$ 67,663,223	\$ 68,094,510	\$ 62,069,917
Plan fiduciary net position as a percentage of the total pension liability	83.4%	82.4%	73.9%	65.3%	56.1%	34.1%	31.1%	32.9%
Covered employee payroll	\$ 11,500,000	\$ 12,800,000	\$ 11,000,000	\$ 10,800,000	\$ 11,000,000	\$ 10,100,000	\$ 9,700,000	\$ 8,700,000
Plan's net pension liability as a percentage of the covered employee payroll	125.3%	107.9%	186.7%	247.9%	302.4%	669.9%	702.0%	713.4%

See independent auditors' report and note to required supplementary information.

CITY OF SCRANTON, PENNSYLVANIA

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS (CONT'D)
POLICE PENSION PLAN

UNAUDITED

DECEMBER 31, 2021

Notes to Schedule:

Assumption Changes:

- In 2015, the mortality assumption was changed from the Blue Collar RP-2000 Table to the Blue Collar RP-2000 Table projected to 2015 using Scale AA.
- In 2017, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2015 to the Blue Collar RP-2000 Table projected to 2017 using Scale AA.
- In 2017, the interest rate assumption was changed from 8.0% to 7.5% per annum, salary rates changed from 5.0% to 4.5%, cost of living adjustment assumption was removed.
- In 2019, the interest rate assumption was decreased from 7.5% to 7.25%.
- In 2021, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2017 using Scale AA to the Puks-2010.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

CITY OF SCRANTON, PENNSYLVANIA

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

FIREMEN PENSION PLAN

UNAUDITED

DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability:								
Service Cost	\$ 1,033,330	\$ 1,022,441	\$ 978,412	\$ 985,136	\$ 942,714	\$ 998,710	\$ 951,152	\$ 877,594
Interest	6,318,173	5,841,596	5,818,493	5,842,733	5,826,106	8,107,968	7,914,310	7,523,591
Differences between expected and actual experience	(989,568)	-	357,621	-	(3,178,426)	-	(784,286)	-
Change in assumptions	7,178,923	-	1,779,419	-	(23,063,685)	-	3,694,635	-
Benefit payments, including refunds of member contributions	(6,458,121)	(6,523,487)	(6,521,054)	(6,691,385)	(6,487,711)	(6,465,804)	(6,518,785)	(6,483,409)
Net Change in Total Pension Liability	7,082,737	340,550	2,412,891	136,484	(25,961,002)	2,640,874	5,257,026	1,917,776
Total Pension Liability - Beginning	83,153,592	82,813,042	80,400,151	80,263,667	106,224,669	103,583,795	98,326,769	96,408,993
Total Pension Liability - Ending	<u>\$ 90,236,329</u>	<u>\$ 83,153,592</u>	<u>\$ 82,813,042</u>	<u>\$ 80,400,151</u>	<u>\$ 80,263,667</u>	<u>\$ 106,224,669</u>	<u>\$ 103,583,795</u>	<u>\$ 98,326,769</u>
Plan Fiduciary Net Position:								
Contributions - Employer	\$ 6,059,035	\$ 4,786,111	\$ 4,242,540	\$ 14,893,060	\$ 8,262,627	\$ 6,087,485	\$ 5,011,978	\$ 4,928,939
Contributions - State Aid	1,394,139	1,501,944	1,542,204	1,400,263	1,238,828	1,023,667	1,011,575	1,006,897
Contributions - Member	669,496	642,137	643,576	603,523	612,845	751,112	378,642	325,302
Net investment income	5,366,028	6,208,454	6,269,069	(1,314,210)	2,792,721	1,522,810	67,227	1,031,379
Benefit payments, including refunds of member contributions	(6,458,121)	(6,523,487)	(6,521,054)	(6,691,385)	(6,487,711)	(6,465,804)	(6,518,785)	(6,483,409)
Administrative expense	(49,191)	(45,005)	(50,615)	(46,409)	(57,437)	(48,494)	(42,078)	(50,368)
Net Change in Plan Fiduciary Net Position	6,981,386	6,570,154	6,125,720	8,844,842	6,361,873	2,870,776	(91,441)	758,740
Total Plan Fiduciary Net Position - Beginning	<u>48,606,457</u>	<u>42,036,303</u>	<u>35,910,583</u>	<u>27,065,741</u>	<u>20,703,868</u>	<u>17,833,092</u>	<u>17,924,533</u>	<u>17,165,793</u>
Total Plan Fiduciary Net Position - Ending	<u>\$ 55,587,843</u>	<u>\$ 48,606,457</u>	<u>\$ 42,036,303</u>	<u>\$ 35,910,583</u>	<u>\$ 27,065,741</u>	<u>\$ 20,703,868</u>	<u>\$ 17,833,092</u>	<u>\$ 17,924,533</u>
Plan's Net Pension Liability	<u>\$ 34,648,486</u>	<u>\$ 34,547,135</u>	<u>\$ 40,776,739</u>	<u>\$ 44,489,568</u>	<u>\$ 53,197,926</u>	<u>\$ 85,520,801</u>	<u>\$ 85,750,703</u>	<u>\$ 80,402,236</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>61.6%</u>	<u>58.5%</u>	<u>50.8%</u>	<u>44.7%</u>	<u>33.7%</u>	<u>19.5%</u>	<u>17.2%</u>	<u>18.2%</u>
Covered employee payroll	<u>\$ 11,000,000</u>	<u>\$ 11,800,000</u>	<u>\$ 10,700,000</u>	<u>\$ 10,500,000</u>	<u>\$ 10,500,000</u>	<u>\$ 9,100,000</u>	<u>\$ 9,000,000</u>	<u>\$ 7,800,000</u>
Plan's net pension liability as a percentage of the covered employee payroll	<u>315.0%</u>	<u>292.8%</u>	<u>381.1%</u>	<u>423.7%</u>	<u>506.6%</u>	<u>939.8%</u>	<u>952.8%</u>	<u>1,030.8%</u>

See independent auditors' report and note to required supplementary information.

CITY OF SCRANTON, PENNSYLVANIA

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS (CONT'D)

FIREMEN PENSION PLAN

UNAUDITED

DECEMBER 31, 2021

Notes to Schedule:

Assumption Changes:

- In 2015, the mortality assumption was changed from the Blue Collar RP-2000 Table to the Blue Collar RP-2000 Table projected to 2015 using Scale AA.
- In 2017, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2015 to the Blue Collar RP-2000 Table projected to 2017 using Scale AA.
- In 2017, the interest rate assumption was changed from 8.0% to 7.5% per annum, salary rates changed from 5.0% to 4.5%, cost of living adjustment assumption was removed.
- In 2019, the interest rate assumption was decreased from 7.5% to 7.25%.
- In 2021, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2017 using Scale AA to the Puks-2010.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

See independent auditors' report and note to required supplementary information.

CITY OF SCRANTON, PENNSYLVANIA

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
NON-UNIFORMED PENSION PLAN

UNAUDITED
DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability:								
Service Cost	\$ 72,742	\$ 75,250	\$ 72,010	\$ 78,810	\$ 75,416	\$ 82,437	\$ 78,511	\$ 81,737
Interest	761,996	735,818	738,607	747,109	747,856	954,145	954,216	937,975
Differences between expected and actual experience	60,058	-	13,053	-	(2,557,705)	-	13,368	-
Change in assumptions	395,975	-	215,631	-	498,678	-	267,267	-
Benefit payments, including refunds of member contributions	(926,835)	(880,218)	(824,422)	(818,735)	(854,513)	(997,346)	(1,077,747)	(1,110,468)
Net Change in Total Pension Liability	363,936	(69,150)	214,879	7,184	(2,090,268)	39,236	235,615	(90,756)
Total Pension Liability - Beginning	10,444,929	10,514,079	10,299,200	10,292,016	12,382,284	12,343,048	12,107,433	12,198,189
Total Pension Liability - Ending	\$ 10,808,865	\$ 10,444,929	\$ 10,514,079	\$ 10,299,200	\$ 10,292,016	\$ 12,382,284	\$ 12,343,048	\$ 12,107,433
Plan Fiduciary Net Position:								
Contributions - Employer	\$ 708,942	\$ 821,931	\$ 679,159	\$ 2,307,517	\$ 276,383	\$ 43,056	\$ 245,284	\$ 271,319
Contributions - State Aid	48,744	33,686	41,916	759,299	1,036,945	978,014	862,584	836,499
Contributions - Member	880,418	1,080,031	1,110,568	42,478	35,253	36,606	37,141	37,752
Net investment income	(926,835)	(880,218)	(824,422)	(238,160)	470,219	270,237	12,956	200,183
Benefit payments, including refunds of member contributions	(47,430)	(49,511)	(67,831)	(818,735)	(854,513)	(997,346)	(1,077,747)	(1,110,468)
Administrative expense				(66,719)	(111,870)	(109,478)	(92,284)	(48,723)
Net Change in Plan Fiduciary Net Position	663,839	1,005,919	939,390	1,985,680	852,417	222,089	(12,066)	186,562
Total Plan Fiduciary Net Position - Beginning	8,455,308	7,449,389	6,509,999	4,524,319	3,671,902	3,449,813	3,461,879	3,275,317
Total Plan Fiduciary Net Position - Ending	\$ 9,119,147	\$ 8,455,308	\$ 7,449,389	\$ 6,509,999	\$ 4,524,319	\$ 3,671,902	\$ 3,449,813	\$ 3,461,879
Plan's Net Pension Liability	\$ 1,689,718	\$ 1,989,621	\$ 3,064,690	\$ 3,789,201	\$ 5,767,697	\$ 8,710,382	\$ 8,893,235	\$ 8,645,554
Plan fiduciary net position as a percentage of the total pension liability	84.4%	81.0%	70.9%	63.2%	44.0%	29.7%	27.9%	28.6%
Covered employee payroll	\$ 6,000,000	\$ 6,000,000	\$ 5,900,000	\$ 5,800,000	\$ 5,800,000	\$ 5,400,000	\$ 5,300,000	\$ 5,300,000
Plan's net pension liability as a percentage of the covered employee payroll	28.20%	33.20%	51.90%	65.3%	99.4%	161.3%	167.8%	163.1%

See independent auditors' report and note to required supplementary information.

CITY OF SCRANTON, PENNSYLVANIA

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS (CONT'D)
NON-UNIFORMED PENSION PLAN

UNAUDITED

DECEMBER 31, 2021

Notes to Schedule:

Assumption Changes:

- In 2015, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2015 using Scale AA.
- In 2017, the mortality assumption was changed from the RP-2000 Table projected to 2015 to the RP-2000 Table projected to 2017 using Scale AA.
- In 2017, the interest rate assumption was changed from 8.0% to 7.5% per annum, salary rates changed from 5.0% to 4.5%.
- In 2019, the interest rate assumption was decreased from 7.5% to 7.25%.
- In 2021, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2017 using Scale AA to the Puks-2010.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

CITY OF SCRANTON, PENNSYLVANIA

SCHEDULE OF CITY CONTRIBUTIONS

PENSION PLANS
LAST 8 FISCAL YEARS

UNAUDITED
DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018**</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Police Pension Plan</u>								
Actuarially determined contribution	\$ 4,306,814	\$ 4,163,946	\$ 3,858,001	\$ 4,042,020	\$ 7,996,779	\$ 6,274,672	\$ 5,170,561	\$ 5,082,761
Contributions in relation to the actuarially determined contribution	<u>4,306,814</u>	<u>4,163,946</u>	<u>3,858,001</u>	<u>4,042,020</u>	<u>7,996,779</u>	<u>6,274,672</u>	<u>5,170,561</u>	<u>5,082,761</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	<u>\$ 11,500,000</u>	<u>\$ 12,800,000</u>	<u>\$ 11,000,000</u>	<u>\$ 10,800,000</u>	<u>\$ 11,000,000</u>	<u>\$ 10,100,000</u>	<u>\$ 9,700,000</u>	<u>\$ 8,700,000</u>
Contributions as a percentage of covered-employee payroll	<u>37.45%</u>	<u>35.53%</u>	<u>35.0%</u>	<u>37.40%</u>	<u>72.7%</u>	<u>62.1%</u>	<u>53.3%</u>	<u>58.4%</u>
**Excludes bond proceeds of \$10,383,827 deposited on December 17, 2018 and December 20, 2018.								
<u>Firemen Pension Plan</u>								
Actuarially determined contribution	\$ 7,453,174	\$ 6,288,055	\$ 5,784,744	\$ 5,909,496	\$ 9,501,455	\$ 7,111,152	\$ 6,023,553	\$ 5,935,833
Contributions in relation to the actuarially determined contribution	<u>7,453,174</u>	<u>6,288,055</u>	<u>5,784,744</u>	<u>5,909,496</u>	<u>9,501,455</u>	<u>7,111,152</u>	<u>6,023,553</u>	<u>5,935,833</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	<u>\$ 11,000,000</u>	<u>\$ 11,800,000</u>	<u>\$ 10,700,000</u>	<u>\$ 10,500,000</u>	<u>\$ 10,500,000</u>	<u>\$ 9,100,000</u>	<u>\$ 9,000,000</u>	<u>\$ 7,800,000</u>
Contributions as a percentage of covered-employee payroll	<u>67.76%</u>	<u>53.29%</u>	<u>54.06%</u>	<u>56.28%</u>	<u>90.49%</u>	<u>78.14%</u>	<u>66.93%</u>	<u>76.10%</u>
**Excludes bond proceeds of \$10,383,827 deposited on December 17, 2018 and December 20, 2018.								

See independent auditors' report and note to required supplementary information.

CITY OF SCRANTON, PENNSYLVANIA

SCHEDULE OF CITY CONTRIBUTIONS (CONT'D)

**PENSION PLANS
LAST 8 FISCAL YEARS**

UNAUDITED

DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018**</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Non-Uniformed Pension Plan</u>								
Actuarially determined contribution	\$ 708,942	\$ 821,931	\$ 679,159	\$ 754,924	\$ 1,313,328	\$ 1,014,228	\$ 1,107,868	\$ 1,107,818
Contributions in relation to the actuarially determined contribution	<u>708,942</u>	<u>821,931</u>	<u>679,159</u>	<u>754,924</u>	<u>1,313,328</u>	<u>1,014,228</u>	<u>1,107,868</u>	<u>1,107,818</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ 5,900,000</u>	<u>\$ 5,800,000</u>	<u>\$ 5,800,000</u>	<u>\$ 5,400,000</u>	<u>\$ 5,300,000</u>	<u>\$ 5,300,000</u>
Contributions as a percentage of covered-employee payroll	<u>11.32%</u>	<u>13.70%</u>	<u>11.51%</u>	<u>13.02%</u>	<u>22.64%</u>	<u>18.78%</u>	<u>20.90%</u>	<u>20.90%</u>

**Excludes bond proceeds of \$2,307,517 deposited on December 17, 2018 and December 20, 2018.

CITY OF SCRANTON, PENNSYLVANIA

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
POLICE, FIREMEN, AND NON-UNIFORMED PENSION PLANS
DECEMBER 31, 2021**

Valuation date	January 1, 2021
Actuarially cost method	Entry Age
Amortization method	Level Dollar
Remaining amortization period:	
Police Pension Plan	10 Years
Firemen Pension Plan	16 Years
Non-Uniform Pension Plan	5 Years
Asset valuation method	Market Value
Inflation	2.25%
Salary increases	4.50%
Investment rate of return	7.25% (Net of pension plan investment expense including inflation)
Retirement age:	
Police Pension Plan	Normal Retirement: Pre 7/1/1987 employee - 25 years of service; Post 6/30/1987 - Age 55 and 25 years of service
	Vesting: 25 years of service
Firemen Pension Plan	Normal Retirement: Pre 7/1/1987 employee - 25 years of service; Post 6/30/1987 - Age 55 and 25 years of service
	Vesting: 25 years of service
Non-Uniformed Pension Plan	Normal Retirement: Age 55, 15 years of service and 20 years of contributions
	Early Retirement: Age 55, 10 years of service and 20 years of contributions
	Vesting: 10 years of service
Mortality:	
Police Pension Plan	PUBS-2010 Mortality Table
Firemen Pension Plan	PUBS-2010 Mortality Table
Non-Uniformed Pension Plan	PUBS-2010 Mortality Table

CITY OF SCRANTON, PENNSYLVANIA

**SCHEDULE OF CHANGES IN THE CITY'S OPEB LIABILITY AND RELATED RATIOS
POLICE OPEB PLAN
UNAUDITED
DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability:					
Service cost	\$ 2,600,985	\$ 2,687,694	\$ 1,936,823	\$ 1,944,712	\$ 1,860,968
Interest	1,840,332	2,004,096	2,831,526	3,355,732	3,282,304
Differences between expected and actual experience	(9,790,880)	-	(8,339,434)	-	-
Change in assumptions	(4,924,527)	14,587,586	4,056,383	-	-
Benefit payments, including refunds of member contributions	<u>(3,273,969)</u>	<u>(3,340,413)</u>	<u>(3,442,579)</u>	<u>(3,301,054)</u>	<u>(3,236,828)</u>
Net Change in Total OPEB Liability	(13,548,059)	15,938,963	(2,957,281)	1,999,390	1,906,444
Total OPEB Liability - Beginning	<u>104,173,070</u>	<u>88,234,107</u>	<u>91,191,388</u>	<u>89,191,998</u>	<u>87,285,554</u>
Total OPEB Liability - Ending	<u>\$ 90,625,011</u>	<u>\$ 104,173,070</u>	<u>\$ 88,234,107</u>	<u>\$ 91,191,388</u>	<u>\$ 89,191,998</u>
Covered Employee Payroll**	<u>\$ 12,990,545</u>	<u>\$ 11,400,222</u>	<u>\$ 10,909,303</u>	<u>\$ 11,131,665</u>	<u>\$ 10,652,311</u>
Total OPEB liability as a percentage of covered payroll	<u>697.62%</u>	<u>913.78%</u>	<u>808.80%</u>	<u>819.21%</u>	<u>837.30%</u>

** The 2017 and 2018 Covered Employee Payroll has been corrected, which in turn changes the Net OPEB liability as a percent of payroll for both 2017 and 2018.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is completed, information for those years for which information is available is shown.

See independent auditors' report and note to required supplementary information.

CITY OF SCRANTON, PENNSYLVANIA

**SCHEDULE OF CHANGES IN THE CITY'S OPEB LIABILITY AND RELATED RATIOS
FIREMEN OPEB PLAN
UNAUDITED
DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability:					
Service cost	\$ 2,263,507	\$ 2,314,654	\$ 1,683,383	\$ 1,667,677	\$ 1,595,863
Interest	1,690,356	1,857,665	2,715,315	3,157,210	3,134,550
Differences between expected and actual experience	(8,266,002)	-	(4,441,610)	-	-
Change in assumptions	(14,182,916)	12,307,456	3,418,670	-	-
Benefit payments, including refunds of member contributions	<u>(4,383,517)</u>	<u>(4,685,544)</u>	<u>(4,581,447)</u>	<u>(4,342,091)</u>	<u>(4,053,806)</u>
Net Change in Total OPEB Liability	(22,878,572)	11,794,231	(1,205,689)	482,796	676,607
Total OPEB Liability - Beginning	<u>95,766,985</u>	<u>83,972,754</u>	<u>85,178,443</u>	<u>84,695,647</u>	<u>84,019,040</u>
Total OPEB Liability - Ending	<u>\$ 72,888,413</u>	<u>\$ 95,766,985</u>	<u>\$ 83,972,754</u>	<u>\$ 85,178,443</u>	<u>\$ 84,695,647</u>
Covered Employee Payroll**	<u>\$ 12,425,569</u>	<u>\$ 10,924,838</u>	<u>\$ 10,454,391</u>	<u>\$ 10,779,911</u>	<u>\$ 10,315,704</u>
Total OPEB liability as a percentage of covered payroll	<u>586.09%</u>	<u>876.60%</u>	<u>803.23%</u>	<u>790.16%</u>	<u>821.04%</u>

** The 2017 and 2018 Covered Employee Payroll has been corrected, which in turn changes the Net OPEB liability as a percent of payroll for both 2017 and 2018.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is completed, information for those years for which information is available is shown.

See independent auditors' report and note to required supplementary information.

CITY OF SCRANTON, PENNSYLVANIA

**SCHEDULE OF CHANGES IN THE CITY'S OPEB LIABILITY AND RELATED RATIOS
NON-UNIFORMED OPEB PLAN
UNAUDITED
DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability:					
Service cost	\$ 129,698	\$ 196,958	\$ 135,277	\$ 176,021	\$ 168,441
Interest	688,202	714,581	1,092,334	1,253,361	1,275,585
Changes in benefit terms	(113,000)	-	-	-	-
Differences between expected and actual experience	57,208	-	(531,108)	-	-
Change in assumptions	(3,114,780)	4,228,708	1,375,995	-	-
Benefit payments, including refunds of member contributions	(2,376,854)	(2,171,033)	(2,035,663)	(2,056,734)	(2,031,766)
Net Change in Total OPEB Liability	(4,729,526)	2,969,214	36,835	(627,352)	(587,740)
Total OPEB Liability - Beginning	<u>36,653,998</u>	<u>33,684,784</u>	<u>33,647,949</u>	<u>34,275,301</u>	<u>34,863,041</u>
Total OPEB Liability - Ending	<u>\$ 31,924,472</u>	<u>\$ 36,653,998</u>	<u>\$ 33,684,784</u>	<u>\$ 33,647,949</u>	<u>\$ 34,275,301</u>
Covered Employee Payroll	<u>\$ 7,992,718</u>	<u>\$ 8,491,766</u>	<u>\$ 8,126,092</u>	<u>\$ 8,750,292</u>	<u>\$ 8,373,485</u>
Total OPEB liability as a percentage of covered payroll	<u>399.42%</u>	<u>431.64%</u>	<u>414.53%</u>	<u>384.54%</u>	<u>409.33%</u>

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is completed, information for those years for which information is available is shown.

See independent auditors' report and note to required supplementary information.

CITY OF SCRANTON, PENNSYLVANIA

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
POLICE, FIREMEN, AND NON-UNIFORMED OPEB PLANS
DECEMBER 31, 2021**

Valuation date	January 1, 2019
Actuarially cost method	Entry Age Normal
Amortization method	Level Percent of Pay
Asset valuation method	5 year smoothing method described in IRS revenue procedure 2000-40, approval 16
Inflation	2.24%
Salary increases	4.50%
Investment rate of return	There are no invested assets.
Discount rate	2.25%

CITY OF SCRANTON, PENNSYLVANIA

**SUPPLEMENTAL SCHEDULE OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2021**

	<u>Budget Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
REVENUE:				
Taxes	\$ 72,430,100	\$ 72,430,100	\$ 81,564,165	\$ 9,134,065
Intergovernmental	4,149,200	4,149,200	679,325	(3,469,875)
Department earnings	491,700	491,700	271,707	(219,993)
Refuse disposal fees	7,800,000	7,800,000	9,528,740	1,728,740
Licenses and permits	2,177,467	2,177,467	2,721,315	543,848
Cable television franchise revenue	975,000	975,000	1,043,512	68,512
Payments in lieu of taxes	206,000	206,000	275,759	69,759
Program Income	374,939	374,939	340,606	(34,333)
Rents and concessions	1,000	1,000	-	(1,000)
Other revenues	<u>366,200</u>	<u>366,200</u>	<u>253,717</u>	<u>(112,483)</u>
Total Revenue	<u>88,971,606</u>	<u>88,971,606</u>	<u>96,678,846</u>	<u>7,707,240</u>
EXPENDITURES:				
General government	17,848,816	17,848,816	15,322,815	(2,526,001)
Public safety	51,445,223	51,445,223	48,275,559	(3,169,664)
Public works	13,869,155	13,869,155	13,171,049	(698,106)
Culture and recreation	806,512	806,512	618,421	(188,091)
Debt service	17,509,527	17,509,527	15,573,624	(1,935,903)
Capital outlay	<u>-</u>	<u>-</u>	<u>1,212,374</u>	<u>1,212,374</u>
Total Expenditures	<u>101,479,233</u>	<u>101,479,233</u>	<u>94,173,842</u>	<u>(7,305,391)</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(12,507,627)</u>	<u>(12,507,627)</u>	<u>2,505,004</u>	<u>15,012,631</u>
Other Financing Sources (Uses):				
Proceeds from tax anticipation note	12,200,000	12,200,000	12,200,000	-
Sale of assets	182,000	182,000	-	(182,000)
Proceeds from capital leases	3,773,248	3,773,248	3,353,014	(420,234)
Repayment of tax anticipation note	(12,346,522)	(12,346,522)	(12,297,271)	49,251
Court award	(700,000)	(700,000)	(463,017)	236,983
Bond issuance	-	-	-	-
Operating transfers in	9,398,901	9,398,901	2,926,816	(6,472,085)
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>12,507,627</u>	<u>12,507,627</u>	<u>5,719,542</u>	<u>(6,788,085)</u>
CHANGE IN FUND BALANCE	-	-	8,224,546	-
FUND BALANCE - Beginning	<u>-</u>	<u>-</u>	<u>13,895,674</u>	<u>-</u>
FUND BALANCE - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,120,220</u>	<u>\$ -</u>

See independent auditors' report.

CITY OF SCRANTON, PENNSYLVANIA

**SUPPLEMENTAL SCHEDULE OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND (CONT'D)
YEAR ENDED DECEMBER 31, 2021**

	<u>Budget Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
REVENUE:				
Taxes				
Act 511:				
Wage	\$ 26,500,000	\$ 26,500,000	\$ 29,712,800	\$ 3,212,800
Delinquent wage tax	20,000	20,000	11,323	(8,677)
Real estate transfer	2,751,000	2,751,000	5,571,546	2,820,546
Mercantile	1,250,000	1,250,000	1,246,075	(3,925)
Business Privilege	1,100,000	1,100,000	1,027,131	(72,869)
Amusement tax	50,000	50,000	191,838	141,838
Local service tax	4,900,000	4,900,000	4,739,343	(160,657)
Delinquent mercantile	50,000	50,000	116,217	66,217
Delinquent business privilege	<u>100,000</u>	<u>100,000</u>	<u>97,255</u>	<u>(2,745)</u>
Total Act 511	36,721,000	36,721,000	42,713,528	5,992,528
Current real estate	22,000,000	22,000,000	22,628,480	628,480
Current real estate tax land	11,061,000	11,061,000	10,656,959	(404,041)
Delinquent real estate	2,332,000	2,332,000	5,450,886	3,118,886
Public utility	75,000	75,000	72,969	(2,031)
Penalties and interest	<u>241,100</u>	<u>241,100</u>	<u>41,343</u>	<u>(199,757)</u>
Total Taxes	<u>72,430,100</u>	<u>72,430,100</u>	<u>81,564,165</u>	<u>9,134,065</u>
Intergovernmental:				
Supplemental state assisted pension	3,899,100	3,899,100	-	(3,899,100)
Act 47 grants	50,100	50,100	599,131	549,031
Fire safety grant	<u>200,000</u>	<u>200,000</u>	<u>80,194</u>	<u>(119,806)</u>
Total Intergovernmental	<u>4,149,200</u>	<u>4,149,200</u>	<u>679,325</u>	<u>(3,469,875)</u>
Departmental earnings:				
Parking meters	3,000	3,000	12,812	9,812
Pave cuts	403,700	403,700	224,895	(178,805)
Alarm fees	62,500	62,500	34,000	(28,500)
Zoning	<u>22,500</u>	<u>22,500</u>	<u>-</u>	<u>(22,500)</u>
Total Departmental Earnings	<u>491,700</u>	<u>491,700</u>	<u>271,707</u>	<u>(219,993)</u>

See independent auditors' report.

CITY OF SCRANTON, PENNSYLVANIA

**SUPPLEMENTAL SCHEDULE OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND (CONT'D)
YEAR ENDED DECEMBER 31, 2021**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance from Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Refuse disposal fees	7,800,000	7,800,000	9,528,740	1,728,740
Licenses and permits	2,177,467	2,177,467	2,721,315	543,848
Cable television franchise revenue	975,000	975,000	1,043,512	68,512
Payments in lieu of taxes	206,000	206,000	275,759	69,759
Program Income	374,939	374,939	340,606	(34,333)
Rents and concessions	1,000	1,000	-	(1,000)
Other revenues:				
Interest income	75,000	75,000	99,318	24,318
User fees	40,000	40,000	14,589	(25,411)
Fines and forfeits	-	-	-	-
Other	<u>251,200</u>	<u>251,200</u>	<u>139,810</u>	<u>(111,390)</u>
Total Revenue	<u>\$ 88,971,606</u>	<u>\$ 88,971,606</u>	<u>\$ 96,678,846</u>	<u>\$ 7,707,240</u>

See independent auditors' report.

CITY OF SCRANTON, PENNSYLVANIA

**SUPPLEMENTAL SCHEDULE OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND (CONT'D)
YEAR ENDED DECEMBER 31, 2021**

	<u>Budget Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
EXPENDITURES				
General Government:				
Salaries and wages	\$ 3,190,308	\$ 3,190,308	\$ 3,233,722	\$ 43,414
Employee benefits	4,948,129	4,948,129	3,335,302	(1,612,827)
Workers' compensation	2,644,859	2,644,859	2,551,043	(93,816)
General insurance	1,495,067	1,495,067	1,325,256	(169,811)
Office supplies and expenses	87,952	87,952	84,423	(3,529)
Professional fees	2,015,839	2,015,839	1,957,016	(58,823)
Telephone	308,988	308,988	308,983	(5)
Equipment	674,348	674,348	364,715	(309,633)
Utilities	726,162	726,162	681,015	(45,147)
Other	<u>1,757,164</u>	<u>1,757,164</u>	<u>1,481,340</u>	<u>(275,824)</u>
Total General Government	<u>17,848,816</u>	<u>17,848,816</u>	<u>15,322,815</u>	<u>(2,526,001)</u>
Public Safety:				
Salaries and wages	25,514,187	25,514,187	25,709,243	195,056
Employee benefits	25,202,809	25,202,809	21,700,125	(3,502,684)
Supplies	72,339	72,339	70,164	(2,175)
Equipment	246,341	246,341	388,448	142,107
Training	199,572	199,572	199,572	-
Professional fees	153,584	153,584	151,616	(1,968)
Other	<u>56,391</u>	<u>56,391</u>	<u>56,391</u>	<u>-</u>
Total Public Safety	<u>51,445,223</u>	<u>51,445,223</u>	<u>48,275,559</u>	<u>(3,169,664)</u>
Public Works:				
Salaries and wages	4,898,201	4,898,201	4,711,002	(187,199)
Employee benefits	3,136,116	3,136,116	2,759,978	(376,138)
Supplies	335,249	335,249	310,462	(24,787)
Professional fees	105,639	105,639	155,914	50,275
Equipment	1,291,736	1,291,736	1,311,350	19,614
Landfill fees	1,643,000	1,643,000	1,576,299	(66,701)
Capital Expenditures	1,005,961	1,005,961	1,004,354	(1,607)
Flood Protection	40,000	40,000	28,047	(11,953)
Salt	488,061	488,061	432,673	(55,388)
Street lighting	924,792	924,792	880,880	(43,912)
Training	<u>400</u>	<u>400</u>	<u>90</u>	<u>(310)</u>
Total Public Works	<u>13,869,155</u>	<u>13,869,155</u>	<u>13,171,049</u>	<u>(698,106)</u>

See independent auditors' report.

CITY OF SCRANTON, PENNSYLVANIA

**SUPPLEMENTAL SCHEDULE OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND (CONT'D)
YEAR ENDED DECEMBER 31, 2021**

	<u>Budget Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Culture and Recreation:				
Salaries and wages	563,514	563,514	556,760	(6,754)
Employee benefits	2,940	2,940	2,940	-
Supplies	77,260	77,260	76,379	(881)
Programs	20,250	20,250	10,000	(10,250)
Equipment	<u>142,548</u>	<u>142,548</u>	<u>(27,658)</u>	<u>(170,206)</u>
Total Culture and Recreation	<u>806,512</u>	<u>806,512</u>	<u>618,421</u>	<u>(188,091)</u>
Debt Service payments	17,509,527	17,509,527	15,573,624	(1,935,903)
Capital outlay	<u>-</u>	<u>-</u>	<u>1,212,374</u>	<u>1,212,374</u>
Total Expenditures	<u>101,479,233</u>	<u>101,479,233</u>	<u>94,173,842</u>	<u>(7,305,391)</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(12,507,627)</u>	<u>(12,507,627)</u>	<u>2,505,004</u>	<u>15,012,631</u>
Other Financing Sources (Uses):				
Proceeds from tax anticipation notes	12,200,000	12,200,000	12,200,000	-
Sale of assets	182,000	182,000	-	(182,000)
Proceeds from debt	3,773,248	3,773,248	3,353,014	(420,234)
Repayments of tax anticipation notes	(12,346,522)	(12,346,522)	(12,297,271)	49,251
Court award	(700,000)	(700,000)	(463,017)	236,983
Bond issuance	-	-	-	-
Operating transfers out	-	-	-	-
Operating transfers in from:				
Other funds	7,059,450	7,059,450	242,239	(6,817,211)
Liquid fuels fund	<u>2,339,451</u>	<u>2,339,451</u>	<u>2,684,577</u>	<u>345,126</u>
Net Other Financing Sources	<u>12,507,627</u>	<u>12,507,627</u>	<u>5,719,542</u>	<u>(6,788,085)</u>
CHANGE IN FUND BALANCE	-	-	8,224,546	8,224,546
FUND BALANCE - Beginning	<u>-</u>	<u>-</u>	<u>13,895,674</u>	<u>-</u>
FUND BALANCE - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,120,220</u>	<u>\$ -</u>

See independent auditors' report.

CITY OF SCRANTON, PENNSYLVANIA

**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	<u>Liquid Fuels</u>	<u>Redevelopment Authority</u>	<u>Debt Service</u>	<u>Total Non-major Governmental Funds</u>
ASSETS:				
Cash and cash equivalents	\$ 959,720	\$ 566,186	\$ -	\$ 1,525,906
Loans receivable, net	-	14,902	-	14,902
Restricted cash and cash equivalents	-	-	-	-
Property held for resale	-	96,769	-	96,769
Total Assets	<u>\$ 959,720</u>	<u>\$ 677,857</u>	<u>\$ -</u>	<u>\$ 1,637,577</u>
LIABILITIES:				
Accounts payable	\$ -	\$ 836	\$ -	\$ 836
Due to other funds	-	561,487	-	561,487
Total Liabilities	<u>-</u>	<u>562,323</u>	<u>-</u>	<u>562,323</u>
DEFERRED INFLOW OF RESOURCES:				
Unavailable revenues	-	14,902	-	14,902
FUND BALANCE:				
Non-spendable	-	96,769	-	96,769
Restricted for externally imposed restrictions	959,720	556,093	-	1,515,813
Assigned	-	-	-	-
Unassigned	-	(552,230)	-	(552,230)
Total Fund Balance	<u>959,720</u>	<u>100,632</u>	<u>-</u>	<u>1,060,352</u>
	<u>\$ 959,720</u>	<u>\$ 677,857</u>	<u>\$ -</u>	<u>\$ 1,637,577</u>

See independent auditors' report.

CITY OF SCRANTON, PENNSYLVANIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	<u>Liquid Fuels</u>	<u>Redevelopment Authority</u>	<u>Debt Service</u>	<u>Total Non-major Funds</u>
Revenues:				
Intergovernmental	\$ 2,156,905	\$ 11,403	\$ -	\$ 2,168,308
Interest income	1,114	189	4	1,307
Other revenues	-	7,500	-	7,500
Rents	-	6,435	-	6,435
	<u>2,158,019</u>	<u>25,527</u>	<u>4</u>	<u>2,183,550</u>
Total Revenues				
Expenditures:				
Current:				
Community development	-	30,844	-	30,844
Debt service:				
Principal	-	-	-	-
Interest	-	-	42,217	42,217
	<u>-</u>	<u>30,844</u>	<u>42,217</u>	<u>73,061</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over/Under Expenditures	<u>2,158,019</u>	<u>(5,317)</u>	<u>(42,213)</u>	<u>2,110,489</u>
Other Financing Sources (Uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(2,684,577)	-	(34,035)	(2,718,612)
	<u>(2,684,577)</u>	<u>-</u>	<u>(34,035)</u>	<u>(2,718,612)</u>
Total Other Financing Sources (Uses)				
CHANGE IN FUND BALANCE	(526,558)	(5,317)	(76,248)	(608,123)
FUND BALANCE - Beginning	<u>1,486,278</u>	<u>105,949</u>	<u>76,248</u>	<u>1,668,475</u>
FUND BALANCE - Ending	<u>\$ 959,720</u>	<u>\$ 100,632</u>	<u>\$ -</u>	<u>\$ 1,060,352</u>

See independent auditors' report.