

CITY OF SCRANTON, PENNSYLVANIA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of City Council
City of Scranton, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Scranton, Pennsylvania, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Scranton, Pennsylvania's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Scranton, Pennsylvania, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Redevelopment Authority of the City of Scranton and the City of Scranton Parking Authority which represents 1.3 percent, 0.1 percent and .01 percent, respectively of the assets, fund balance and revenues of the aggregate remaining fund information and 100 percent, respectively of the assets, net position, and revenues of the discretely presented component unit as of December 31, 2023. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Redevelopment Authority of the City of Scranton and the City of Scranton Parking Authority, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Scranton, Pennsylvania and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective January 1, 2023, the City adopted new accounting guidance for SBITAs, *subscription-based information technology arrangements*. The guidance requires entities to recognize a right-to-use subscription asset and corresponding subscription liability. Our opinions are not modified with respect to this matter.

As discussed in Note 23 to the financial statements, the Scranton Parking Authority now meets the requirements for inclusion as a discretely presented component unit for fiscal year ended December 31, 2023. The effect of that change to or within the financial reporting entity resulted in a restatement of discretely presented component unit net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Scranton, Pennsylvania's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Scranton, Pennsylvania's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

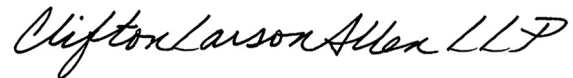
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Scranton, Pennsylvania's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS by us and other auditors. In our opinion, the combining nonmajor fund financial statements is 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 December 4, 2024, on our consideration of the City of Scranton, Pennsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our

Honorable Mayor and Members City Council
City of Scranton, Pennsylvania

testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Scranton, Pennsylvania's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Scranton, Pennsylvania's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Pittsburgh, Pennsylvania
December 4, 2024

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

INTRODUCTION

This Management Discussion and Analysis (MD&A) presents a narrative overview and analysis of the financial activities of the City of Scranton (City) for the fiscal year ended December 31, 2023. We recommend that it be read in conjunction with the accompanying basic financial statements and notes to financial statements in order to obtain a thorough understanding of the City's financial condition on December 31, 2023. The MD&A focuses on the City's primary government. Component units, unless otherwise noted, are not included in this discussion.

FINANCIAL HIGHLIGHTS

- In January 2023, the City issued a tax anticipation note in the amount of \$4,900,000, a reduction from the \$10,000,000 tax anticipation note issued in 2022.
- The City's assessed value for tax purposes in 2023 was a total of \$598,273,675 of which \$377,998,886 was taxable and \$220,274,789 was nontaxable.
- The real estate tax millage increased by 2%: 244.311 mills for land and 51.575 mills for improvements.
- The City experienced an increase in revenue in its earned income tax and real estate transfer tax collections.
- The City achieved its 2023 operating budget target for the City's payroll preparation tax in its second year of implementation.
- The City timely made all of its 2023 debt service payments.
- The City issued a \$4,070,000 principal amount General Obligation Note, Series of 2023 for capital expenditures in November 2023.
- The City made its 2023 pension Minimum Municipal Obligation payment of \$15,214,696 in December 2023.
- The City made an initial \$2,000,000 contribution to the City's Other Post Employment Benefit Trust in June 2023.
- The City's 2023 operating budget ended 2023 with an excess of \$3,178,799 of revenues over expenditures.
- The City's 2023 general fund balance increased by \$5,091,063 increasing the City's fund balance to \$30,729,711.
- In June 2023, S&P Global Ratings raised the City's credit rating to 'BBB-' from 'BB+' for the City's general obligation debt with a positive outlook, the first time since 2011 that the City received an investment grade rating from S&P.
- The City resolved various lawsuits in 2023 for a fraction of initial claims, effectively eliminating material contingent liability exposure.
- On September 9, 2023, the City experienced devastating, highly localized flooding resulting in an estimated \$7.3 million in public infrastructure damage.
- The City received separate Act 111 arbitration awards with the Fraternal Order of Police, E.B. Jermyn Lodge No. 2 and the International Association of Fire Fighters Local 60. Both awards are for a period of 5 years terminating on December 31, 2026.

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

- The Scranton Single Tax Office negotiated a collective bargaining agreement with its union employees effective through December 31, 2027. (The City and the Scranton School District are each statutorily responsible for one-half of the STO's salaries and benefits).
- The City has continued to experience private developer investment throughout the City consisting of renovations transforming old City buildings into residential and new commercial uses.
- The City has experienced growth in its manufacturing sector, in particular defense manufacturing.
- The City has experienced new growth in the technology sector with several start up tech sector businesses locating in the City.
- The City has implemented its council approved ARPA spending plan. This has including investments in City infrastructure; community organizations and business start-ups and recovery.
- The City had 63 new businesses open in 2023.
- Since 2020 the City has been awarded over \$25 million in grant funding for infrastructure, parks, and program improvements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report consists of four parts:

- Management's discussion and analysis (this section).
- Basic financial statements (including notes).
- Required supplementary information.
- Supplementary information.

Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand City government. The basic financial statements include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. Required supplementary information is provided on the City's pension and other postemployment benefit plans and budget-to-actual figures for the General Fund. In addition to these required elements, an optional supplementary section is included with other statements that provide particulars about nonmajor funds.

The basic financial statements present two different views of the City.

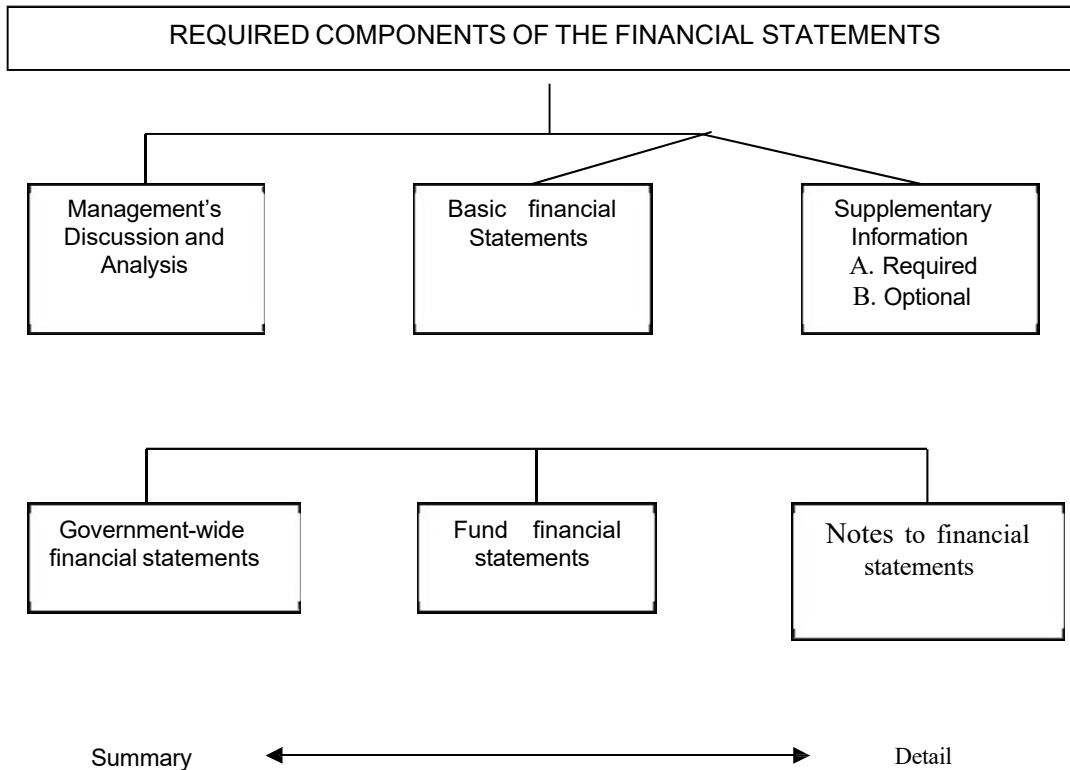
- Government-wide financial statements, the first two statements, provide a broad overview of the City's overall financial status, as well as the financial status of the City's component units, in a manner similar to private-sector business.
- Fund financial statements the remaining statements, focus on individual parts of City government. They provide more detail on operations than the government- wide statements. There are three types of fund financial statements:

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

- Governmental fund financial statements show how general government services, such as public safety, were financed in the short term, as well as what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities the City operates like a business.
- Fiduciary fund statements reflect activities involving resources that are held by the City as a trustee or agent for the benefit of others, including the City's retirement and other post-employment benefit plans. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support the City's programs.

Table 1 shows how the various parts of the financial statements are arranged and relate to one another.

Table 1: Financial statements arrangement and relationship flowchart



**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Table 2 summarizes the major features of the City's financial statements, including the area of the City's activities they cover and the types of information they contain.

Table 2: Major Features of the Government-Wide and Fund Financial Statements

	Government-wide statements	Fund financial statements		
		Governmental	Business-Type	Fiduciary
Scope	Entire entity and component units (except fiduciary funds)	The day-to-day operating activities of the City, such as public safety and public works	The business-type activities of the City, such as the Sewer Authority Fund	Instances in which the City administers resources on behalf of others, such as the employee pension plans
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement revenues, expenditures, and changes in fund balance 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources measurement focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both financial and capital, short-term and long-term; funds do not contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

The remainder of this overview explains the structure and contents of the government-wide and fund financial statements.

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Government-wide financial statements

Government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies.

- The statement of net position includes all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, except fiduciary funds, with the difference reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business.
- The statement of activities focuses on how the City's net position changed during the year.
- Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not related to a particular program), it shows to what extent each program has had to rely on local taxes for funding.
- All changes to the net position are recorded using the accrual method of accounting, which requires that revenues be recorded when they are earned and expenses be recorded when the goods and/or services are received, regardless of when cash is received or paid.
- Net position is one way to measure the City's financial position. Over time, increases or decreases in the City's net position are one indicator of whether the City's financial position is improving or deteriorating. However, other non-financial factors such as changes in the City's real property tax base and general economic conditions must be considered to assess the overall position of the City.
- The primary government and its component units are included in the government-wide financial statements. Component units reflect the activities of legally separate government entities over which the City can exercise influence and/or be obligated to provide financial support. The City has one discretely presented component unit: the Parking Authority of the City of Scranton. The City has two blended component units: the Sewer Authority of the City of Scranton and the Redevelopment Authority of the City of Scranton.
- There are two categories of activities for the primary government.
- Governmental activities include the City's basic services such as general government, public safety, community development, public works, health and sanitation, and parks and recreation. Property taxes and operating grants and revenues finance most of these activities.
- Business-type activities include activities for which fees are charged to external parties for goods or services to cover the costs for such goods or services. These activities include the Scranton Sewer Authority.

Net position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Capital assets are reported as expenditures when financial resources (monies) are expended to purchase or build assets in the fund financial statements. Likewise, the financial resources that may have been borrowed are considered other financing sources when they are received in the fund financial statements. Principal and interest payments are both considered expenditures when paid in the fund financial statements. Depreciation is not calculated, as it does not provide or reduce current financial resources in the fund financial statements.

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Government-wide statements are reported using an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper program/activities.
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting.
- Allocate net position balances as follows:
 - Net investment in capital assets.
 - Restricted net position includes items with constraints placed on their use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation.
 - Unrestricted net position is net position that does not meet any of the above criteria.

Fund financial statements

Fund financial statements provide more detailed information on the City's most significant funds, not the City as a whole. Funds are accounting devices, i.e., a group of related accounts that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law. Other funds are established to control and manage resources designated for specific purposes. Governmental fund financial statements are reported using current financial resources measurement focus and modified accrual accounting established by the Governmental Accounting Standards Board for governments.

The City has three kinds of funds:

- Governmental funds include most of the City's basic services and focus on: (1) the flow in and out of cash and other financial assets that can be readily converted to cash, and (2) the balances left at year-end that are available for spending. The governmental funds that the City maintains the General Fund (Major) and Special Revenue Funds. Consequently, the governmental fund financial statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the City's programs.

The relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in reconciliations that follow the governmental fund financial statements.

The City prepares and adopts an annual budget for the General Fund on a basis consistent with accounting principles generally accepted in the United States of America. The City also prepares and adopts a budget for its ARPA uses. Budgetary comparisons for the General Fund are presented as required supplementary information.

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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- Proprietary funds report business-type programs and activities that charge fees designed to cover the cost of providing services. The proprietary funds measurement is the determination of operating income, changes in net position and cash flows. Proprietary funds distinguish operating revenue and expenses from non-operating items.
- Fiduciary funds are funds for which the City is the trustee or fiduciary. These include the:
 - Nonuniform Pension Fund, the Police Pension Fund, the Firemen Pension Fund and the Other Post Employment Benefits Trust. The City is responsible to ensure that the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These funds are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Position

Table 3 shows that the City's total assets were \$215,818,904 as of December 31, 2023. Of this amount, \$66,430,164 were capital assets.

Table 3: Summary of Net Position

	Summary of Net Position					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current Assets and Other	\$ 140,510,203	\$ 148,080,212	\$ 8,878,537	\$ 8,474,246	\$ 149,388,740	\$ 156,554,458
Capital Assets	66,430,164	64,533,052	-	-	66,430,164	64,533,052
Total Assets	<u>206,940,367</u>	<u>212,613,264</u>	<u>8,878,537</u>	<u>8,474,246</u>	<u>215,818,904</u>	<u>221,087,510</u>
DEFERRED OUTFLOWS OF RESOURCES						
Related to Pensions	19,057,065	26,827,030	-	-	19,057,065	26,827,030
Related to OPEB	6,410,349	9,083,090	-	-	6,410,349	9,083,090
Total Deferred Outflows of Resources	<u>25,467,414</u>	<u>35,910,120</u>	<u>-</u>	<u>-</u>	<u>25,467,414</u>	<u>35,910,120</u>
LIABILITIES						
Current and Other Liabilities	76,027,888	87,918,540	606,168	610,192	76,634,056	88,528,732
Long-Term Liabilities	281,538,809	311,470,537	-	-	281,538,809	311,470,537
Total Liabilities	<u>357,566,697</u>	<u>399,389,077</u>	<u>606,168</u>	<u>610,192</u>	<u>358,172,865</u>	<u>399,999,269</u>
DEFERRED INFLOWS OF RESOURCES						
Related to Pensions	4,070,667	1,590,414	-	-	4,070,667	1,590,414
Related to OPEB	53,739,612	57,198,216	-	-	53,739,612	57,198,216
Related to Leases	297,611	313,046	-	-	297,611	313,046
Total Deferred Inflows of Resources	<u>58,107,890</u>	<u>59,101,676</u>	<u>-</u>	<u>-</u>	<u>58,107,890</u>	<u>59,101,676</u>
NET POSITION						
Net Investment in Capital Assets	49,539,303	47,539,456	-	-	49,539,303	47,539,456
Restricted	15,295,722	10,895,208	8,717,890	8,244,109	24,013,612	19,139,317
Unrestricted	(248,101,831)	(268,402,033)	(445,521)	(380,055)	(248,547,352)	(268,782,088)
Total Net Position	<u>\$ (183,266,806)</u>	<u>\$ (209,967,369)</u>	<u>\$ 8,272,369</u>	<u>\$ 7,864,054</u>	<u>\$ (174,994,437)</u>	<u>\$ (202,103,315)</u>

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

The following statement of activities in Table 4 represents a summary of changes in net position for the years ended December 31, 2023 and December 31, 2022. It shows revenues by source and expenses by function for governmental activities, business-type activities and the government as a whole.

Table 4: Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program Revenues:						
Charges for Services	\$ 12,208,895	\$ 13,447,713	\$ 325,130	\$ -	\$ 12,534,025	\$ 13,447,713
Operating Grants and Contributions	25,507,802	19,555,524	-	-	25,507,802	19,555,524
Capital Grants and Contributions	2,213,840	3,074,751	-	-	2,213,840	3,074,751
General Revenues:						
Taxes:						
Property Taxes	37,035,944	36,460,605	-	-	37,035,944	36,460,605
Act 511 Taxes	34,688,923	32,351,399	-	-	34,688,923	32,351,399
Other Taxes and Penalties	14,604,331	13,895,208	-	-	14,604,331	13,895,208
Cable Television Franchise Revenue	949,099	1,038,365	-	-	949,099	1,038,365
Payments in Lieu of Taxes	248,066	280,003	-	-	248,066	280,003
Investment Earnings	3,349,369	(327,923)	155,238	968	3,504,607	(326,955)
Bad Debt Recovery	-	-	81,065	86,479	81,065	86,479
Miscellaneous	467,390	508,383	530	1,276	467,920	509,659
Disposal of Assets	-	(53,843)	-	-	-	(53,843)
Rents and Concessions	8,975	18,435	-	-	8,975	18,435
Total Revenues	131,282,634	120,248,620	561,963	88,723	131,844,597	120,337,343
EXPENSES						
General Government - Administrative	26,439,309	14,677,852	-	-	26,439,309	14,677,852
Public Safety	42,363,434	46,891,922	-	-	42,363,434	46,891,922
Public Works	15,274,368	23,026,189	-	-	15,274,368	23,026,189
Community Development	15,515,668	10,785,432	-	-	15,515,668	10,785,432
Culture and Recreation	1,094,576	2,200,388	-	-	1,094,576	2,200,388
Health and Welfare	589,816	-	-	-	589,816	-
Interest and Fees on Long-Term Debt	3,221,243	3,990,870	-	-	3,221,243	3,990,870
Sewer Authority	-	-	153,648	802,918	153,648	802,918
Total Expenses	104,498,414	101,572,653	153,648	802,918	104,652,062	102,375,571
CHANGE IN NET POSITION	26,784,220	18,675,967	408,315	(714,195)	27,192,535	17,961,772
Net Position - Beginning	(210,051,026)	(228,643,336)	7,864,054	8,578,249	(202,186,972)	(220,065,087)
NET POSITION - ENDING	<u>\$ (183,266,806)</u>	<u>\$ (209,967,369)</u>	<u>\$ 8,272,369</u>	<u>\$ 7,864,054</u>	<u>\$ (174,994,437)</u>	<u>\$ (202,103,315)</u>

Total government-wide revenues of \$131,844,597 in 2023 came primarily from Property Taxes and Act 511 Taxes which totaled \$71,724,867, representing 54.4% of Total Revenues. Operating Grants and Contributions represented \$25,507,802 or 19.4% of Total Revenues followed by Other Taxes and Penalties at \$14,604,331 or 11.1% and Charges for Services at \$12,208,895 or 9.3%.

Total expenses for all programs in 2023 were \$105,652,052. The expenses cover a range of services, with the largest being Public Safety at \$42,363,434, representing 40.5% of Total Expenses. The next largest program areas were Public Works at \$15,274,368 or 14.6% of Total Expenses followed by General Government—Administrative at \$26,439,309 or 25.3% and Community Development at \$15,515,668 or 14.8%.

Net cost of services

Net cost of services indicates the amount of support required from taxes and other general revenues for programs of the government. Table 5 depicts the net program expenses for the years ended December 31, 2023 and December 31, 2022.

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Table 5: Net Cost of Governmental and Business-Type Activities

PROGRAM	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
General Government - Administrative	\$ 26,439,309	\$ 14,677,852	\$ (16,575,703)	\$ (9,758,682)
Public Safety	42,363,434	46,891,922	(40,821,080)	(42,632,168)
Public Works	15,274,368	23,026,189	(5,101,714)	(8,374,739)
Community Development	15,515,668	10,785,432	2,148,979	1,431,695
Culture and Recreation	1,094,576	2,200,388	(997,116)	(2,169,901)
Health and Welfare	589,816	-	-	-
Interest and Fees on Long-Term Debt	3,221,243	3,990,870	(3,221,243)	(3,990,870)
Sewer Authority	153,648	802,918	252,547	(802,918)
Total Expenses	<u>\$ 104,652,062</u>	<u>\$ 102,375,571</u>	<u>\$ (64,315,330)</u>	<u>\$ (66,297,583)</u>

The City relied on real estate tax, Act 511 taxes, such as earned income tax, real estate transfer tax and payroll preparation tax, and other general revenues to fund 61.4% of its governmental and business-type activities in 2023. These revenues covered 33.4% of public works spending with the remainder coming from grants and fees for specific services. These revenues also covered 96.4% of public safety spending with the remainder coming from grants, fines, and court costs.

Capital assets

The City's investment in capital assets as of December 31, 2023, net of accumulated depreciation, was \$66,430,164. Capital assets consist primarily of land, buildings, equipment and infrastructure. Detailed information about the City's capital assets can be found in Note 5, Notes to Financial Statements. Table 6 is a summary of capital assets as of December 31, 2023 and December 31, 2022.

Table 6: Capital Assets, Net as of December 31, 2023 and 2022

	Total Governmental Activities	
	2023	2022
Land	\$ 3,797,990	\$ 3,797,990
Construction In Progress	2,298,227	2,114,263
Infrastructure	41,660,576	45,119,591
Building	5,234,283	5,445,988
Land and Building Improvements	4,343,260	2,162,880
Vehicles, Equipment and Furniture	6,511,495	5,678,932
Right-to-use Assets	1,917,572	213,408
Subscription Based Information Technology Arrangements	666,761	-
Total	<u>\$ 66,430,164</u>	<u>\$ 64,533,052</u>

Debt administration Long-Term Debt:

As of December 31, 2023, the City had \$71,617,549 of debt outstanding, including bonds, notes, and capital leases. This was a net decrease of \$964,134 from the end of 2022, due to scheduled debt payments offset by issuance of the 2023 Note and SBITA and lease additions. Detailed information about the City's Long-term Debt can be found in Note 9, Notes to Financial Statements. Table 7 provides a summary of outstanding debt.

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Table 7: Summary of Outstanding Debt

	Total Primary Government	
	2023	2022
General Obligation Bonds	\$ 29,805,000	\$ 36,025,000
General Obligation Notes	37,412,000	34,035,000
Notes Payable	477,772	711,029
Financed Purchase Agreements	2,079,275	1,599,420
Leases	2,079,275	211,234
Subscription Based Information Technology Arrangements	858,549	-
Total Debt Obligations	<u>\$ 72,711,871</u>	<u>\$ 72,581,683</u>

The amount of indebtedness a municipality may incur is limited by Pennsylvania law to 250 percent (nonelectoral) of a three-year average of the total revenue received, exclusive of governmental grants for a specific purpose. The City's debt limit, based on the Local Government Unit Debt Act, was \$235,328,597, which is 250% of its borrowing base of \$94,131,439. The total debt outstanding was \$71,617,549, which leaves the City with a \$163,711,048 in debt capacity.

Bond rating

As of December 31, 2023, the City was rated BBB- with a positive outlook by S&P Global Ratings. The City is hopeful that the positive change in General Fund balance during 2023 will raise the City's bond rating in the near future.

GOVERNMENTAL FUNDS

The City of Scranton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year. Governmental fund accounting was not affected by the adoption of GASB No. 34. Therefore, schedules are presented to reconcile the fund statements to the government-wide statements.

The City's governmental funds include the General Fund and Special Revenue Funds. The General Fund is the primary operating fund of the City. 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 are utilized to account for specific revenue sources used to finance specific activities as required by law or administrative regulation. The following funds included in the government-wide and fund financial statements are accounted for as Special Revenue Funds: special cities, liquid fuels, ARPA, Office of Economic and Community Development and the Scranton Redevelopment Authority. The OECD, Special Cities and ARPA funds are classified as major funds. The remaining Special Revenue Funds are classified as non-major funds.

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Governmental Fund Revenues

Governmental fund revenues by source for the years ended December 31, 2023 and December 31, 2022 are as follows below. Table 8 also presents changes from 2022 to 2023.

Table 8: Governmental Fund Revenues by Source

	2023	2022	Changes from 2022 to 2023	Percent Change
REVENUES				
Taxes	\$ 88,486,376	\$ 82,364,813	\$ 6,121,563	7.4%
Refuse Disposal Fee	7,421,871	8,482,860	(1,060,989)	-12.5%
Intergovernmental Revenue	27,721,642	22,630,275	5,091,367	22.5%
Licenses and Permits	3,241,451	3,298,167	(56,716)	-1.7%
Cable Television Franchise Revenue	949,099	1,038,365	(89,266)	-8.6%
Department Earnings	1,242,325	1,162,815	79,510	6.8%
Program Income	303,248	380,871	(77,623)	-20.4%
Payments in Lieu of Taxes	248,066	280,003	(31,937)	-11.4%
Other Revenues	706,101	508,383	197,718	38.9%
Investment Income	3,349,369	(327,923)	3,677,292	-1121.4%
Rents and Concessions	8,975	18,435	(9,460)	-51.3%
Total Revenues	<u>\$ 133,678,523</u>	<u>\$ 119,837,064</u>	<u>\$ 13,841,459</u>	<u>11.6%</u>

Governmental fund revenues totaled \$133,678,523 for the year ended December 31, 2023. This is an increase of \$13,841,459 from 2022, primarily due to an increase in taxes and intergovernmental Revenue.

Governmental fund expenditures

Governmental fund expenditures by function for the years ended December 31, 2023 and 2022 are as follows. Table 9 also presents changes from 2022 to 2023.

	2023	2022	Changes from 2022 to 2023	Percent change
EXPENDITURES				
General Government	\$ 17,852,083	\$ 16,674,397	\$ 1,177,686	7.1%
Public Safety	55,461,770	54,804,901	656,869	1.2%
Public works	16,671,977	17,425,231	(753,254)	-4.3%
Health and Welfare	589,816	-	589,816	100.0%
Community Development	16,761,875	11,837,137	4,924,738	41.6%
Culture and Recreation	1,238,115	1,883,534	(645,419)	-34.3%
Court Awards	4,774,051	-	4,774,051	100.0%
Debt Service	11,616,158	11,479,639	136,519	1.2%
Capital Outlay	4,324,462	1,381,102	2,943,360	213.1%
Total Expenditures	<u>\$ 129,290,307</u>	<u>\$ 115,485,941</u>	<u>\$ 13,804,366</u>	<u>12.0%</u>

Governmental fund expenditures totaled \$129,290,307 for the year ended December 31, 2023, an increase of 12.0% from 2022, primarily due to an increase in community development, capital outlay expenditures and court awards.

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Governmental fund balances and net position of enterprise funds

Table 10 reflects ending fund balances for governmental funds and the net position for the enterprise funds at December 31, 2023 and 2022.

Table 10: Ending Fund Balances, Governmental Funds, and Net Position, Enterprise Funds

FUND	2023		2022	
	Governmental Funds	Enterprise Funds	Governmental Funds	Enterprise Funds
General Fund	\$ 30,729,711	\$ -	\$ 25,638,648	\$ -
OECD Fund	2,652,707	-	2,389,935	-
Special Cities Fund	4,012,775	-	3,893,586	-
American Rescue Plan Act Fund	2,505,735	-	(507,817)	-
Non-Major Funds	2,932,746	-	2,500,174	-
Internal Service Fund	7,716,386	-	7,208,704	-
Sewer Authority	-	8,272,369	-	7,864,054
Total Fund Balance/Net Position	<u>\$ 50,550,060</u>	<u>\$ 8,272,369</u>	<u>\$ 41,123,230</u>	<u>\$ 7,864,054</u>

The City's governmental funds reported a combined fund balance of \$41,123,230 as of December 31, 2023, up \$9,426,830 from December 31, 2022. The General Fund balance increased by \$5,091,063, due to better than anticipated revenues, and an ability to operate effectively with less expenditures than budgeted.

Budgets

The City's Home Rule Charter requires the Mayor to submit to Council a budget for the subsequent fiscal year no later than November 15 of the current fiscal year. The City prepares its budgets based on the prior year's actuals and an estimated current year outcome. This allows the City to better forecast the City's position going into the subsequent year, however, because the City's fiscal year differs from those of the Commonwealth and the federal government, it can be difficult to know what grant funds will be forthcoming in the City's fiscal year.

The Home Rule Charter also requires the Mayor to submit to Council a capital budget for the subsequent fiscal year at least 3 months prior to the final date for the submission of the budget.

The City's Home Rule Charter and the City's Administrative Code provides direction for supplemental, emergency and transfer appropriations.

- Supplemental appropriations shall be considered by Council as an ordinance amending the annual budget.
- The Business Administrator may authorize the transfer of any unexpended balance of any appropriation item within a department, but if the transfer is between departments, then the Business Administrator shall make such transfer with the approval of Council.
- The Business Administrator may authorize the transfer of any unexpended balance of any appropriation item within a department or between department only with Council approval to:
 1. Fund a job classification or position of employment that is not identified in the annual budget for the current fiscal year; or
 2. Increase the salary of a job classification from the salary appropriated in the annual budget for the current fiscal year.

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

**ECONOMIC CONDITION AND OUTLOOK
LOCATION & DEMOGRAPHIC**

The City of Scranton is located in northeastern Pennsylvania. The City was incorporated as a city on April 23, 1866. The City is governed by a home rule charter adopted by the voters of the City in a referendum on May 21, 1974. The Home Rule Charter of the City of Scranton became effective on January 5, 1976. Under the Home Rule Charter, the Mayor and Council, jointly, are the governing body of the City. The governing powers are divided between the executive and legislative branches.

The City is the largest municipality in northeastern Pennsylvania and is the county seat for Lackawanna County. The City's population in 2023 was 75,805 ([Source: census.gov](#)). The City bestrides the I-81, I-84 and I-80 corridor—two hours from New York City and Philadelphia and within an overnight delivery area reaching about 96 million American and Canadian consumers. The nearby Wilkes-Barre Scranton International Airport offers daily direct service to major U.S. cities including Atlanta, Charlotte, Chicago, Detroit, Newark, Orlando, and Philadelphia.

Calendar year 2023 continued a period of success that began in January 2022 as the City formally exited the Commonwealth's Act 47 municipal financial distress program after 30 years. Scranton's exit from the Act 47 program is a testament to the City's leadership and the deliberate actions taken in recent years to improve Scranton's economic outlook. Almost immediately following its Act 47 exit, Scranton's credit rating was upgraded to BB+ in Standard & Poor's (S&P) Global Ratings Report in March 2022. In June 2023, S&P increased the City's credit rating to BBB- with a positive outlook, the first time since 2011 that the City received an investment-grade rating from S&P. S&P noted the City's ability to "demonstrate balance without the need to utilize American Rescue Plan Act (ARPA) funding for revenue replacement, proactive financial management, and controlled expenditure growth."

Scranton's economy continues to evolve, as the City's population and mix of industries shift to match the realities of a more globalized economy. Over the past decade, the populations of Scranton's Asian, Black/African American, and other non-white communities have grown, some more than doubling in size. They now comprise a larger share of the City's total population than they did in 2010. A majority of Scranton residents, (64.6%) work within 10 miles of their home, and the remaining 35% of residents both live and work within the City.

Industries contributing to overall City GDP include healthcare, logistics, warehousing, transportation; advanced manufacturing, construction/trades and back-office support. The City is home to the Scranton Army Ammunition Plant, which has become an essential site for the increased production of 155-millimeter shells used by Ukrainian forces in their ongoing battles against Russia. The Army is investing \$243 million to modernize equipment and ramp up production lines in Scranton's facilities. Another City manufacturer, Noble Biomaterials, has experience an increased need from the United States military in what's referred to as signature management assets, which provides technology that helps camouflage military assets from war fighters to tank covers. Noble is in the process of expanding their physical capacity in Scranton to meet the ongoing growth of their military sector operations.

Additionally, Scranton is home to a vibrant downtown business district and several institutions of higher education — including the University of Scranton, Marywood University, Geisinger Commonwealth School of Medicine, Lackawanna College, and Johnson College. Rounding out the proverbial "eds and meds" known to anchor Scranton's economy, the City has three hospitals located within its boundaries: Geisinger Community Medical Center, Commonwealth Health Regional Hospital of Scranton and Commonwealth Health Moses Taylor Hospital.

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

The City provides its residents and businesses with 24-hour/365-day professional public safety protection through its full-time police and fire departments. It also provides full-time public works and code enforcement services to its residents. Although these services come at a heavy tax burden compared to residents of neighboring municipalities, the City is committed to the training and development of its employees to ensure that the City is delivering high-quality services to its residents and businesses.

The City has been awarded \$68.7 million dollars in American Rescue Plan Act (ARPA) funding for recovery efforts from the pandemic. To spur economic development and to assist businesses to recover and retain employees, the City has invested \$4.2 million dollars in the small business community. A significant portion of this funding has been invested in business start-ups, with 63 new businesses starting in Scranton in 2023. To improve stormwater management, the City is investing a total of \$22.9 million dollars, including ARPA funding, in stormwater infrastructure improvements and repairs. This investment will assist the City in complying with federal MS4 requirements.

As the City awaits news regarding the potential for an Amtrak station downtown, significant investment is planned for streetscapes and corridor improvements. The City will be investing \$11.6 million dollars of ARPA funds and has secured over \$5 million in state grants to improve walkability and pedestrian safety. Progress on the development of an Amtrak station gained significant ground in December 2023 when Northeastern Pennsylvania was included in the Federal Railroad Administration's Corridor Identification and Development (Corridor ID) Program. With NEPA's proposed corridor application selected, the federal government will provide funding of up to \$500,000 to begin developing the scope, schedule, and budget for the project.

SUMMARY

The City continues to make financial, economic and constituent service progress since it's exit from the Commonwealth's Act 47 program in 2022. The City is looking towards a stable fiscal year in 2024 with aspirations of improving its bond rating to investment grade. In addition, the City has taken full advantage of the deployment of ARPA funds to make strategic long-term investments in the City's infrastructure and economic future. It is the City's commitment to build upon its recent success to create a vibrant economy anchored in 21st century innovation and technology.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information and complete financial statements for the discretely presented component units should be addressed to the Business Administrator, City of Scranton, 340 North Washington Avenue, Scranton, Pennsylvania 18503.

**CITY OF SCRANTON, PENNSYLVANIA
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activity (March 31, 2023)	Total	Scranton Parking Authority
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 31,200,529	\$ 110,838	\$ 31,311,367	\$ 302,043
Investments	74,703,569	-	74,703,569	-
Receivables:				
Taxes Receivable, Net	17,672,524	-	17,672,524	-
Garbage Fees Receivable, Net	4,519,075	-	4,519,075	-
Accounts Receivable, Net	2,971,729	42,474	3,014,203	-
Loans Receivable	597,087	-	597,087	-
Property Held for Resale	96,769	-	96,769	-
Notes Receivable	925,000	-	925,000	-
Other Assets	17,037	7,335	24,372	-
Leases Receivable	354,261	-	354,261	-
Restricted Cash and Cash Equivalents	7,452,623	8,717,890	16,170,513	-
Total Current Assets	140,510,203	8,878,537	149,388,740	302,043
CAPITAL ASSETS				
Non-Depreciable	6,096,217	-	6,096,217	1,967,064
Depreciable, Net	60,333,947	-	60,333,947	30,125,146
Total Capital Assets	66,430,164	-	66,430,164	32,092,210
Total Assets	206,940,367	8,878,537	215,818,904	32,394,253
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pensions	19,057,065	-	19,057,065	-
Deferred Outflows Related to Other				
Postemployment Benefit Obligations	6,410,349	-	6,410,349	-
Total Deferred Outflows of Resources	25,467,414	-	25,467,414	-
Total Assets and Deferred Outflows of Resources	\$ 232,407,781	\$ 8,878,537	\$ 241,286,318	\$ 32,394,253

See accompanying Notes to Basic Financial Statements.

CITY OF SCRANTON, PENNSYLVANIA
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activity (March 31, 2023)	Total	Scranton Parking Authority
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts Payable	\$ 3,988,277	\$ 439,456	\$ 4,427,733	\$ -
Credits Outstanding	-	9,572	9,572	-
Lien Payment Refunds	-	157,140	157,140	-
Other Liabilities	1,503,620	-	1,503,620	-
Unearned Revenue	60,563,870	-	60,563,870	-
Current Portion of Long-Term Debt:				
Long-Term Debt Obligations	7,497,048	-	7,497,048	-
Financed Purchased Contracts	608,031	-	608,031	-
Leases	448,955	-	448,955	-
Subscription Based Information Technology Arranger	332,259	-	332,259	-
Accrued Interest	804,926	-	804,926	-
Accrued Claims and Judgments	280,902	-	280,902	-
Total Current Liabilities	76,027,888	606,168	76,634,056	-
LONG-TERM OBLIGATIONS, NET OF CURRENT PORTION				
Long-Term Debt Obligations	60,197,724	-	60,197,724	-
Financed Purchase Contracts	472,377	-	472,377	-
Leases	1,630,320	-	1,630,320	-
Subscription Based Information Technology Arrangeme	526,290	-	526,290	-
Workers' Compensation Claims	11,840,901	-	11,840,901	-
Net Other Postemployment Benefit Obligations	146,654,451	-	146,654,451	-
Net Pension Liability	55,598,984	-	55,598,984	-
Compensated Absences	4,617,762	-	4,617,762	-
Total Long-Term Obligations, Net of Current Portion	281,538,809	-	281,538,809	-
Total Liabilities	357,566,697	606,168	358,172,865	-
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	4,070,667	-	4,070,667	-
Deferred Inflows Related to Other Postemployment Benefit Obligations	53,739,612	-	53,739,612	-
Deferred Inflows Related to Leases	297,611	-	297,611	-
Deferred Inflows Related to Public-Private Partnerships	-	-	-	26,906,497
Total Deferred Inflows of Resources	58,107,890	-	58,107,890	26,906,497
NET POSITION				
Net Investment in Capital Assets	49,539,303	-	49,539,303	5,185,713
Restricted for Escrow Agreements	-	8,717,890	8,717,890	-
Restricted for Externally Imposed Restrictions	15,295,722	-	15,295,722	-
Unrestricted	(248,101,831)	(445,521)	(248,547,352)	302,043
Total Net Position	(183,266,806)	8,272,369	(174,994,437)	5,487,756
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 232,407,781	\$ 8,878,537	\$ 241,286,318	\$ 32,394,253

See accompanying Notes to Basic Financial Statements.

**CITY OF SCRANTON, PENNSYLVANIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

FUNCTIONS/PROGRAMS	Program Revenues				Primary Government			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities (Year Ended March 31, 2023)	Total	
Primary Government:								
Governmental Activities:								
General Government - Administrative	\$ 26,439,309	\$ 3,715,762	\$ 6,147,844	\$ -	\$ (16,575,703)	\$ -	\$ (16,575,703)	\$ -
Public Safety	42,363,434	151,717	1,390,637	-	(40,821,080)	-	(40,821,080)	-
Public Works	15,274,368	7,725,119	233,695	2,213,840	(5,101,714)	-	(5,101,714)	-
Community Development	15,515,668	616,297	17,048,350	-	2,148,979	-	2,148,979	-
Health and Welfare	589,816	-	589,816	-	-	-	-	-
Culture and Recreation	1,094,576	-	97,460	-	(997,116)	-	(997,116)	-
Interest and Fees on Long-Term Debt	3,221,243	-	-	-	(3,221,243)	-	(3,221,243)	-
Total Governmental Activities	104,498,414	12,208,895	25,507,802	2,213,840	(64,567,877)	-	(64,567,877)	-
Business-Type Activity (Year Ended March 31, 2023)	153,648	406,195	-	-	-	252,547	252,547	-
Total Primary Government	<u>\$ 104,652,062</u>	<u>\$ 12,615,090</u>	<u>\$ 25,507,802</u>	<u>\$ 2,213,840</u>	(64,567,877)	252,547	(64,315,330)	-
Component Units								
Scranton Parking Authority	\$ 1,266,902	\$ 714,518	\$ -	\$ -	-	-	-	(552,384)
GENERAL REVENUES								
Taxes:								
Property Taxes					37,035,944	-	37,035,944	-
Act 511 Taxes					34,688,923	-	34,688,923	-
Other Taxes and Penalties					14,604,331	-	14,604,331	-
Cable Television Franchise Revenue					949,099	-	949,099	-
Payments in Lieu of Taxes					248,066	-	248,066	-
Investment Earnings					3,349,369	155,238	3,504,607	2,805
Miscellaneous					467,390	530	467,920	-
Rents and Concessions					8,975	-	8,975	-
Total General Revenues					<u>91,352,097</u>	<u>155,768</u>	<u>91,507,865</u>	<u>2,805</u>
CHANGE IN NET POSITION					26,784,220	408,315	27,192,535	(549,579)
Net Position - Beginning of Year (As Restated)					<u>(210,051,026)</u>	<u>7,864,054</u>	<u>(202,186,972)</u>	<u>6,037,335</u>
NET POSITION - END OF YEAR					<u>\$ (183,266,806)</u>	<u>\$ 8,272,369</u>	<u>\$ (174,994,437)</u>	<u>\$ 5,487,756</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SCRANTON, PENNSYLVANIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	<u>General Fund</u>	<u>Office of Economic and Community Development Fund</u>	<u>Special Cities Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 22,457,922	\$ -	\$ 2,228,725
Investments	-	-	-
Taxes Receivable, Net	17,672,524	-	-
Garbage Fees Receivable, Net	4,519,075	-	-
Accounts Receivable	1,243,213	389,873	775,314
Loans Receivable, Net	-	597,087	-
Restricted Cash and Cash Equivalents	578,993	2,207,955	4,172,546
Property Held for Resale	-	-	-
Notes Receivable, Net	-	-	-
Due from Other Funds	521,758	561,487	959,046
Leases Receivable	354,261	-	-
Other Assets	2,493	-	-
	<u>\$ 47,350,239</u>	<u>\$ 3,756,402</u>	<u>\$ 8,135,631</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 3,128,831	\$ 506,608	\$ 32,971
Other Liabilities	1,484,889	-	18,731
Unearned Revenue	-	597,087	3,505,899
Due to Other Funds	868,333	-	565,255
Total Liabilities	<u>5,482,053</u>	<u>1,103,695</u>	<u>4,122,856</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	10,840,864	-	-
Leases	297,611	-	-
Total Deferred Inflows of Resources	<u>11,138,475</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	4,233,631	2,652,707	4,012,775
Unassigned	26,496,080	-	-
Total Fund Balances	<u>30,729,711</u>	<u>2,652,707</u>	<u>4,012,775</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 47,350,239</u>	<u>\$ 3,756,402</u>	<u>\$ 8,135,631</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SCRANTON, PENNSYLVANIA
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	<u>American Rescue Plan Act Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,534,767	\$ 2,925,912	\$ 29,147,326
Investments	56,946,898	-	56,946,898
Taxes Receivable, Net	-	-	17,672,524
Garbage Fees Receivable, Net	-	-	4,519,075
Accounts Receivable	496,370	-	2,904,770
Loans Receivable, Net	-	-	597,087
Restricted Cash and Cash Equivalents	-	493,129	7,452,623
Property Held for Resale	-	96,769	96,769
Notes Receivable, Net	-	925,000	925,000
Due from Other Funds	-	-	2,042,291
Leases Receivable	-	-	354,261
Other Assets	-	14,544	17,037
	<u>-\$ 58,978,035</u>	<u>\$ 4,455,354</u>	<u>\$ 122,675,661</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ 321	\$ 3,668,731
Other Liabilities	-	-	1,503,620
Unearned Revenue	56,460,884	-	60,563,870
Due to Other Funds	11,416	597,287	2,042,291
Total Liabilities	<u>56,472,300</u>	<u>597,608</u>	<u>67,778,512</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	-	925,000	11,765,864
Leases	-	-	297,611
Total Deferred Inflows of Resources	<u>-</u>	<u>925,000</u>	<u>12,063,475</u>
FUND BALANCES			
Nonspendable	-	96,769	96,769
Restricted	-	3,374,840	14,273,953
Unassigned	2,505,735	(538,863)	28,462,952
Total Fund Balances	<u>2,505,735</u>	<u>2,932,746</u>	<u>42,833,674</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 58,978,035</u>	<u>\$ 4,455,354</u>	<u>\$ 122,675,661</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SCRANTON, PENNSYLVANIA
RECONCILIATION OF BALANCE SHEET –
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
DECEMBER 31, 2023**

Fund Balances - Total Governmental Funds	\$ 42,833,674
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the fund financial statements:	
Capital Assets	207,502,018
Accumulated Depreciation/Amortization	(141,071,854)
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.	10,840,864
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 Nonmajor Fund.	925,000
The Internal Service Fund is used by management to charge the cost of workers' compensation insurance to various departments. The net position of the Internal Service Fund is reported with governmental activities.	7,716,386
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	(55,598,984)
Deferred Outflows of Resources	19,057,065
Deferred Inflows of Resources	(4,070,667)
The City's net other postemployment benefits liability, deferred outflows of resources, and deferred inflows of resources related to the City's other postemployment benefit plans are not reported in the governmental funds but are reported in the statement of net position:	
Net Other Postemployment Benefits Liability	(146,654,451)
Deferred Outflows of Resources	6,410,349
Deferred Inflows of Resources	(53,739,612)
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	(29,805,000)
General Obligation Notes Payable	(37,412,000)
Governmental Notes Payable	(477,772)
Financed Purchase Payable	(1,080,408)
Leases	(2,079,275)
Subscription Based Information Technology Arrangements	(858,549)
Accrued Interest Payable	(804,926)
Compensated Absences	(4,617,762)
Accrued Claims and Judgments	(280,902)
Net Position of Governmental Activities	<u><u>\$ (183,266,806)</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SCRANTON, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General Fund	Office of Economic and Community Development Fund	Special Cities Fund
REVENUES			
Taxes	\$ 88,486,376	\$ -	\$ -
Refuse Disposal Fee	7,421,871	-	-
Intergovernmental Revenue	6,674,477	9,666,326	331,155
Licenses and Permits	3,241,451	-	-
Cable Television Franchise Revenue	949,099	-	-
Department Earnings	94,154	616,297	531,874
Program Income	303,248	-	-
Payments in Lieu of Taxes	248,066	-	-
Other Revenues	361,019	5,333	336,995
Investment Income	130,339	24,483	67,353
Rents and Concessions	5,500	-	-
Total Revenues	<u>107,915,600</u>	<u>10,312,439</u>	<u>1,267,377</u>
EXPENDITURES			
Current:			
General Government	16,288,429	-	141,401
Public Safety	54,978,420	-	483,350
Public Works	16,438,282	-	233,695
Health and Welfare	-	-	-
Community Development	-	9,969,667	-
Culture and Recreation	973,151	-	218,052
Court Awards	4,774,051	-	-
Debt Service:			
Principal	8,024,686	65,663	66,400
Interest/Fees	3,378,212	14,337	5,290
Capital Outlay	3,927,811	-	95,455
Total Expenditures	<u>108,783,042</u>	<u>10,049,667</u>	<u>1,243,643</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(867,442)	262,772	23,734
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	1,824,224	-	-
Operating Transfers Out	(2,000,000)	-	-
Proceeds from Financed Purchase Agreements	-	-	95,455
Proceeds from Leases	1,757,426	-	-
Proceeds from SBITAs	306,855	-	-
Proceeds from Note Issuance	4,070,000	-	-
Total Other Financing Sources (Uses)	<u>5,958,505</u>	<u>-</u>	<u>95,455</u>
CHANGE IN FUND BALANCE	5,091,063	262,772	119,189
Fund Balance - Beginning of Year	<u>25,638,648</u>	<u>2,389,935</u>	<u>3,893,586</u>
FUND BALANCE - END OF YEAR	<u>\$ 30,729,711</u>	<u>\$ 2,652,707</u>	<u>\$ 4,012,775</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SCRANTON, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	American Rescue Plan Act Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
Taxes	\$ -	\$ -	\$ 88,486,376
Refuse Disposal Fee	-	-	7,421,871
Intergovernmental Revenue	8,835,844	2,213,840	27,721,642
Licenses and Permits	-	-	3,241,451
Cable Television Franchise Revenue	-	-	949,099
Department Earnings	-	-	1,242,325
Program Income	-	-	303,248
Payments in Lieu of Taxes	-	-	248,066
Other Revenues	-	2,754	706,101
Investment Income	3,043,555	83,639	3,349,369
Rents and Concessions	-	3,475	8,975
Total Revenues	<u>11,879,399</u>	<u>2,303,708</u>	<u>133,678,523</u>
EXPENDITURES			
Current:			
General Government	1,422,253	-	17,852,083
Public Safety	-	-	55,461,770
Public Works	-	-	16,671,977
Health and Welfare	589,816	-	589,816
Community Development	6,792,208	-	16,761,875
Culture and Recreation	-	46,912	1,238,115
Court Awards	-	-	4,774,051
Debt Service:			
Principal	48,710	-	8,205,459
Interest/Fees	12,860	-	3,410,699
Capital Outlay	301,196	-	4,324,462
Total Expenditures	<u>9,167,043</u>	<u>46,912</u>	<u>129,290,307</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,712,356	2,256,796	4,388,216
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	-	-	1,824,224
Operating Transfers Out	-	(1,824,224)	(3,824,224)
Proceeds from Financed Purchase Agreements	-	-	95,455
Proceeds from Leases	301,196	-	2,058,622
Proceeds from SBITAs	-	-	306,855
Proceeds from Note Issuance	-	-	4,070,000
Total Other Financing Sources (Uses)	<u>301,196</u>	<u>(1,824,224)</u>	<u>4,530,932</u>
CHANGE IN FUND BALANCE	3,013,552	432,572	8,919,148
Fund Balance - Beginning of Year	<u>(507,817)</u>	<u>2,500,174</u>	<u>33,914,526</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,505,735</u>	<u>\$ 2,932,746</u>	<u>\$ 42,833,674</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SCRANTON, PENNSYLVANIA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Governmental Funds	\$ 8,919,148
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>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:</p>	
Capital Outlays	7,441,773
Depreciation	(6,245,497)
<p>Disposals of capital assets are not reported in governmental funds but are reported as a loss on disposal in the statement of activities.</p>	
	(21,354)
<p>Proceeds from long-term and short-term debt and financed purchase contracts are considered a current financial resource and are reported in the statement of changes in fund balances but not in the statement of activities.</p>	
	(6,530,932)
<p>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:</p>	
Repayment of General Obligation Bonds	6,220,000
Repayment of Notes Payable	926,257
Repayment of Financed Purchase Contracts	614,467
Leases	190,582
Subscription Based Information Technology Arrangements	254,153
Accrued Interest	(189,456)
<p>In the statement of revenues, expenditures, and changes in fund balance, nonexchange revenue is only recognized when measurable and available. Therefore, any nonexchange balances collected past 60 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.</p>	
	(2,157,178)
<p>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:</p>	
Change in Compensated Absences	(419,208)
Change in Net Other Postemployment Obligation and Related Deferrals	11,288,929
Change in the Net Pension Liability and Related Deferrals	5,984,854
<p>The Internal Service Fund is used by management to charge the cost of workers' workers' compensation insurance to various departments. The net revenue of the Internal Service Fund is reported with governmental activities.</p>	
	507,682
Change in Net Position of Governmental Activities	\$ 26,784,220

See accompanying Notes to Basic Financial Statements.

**CITY OF SCRANTON, PENNSYLVANIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023**

	Business-Type Activity Enterprise Fund	Governmental Activity Internal Service Fund
ASSETS	Sewer Authority (March 31, 2023)	
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 110,838	\$ 2,053,203
Investments	-	17,756,671
Accounts Receivable, Net	42,474	66,959
Other Assets	7,335	-
Escrow Deposits, Restricted	8,717,890	-
Total Current Assets	8,878,537	19,876,833
Total Assets	8,878,537	19,876,833
LIABILITIES AND NET POSITION		
LIABILITIES		
Current Liabilities:		
Accounts Payable/Accrued Expenses	439,456	319,546
Lien Payment Refunds	157,140	-
Credits Outstanding	9,572	-
Total Current Liabilities	606,168	319,546
Noncurrent Liabilities:		
Workers' Compensation Claims Payable	-	11,840,901
Total Liabilities	606,168	12,160,447
NET POSITION		
Restricted for Escrow Agreements	8,717,890	-
Restricted for Workers' Compensation Claims	-	7,716,386
Unrestricted	(445,521)	-
Total Net Position	8,272,369	7,716,386
Total Liabilities and Net Position	\$ 8,878,537	\$ 19,876,833

See accompanying Notes to Basic Financial Statements.

**CITY OF SCRANTON, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Business-Type Activity Enterprise Fund	Governmental Activity Internal Service Fund
	Sewer Authority (March 31, 2023)	
REVENUES		
Easements	\$ 325,130	\$ -
Bad Debt Recovery	81,065	-
Total Revenues	406,195	-
 EXPENSES		
Workers' Compensation Claims	-	484,615
Administrative and General	153,648	197,671
Total Expenses	153,648	682,286
 INCOME (LOSS) FROM OPERATIONS	252,547	(682,286)
 NONOPERATING REVENUES		
Investment Income	-	852,220
Interest and Dividends	155,238	337,748
Miscellaneous	530	-
Transfers In	-	2,000,000
Transfers Out	-	(2,000,000)
Total Nonoperating Revenues	155,768	1,189,968
 CHANGE IN NET POSITIION	408,315	507,682
 Net Position - Beginning of Year	7,864,054	7,208,704
 NET POSITION - END OF YEAR	\$ 8,272,369	\$ 7,716,386

See accompanying Notes to Basic Financial Statements.

**CITY OF SCRANTON, PENNSYLVANIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Business-Type Activity	Governmental Activity
	Enterprise Fund	Internal
	Sewer Authority	Service Fund
	(March 31, 2023)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 81,065	\$ -
Cash Paid for Legal Fees and Easements	(39,428)	-
Cash Paid for Operating Expenses	(245,081)	(4,711,447)
Net Cash Used by Operating Activities	(203,444)	(4,711,447)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	-	3,880,755
Proceeds from Sales of Investments	-	(1,774,962)
Interest and Dividends Received	155,238	337,748
Net Cash Provided by Investing Activities	155,238	2,443,541
NET CHANGE IN CASH AND CASH EQUIVALENTS	(48,206)	(2,267,906)
Cash and Cash Equivalents - Beginning of Year	159,044	4,321,109
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 110,838	\$ 2,053,203
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss) from Operations	\$ 252,547	\$ (682,286)
Adjustments to Reconcile Income (Loss) from Operations to Net Cash Used by Operating Activities:		
Bad Debt Recovery	81,065	-
(Increase) Decrease in Operating Assets:		
Accounts Receivable	16,040	(2,567,164)
Prepaid Insurance	5,244	-
Escrow Deposits	(562,364)	-
Increase (Decrease) in Operating Liabilities:		
Accrued Expenses	4,024	201,816
Workers' Compensation Claim Payables	-	(1,663,813)
Net Cash Used by Operating Activities	\$ (203,444)	\$ (4,711,447)

See accompanying Notes to Basic Financial Statements.

**CITY OF SCRANTON, PENNSYLVANIA
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2023**

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 10,114,336	\$ 22,475
Investments	126,420,538	2,137,270
Accounts Receivable	<u>902</u>	<u>3,843</u>
Total Assets	<u><u>\$ 136,535,776</u></u>	<u><u>\$ 2,163,588</u></u>
LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts Payable	\$ 36,597	\$ -
NET POSITION		
Held in Trust for Pension Benefits	136,499,179	-
Held in Trust for OPEB Benefits	<u>-</u>	<u>2,163,588</u>
Total Liabilities and Net Position	<u><u>\$ 136,535,776</u></u>	<u><u>\$ 2,163,588</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SCRANTON, PENNSYLVANIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2023**

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>
ADDITIONS		
Contributions:		
Employer Contributions (Including Commonwealth Aid)	\$ 15,214,696	\$ 2,000,000
Contributions by Members	1,394,170	-
Total Contributions	<u>16,608,866</u>	<u>2,000,000</u>
Investment Income:		
Net Appreciation in Fair Value of Investments	12,595,694	163,588
Net Realized Loss on Sale of Investments	(320,959)	-
Interest and Dividends, Net of Fees	3,658,067	-
Total Investment Income	<u>15,932,802</u>	<u>163,588</u>
Total Additions	<u>32,541,668</u>	<u>2,163,588</u>
 DEDUCTIONS		
Retirement Benefits Paid	13,532,227	-
Administrative Expenses	414,147	-
Total Deductions	<u>13,946,374</u>	<u>-</u>
 CHANGE IN NET POSITION	 18,595,294	 2,163,588
 Net Position - Beginning of Year	 <u>117,903,885</u>	 <u>-</u>
 NET POSITION - END OF YEAR	 <u><u>\$ 136,499,179</u></u>	 <u><u>\$ 2,163,588</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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, governed under a Home Rule Charter 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 GMP 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, and
- Single Tax Office

The City determined through its evaluation that the Scranton Municipal Recreation Authority, Scranton Housing Authority, Scranton School District, Scranton Lackawanna Health and Welfare Authority, Scranton Public Library and Single Tax Office are excluded from the financial reporting entity.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

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 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.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

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, 2023:

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 blended 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 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. The Parking Authority is a discretely presented component unit.

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.

Requests for additional financial information and complete financial statements for the above-mentioned entities should be addressed to the Business Administrator, City of Scranton, 340 North Washington Avenue, Scranton, Pennsylvania 18503.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 nonexchange 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.

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.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 expandable 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, American Rescue Plan Act (ARPA), Office of Economic and Community Development (OECD), and the SRA.

The OECD, Special Cities, and ARPA Funds are classified as major funds. The remaining special revenue funds are classified as nonmajor funds.

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 nonoperating 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.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds (Continued)

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 entity 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 include salaries and administrative costs. All revenue or expenses not meeting this definition are reported as nonoperating revenue and expenses.

Fiduciary Funds

The focus of the fiduciary funds 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 Nonuniformed Pension Plan. These funds are accounted for within a single aggregate fund. In addition, the City has established a fiduciary fund for the City's other post-employment benefits plan trust.

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.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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.

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.

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.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include cash and all other investment instruments which are carried at cost, with original maturities of three months or less. For purposes of the statement of cash flows, the City's proprietary fund considers cash and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

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. Several proprietary fund cash accounts are maintained under escrow agreements for easements pertaining to the sale of the sewer authority.

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.

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.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Capital assets, except for infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year. For infrastructure assets the same estimated useful life is used, but only those infrastructure projects that cost more than \$25,000 are reported as capital assets.

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 useful lives:

	Redevelopment Authority of the City of Scranton	Government- Wide	Scranton Parking Authority
Building and Building Improvements	N/A	20 to 50 Years	10 to 50 Years
Land Improvements	N/A	10 to 15 Years	10 to 15 Years
Equipment/Furniture	15 Years	5 to 7 Years	3 to 10 Years
Vehicles	N/A	8 to 15 Years	N/A
Roadways	N/A	30 to 50 Years	N/A
Traffic Systems	N/A	15 Years	N/A

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

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. 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.

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The category of deferred outflow of resources reported in the statement of net position is related to pensions and other postemployment benefits. Deferred outflows on pension and other postemployment benefits are more fully discussed in Notes 12 and 14.

In addition to liabilities, the statement of net position and the governmental funds balance sheet includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements. The City of Scranton, Pennsylvania's deferred inflows of resources reported on the statement of net position relate to pension and other postemployment benefits, which are more fully discussed in Notes 13 and 15. The statement of net position and the governmental funds balance sheet also report a deferred inflow of resources related to leases. The lease related deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus any payments received at or before the start of the lease term that relates to future periods, less any lease incentives paid to, or on behalf of the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Under the modified accrual basis of accounting, deferred inflows of resources also include revenues not collected within the availability period after the fiscal year-end. The City of Scranton, Pennsylvania has reported deferred inflows of resources related to unavailable revenues for taxes. These amounts are deferred and will be recognized as an inflow of resources in the period that 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.

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.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

Nonspendable – 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.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2023, upon which the 2023 levy was based, was approximately \$378 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 to March 1	2.5% Discount Period
March 1 to April 15	2% Discount Period
April 16 to June 30	Face Payment Period
July 1 to 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, 2023, was 244.311 mills on the assessed value of land and 51.575 mills on the assessed value of improvements.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effects of New Pronouncements

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

In March 2020, the Government Auditing Standards Board issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This standard provides accounting and financial reporting requirements for public-private and public-public partnership arrangements (PPPs) that either meet the definition of an SCA or are not within the scope of Statement 87, as amended. This standard also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). Implementation of this standard did not affect beginning net position or fund balance of City but did impact one of the discretely presented component units, The City of Scranton Parking Authority.

In May 2020, the Government Auditing Standards Board issued GASB Statement No. 96, *Subscription- Based Information Technology Agreements* (SBITA). This standard requires the recognition of right-to-use subscription assets and subscription liabilities for contracts that convey control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this standard, a government is required to recognize a subscription liability and an intangible right-to-use subscription asset. The City adopted the requirements of the guidance effective January 1, 2023 and has applied the provisions of this standard to the beginning of the period of adoption.

Subsequent Events

Management has evaluated subsequent events through December 4, 2024, which is the date the financial statements were available to be issued.

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.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

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, 2023, \$36,174,042 of the City's governmental and business-type activities bank balances of \$47,481,880 was uninsured, but was collateralized by securities held by the pledging banks' trust department not in the City's name; and \$11,307,837 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, 2023, the City had the following investments:

	<u>Cost</u>	<u>Fair Value</u>
Proprietary Funds:		
Internal Service Fund:		
Corporate Obligations:		
Corporate - Domestic Bonds	\$ 1,815,114	\$ 1,784,512
Governmental Securities:		
U.S. Treasury Notes	2,416,722	2,481,802
U.S. Government Agencies	2,846,965	2,824,241
Equities:	362,769	567,828
Mutual Funds:		
Fixed Income Mutual Funds	9,703,577	8,257,644
Equity Mutual Funds	1,519,592	1,840,644
Total Proprietary Funds	<u>\$ 18,664,739</u>	<u>\$ 17,756,671</u>
Governmental Funds:		
American Rescue Plan Act Fund:		
Certificates of Deposit	\$ 2,047,500	\$ 2,052,711
Governmental Securities:		
U.S. Treasury Notes	7,539,762	7,668,308
U.S. Government Agencies	47,565,407	47,225,879
Total Governmental Funds	<u>\$ 57,152,669</u>	<u>\$ 56,946,898</u>
Fiduciary Funds:		
Pension Trust Fund:		
Mutual Funds:		
Bond Mutual Funds	\$ 56,108,785	\$ 52,809,394
Equity Mutual Funds	63,416,063	73,611,144
OPEB Trust Fund:		
Mutual Funds:		
Bond Mutual Funds	811,143	845,885
Equity Mutual Funds	1,231,071	1,291,385
Total Fiduciary Funds	<u>\$ 121,567,062</u>	<u>\$ 128,557,808</u>

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City's investment policy requires that fixed income securities and equities have a weighted average of no less than investment grade, as rated by *Moody's* and *Standard & Poor's*. The investments in the securities of U.S. Government Agencies were all rated AAA by *Standard & Poor's*, and Aaa by *Moody's Investors Services*. The mutual funds were rated AA to BBB by *Standard & Poor's* and Aa1 to Baa1 by *Moody's*. The corporate bonds were A to BBB- by *Standard & Poor's* and A2 to Baa3 by *Moody's*. The negotiable certificates of deposit are not rated.

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. The City did not have any investments in any one issuer that represents 5% or more of total investments.

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. As of December 31, 2023 the City's proprietary and governmental funds' investment balances was exposed to interest rate risk as follows:

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1 Year	1 - 5 Years	5 - 10 Years
Proprietary Funds				
Internal Service Fund				
U.S. Treasury Notes	\$ 2,481,802	\$ 2,481,802	\$ -	\$ -
U.S. Government Agencies	2,824,241	-	2,638,911	185,330
U.S. Corporate Bonds	1,784,512	-	1,291,287	493,225
Fixed Income Mutual Funds	8,257,644	-	-	8,257,644
Total Proprietary Funds	<u>\$ 15,348,199</u>	<u>\$ 2,481,802</u>	<u>\$ 3,930,198</u>	<u>\$ 8,936,199</u>
Governmental Funds				
American Rescue Plan Fund				
U.S. Treasury Notes	\$ 7,668,308	\$ 7,668,308	\$ -	\$ -
U.S. Government Agencies	47,225,879	17,459,829	28,885,911	880,139
Certificates of Deposit	2,052,711	2,052,711	-	-
Total Governmental Funds	<u>\$ 56,946,898</u>	<u>\$ 27,180,848</u>	<u>\$ 28,885,911</u>	<u>\$ 880,139</u>

NOTE 3 FAIR-VALUE MEASUREMENTS

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. 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, and

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

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.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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:

Investment Type	Fair Value Measurements Using			Fair Value
	Level 1	Level 2	Level 3	
Internal Service Fund:				
Corporate Obligations:				
Corporate - Domestic Bonds	\$ 1,784,512	\$ -	\$ -	\$ 1,784,512
Governmental Securities:				
U.S. Treasury Notes	2,481,802	-	-	2,481,802
U.S. Government Agencies	2,824,241	-	-	2,824,241
Equities:				
U.S Domestic Equities	567,828	-	-	567,828
Mutual Funds:				
Equity Mutual Funds	8,257,644	-	-	8,257,644
Fixed Income Mutual Funds	1,840,644	-	-	1,840,644
Total Internal Service Fund	<u>\$ 17,756,671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,756,671</u>
Governmental Funds:				
American Rescue Plan Act Fund:				
Governmental Securities:				
U.S. Treasury Notes	\$ 7,668,308	\$ -	\$ -	\$ 7,668,308
U.S. Government Agencies	47,225,879	-	-	47,225,879
Total American Rescue Plan Act Fund	<u>\$ 54,894,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,894,187</u>
OPEB Trust Fund:				
Mutual Funds:				
Equity Mutual Funds	\$ 1,291,385	\$ -	\$ -	\$ 1,291,385
Bond Mutual Funds	845,885	-	-	845,885
Total OPEB Trust Fund	<u>\$ 2,137,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,137,270</u>
Pension Trust Fund:				
Mutual Funds:				
Equity Mutual Funds	\$ 73,611,144	\$ -	\$ -	\$ 73,611,144
Bond Mutual Funds	52,809,394	-	-	52,809,394
Total Pension Trust Fund	<u>\$ 126,420,538</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,420,538</u>

NOTE 4 TAXES AND FEES RECEIVABLE

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

Real Estate Taxes	\$ 13,452,012
Other Taxes:	
Earned Income	7,926,171
LST	1,271,343
Real Estate Transfer Tax	521,976
Business Privilege	974
Amusement	685
Payroll Preparation	767,759
Subtotal	<u>23,940,920</u>
Less: Allowance for Uncollectible Taxes	<u>(6,268,396)</u>
Total	<u>\$ 17,672,524</u>

Garbage fees receivable in the general fund are reported net of an allowance of \$4,346,508 at December 31, 2023. Delinquent sewer fees in the proprietary fund are reported net of an allowance of \$2,789,133 at March 31, 2023.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	Due From	Due To
General Fund:		
Special Cities	\$ 510,342	\$ 868,333
American Rescue Plan Act	11,416	-
Office of Economic and Community Development	-	-
Office of Economic and Community Development:		
General Fund	-	-
Nonmajor	561,487	-
Special Cities:		
General Fund	959,046	565,255
American Rescue Plan Act		
General Fund	-	11,416
Nonmajor:		
Office of Economic and Community Development:	-	597,287
Total	\$ 2,042,291	\$ 2,042,291

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

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 CAPITAL ASSETS

Primary Government

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

	Balance - As Restated January 1, 2023	Increase or Reclassification	Decrease or Reclassification	Balance - December 31, 2023
Governmental Activities:				
Capital Assets Not being Depreciated:				
Land	\$ 3,797,990	\$ -	\$ -	\$ 3,797,990
Construction in Progress	2,114,263	183,964	-	2,298,227
Total Capital Assets Not being Depreciated	5,912,253	183,964	-	6,096,217
Capital Assets being Depreciated:				
Infrastructure	143,310,049	-	-	143,310,049
Building	12,657,142	-	-	12,657,142
Land and Building Improvements	11,457,273	2,679,749	-	14,137,022
Vehicles, Equipment, and Furniture	25,503,188	2,212,583	(268,391)	27,447,380
Right-to-Use Lease Assets	285,081	2,058,622	-	2,343,703
Right-to-Use SBITA Assets	1,203,650	306,855	-	1,510,505
Total Capital Assets being Depreciated	194,416,383	7,257,809	(268,391)	201,405,801
Less Accumulated Depreciation:				
Infrastructure	98,190,458	3,459,015	-	101,649,473
Building	7,211,154	211,705	-	7,422,859
Land and Building Improvements	9,294,393	499,369	-	9,793,762
Vehicles, Equipment, and Furniture	19,824,256	1,358,666	(247,037)	20,935,885
Right-to-Use Lease Assets	71,673	354,458	-	426,131
Right-to-Use SBITA Assets	481,460	362,284	-	843,744
Total Accumulated Depreciation	135,073,394	6,245,497	(247,037)	141,071,854
Total Capital Assets being Depreciated, Net	59,342,989	1,012,312	(21,354)	60,333,947
Total Capital Assets, Net	<u>\$ 65,255,242</u>	<u>\$ 1,196,276</u>	<u>\$ (21,354)</u>	<u>\$ 66,430,164</u>

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

Depreciation Expense - Governmental Activities:	
General Government - Administrative	\$ 3,677,686
Public Safety	463,373
Public Works	1,913,462
Community Development	150,823
Culture and Recreation	40,153
Total Depreciation Expense - Governmental Activities	<u>\$ 6,245,497</u>

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units – Scranton Parking Authority

	<u>Balance - January 1, 2023</u>	<u>Increase or Reclassification</u>	<u>Decrease or Reclassification</u>	<u>Balance - December 31, 2023</u>
Scranton Parking Authority				
Capital Assets Not being Depreciated:				
Land	\$ 1,967,064	\$ -	\$ -	\$ 1,967,064
Total Capital Assets Not being Depreciated	1,967,064	-	-	1,967,064
Capital Assets being Depreciated:				
Land Improvements	306,395	-	-	306,395
Buildings and Building Improvements	51,676,288	-	-	51,676,288
Equipment	765,534	-	-	765,534
Total Capital Assets being Depreciated	52,748,217	-	-	52,748,217
Less Accumulated Depreciation:				
Land Improvements	306,395	-	-	306,395
Buildings and Building Improvements	20,318,334	1,232,808	-	21,551,142
Equipment	765,534	-	-	765,534
Total Accumulated Depreciation	21,390,263	1,232,808	-	22,623,071
Total Capital Assets being Depreciated, Net	31,357,954	(1,232,808)	-	30,125,146
Total Capital Assets, Net	<u>\$ 33,325,018</u>	<u>\$ (1,232,808)</u>	<u>\$ -</u>	<u>\$ 32,092,210</u>

NOTE 7 Lease Receivables

The City, acting as lessor, leases wireless communications facilities under long-term, noncancelable lease agreements. The leases expire at various dates through 2042. During the year ended December 31, 2023, the City recognized \$13,241 and \$15,295 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Principal and interest requirements to maturity under lease agreements are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 5,368	\$ 15,812	\$ 21,180
2025	5,620	15,560	21,180
2026	5,884	15,296	21,180
2027	6,160	15,020	21,180
2028	7,390	14,690	22,080
2028-2032	56,672	66,148	122,820
2033-2037	92,465	48,775	141,240
2038-2042	135,333	21,723	157,056
2043-2047	39,369	2,606	41,975
Total	<u>\$ 354,261</u>	<u>\$ 215,630</u>	<u>\$ 569,891</u>

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 PUBLIC-PRIVATE PARTNERSHIPS

Discretely Presented Component Unit – Scranton Parking Authority

The Authority recognizes contractually determined revenue related to the service concession agreement public-private partnerships agreement for the parking facilities. The arrangement did not provide for any variable or additional payments. All revenues for the public-private partnerships agreement term were received in advance, therefore no public-private partnerships asset receivable and corresponding deferred inflow were recorded. The advanced public-private partnerships agreement revenue is recorded as a deferred inflow and amortized straight-line over the life of the agreement. The total amount of public-private partnerships revenue in 2023 was \$714,332. At December 31, 2023, the remaining deferred inflow related to the public-private partnerships was \$26,906,497.

NOTE 9 SHORT-TERM DEBT

During the year ended December 31, 2023, the City obtained a \$4,900,000 tax anticipation note. The note was repaid, with interest, during the year for \$4,978,037.

NOTE 10 LONG-TERM OBLIGATIONS

At December 31, 2023 general long-term debt obligations were as follows:

	Balance Outstanding - Beginning of Year			Additions	Reductions	Balance Outstanding - End of Year		Amounts Due Within One Year
General Obligation Bonds:								
Series A and AA of 2016	\$ 22,450,000	\$ -	\$ (3,665,000)		\$ 18,785,000	\$ 4,225,000		
Series A of 2017	13,575,000	-	(2,555,000)		11,020,000	1,745,000		
Total General Obligation Bonds	<u>36,025,000</u>	<u>-</u>	<u>(6,220,000)</u>		<u>29,805,000</u>	<u>5,970,000</u>		
General Obligation Notes:								
Series of 2016	31,545,000	-	(295,000)		31,250,000	880,000		
Series of 2021	2,490,000	-	(398,000)		2,092,000	405,000		
Series of 2023	-	4,070,000	-		4,070,000	5,000		
Total General Obligation Notes	<u>34,035,000</u>	<u>4,070,000</u>	<u>(693,000)</u>		<u>37,412,000</u>	<u>1,290,000</u>		
Notes Payable:								
PIB Loan	711,029	-	(233,257)		477,772	237,048		
Total Notes Payable	<u>711,029</u>	<u>-</u>	<u>(233,257)</u>		<u>477,772</u>	<u>237,048</u>		
Total Long-Term Debt Obligations	<u>\$ 70,771,029</u>	<u>\$ 4,070,000</u>	<u>\$ (7,146,257)</u>		<u>\$ 67,694,772</u>	<u>\$ 7,497,048</u>		
Other Long-Term Liabilities:								
Financed Purchase Contracts	\$ 1,599,420	\$ 95,455	\$ (614,467)		\$ 1,080,408	\$ 608,031		
Leases	211,235	2,058,622	(190,582)		2,079,275	448,955		
Subscription Based Information Technology Arrangements	805,847	306,855	(254,153)		858,549	400,943		
Compensated Absences	4,198,554	419,208	-		4,617,762	-		
Total Other Long-Term Debt Obligations	<u>\$ 6,815,056</u>	<u>\$ 2,880,140</u>	<u>\$ (1,059,202)</u>		<u>\$ 8,635,994</u>	<u>\$ 1,457,929</u>		

The General Fund is used to liquidate compensated absences when disbursed.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 LONG-TERM OBLIGATIONS (CONTINUED)

A summary of long-term debt outstanding at December 31, 2023, 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.

Future debt service requirements on general obligation bonds as of December 31, 2023, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 5,970,000	\$ 1,496,288	\$ 7,466,288
2025	4,940,000	1,195,876	6,135,876
2026	5,185,000	946,862	6,131,862
2027	4,605,000	317,750	4,922,750
2028	9,105,000	1,055,500	10,160,500
Total	<u>\$ 29,805,000</u>	<u>\$ 5,012,276</u>	<u>\$ 34,817,276</u>

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.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 LONG-TERM OBLIGATIONS (CONTINUED)

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 notes 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 2023

On November 8, 2023, the City of Scranton, in accordance with the Local Governmental Debt Act of the Commonwealth of Pennsylvania, Act 53 Section 8111(a), issued \$4,070,000 of general obligation notes with an interest rate of 4.75%. Proceeds of the notes will be used to fund new capital projects of the City and various costs of issuance. Principal and interest is payable on May 1 and November 1 each year with final maturity on November 1, 2031.

Future debt service requirements on general obligation notes as of December 31, 2023, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,290,000	\$ 1,598,272	\$ 2,888,272
2025	2,682,000	1,547,348	4,229,348
2026	3,053,000	1,427,053	4,480,053
2027	4,040,000	1,288,405	5,328,405
2028	4,617,000	1,125,657	5,742,657
2029 to 2032	21,730,000	3,104,637	24,834,637
Total	<u>\$ 37,412,000</u>	<u>\$ 10,091,372</u>	<u>\$ 47,503,372</u>

Notes Payable

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.

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 237,048	\$ 7,764	\$ 244,812
2025	240,724	4,089	244,813
Total	<u>\$ 477,772</u>	<u>\$ 11,853</u>	<u>\$ 489,625</u>

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 LONG-TERM OBLIGATIONS (CONTINUED)

Financed Purchase Agreements

The City has entered into various financed purchase agreements for equipment with a net value of \$1,406,529 at December 31, 2023, 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 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 608,031	\$ 28,470	\$ 636,501
2025	183,523	10,656	194,179
2026	190,379	7,233	197,612
2027	98,475	3,684	102,159
Total	<u>\$ 1,080,408</u>	<u>\$ 50,043</u>	<u>\$ 1,130,451</u>

NOTE 11 LEASES AND SBITA PAYABLE

The City leases equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through November 2028. The right-to-use lease assets and the related accumulated amortization are detailed in Note 6.

Principal and interest requirements to maturity under lease agreements are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 448,955	\$ 166,592	\$ 615,547
2025	474,680	128,927	603,607
2026	501,323	88,905	590,228
2027	501,511	47,309	548,820
2028	152,806	7,068	159,874
Total	<u>\$ 2,079,275</u>	<u>\$ 438,801</u>	<u>\$ 2,518,076</u>

The City has entered into subscription based-information technology arrangements (SBITAs) for body camera and enterprise resource planning software. The SBITA arrangements expire at various dates through 2027 and provide for renewal options. The right-to-use SBITA assets and the related accumulated amortization are detailed in Note 6.

The future subscription payments under SBITA agreements are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 332,259	\$ 68,684	\$ 400,943
2025	369,666	42,103	411,769
2026	75,300	12,530	87,830
2027	81,324	6,506	87,830
Total	<u>\$ 858,549</u>	<u>\$ 129,823</u>	<u>\$ 988,372</u>

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 12 INTERFUND TRANSFERS

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

	Operating Transfer In	Operating Transfer Out
General Fund:		
Liquid Fuels Fund	\$ 1,824,224	\$ -
Worker's Compensation Fund	-	2,000,000
Liquid Fuels Fund:		
General Fund	-	1,824,224
OPEB Trust Fund:		
Worker's Compensation Fund	2,000,000	-
Worker's Compensation Fund:		
General Fund	2,000,000	-
OPEB Trust Fund	-	2,000,000
Total	\$ 5,824,224	\$ 5,824,224

During the year, transfers are used to move revenues from the fund with collection authorization to the general fund as obligations become due. Further, during the year ended December 31, 2023, the City made a one-time transfers of \$2,000,000 from the worker's compensation fund to the OPEB fund to begin building a trust for the City's OPEB fund and a one-time transfer of \$2,000,000 from the general fund to the worker's compensation fund.

NOTE 13 RISK MANAGEMENT

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

Year Ending December 31,	Balance - Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance - End of Year
2022	\$ 124,563	\$ 15,561,900	\$ 15,580,968	\$ 143,631
2023	143,631	16,363,057	16,207,577	299,111

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 \$1,000,000 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.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 13 RISK MANAGEMENT (CONTINUED)

Workers' Compensation (Continued)

The accrued workers' compensation claim loss reserve of \$11,840,901 as of December 31, 2023, was determined by an actuary and represents the discounted present value of expected losses using a 4.20% interest factor. The actuarial value was determined as of August 31, 2023. The amount of workers' compensation claims operating expense (income) for the internal service fund for the year ended December 31, is as follows:

Workers' Compensation Claims:

Claims and Cost Paid	\$	(1,205,847)
Decrease in Actuarial Discounted Loss Reserves		(2,120,301)
Workers' Compensation Claims, Net	\$	<u>(3,326,148)</u>

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

<u>Year Ending December 31,</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>
2022	\$ 16,099,181	\$ 2,769,824	\$ 1,837,692	\$ 15,167,049
2023	15,167,049	(2,120,301)	1,205,847	11,840,901

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, 2023, the City's self-insured retention limits are as follows:

	<u>Self-Insurance Retention (SIR) (All Claims Up to)</u>	<u>Excess Coverage Policy (From SIR Up to)</u>
Type of Coverage:		
General Liability	\$ 50,000	\$ 1,000,000
Law Enforcement Liability	150,000	1,000,000
Public Officials Liability	15,000	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 14 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 nonuniformed 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.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 14 PENSION PLANS – DEFINED BENEFIT (CONTINUED)

Plan Description (Continued)

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 Nonuniformed 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.

	<u>Police Pension Plan</u>	<u>Firemen Pension Plan</u>	<u>Nonuniformed Pension Plan</u>
Inactive Plan Members Currently Receiving Benefits	188	199	136
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	1	1	5
Active Plan Members	<u>131</u>	<u>138</u>	<u>123</u>
Total	<u><u>320</u></u>	<u><u>338</u></u>	<u><u>264</u></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.

Plan Contributions

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

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 14 PENSION PLANS – DEFINED BENEFIT (CONTINUED)

Plan Contributions (Continued)

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, 2023. 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, 2023.

Contributions, based on the MMO, in 2023 consisted of the following:

	Police Pension Plan	Firemen Pension Plan	Nonuniformed Pension Plan	Total
City	\$ 3,209,356	\$ 7,377,997	\$ -	\$ 10,587,353
Commonwealth	2,023,720	2,000,409	603,214	4,627,343
Total	<u>\$ 5,233,076</u>	<u>\$ 9,378,406</u>	<u>\$ 603,214</u>	<u>\$ 15,214,696</u>

Financial Statements

As of December 31, 2023, the pension plans' statements of fiduciary net position were as follows:

	Police Pension Plan	Firemen Pension Plan	Nonuniformed Pension Plan
Assets:			
Cash and Cash Equivalents	\$ 5,284,741	\$ 4,166,095	\$ 663,500
Investments	63,563,684	55,557,283	7,299,571
Receivables	471	372	59
Total Assets	<u>68,848,896</u>	<u>59,723,750</u>	<u>7,963,130</u>
Liabilities:			
Accounts Payable	19,122	15,074	2,401
Total Liabilities	<u>19,122</u>	<u>15,074</u>	<u>2,401</u>
Fiduciary Net Position:			
Restricted for Pensions	<u>\$ 68,829,774</u>	<u>\$ 59,708,676</u>	<u>\$ 7,960,729</u>

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 14 PENSION PLANS – DEFINED BENEFIT (CONTINUED)

Financial Statements (Continued)

For the year December 31, 2023, the pension plans' statements of changes in fiduciary net position were as follows:

	Police Pension Plan	Firemen Pension Plan	Nonuniformed Pension Plan
Additions			
Contributions:			
Employer Contributions (including Commonwealth aid)	\$ 5,233,076	\$ 9,378,406	\$ 603,214
Contributions by Members	<u>664,979</u>	<u>694,518</u>	<u>35,340</u>
Total Contributions	5,898,055	10,072,924	638,554
Net Investment Income:	7,929,933	6,869,579	917,834
Total Additions	<u>13,827,988</u>	<u>16,942,503</u>	<u>1,556,388</u>
Deductions			
Retirement Benefits Paid	5,887,272	6,676,678	946,183
Administrative Expenses	<u>88,975</u>	<u>72,113</u>	<u>60,364</u>
Total Deductions	5,976,247	6,748,791	1,006,547
Change in Net Position	7,851,741	10,193,712	549,841
Net Position - Beginning of Year	<u>60,978,033</u>	<u>49,514,964</u>	<u>7,410,888</u>
Net Position - End of Year	<u><u>\$ 68,829,774</u></u>	<u><u>\$ 59,708,676</u></u>	<u><u>\$ 7,960,729</u></u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plans do not have a formal investment policy that addresses credit risk. The credit risk of a debt instrument as measured by a Nationally Recognized Statistical Rating Organization (NRSRO). (Morningstar for bond mutual funds or Moody's for bonds and mortgages) is as follows:

Investment Type	Fair Value	Quality
Fixed Income Funds	\$ 11,287,008	AA
Fixed Income Funds	37,085,838	A
Fixed Income Fund	2,369,276	BBB
Fixed Income Fund	2,067,273	BB
Money Market Funds	<u>10,114,336</u>	Not Rated
TOTAL	<u><u>\$62,923,731</u></u>	

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 14 PENSION PLANS – DEFINED BENEFIT (CONTINUED)

Custodial Credit Risk

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the Plans will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Plans do not have a formal investment policy that addresses custodial credit risk, however, the Plan held no investments that were exposed to custodial credit risk at December 31, 2023.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plans do not have a formal investment policy that addresses foreign currency risk, however, the Plans held no investments that were exposed to foreign currency risk as of December 31, 2023.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment or a deposit. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. The Plans do 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. As of December 31, 2023 the Plans' investment balance exposed to interest rate risk was as follows:

Investment Type	<u>Investment Maturities (in Years)</u>				
	Fair Value	Less Than 1	1 - 5	6 - 10	> than10
Fixed Income Funds	\$52,809,395	\$ 0	\$2,067,273	\$50,742,122	\$ 0
TOTAL	<u>\$52,809,395</u>	<u>\$ 0</u>	<u>\$2,067,273</u>	<u>\$50,742,122</u>	<u>\$ 0</u>

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 14 PENSION PLANS – DEFINED BENEFIT (CONTINUED)

Net Pension Liability

At December 31, 2023, the City reported a net pension liability for the Police Plan of \$21,124,532 the Firemen’s Plan of \$31,382,165 and the Nonuniformed Plan of \$3,092,287. Update procedures were used to roll forward to the plans’ fiscal year ending December 31, 2023. The total pension liability was determined as part of an actuarial valuation at January 1, 2023 and rolled forward to December 31, 2023.

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

	Police Plan	Firemen Plan	Nonuniformed Plan
Total Pension Liability	\$ 89,991,278	\$ 91,120,552	\$ 11,057,041
Plan Fiduciary Net Position	(68,866,746)	(59,738,387)	(7,964,754)
Net Pension Liability	\$ 21,124,532	\$ 31,382,165	\$ 3,092,287
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.5%	65.6%	72.0%

Long-Term Expected Rate of Return

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, 2023, is as follows:

	Target	Long-Term Expected Real Rate of Return
Asset Class:		
U.S. Equity	36.00 %	7.55 %
International Equity	13.50	7.06
Emerging Equity	5.50	7.43
Core Fixed Income	20.00	4.70
Intermediate Inv. Grade Corp.	10.00	5.40
High Yield	5.00	6.79
Emerging Debt	5.00	5.96
Cash	5.00	2.72
Total Net Blended Return*		3.83 %
Long-Term Expected Rate of Return (Including Inflation)		6.33 %

*Excludes 2.50% Inflation Assumption

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 14 PENSION PLANS – DEFINED BENEFIT (CONTINUED)

Long-Term Expected Rate of Return (Continued)

For the year ended December 31, 2023, the annual money weighted rate of return on pension plan investments, net of investment expense was 13.33%. 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.

Discount Rate

The discount rate used to measure the total pension liability for the three pensions was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based upon the Plan's current target investment allocation and the associated long-term expected investment returns for its asset classes, the Plan's long-term returns may be less than its actuarial discount rate assumption used to determine its pension liability. This may result in future increased total and net pension liability. The actuary recommends that the governing body explore the costs of lowering the actuarial assumed investment rate of return going forward to be more consistent with the plan's anticipated investment returns.

Changes in the Police Plan Net Pension Liability

	(A) Total Pension Liability	(B) Plan Fiduciary Net Position	(A - B) Net Pension Liability
Balances - Beginning of Year	\$ 88,185,290	\$ 60,995,507	\$ 27,189,783
Changes for the Period:			
Service Cost	1,139,620	-	1,139,620
Interest	6,282,314	-	6,282,314
Difference Between Expected and Actual Experience	(1,285,574)	-	(1,285,574)
Assumption Changes	1,556,900	-	1,556,900
Employer Contributions (including commonwealth aid)	-	5,233,076	(5,233,076)
Employee Contributions	-	665,354	(665,354)
Net Investment Income	-	7,929,934	(7,929,934)
Benefit Payments and Refunds	(5,887,272)	(5,887,272)	-
Administrative Expense	-	(69,853)	69,853
Net Changes	<u>1,805,988</u>	<u>7,871,239</u>	<u>(6,065,251)</u>
Balances - End of Year	<u>\$ 89,991,278</u>	<u>\$ 68,866,746</u>	<u>\$ 21,124,532</u>

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 14 PENSION PLANS – DEFINED BENEFIT (CONTINUED)

Changes in the Firemen’s Plan Net Pension Liability

	(A) Total Pension Liability	(B) Plan Fiduciary Net Position	(A - B) Net Pension Liability
Balances - Beginning of Year	\$ 90,904,460	\$ 49,529,601	\$ 41,374,859
Changes for the Period:			
Service Cost	1,155,630	-	1,155,630
Interest	6,385,333	-	6,385,333
Difference Between Expected and Actual Experience	(2,549,618)	-	(2,549,618)
Assumption Changes	1,901,425	-	1,901,425
Employer Contributions (Including Commonwealth Aid)	-	9,378,406	(9,378,406)
Employee Contributions	-	694,518	(694,518)
Net Investment Income	-	6,869,579	(6,869,579)
Benefit Payments and Refunds	(6,676,678)	(6,676,678)	-
Administrative Expense	-	(57,039)	57,039
Net Changes	<u>216,092</u>	<u>10,208,786</u>	<u>(9,992,694)</u>
Balances - End of Year	<u>\$ 91,120,552</u>	<u>\$ 59,738,387</u>	<u>\$ 31,382,165</u>

Changes in the Nonuniformed Plan Net Pension Liability

	(A) Total Pension Liability	(B) Plan Fiduciary Net Position	(A - B) Net Pension Liability
Balances - Beginning of Year	\$ 10,682,634	\$ 7,413,219	\$ 3,269,415
Changes for the Period:			
Service Cost	71,574	-	71,574
Interest	779,426	-	779,426
Difference Between Expected and Actual Experience	191,243	-	191,243
Assumption Changes	278,346	-	278,346
Employer Contributions (Including Commonwealth Aid)	-	603,214	(603,214)
Employee Contributions	-	35,340	(35,340)
Net Investment Income	-	917,833	(917,833)
Benefit Payments and Refunds	(946,182)	(946,182)	-
Administrative Expense	-	(58,670)	58,670
Net Changes	<u>374,407</u>	<u>551,535</u>	<u>(177,128)</u>
Balances - End of Year	<u>\$ 11,057,041</u>	<u>\$ 7,964,754</u>	<u>\$ 3,092,287</u>

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 14 PENSION PLANS – DEFINED BENEFIT (CONTINUED)

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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability:			
Police Pension Plan	<u>\$ 30,890,886</u>	<u>\$ 21,124,532</u>	<u>\$ 12,880,637</u>
Firemen Pension Plan	<u>\$ 40,671,228</u>	<u>\$ 31,382,165</u>	<u>\$ 23,461,122</u>
Nonuniformed Pension Plan	<u>\$ 4,063,432</u>	<u>\$ 3,092,287</u>	<u>\$ 2,252,820</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, 2023. The City's pension plans' total pension liability as of December 31, 2023, was \$192,168,871, less the City pension plans' fiduciary net position of \$136,499,179, resulting in a net pension liability of \$55,598,984 at December 31, 2023. Accordingly, as of December 31, 2023, the City reported a net pension liability in the government-wide statement of net position. For the year ended December 31, 2023, the City recognized net pension expense of \$9,229,841. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the City pension plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Expected and Actual Experience:		
Police Pension Plan	\$ -	\$ 1,627,758
Firemen Pension Plan	-	2,442,909
Nonuniformed Pension Plan	189,856	-
Change in Assumptions:		
Police Pension Plan	4,128,675	-
Firemen Pension Plan	4,871,136	-
Nonuniformed Pension Plan	409,572	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments:		
Police Pension Plan	5,097,051	-
Firemen Pension Plan	3,717,215	-
Nonuniformed Pension Plan	643,560	-
Total	<u>\$ 19,057,065</u>	<u>\$ 4,070,667</u>

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 14 PENSION PLANS – DEFINED BENEFIT (CONTINUED)

City’s Recognition of the Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources (Continued)

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>Nonuniformed Pension Plan</u>
2024	\$ 2,205,275	\$ 2,354,861	\$ 301,402
2025	3,034,106	2,821,370	412,909
2026	2,989,094	1,850,800	408,342
2027	(675,728)	(773,556)	(13,834)
2028	45,221	(108,033)	67,084
Thereafter	-	-	67,085
Total	<u>\$ 7,597,968</u>	<u>\$ 6,145,442</u>	<u>\$ 1,242,988</u>

NOTE 15 PENSION PLAN – DEFINED CONTRIBUTION

The City contributes to a union sponsored multiemployer 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, 2023, the City contributed \$675,988 to this plan.

NOTE 16 OTHER POSTEMPLOYMENT BENEFITS

Plan 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 another postemployment 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%.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 16 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Membership

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

	<u>Health and Welfare Plan</u>
Inactive Employees or Beneficiaries	
Currently Receiving Benefits	507
Inactive Employees or Beneficiaries	
Currently Receiving Benefits	-
Active Plan Members	<u>479</u>
Total	<u><u>986</u></u>

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements. A \$2,001,624 contribution was made to the Trust. No benefits were paid out of the Trust during the fiscal year ending December 31, 2023.

Investments

The Trust's investment policy and any changes to the policy are adopted by the Board of Trustees of the Trust. The current policy was approved in December 2022 and contains long-term asset allocation ranges.

The primary objective of the investment policy is to assure that assets will be available to pay postemployment benefits throughout the life of the Plan and to maintain or improve the market value of the fund relative to vested and accrued benefit liabilities. The objectives seek to preserve the actuarial soundness of the Plan by achieving a long-term return of at least the actuarial return rate and to prudently manage the inherent investment risks that are related to the achievement of this goal.

Long-term asset allocation ranges are developed based on several factors including, the long-term investment goals of the Trust; the Trustee's tolerance for short-term losses; the Trust's liquidity needs; and any legal or regulatory requirements.

Custodial Credit Risk is the risk that the Trust will not be able to recover the value of its investments if the counterparty fails. The Trust's mutual fund investments are not subject to custodial credit risk in accordance with GASB Statement No. 40, Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3 as the investments are open-end mutual funds.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plans do not have a formal investment policy that addresses credit risk. The credit risk of a debt instrument as measured by a Nationally Recognized Statistical Rating Organization (NRSRO). All of the Trust's mutual funds and ETFs are not rated.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 16 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment or a deposit. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. The Plan 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. As of December 31, 2023, the Trust's investment balance exposed to interest rate risk was as follows:

Investment Type	Investment Maturities		
	No Maturity	Less Than 1 Year	1-5 Years
Fixed Income Mutual Funds	\$ 625,952	\$ -	\$ -
Fixed Income ETF	219,934	-	-
Equity Mutual Funds	105,162	-	-
International Equity ETF	331,125	-	-
International Equity Mutual Funds	52,345	-	-
US Equity ETF	802,752	-	-
Total Pension Trust Fund	<u>\$ 2,137,270</u>	<u>\$ -</u>	<u>\$ -</u>

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment in a foreign financial institution. The Plan mitigates this risk by limiting its investments in funds with foreign exposure. The underlying assets of the Trust's International Equity Mutual Funds and ETFs are invested in foreign assets that may be exposed to exchange rate changes.

Concentration Risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The following investments represent over 5% of total investments with a single investor as of December 31:

	Investment	%
Vanguard Total Stock Market Index Fund	\$ 802,752	37.56%
Vanguard Star International Stock Fund	241,230	11.29%
Baird Funds Core Fixed Income Fund	220,593	10.32%
Prudential Investments Fixed Income	177,888	8.32%
Ishares Core US Aggregate Bond ETF	177,657	8.31%
Total Pension Trust Fund	<u>\$ 1,620,120</u>	

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. 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,

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 16 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Level 2 Inputs – Inputs other than the quoted prices in active markets that are observable either directly or indirectly, and

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

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:

Investment Type	Fair Value Measurements Using			Fair Value
	Level 1	Level 2	Level 3	
Fixed Income Mutual Funds	\$ 625,952	\$ -	\$ -	\$ 625,952
Fixed Income ETF	219,934	-	-	219,934
Equity Mutual Funds	105,162	-	-	105,162
International Equity ETF	331,125	-	-	331,125
International Equity Mutual Funds	52,345	-	-	52,345
US Equity ETF	802,752	-	-	802,752
Total Pension Trust Fund	<u>\$ 2,137,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,137,270</u>

Net OPEB Liability

At December 31, 2023, the City reported a net OPEB liability for Plan of \$XX. The net OPEB liability was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2023, rolled forward to December 31, 2023.

The components of the net OPEB liability at December 31, 2023 were as follows:

	<u>City OPEB Plan</u>
Total OPEB Liability	\$ 148,818,129
Plan Fiduciary Net Position	<u>(2,163,678)</u>
Net OPEB Liability	<u>\$ 146,654,451</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>1.45%</u>

Actuarial Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation performed as of December 31, 2023 using the following actuarial methods and assumptions.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 16 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

The total OPEB liability for the Plan was determined by an actuarial valuation performed as of December 31, 2023 using the following actuarial methods and assumptions.

Valuation Date	January 1, 2023
Measurement Date	December 31, 2023
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Inflation	2.47%
Salary Increases	4.50%
20-Year Tax-Exempt Municipal Bond Rate	5.00%
Long-Term Expected Rate of Return	5.00%
Discount Rate	5.00%
Healthcare Cost Trend Rate	Initial trend starting at 2.0% and gradually decreasing to an ultimate trend rate of 4.75% over a period of 9 years.

All mortality rates were based on the PubG-2010 mortality tables. All mortality rates are projected 5 years past the valuation date using mortality improvement scale MP-2021.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 5.00%. The expected rate of return on trust investments is 5.00%. This rate was used to discount projected benefit payments.

Changes in Police Plan Net OPEB Liability

	(A) Total OPEB Liability	(B) Plan Fiduciary Net Position	(A - B) Net OPEB Liability
Balance - Beginning of Year	\$ 157,157,517	\$ -	\$ 157,157,517
Changes for the Period:			
Service Cost	2,900,858	-	2,900,858
Interest	6,923,991	-	6,923,991
Changes in Benefit Terms	(44,488)	-	(44,488)
Changes in Assumptions	(13,760,349)	-	(13,760,349)
Difference Between Expected and Actual			
Experience	5,438,183	-	5,438,183
Contributions - Employer	-	2,001,624	(2,001,624)
Net Investment Income	-	163,678	(163,678)
Administrative Expense	-	(1,624)	1,624
Benefit Payments	(9,797,583)	-	(9,797,583)
Net Changes	<u>(8,339,388)</u>	<u>2,163,678</u>	<u>(10,503,066)</u>
Balance - End of Year	<u>\$ 148,818,129</u>	<u>\$ 2,163,678</u>	<u>\$ 146,654,451</u>

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:

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 16 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate (Continued)

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Other Postemployment Benefits Liability:			
Nonuniformed Pension Plan	<u>\$ 160,477,672</u>	<u>\$ 146,654,451</u>	<u>\$ 133,831,242</u>
		Current Health Care Cost Trend Rates	
Other Postemployment Benefits Liability:	1% Decrease	(5.0%)	1% Increase
Net OPEB Liability	<u>\$ 132,100,913</u>	<u>\$ 146,654,451</u>	<u>\$ 162,473,727</u>

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

For the year ended December 31, 2023, the City recognized net OPEB expense of \$510,278. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 4,531,819	\$ 8,020,750
Changes of Assumptions	1,878,530	45,607,920
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	110,942
Totals	<u>\$ 6,410,349</u>	<u>\$ 53,739,612</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB Expense as follows:

<u>Year Ending December 31,</u>	<u>OPEB Expense Amount</u>
2024	\$ (13,564,469)
2025	(15,443,001)
2026	(12,499,923)
2027	(4,434,844)
2028	(1,387,026)
Total	<u>\$ (47,329,263)</u>

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 17 FUND BALANCE

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

General Fund:	
Restricted:	
Employee Health Care	\$ 578,993
Capital Projects	3,654,638
Unassigned	26,496,080
Total General Fund	<u>30,729,711</u>
Office of Economic and Community Development Fund:	
Restricted:	
Community Development	2,652,707
Special Cities Fund:	
Restricted:	
Other Externally Imposed Restrictions	4,012,775
Total Special Cities Fund	4,012,775
American Rescue Plan Act Fund:	
Unassigned	2,505,735
Nonmajor Funds:	
Nonspendable:	
Property Held for Resale	96,769
Restricted:	
Roads and Streets	2,881,711
Other Externally Imposed Restrictions	493,129
Unassigned	<u>(538,863)</u>
Total Nonmajor Funds	<u>2,932,746</u>
Total Governmental Funds Balance	<u>\$ 42,833,674</u>

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 18 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 85.3% of the total taxes collected by the City in 2023. 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 19 RELATED PARTY TRANSACTIONS

The City paid \$929,017 to the Single Tax Office to subsidize certain operating costs of this entity. The Single Tax Office collected approximately \$43,884,838 of tax revenues on behalf of the City in 2023.

NOTE 20 COMMITMENTS AND CONTINGENCIES

Litigation

The City is named as a party in various 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 nonmanagement employees are covered by collective bargaining agreements between the City and various unions.

NOTE 21 TAX ABATEMENTS

As of December 31, 2023, 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.

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, 2023, the City was not able to determine the amount of taxes abated.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 22 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 upkeep of certain storm water assets with the seller and Dunmore. Management believes such upkeep will be de minimis to the City.

NOTE 23 RESTATEMENT OF BEGINNING NET POSITION

A. Changes to or within Financial Reporting Entity

In 2023, the Scranton Parking Authority received an independent audit. The Scranton Parking Authority previously only received limited agreed-upon procedures and was not included in the City's financial statements as a departure from Generally Accepted Accounting Principles. Due to that change, the Scranton Parking Authority now meets the requirements for inclusion as a discretely presented component unit for fiscal year ended December 31, 2023. The effect of that change to or within the financial reporting entity is shown in the table below.

B. Change in Accounting Principle

Effective January 1, 2023 the City implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The implementation of this standard resulted in the City reporting a SBITA asset and liability of \$722,190 and \$805,847, respectively as of January 1, 2023 in the governmental activities. The effect of the implementation of this standard is shown in the table below.

	Governmental Activities	Discretely Presented Component Units
Net Position, as Previously Reported at December 31, 2022	\$ (209,967,369)	\$ -
Implementation of GASB Statement No. 96	(83,657)	-
Additon of Discretely Presented Component Unit	-	6,037,335
Net Position, as Restated, at January 1, 2023	\$ (210,051,026)	\$ 6,037,335

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 24 SUBSEQUENT EVENTS

On May 1, 2024, the City issued \$29,880,000 of general obligation bonds to fund various capital projects. The interest rate on the notes is 3.45% and the maturity date is November 2032.

CITY OF SCRANTON, PENNSYLVANIA
SCHEDULE OF REVENUE AND EXPENDITURES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Taxes	\$ 82,147,055	\$ 81,820,837	\$ 88,486,376	\$ 6,665,539
Intergovernmental	7,966,606	7,966,606	6,674,477	(1,292,129)
Departmental Earnings	487,000	487,000	94,154	(392,846)
Refuse Disposal Fees	8,130,000	8,177,863	7,421,871	(755,992)
Licenses and Permits	3,219,990	3,219,990	3,241,451	21,461
Cable Television Franchise Revenue	1,184,000	1,184,000	949,099	(234,901)
Payments in Lieu of Taxes	250,000	250,000	248,066	(1,934)
Program Income	-	-	303,248	303,248
Rents and Concessions	5,000	5,000	5,500	500
Investment Income	75,000	75,000	130,339	55,339
Other Revenues	-	-	361,019	361,019
Total Revenue	<u>103,464,651</u>	<u>103,186,296</u>	<u>107,915,600</u>	<u>4,729,304</u>
EXPENDITURES				
General Government	17,793,881	17,696,459	16,288,429	(1,408,030)
Public Safety	56,617,090	56,560,265	54,978,420	(1,581,845)
Public Works	19,286,435	19,251,321	16,438,282	(2,813,039)
Culture and Recreation	1,785,731	1,767,372	973,151	(794,221)
Debt Service Payments	11,881,006	11,881,006	11,402,898	(478,108)
Capital Outlay	1,500,000	1,500,000	3,927,811	2,427,811
Total Expenditures	<u>108,864,143</u>	<u>108,656,423</u>	<u>104,008,991</u>	<u>(4,647,432)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(5,399,492)	(5,470,127)	3,906,609	9,376,736
OTHER FINANCING SOURCES (USES)				
Proceeds from Leases	-	-	1,757,426	1,757,426
Proceeds from SBITAs	-	-	306,855	306,855
Operating Transfers Out	-	-	(2,000,000)	(2,000,000)
Court Award	(1,000,000)	(1,000,000)	4,774,051	5,774,051
Proceeds From Note Issuance	-	-	4,070,000	4,070,000
Operating Transfers In	8,465,332	8,550,968	1,824,224	(6,726,744)
Total Other Financing Sources (Uses)	<u>7,465,332</u>	<u>7,550,968</u>	<u>10,732,556</u>	<u>3,181,588</u>
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	2,065,840	2,080,841	14,639,165	12,558,324
Fund Balance - Beginning of Year	<u>25,638,648</u>	<u>25,638,648</u>	<u>25,638,648</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 27,704,488</u>	<u>\$ 27,719,489</u>	<u>\$ 40,277,813</u>	<u>\$ 12,558,324</u>

CITY OF SCRANTON, PENNSYLVANIA
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION PLAN
LAST TEN FISCAL YEARS*
(UNAUDITED)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service Cost	\$ 1,139,620	\$ 1,199,704	\$ 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	6,282,314	6,155,559	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	(1,285,574)	-	(855,617)	-	(1,580,091)	-	(7,477,628)	-	(218,430)	-
Changes in Assumptions	1,556,900	-	5,847,205	-	1,864,184	-	(20,511,936)	-	3,149,169	-
Benefit Payments, Including Refunds of Member Contributions	(5,887,272)	(5,749,072)	(5,595,212)	(5,495,991)	(5,334,064)	(5,330,467)	(5,338,761)	(5,334,183)	(5,343,755)	(5,385,944)
Net Change in Total Pension Liability	1,805,988	1,606,191	6,586,200	1,264,076	1,568,925	1,348,548	(26,790,896)	3,764,287	6,345,032	2,758,670
Total Pension Liability - Beginning	88,185,290	86,579,099	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 (A)	\$ 89,991,278	\$ 88,185,290	\$ 86,579,099	\$ 79,992,899	\$ 78,728,823	\$ 77,159,898	\$ 75,811,350	\$ 102,602,246	\$ 98,837,959	\$ 92,492,927
Plan Fiduciary Net Position:										
Contributions - Employer	\$ 3,209,356	\$ 3,302,127	\$ 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	2,023,720	1,788,053	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	664,979	653,257	650,747	654,294	652,255	643,578	645,078	754,378	420,859	350,984
Net Investment Income	7,929,933	(11,125,096)	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	(5,887,272)	(5,749,072)	(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	(69,853)	(43,672)	(46,147)	(44,836)	(52,225)	(48,449)	(64,224)	(56,185)	(42,686)	(44,009)
Net Change in Plan Fiduciary Net Position	7,870,863	(11,174,403)	6,283,742	7,693,326	7,801,430	7,848,815	7,603,574	4,195,574	320,439	1,758,054
Plan Fiduciary Net Position - Beginning	60,995,507	72,169,910	65,886,168	58,192,842	50,391,412	42,542,597	34,939,023	30,743,449	30,423,010	28,664,956
Plan Fiduciary Net Position - Ending (B)	\$ 68,866,370	\$ 60,995,507	\$ 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 (A) - (B)	\$ 21,124,908	\$ 27,189,783	\$ 14,409,189	\$ 14,106,731	\$ 20,535,981	\$ 26,768,486	\$ 33,268,753	\$ 67,663,223	\$ 68,094,510	\$ 62,069,917
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.5 %	69.2 %	83.4 %	82.4 %	73.9 %	65.3 %	56.1 %	34.1 %	31.1 %	32.9 %
Covered-Employee Payroll	\$ 11,300,000	\$ 11,000,000	\$ 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 Covered-Employee Payroll	186.9 %	247.2 %	125.3 %	110.2 %	186.7 %	247.9 %	302.4 %	669.9 %	702.0 %	713.4 %

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%, and the 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.

In 2023, the mortality assumption was changed to the PubS 2010 to the PubS-2010 projected 5 years past the valuation date using the most recent MP Scale

See accompanying Notes to Required Supplementary Information.

CITY OF SCRANTON, PENNSYLVANIA
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
FIREMEN PENSION PLAN
LAST TEN FISCAL YEARS*
(UNAUDITED)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service Cost	\$ 1,155,630	\$ 1,079,830	\$ 1,033,330	\$ 1,022,441	\$ 978,412	\$ 985,136	\$ 942,714	\$ 998,710	\$ 951,152	\$ 877,594
Interest	6,385,333	6,374,425	6,316,173	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	(2,549,618)	-	(989,568)	-	357,621	-	(3,178,426)	-	(784,286)	-
Changes in Assumptions	1,901,425	-	7,178,923	-	1,779,419	-	(23,063,685)	-	3,694,635	-
Benefit Payments, Including Refunds of Member Contributions	(6,676,678)	(6,786,124)	(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	216,092	668,131	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	90,904,460	90,236,329	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 (A)	\$ 91,120,552	\$ 90,904,460	\$ 90,236,329	\$ 83,153,592	\$ 82,813,042	\$ 80,400,151	\$ 80,263,667	\$ 106,224,669	\$ 103,583,795	\$ 98,326,769
Plan Fiduciary Net Position:										
Contributions - Employer	\$ 7,377,997	\$ 7,444,849	\$ 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	2,000,409	1,684,444	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	694,518	668,685	669,496	642,137	643,576	603,523	612,845	751,112	378,642	325,302
Net Investment Income	6,869,579	(9,026,236)	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	(6,676,678)	(6,786,124)	(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	(57,039)	(43,860)	(49,191)	(45,005)	(50,615)	(46,409)	(57,437)	(48,494)	(42,078)	(50,368)
Net Change in Plan Fiduciary Net Position	10,208,786	(6,058,242)	6,981,386	6,570,154	6,125,720	8,844,842	6,361,873	2,870,776	(91,441)	758,740
Plan Fiduciary Net Position - Beginning	49,529,601	55,587,843	48,606,457	42,036,303	35,910,583	27,065,741	20,703,868	17,833,092	17,924,533	17,165,793
Plan Fiduciary Net Position - Ending (B)	\$ 59,738,387	\$ 49,529,601	\$ 55,587,843	\$ 48,606,457	\$ 42,036,303	\$ 35,910,583	\$ 27,065,741	\$ 20,703,868	\$ 17,833,092	\$ 17,924,533
Plan's Net Pension Liability (A) - (B)	\$ 31,382,165	\$ 41,374,859	\$ 34,648,486	\$ 34,547,135	\$ 40,776,739	\$ 44,489,568	\$ 53,197,926	\$ 85,520,801	\$ 85,750,703	\$ 80,402,236
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.6 %	54.5 %	61.6 %	58.5 %	50.8 %	44.7 %	33.7 %	19.5 %	17.2 %	18.2 %
Covered-Employee Payroll	\$ 11,500,000	\$ 11,500,000	\$ 11,000,000	\$ 11,800,000	\$ 10,700,000	\$ 10,500,000	\$ 10,500,000	\$ 9,100,000	\$ 9,000,000	\$ 7,800,000
Plan's Net Pension Liability as a Percentage of Covered-Employee Payroll	272.9 %	359.8 %	315.0 %	292.8 %	381.1 %	423.7 %	506.6 %	939.8 %	952.8 %	1,030.8 %

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%, and the 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.

In 2023, the mortality assumption was changed to the PubS 2010 to the PubS-2010 projected 5 years past the valuation date using the most recent MP Scale

See accompanying Notes to Required Supplementary Information.

CITY OF SCRANTON, PENNSYLVANIA
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
NONUNIFORMED PENSION PLAN
LAST TEN FISCAL YEARS*
(UNAUDITED)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service Cost	\$ 71,574	\$ 76,015	\$ 72,742	\$ 75,250	\$ 72,010	\$ 78,810	\$ 75,416	\$ 82,437	\$ 78,511	\$ 81,737
Interest	779,426	754,473	761,996	735,818	738,607	747,109	747,856	954,145	954,216	937,975
Differences Between Expected and Actual Experience	191,243	-	60,058	-	13,053	-	(2,557,705)	-	13,368	-
Changes in Assumptions	278,346	-	395,975	-	215,631	-	498,678	-	267,267	-
Benefit Payments, Including Refunds of Member Contributions	(946,183)	(956,719)	(926,835)	(880,218)	(824,422)	(818,735)	(854,513)	(997,346)	(1,077,747)	(1,110,468)
Net Change in Total Pension Liability	374,406	(126,231)	363,936	(69,150)	214,879	7,184	(2,090,268)	39,236	235,615	(90,756)
Total Pension Liability - Beginning	10,682,634	10,808,865	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 (A)	\$ 11,057,040	\$ 10,682,634	\$ 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,307,517	\$ 276,383	\$ 43,056	\$ 245,284	\$ 271,319
Contributions - State Aid	603,214	609,700	708,942	821,931	679,159	759,299	1,036,945	979,014	862,584	836,499
Contributions - Member	35,340	36,539	48,744	33,686	41,916	42,478	35,253	36,606	37,141	37,752
Net Investment Income	917,834	(1,352,682)	880,418	1,080,031	1,110,568	(238,160)	470,219	270,237	12,956	200,183
Benefit Payments, Including Refunds of Member Contributions	(946,183)	(956,719)	(926,835)	(880,218)	(824,422)	(818,735)	(854,513)	(997,346)	(1,077,747)	(1,110,468)
Administrative Expense	(58,670)	(42,766)	(47,430)	(49,511)	(67,831)	(66,719)	(111,870)	(109,478)	(92,284)	(48,723)
Net Change in Plan Fiduciary Net Position	551,535	(1,705,928)	663,839	1,005,919	939,390	1,985,680	852,417	222,089	(12,066)	186,562
Plan Fiduciary Net Position - Beginning	7,413,219	9,119,147	8,455,308	7,449,389	6,509,999	4,524,319	3,671,902	3,449,813	3,461,879	3,275,317
Plan Fiduciary Net Position - Ending (B)	\$ 7,964,754	\$ 7,413,219	\$ 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 (A) - (B)	\$ 3,092,286	\$ 3,269,415	\$ 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	72.0 %	69.4 %	84.4 %	81.0 %	70.9 %	63.2 %	44.0 %	29.7 %	27.9 %	28.6 %
Covered-Employee Payroll	\$ 5,500,000	\$ 6,000,000	\$ 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 Covered-Employee Payroll	56.2 %	54.5 %	28.2 %	33.2 %	51.9 %	65.3 %	99.4 %	161.3 %	167.8 %	163.1 %

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, and 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.

In 2023, the mortality assumption was changed to the PubS 2010 to the PubS-2010 projected 5 years past the valuation date using the most recent MP Scale

See accompanying Notes to Required Supplementary Information.

**CITY OF SCRANTON, PENNSYLVANIA
SCHEDULE OF CITY CONTRIBUTIONS
PENSION PLANS
LAST TEN FISCAL YEARS*
(UNAUDITED)**

	2023	2022	2021	2020	2019	2018*	2017	2016	2015	2014
Police Pension Plan:										
Actuarially Determined Contribution	\$ 5,233,076	\$ 5,090,180	\$ 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>5,233,076</u>	<u>5,090,180</u>	<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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 11,300,000	\$ 11,000,000	\$ 11,500,000	\$ 12,800,000	\$ 11,000,000	\$ 10,800,000	\$ 11,000,000	\$ 10,100,000	\$ 9,700,000	\$ 8,700,000
Contributions as a Percentage of Covered-Employee Payroll	46.3 %	46.3 %	37.5 %	32.5 %	35.1 %	37.4 %	72.7 %	62.1 %	53.3 %	58.4 %
Firemen Pension Plan:										
Actuarially Determined Contribution	\$ 9,378,406	\$ 9,129,293	\$ 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>9,378,406</u>	<u>9,129,293</u>	<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>623,553</u>	<u>5,935,833</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,400,000</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 11,500,000	\$ 11,500,000	\$ 11,000,000	\$ 11,800,000	\$ 10,700,000	\$ 10,500,000	\$ 10,500,000	\$ 9,100,000	\$ 9,000,000	\$ 7,800,000
Contributions as a Percentage of Covered-Employee Payroll	81.6 %	79.4 %	67.8 %	53.3 %	54.1 %	56.3 %	90.5 %	78.1 %	6.9 %	76.1 %
Nonuniformed Pension Plan:										
Actuarially Determined Contribution	\$ 603,214	\$ 609,700	\$ 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>603,214</u>	<u>609,700</u>	<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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 5,500,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 5,900,000	\$ 5,800,000	\$ 5,800,000	\$ 5,400,000	\$ 5,300,000	\$ 5,300,000
Contributions as a Percentage of Covered-Employee Payroll	11.0 %	10.2 %	11.8 %	13.7 %	11.5 %	13.0 %	22.6 %	18.8 %	20.9 %	20.9 %

*Excludes bond proceeds of \$10,383,827 deposited on December 17, 2018, and December 20, 2018.

See accompanying Notes to Required Supplementary Information.

CITY OF SCRANTON, PENNSYLVANIA
SCHEDULE OF CHANGES IN THE CITY'S OPEB LIABILITY AND RELATED RATIOS
OPEB PLAN
LAST TWO FISCAL YEARS*
(UNAUDITED)

	<u>2023</u>	<u>2022</u>
Total OPEB Liability		
Total OPEB Liability - Beginning	\$ 157,157,517	\$ 195,437,896
Service Cost	2,900,858	4,299,442
Interest	6,923,991	4,384,743
Change of Benefit Terms	(44,488)	-
Differences between expected and actual experience	5,438,183	-
Change of assumptions	(13,760,349)	(37,190,448)
Benefit payments	<u>(9,797,583)</u>	<u>(9,774,116)</u>
Net Change in total OPEB liability	<u>(8,339,388)</u>	<u>(38,280,379)</u>
Total OPEB Liability - Ending	<u>148,818,129</u>	<u>157,157,517</u>
Plan Fiduciary Net Position		
Plan fiduciary net position - beginning	-	-
Contributions - employer (implicit + explicit)	2,000,000	-
Net investment income (loss)	163,588	-
Administrative expense	-	-
Net change in plan fiduciary net position	<u>2,163,588</u>	<u>-</u>
Plan fiduciary net position - ending	<u>2,163,588</u>	<u>-</u>
Net OPEB Liability	<u>\$ 146,654,541</u>	<u>\$ 157,157,517</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.45%	0.00%
Covered-employee payroll	\$ 37,107,524	\$ 34,912,230
City's net OPEB liability as a percentage of covered employee payroll	395.22%	450.15%

Data is being accumulated annually to present 10 years of the reported information.

Notes to Schedule

Covered Employee Payroll was actual calendar year 2023 covered payroll provided by City personnel.

Difference Between Expected and Actual Experience. Difference Between Expected and Actual Experience reflects the impact of changes to the census data from the prior valuation to the valuation as of January 1, 2023.

Changes of benefit terms. Changes of benefit terms reflect Fire and Police Arbitration Awards.

See accompanying Notes to Required Supplementary Information.

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023
(UNAUDITED)

NOTE 1 POLICE, FIREMEN, AND NONUNIFORMED PENSION PLANS ACTUARIAL ASSUMPTIONS

Valuation Date	January 1, 2023
Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar
Remaining Amortization Method:	
Police Pension Plan	9 Years
Firemen Pension Plan	15 Years
Nonuniformed Pension Plan	4 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-July 1, 1987,	Employee 25 Years of Service
Post-June 30, 1987	Age 55 and 25 Years of Service
Vesting	25 Years of Service
Firemen Pension Plan:	
Normal Retirement:	Pre-July 1, 1987, Employee 25 Years of Service
Pre-July 1, 1987	Employee 25 Years of Service
Post-June 30, 1987	Age 55 and 25 Years of Service
Vesting	25 Years of Service
Nonuniformed 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
Nonuniformed Pension Plan	PUBS-2010 Mortality Table

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023
(UNAUDITED)

NOTE 2 OPEB PLAN ACTUARIAL ASSUMPTIONS

Valuation Date	January 1, 2023
Actuarial 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	2.47%
Salary Increases	4.50%
Investment Rate of Return	5.00%
Discount Rate	5.00%

**CITY OF SCRANTON, PENNSYLVANIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

ASSETS	Liquid Fuels	Redevelopment Authority	Total Nonmajor Governmental Funds
Cash and Cash Equivalents	\$ 2,917,511	\$ 8,401	\$ 2,925,912
Prepaid Expense	-	14,544	14,544
Restricted Cash and Cash Equivalents	-	493,129	493,129
Property Held for Resale	-	96,769	96,769
Notes Receivable, Net	-	925,000	925,000
	2,917,511	1,537,843	4,455,354
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
LIABILITIES			
Accrued Liabilities	-	321	321
Due to Other Funds	35,800	561,487	597,287
Total Liabilities	35,800	561,808	597,608
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Notes Receivable	-	925,000	925,000
FUND BALANCE			
Nonspendable	-	96,769	96,769
Restricted	2,881,711	493,129	3,374,840
Unassigned	-	(538,863)	(538,863)
Total Fund Balance	2,881,711	51,035	2,932,746
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 2,917,511	\$ 1,537,843	\$ 4,455,354

**CITY OF SCRANTON, PENNSYLVANIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	Liquid Fuels	Redevelopment Authority	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 2,213,840	\$ -	\$ 2,213,840
Interest Income	83,016	623	83,639
Other Revenues	-	2,754	2,754
Rents	-	3,475	3,475
Total Revenues	2,296,856	6,852	2,303,708
EXPENDITURES			
Current:			
Community Development	-	46,912	46,912
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	-	46,912	46,912
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,296,856	(40,060)	2,256,796
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	-	-	-
Operating Transfers Out	(1,824,224)	-	(1,824,224)
Total Other Financing Sources (Uses)	(1,824,224)	-	(1,824,224)
CHANGE IN FUND BALANCE	472,632	(40,060)	432,572
Fund Balance - Beginning of Year	2,409,079	91,095	2,500,174
FUND BALANCE - END OF YEAR	\$ 2,881,711	\$ 51,035	\$ 2,932,746



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