

CITY OF HERMITAGE

MANAGEMENT'S DISCUSSION AND ANALYSIS,
FINANCIAL STATEMENTS, AND
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

CITY OF HERMITAGE

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
City of Hermitage
Hermitage, Pennsylvania

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the 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 City of Hermitage, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise City of Hermitage's basic financial statements as listed in the table of contents.

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

BASIS FOR OPINIONS

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

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 Hermitage's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS and GAGAS 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 U.S. GAAS and GAGAS, 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 Hermitage'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 Hermitage'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, pension plan information, and retiree health plan information on pages 4 to 16, 81 to 82, 83 to 86, and 87 to 88, respectively, 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 U.S. 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 City of Hermitage's basic financial statements. The accompanying supplementary information in Exhibits "A" through "AC" 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 U.S. GAAS. In our opinion, supplementary information in Exhibits "A" through "AC" are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

In accordance with GAGAS, we have also issued our report dated August 17, 2022, on our consideration of City of Hermitage's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Hermitage's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GAGAS in considering City of Hermitage's internal control over financial reporting and compliance.


Sharon, Pennsylvania
August 17, 2022

CITY OF HERMITAGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2021

UNAUDITED

Management's Discussion and Analysis

This Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements. As management of the City of Hermitage (City), we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2021. The intent of the discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the financial statements and notes to enhance their understanding of the City's financial performance.

The financial statements also include Hermitage Municipal Authority as a blended component unit of the sewer system fund. Hermitage Municipal Authority also issued separate financial statements as of December 31, 2021.

Financial Highlights

Key financial highlights for 2021 are as follows:

- In total, net position increased \$ 1,866 thousand. Net position of governmental activities increased by \$ 1,359 thousand, and net position of business-type activities increased by \$ 507 thousand. The increase in governmental activities is primarily the result of an increase in the pension asset and a decrease in cash, capital assets, and deferred outflow of resources. The increase in business-type activities is primarily the result of an increase in pension asset.
- Total revenues were \$ 21.8 million, an increase of \$ 700 thousand from 2020. General revenues accounted for \$ 12.3 million of revenue or 56.4 percent of all revenues. Program specific revenues in the form of charges for services, fees, fines and forfeitures, and grants accounted for \$ 9.5 million or 43.6 percent of total revenues.
- The City had \$ 13.5 million in expenses related to governmental activities, \$ 3.1 million of these expenses were offset by program specific charges for services and grants. General revenue (primarily taxes) of \$ 11.8 million were sufficient to cover the remainder of the expenses, resulting in an increase in net position of \$ 1,359 thousand.
- At the end of the current year, the assigned fund balance of the general fund was \$ 1.5 million.

Overview of the Financial Statements

The financial section of this report consists of three parts: Management's Discussion and Analysis, the basic financial statements (including notes to the financial statements and detailed budgetary comparison schedules), and

CITY OF HERMITAGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2021

UNAUDITED

combining and individual fund statements. The basic financial statements present two (2) different views of the City through the use of government-wide statements and fund financial statements:

The first two statements (pages 17 through 18) are government-wide financial statements that provide short-term and long-term information about the City's overall financial status.

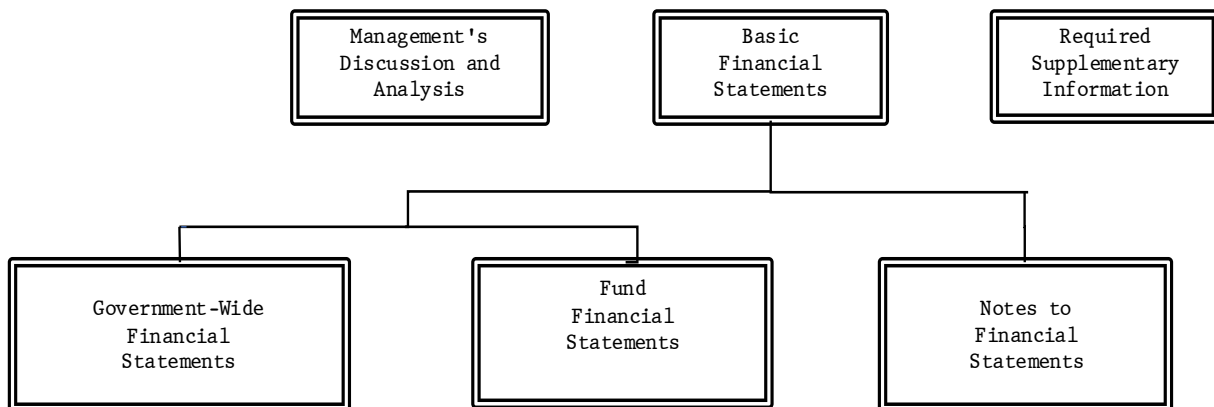
The remaining statements (pages 19 through 31) are fund financial statements that focus on individual parts of City government and report operations in more detail than the government-wide financial statements.

The governmental funds statements describe how general government services were financed.

Fiduciary fund statements provide information about the retirement plan for police employees for which the City acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources cannot be used to support City activities.

The financial statements include notes which provide an explanation for certain financial statement line items and also provide more details for this information. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, a section with combining statements provides details about the non-major governmental funds that are presented in single columns in the basic financial statements. The following diagram, labeled A-1, shows how the required components of this annual financial report are arranged and relate to one another.

Figure A-1
REQUIRED COMPONENTS OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF HERMITAGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2021

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Figure A-2 summarizes the major features of the City's financial statements. The remainder of this overview section of Management's Discussion and Analysis explains the structure and contents of each of the statements.

Figure A-2
MAJOR FEATURES OF CITY'S GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

	<u>Government-Wide Statements</u>	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire City government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as police, fire, and recreation	Instances in which the City is the trustee or agent for someone else's resources, such as the retirement plans for City police employees
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 of revenues, expenditures, and changes in fund balance	<ul style="list-style-type: none">• Statement of fiduciary net position• Combined 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 focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included; the City's funds do not currently contain capital assets, although they can	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid
	Deferred inflows and outflows recognized	Deferred inflows recognized	

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MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2021

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Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. The government-wide financial statements include not only the City itself (known as the primary government), but also Hermitage Municipal Authority. The government-wide statements can be found in the financial section of this report.

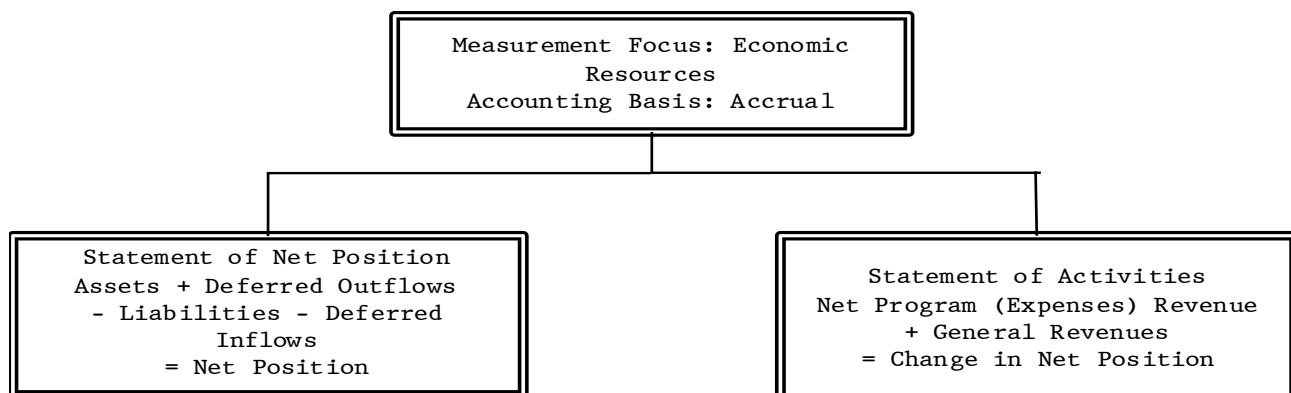
The government-wide financial statements highlight two (2) statements since they are closely related: the statement of net position and the statement of activities.

The statement of net position includes all of the City's assets, liabilities, deferred inflows, and outflows, except fiduciary funds. Net position - the difference between the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources - is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net position serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event gives rise to the change that occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future years (e.g., uncollected taxes and earned but unused vacation leave). Additional 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 features of government-wide financial statements are reflected in Figure A-3:

**Figure A-3
GOVERNMENT-WIDE FINANCIAL STATEMENTS**



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MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2021

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In the statement of net position and the statement of activities, the City is divided into three (3) kinds of activities:

Governmental activities - Most of the City's basic services are included here, such as the police, public works, recreation, and general administration. Property and earned income taxes, charges for services, and state grants finance most of these activities.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover the expenses of the goods or services provided. The sewer system fund is reported as a business activity.

Component Unit - The City includes one (1) legal entity in its report - Hermitage Municipal Authority. Although legally separate, this component unit is important because the City is financially accountable for the Authority. The City includes the Authority as a blended component unit in its report.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Funds are used to keep track of specific sources of funding and spending for particular purposes. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. However, not all funds are the result of City policy; some are required by state law. The funds of the City are divided into three (3) categories, governmental funds, proprietary funds, and fiduciary funds, and are explained in greater detail below:

Governmental Funds - Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

CITY OF HERMITAGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2021

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

The City maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Construction Fund, and the Community Development Fund, all of which are considered to be major funds. Data from the other eight (8) governmental funds are combined into a single, aggregated presentation (non-major funds).

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 19 through 31 of this report.

Proprietary Funds - The City charges customer for services it provides, whether due to an outside customer or to other units within the city. These services are generally reported in proprietary funds. Proprietary funds are reported the same way that all business-type activities are reported in the statement of net position and the statement of activities. In fact, the City's enterprise fund (a component of the proprietary funds) are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for the proprietary fund. The City has one enterprise fund which is used to account for its sewer treatment and collection services.

Fiduciary Funds - (Pension and OPEB Trust Funds) - The Pension Trust Fund accounts for the operations of the City's pension plan for police and municipal employees. The OPEB Trust Fund is used to report resources held in trust for post-employment benefits other than pension benefits for all employees. The City is responsible for ensuring that the assets reported in fiduciary funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate combined statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2021

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The fiduciary fund financial statements can be found on pages 30 through 31 of this report.

Notes to financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 through 80 of this report.

Required supplementary information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 81 through 88 of this report.

Government-wide Financial Analysis

The City's assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources by \$ 27.9 million at the close of the most recent year. Net OPEB liabilities totaled \$ 3.6 million. Net Bonds and Notes Payable totaled \$ 51.3 million. By far the largest portion of the City's net position is its investment in capital assets less any related debt still outstanding used to acquire those assets of \$ 18.9 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2021

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Summary of Condensed Net Position

The following table presents a condensed summary of net position:

ASSETS	(\$ Thousands)	
	2021	2020
Current Assets	\$ 17,678	\$ 13,521
Non-Current Assets	6,317	3,262
Capital Assets	64,912	65,463
<u>TOTAL ASSETS:-</u>	<u>88,907</u>	<u>82,246</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Related to Pension	1,931	2,305
Related to OPEB	163	209
Deferred Charge on Refunding	710	711
<u>TOTAL DEFERRED OUTFLOWS OF RESOURCES:-</u>	<u>2,804</u>	<u>3,225</u>
<u>LIABILITIES</u>		
Current Liabilities	4,627	4,559
Long-Term Liabilities, Outstanding	53,265	50,694
<u>TOTAL LIABILITIES:-</u>	<u>57,892</u>	<u>55,253</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Related to OPEB	259	228
Deferred Amount on Refunding	48	63
Related to Pension	5,655	3,938
<u>TOTAL DEFERRED INFLOWS OF RESOURCES:-</u>	<u>5,962</u>	<u>4,229</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	18,997	18,919
Restricted	3,239	695
Unrestricted	5,621	6,376
<u>TOTAL NET POSITION:-</u>	<u>\$ 27,857</u>	<u>\$ 25,990</u>

At the end of the current year, the City reported a \$ 27.9 million net position. This is a higher number compared to last year's largely due to the increase in cash and cash equivalents, an increase in net pension assets, a decrease in deferred outflows of resources, an increase in bonds and notes payable, and an increase in deferred inflows of resources.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2021

UNAUDITED

Governmental activities - Governmental activities increased the City's net position by \$ 1,359 thousand in 2021 as revenues outpace expenses.

The following table shows the revenues and expenses of the government-wide activities:

REVENUES	(\$ Thousands)	
	2021	2020
<u>PROGRAM REVENUES:-</u>		
Charges for Services, Fees, Fines and Forfeitures	\$ 6,659	\$ 6,581
Operating Grants and Contributions	892	890
Capital Grants and Contributions	1,952	2,239
<u>TOTAL PROGRAM REVENUES:-</u>	9,503	9,710
<u>GENERAL REVENUES:-</u>		
Property Taxes	1,318	1,319
Earned Income	7,563	7,288
Other Taxes	2,224	1,692
Grants, Subsidies and Contributions	52	128
Investment Earnings	47	47
Miscellaneous Income	220	135
Licenses and Permits	917	830
Loss on Disposal of Assets	(3)	-
<u>TOTAL GENERAL REVENUES:-</u>	12,338	11,439
<u>TOTAL REVENUES:-</u>	21,841	21,149
<u>EXPENSES</u>		
General Government	2,293	1,675
Protection of Persons and Property	5,147	4,808
Public Works	3,389	3,225
Culture and Recreation	389	422
Conservation and Development	429	402
Depreciation	-	908
Debt Service	365	262
Business Type Activities	6,425	6,690
Employee Payroll Taxes, Benefits and Insurance	1,538	2,120
<u>TOTAL EXPENSES:-</u>	19,975	20,512
<u>CHANGE IN NET POSITION:-</u>	\$ 1,866	\$ 637

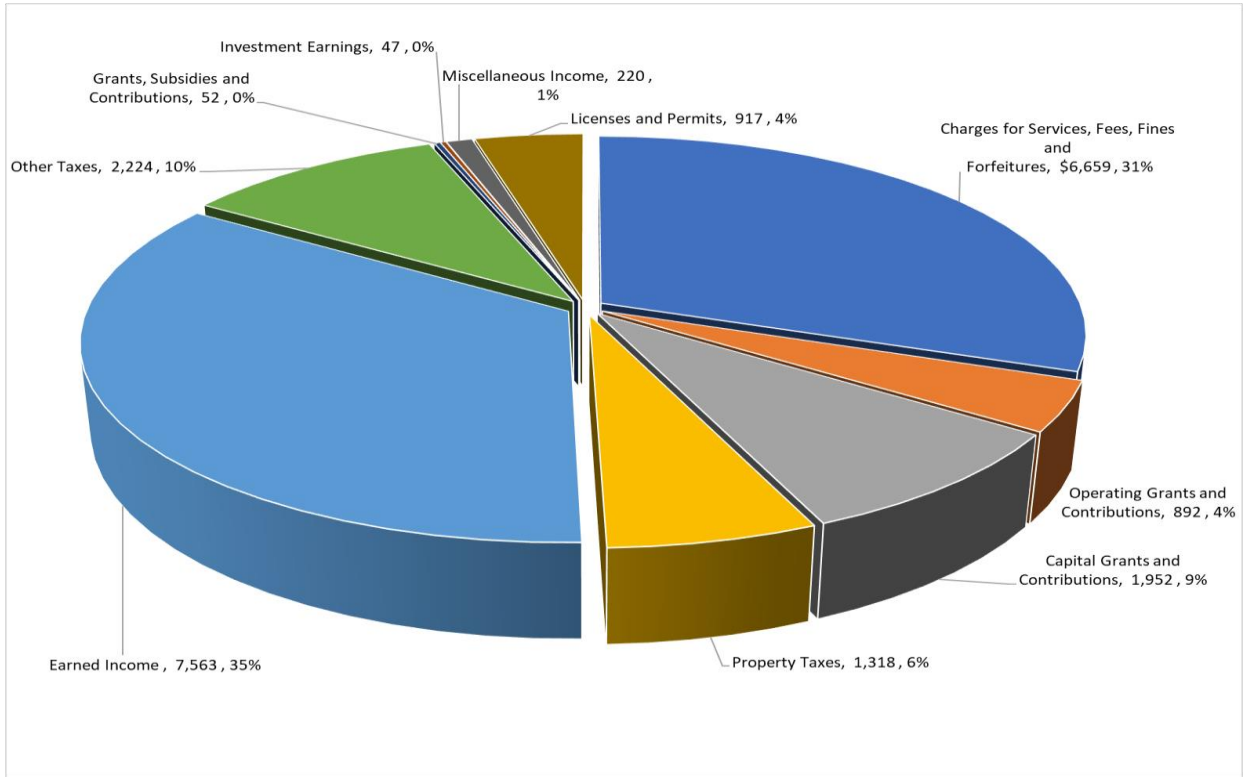
CITY OF HERMITAGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

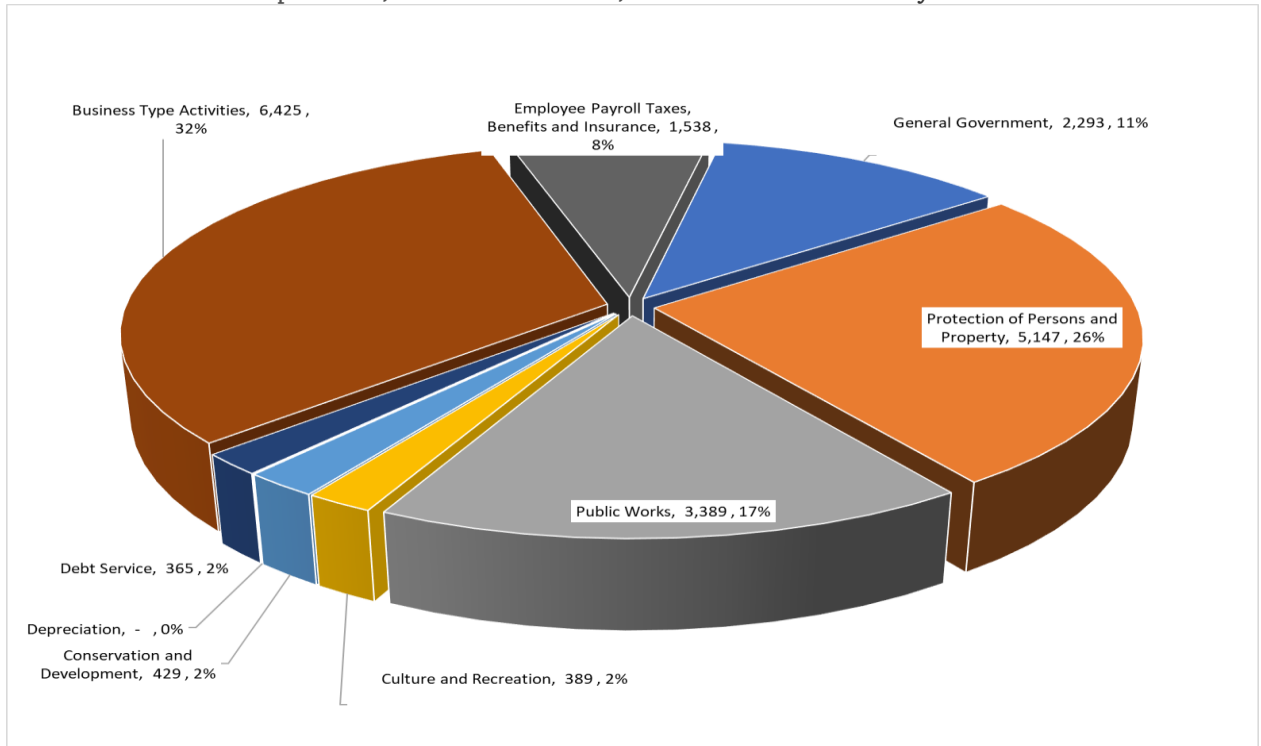
YEAR ENDED DECEMBER 31, 2021

UNAUDITED

Government-wide revenues, in thousands, are presented below by type:



Government-wide expenses, in thousands, is shown below by functional area:



CITY OF HERMITAGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2021

UNAUDITED

Governmental Funds

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

The General Fund is the chief operating fund of the City, with revenues and expenses that are connected to every aspect of the City. Revenues for the General Fund totaled \$ 12.8 million in 2021, which is an increase of \$ 1,000 thousand or 8.5 percent from 2020.

In addition to the above General Fund revenues, the City collected \$ 1,008 thousand in the Community Development Fund, \$ 519 thousand in Construction Fund, and \$ 865 thousand in Non-major Governmental Funds, mostly from taxes and pass-through of federal and state monies.

At the end of the current year, the City's governmental funds reported combined ending fund balances of \$ 10.3 million, an increase of \$ 3,524 thousand from 2020. Approximately 30.5 percent of this total fund balance, or \$ 3,160 thousand, constitutes restricted funds for employee benefits, State and Federal Purpose Grants, and capital projects. The amount assigned for encumbrances and debt service is \$ 4.4 million.

At the end of the current year, the total fund balance for the General Fund was \$ 3.2 million. As a measure of the General Fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures.

The fund balance of the City's General Fund increased by \$ 156 thousand during the 2021 year compared to an increase of \$ 518 thousand in 2020. This is primarily due to an increase in revenues offset by increases in expenditures, and an increase of transfer to other funds.

Expenditures and other uses, including debt service payments/transfers for the General Fund in 2021 increased to \$ 13.2 million, compared to \$ 12.1 million in 2020, representing a decrease of 9.0 percent or \$ 1,100 thousand overall.

Transfers to the Construction Fund for debt service was \$ 1.3 million, compared to \$ 1.1 million in 2020. Debt accounted for 15.5 percent of the total expenditures and uses, illustrating the City's annual debt service. The Construction Fund has a total fund balance of \$ 587 thousand, all of which is assigned for the payment of debt service.

The Community Development Fund had intergovernmental revenues of \$ 1.0 million, expenditures of \$ 3.0 million, and other financing sources of \$ 5.3 million due primarily to the receipt of \$ 5.0 of bond proceeds. The Community Development Fund balance increased by \$ 3.3 million to \$ 5.2 million as of December 31, 2021, as compared to \$ 1.9 million as of December 31, 2020.

CITY OF HERMITAGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2021

UNAUDITED

General Fund Budgetary Highlights

Actual General Fund revenues were more than the budgeted revenues by \$ 1,377 thousand before use of prior year fund balance collections. The final budgeted General Fund expenditures were \$ 1,788 thousand lower than the original budget. Actual General Fund budgetary basis expenditures and transfers were \$ 1,566 thousand lower than the final budget.

Capital Asset and Debt Administration

Capital assets - The City's investment in capital assets as of December 31, 2021, amounted to \$ 64.9 million, net of accumulated depreciation. This investment in capital assets includes building and building improvements, land, machinery and equipment, furniture and fixtures, vehicles, and construction-in-progress.

CITY OF HERMITAGE'S NET CAPITAL ASSETS

	(\$ Thousands)	
	<u>2021</u>	<u>2020</u>
Land	\$ 849	\$ 849
Land and Site Improvements	5,574	5,574
Buildings and Building Improvements	19,799	18,475
Furniture, Fixtures, and Equipment	2,542	2,722
Vehicles	8,405	7,482
Construction-in-Progress	110	563
Sewer System	<u>82,196</u>	<u>81,867</u>
<u>TOTAL CAPITAL ASSETS:-</u>	<u>119,475</u>	<u>117,532</u>
<u>LESS: ACCUMULATED DEPRECIATION FOR:-</u>		
Land and Site Improvements	2,658	2,459
Buildings and Building Improvements	8,806	8,378
Furniture, Fixtures, and Equipment	1,951	2,033
Vehicles	5,406	5,447
Sewer System	<u>35,743</u>	<u>33,752</u>
<u>TOTAL ACCUMULATED DEPRECIATION:-</u>	<u>54,564</u>	<u>52,069</u>
<u>TOTAL NET CAPITAL ASSETS:-</u>	<u>\$ 64,911</u>	<u>\$ 65,463</u>

More detailed information about capital assets is provided in Note "8" to the financial statements.

CITY OF HERMITAGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2021

UNAUDITED

Long-term debt - At the end of the current year, the City had total debt outstanding of \$ 48.0 million, which comprises debt backed by the full faith and credit of the government.

CITY OF HERMITAGE'S OUTSTANDING NOTES AND BONDS PAYABLE

	(\$ Thousands)	
	<u>2021</u>	<u>2020</u>
General Obligation Note - 2014	\$ 795	\$ 1,535
Series 2016 Bonds	-	2,010
Refunding Series 2017 Bonds	6,020	6,110
Series 2021 Bonds	4,975	-
Series 2016 - Sewer Revenue Bonds	-	8,935
Series A of 2020 - Sewer Revenue Bonds	1,265	1,270
Series B of 2020 - Sewer Revenue Bonds	4,140	4,140
Series C of 2020 - Sewer Revenue Bonds	13,555	15,005
Series 2021 - Sewer Revenue Bonds	9,185	-
Note Payable - PENNVEST	8,160	9,491
<u>TOTAL OUTSTANDING NOTES AND BONDS:-</u>	<u>\$ 48,095</u>	<u>\$ 48,496</u>

More detailed information about long-term debt is provided in Note "9" of the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Gary Hinkson, City Manager, City of Hermitage, 800 North Hermitage Road, Hermitage, PA 16148.

CITY OF HERMITAGE
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL		GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>CURRENT ASSETS:-</u>				<u>CURRENT LIABILITIES:-</u>			
Cash and Cash Equivalents	\$ 8,366,111	\$ 4,391,638	\$ 12,757,749	Bonds and Notes Payable, Net of Discounts and Premiums	\$ 843,469	\$ 2,455,524	\$ 3,298,993
Taxes Receivable, Net	1,953,591	-	1,953,591	Accounts Payable	183,019	366,566	549,585
Accounts Receivable - User Fees, Net	-	1,316,862	1,316,862	Accrued Interest Payable	95,011	427,699	522,710
Due from Other Governments	263,148	-	263,148	Rent Deposit	-	22,096	22,096
Loans Receivable	290,919	-	290,919	Accrued Payroll and Taxes	198,609	35,502	234,111
Consumable Supplies	25,000	111,210	136,210	<u>TOTAL CURRENT LIABILITIES:-</u>	<u>1,320,108</u>	<u>3,307,387</u>	<u>4,627,495</u>
Inventory of Land Held for Sale	955,575	-	955,575				
Prepaid Bond Insurance	-	4,036	4,036	<u>NON-CURRENT LIABILITIES:-</u>			
<u>TOTAL CURRENT ASSETS:-</u>	<u>11,854,344</u>	<u>5,823,746</u>	<u>17,678,090</u>	Bonds Payable, Net of Discounts and Premiums	10,905,349	29,526,000	40,431,349
<u>CAPITAL ASSETS:-</u>				Notes Payable	40,000	7,484,514	7,524,514
Land	785,027	64,000	849,027	Reserve for Delayed Assessment Receivable	-	595,118	595,118
Land and Site Improvements	5,574,429	-	5,574,429	Advance Deposit	807,752	-	807,752
Building and Building Improvements	17,452,837	2,346,517	19,799,354	Special Termination Benefits	286,487	-	286,487
Furniture, Fixtures, and Equipment	2,542,390	-	2,542,390	Other Post-Employment Benefits	3,088,893	530,765	3,619,658
Vehicles	4,098,124	4,306,925	8,405,049	<u>TOTAL NON-CURRENT LIABILITIES:-</u>	<u>15,128,481</u>	<u>38,136,397</u>	<u>53,264,878</u>
Construction-in-Progress	-	110,428	110,428	<u>TOTAL LIABILITIES:-</u>	<u>16,448,589</u>	<u>41,443,784</u>	<u>57,892,373</u>
Sewer System	-	82,196,181	82,196,181				
	30,452,807	89,024,051	119,476,858	<u>DEFERRED INFLOWS OF RESOURCES:-</u>			
LESS: Accumulated Depreciation	(15,944,963)	(38,620,344)	(54,565,307)	Related to Other Post-Employment Benefits	217,698	41,325	259,023
<u>NET CAPITAL ASSETS:-</u>	<u>14,507,844</u>	<u>50,403,707</u>	<u>64,911,551</u>	Deferred Amount on Refunding	10,884	36,884	47,768
<u>OTHER ASSETS:-</u>				Related to Pensions	4,741,674	913,539	5,655,213
Loans Receivable	707,646	-	707,646	<u>TOTAL DEFERRED INFLOWS OF RESOURCES:-</u>	<u>4,970,256</u>	<u>991,748</u>	<u>5,962,004</u>
Delayed Assessments Receivable	-	643,067	643,067	<u>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:-</u>	<u>21,418,845</u>	<u>42,435,532</u>	<u>63,854,377</u>
Pension Asset	4,180,334	728,680	4,909,014				
Deposit on Land	5,000	-	5,000	<u>NET POSITION:-</u>			
Prepaid Bond Insurance	-	52,522	52,522	Net Investment in Capital Assets	5,655,098	13,341,559	18,996,657
<u>TOTAL OTHER ASSETS:-</u>	<u>4,892,980</u>	<u>1,424,269</u>	<u>6,317,249</u>	Restricted	3,159,946	78,717	3,238,663
<u>TOTAL ASSETS:-</u>	<u>31,255,168</u>	<u>57,651,722</u>	<u>88,906,890</u>	Unrestricted	2,831,395	2,789,738	5,621,133
<u>DEFERRED OUTFLOWS OF RESOURCES:-</u>				<u>TOTAL NET POSITION:-</u>	<u>11,646,439</u>	<u>16,210,014</u>	<u>27,856,453</u>
Deferred Amounts on Refunding	-	709,972	709,972	<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION:-</u>	<u>\$ 33,065,284</u>	<u>\$ 58,645,546</u>	<u>\$ 91,710,830</u>
Related to Other Post-Employment Benefits	136,943	25,962	162,905				
Related to Pensions	1,673,173	257,890	1,931,063				
<u>TOTAL DEFERRED OUTFLOWS OF RESOURCES:-</u>	<u>1,810,116</u>	<u>993,824</u>	<u>2,803,940</u>				
<u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:-</u>	<u>\$ 33,065,284</u>	<u>\$ 58,645,546</u>	<u>\$ 91,710,830</u>				

The Accompanying Notes are an Integral Part of These Statements

CITY OF HERMITAGE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES, FEES, FINES, AND FORFEITURES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>GOVERNMENTAL ACTIVITIES:-</u>							
General Government	\$ 2,292,628	\$ 141,378	\$ -	\$ -	\$ (2,151,250)	\$ -	\$ (2,151,250)
Protection of Persons and Property	5,146,752	457,108	277,701	-	(4,411,943)	-	(4,411,943)
Public Works	3,388,826	156,501	-	855,044	(2,377,281)	-	(2,377,281)
Culture and Recreation	388,724	18,985	-	-	(369,739)	-	(369,739)
Conservation and Development	429,254	-	-	730,501	301,247	-	301,247
Debt Service	365,334	-	-	-	(365,334)	-	(365,334)
Employee Payroll Taxes, Benefits, and Insurance	1,538,140	-	501,625	-	(1,036,515)	-	(1,036,515)
<u>TOTAL GOVERNMENTAL ACTIVITIES:-</u>	<u>13,549,658</u>	<u>773,972</u>	<u>779,326</u>	<u>1,585,545</u>	<u>(10,410,815)</u>	<u>-</u>	<u>(10,410,815)</u>
<u>BUSINESS-TYPE ACTIVITIES:-</u>							
Sewer Operations	6,424,735	5,884,581	112,427	366,562	-	(61,165)	(61,165)
<u>TOTAL:-</u>	<u>\$ 19,974,393</u>	<u>\$ 6,658,553</u>	<u>\$ 891,753</u>	<u>\$ 1,952,107</u>	<u>(10,410,815)</u>	<u>(61,165)</u>	<u>(10,471,980)</u>
<u>GENERAL REVENUES AND SPECIAL ITEMS:-</u>							
<u>TAXES -</u>							
Property Taxes, Levied for General Purposes, Net					1,318,318	-	1,318,318
Earned Income Taxes, Levied for General Purposes, Net					7,563,204	-	7,563,204
Other Taxes Levied for General Purposes, Net					2,222,774	-	2,222,774
Grants, Subsidies, and Contributions Not Restricted					52,470	-	52,470
Investment Earnings					44,476	2,971	47,447
Miscellaneous Income					219,463	-	219,463
Gain (Loss) on Disposal of Assets					(2,790)	-	(2,790)
Licenses and Permits					386,602	530,830	917,432
Transfers					(34,559)	34,559	-
<u>TOTAL GENERAL REVENUES AND SPECIAL ITEMS:-</u>					<u>11,769,958</u>	<u>568,360</u>	<u>12,338,318</u>
<u>CHANGE IN NET POSITION:-</u>					<u>1,359,143</u>	<u>507,195</u>	<u>1,866,338</u>
<u>NET POSITION - BEGINNING OF YEAR:-</u>					<u>10,287,296</u>	<u>15,702,819</u>	<u>25,990,115</u>
<u>NET POSITION - END OF YEAR:-</u>					<u>\$ 11,646,439</u>	<u>\$ 16,210,014</u>	<u>\$ 27,856,453</u>

The Accompanying Notes are an Integral Part of These Statements

CITY OF HERMITAGE

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2021

	<u>GENERAL FUND</u>	<u>CONSTRUCTION FUND</u>	<u>COMMUNITY DEVELOPMENT FUND</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS:-</u>					
Cash and Cash Equivalents	\$ 2,218,669	\$ 204,108	\$ 4,741,263	\$ 1,202,071	\$ 8,366,111
Taxes Receivable, Net	1,829,884	123,707	-	-	1,953,591
Due from Other Governmental Units	234,027	-	29,121	-	263,148
Loans Receivable	-	-	1,048,565	-	1,048,565
Due from Other Funds	3,728	278,644	184,816	150,000	617,188
Consumable Supplies	25,000	-	-	-	25,000
<u>TOTAL ASSETS:-</u>	<u>\$ 4,311,308</u>	<u>\$ 606,459</u>	<u>\$ 6,003,765</u>	<u>\$ 1,352,071</u>	<u>\$ 12,273,603</u>
<u>LIABILITIES:-</u>					
Accounts Payable	\$ 158,575	\$ 19,050	\$ -	\$ 5,394	\$ 183,019
Accrued Payroll and Taxes	198,609	-	-	-	198,609
Due to Other Funds	613,460	-	3,728	-	617,188
Unearned Revenue	-	-	807,752	-	807,752
<u>TOTAL LIABILITIES:-</u>	<u>970,644</u>	<u>19,050</u>	<u>811,480</u>	<u>5,394</u>	<u>1,806,568</u>
<u>DEFERRED INFLOWS OF RESOURCES:-</u>					
Unavailable Revenue - Taxes	118,627	-	-	-	118,627
<u>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:-</u>	<u>1,089,271</u>	<u>19,050</u>	<u>811,480</u>	<u>5,394</u>	<u>1,925,195</u>
<u>FUND BALANCES:-</u>					
Nonspendable	25,000	-	1,048,564	-	1,073,564
Restricted	-	123,707	3,005,810	30,429	3,159,946
Committed	1,694,249	-	-	-	1,694,249
Assigned	1,502,788	463,702	1,137,911	1,316,248	4,420,649
<u>TOTAL FUND BALANCES:-</u>	<u>3,222,037</u>	<u>587,409</u>	<u>5,192,285</u>	<u>1,346,677</u>	<u>10,348,408</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:-</u>	<u>\$ 4,311,308</u>	<u>\$ 606,459</u>	<u>\$ 6,003,765</u>	<u>\$ 1,352,071</u>	<u>\$ 12,273,603</u>

The Accompanying Notes are an Integral Part of These Statements

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2021

TOTAL FUND EQUITY - GOVERNMENTAL FUNDS:- \$ 10,348,408

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

Property taxes receivable, and other revenues will be collected in the future, but are not available to pay for the current period's expenditures and, therefore, are treated as a deferred inflow of funds. Receivable amounts are shown net of allowances, but are not deferred inflows in the government-wide financial statements.		118,627
Loans receivable including loans from other entities, are not due in the current period and, therefore, are not reported as a receivable in the governmental funds.		(50,000)
Cost of inventory of land held for sale not recorded in the governmental funds.		955,575
Capital assets including construction-in-progress used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.		
Cost	\$ 30,452,807	
Accumulated Depreciation	(15,944,963)	14,507,844
Deposit for purchase of land not reported as an asset in the governmental funds		5,000
Deferred amount on refunding is not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(10,884)

The Accompanying Notes are an Integral Part of These Statements

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2021

Net pension liability, and deferred inflows and deferred outflows of resources for pension are not recorded on the fund financial statements.		1,111,833
Net OPEB liability, and deferred inflows and deferred outflows of resources for OPEB are not recorded on the fund financial statements.		(3,169,648)
Long-term liabilities, including notes and bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Notes and bonds payable, net of unamortized premiums/discounts	\$ (11,788,818)	
Accrued interest payable	(95,011)	
Special termination benefits	(286,487)	(12,170,316)
<u>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES:-</u>		<u>\$ 11,646,439</u>

The Accompanying Notes are an Integral Part of These Statements

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCESGOVERNMENTAL FUNDSYEAR ENDED DECEMBER 31, 2021

	<u>GENERAL FUND</u>	<u>CONSTRUCTION FUND</u>	<u>COMMUNITY DEVELOPMENT FUND</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES:-</u>					
Taxes	\$ 10,579,240	\$ 518,513	\$ -	\$ -	\$ 11,097,753
Licenses and Permits	386,602	-	-	-	386,602
Fines, Forfeits, and Costs	92,160	-	-	-	92,160
Interest, Rents, and Royalties	750	-	34,528	125,297	160,575
Grants and Gifts	817,945	-	847,008	739,443	2,404,396
Departmental Earnings and Assessments	681,812	-	-	-	681,812
Miscellaneous	217,241	-	127,165	-	344,406
	<u>12,775,750</u>	<u>518,513</u>	<u>1,008,701</u>	<u>864,740</u>	<u>\$ 15,167,704</u>
<u>EXPENDITURES:-</u>					
<u>General Government -</u>					
Legislative and Governing Body	338,744	-	-	-	338,744
Finance	235,122	-	240,495	16,577	492,194
Tax Collection	129,203	-	-	-	129,203
Legal Services	62,362	-	-	-	62,362
Buildings and Plant	455,925	84,538	108,734	18,815	668,012
	<u>1,221,356</u>	<u>84,538</u>	<u>349,229</u>	<u>35,392</u>	<u>1,690,515</u>
<u>Protection of Persons and Property -</u>					
Police	3,374,826	-	-	103,800	3,478,626
Fire	719,358	-	-	73,901	793,259
Protective Inspection	334,135	-	-	-	334,135
Planning and Zoning	517,109	-	-	-	517,109
	<u>4,945,428</u>	<u>-</u>	<u>-</u>	<u>177,701</u>	<u>5,123,129</u>
<u>Public Works -</u>					
Highways and Streets	1,965,114	623,434	118,647	175,055	2,882,250
Storm Sewers	-	-	36,408	538,693	575,101
Other	-	-	23,147	-	23,147
Public Safety	-	-	31,024	-	31,024
	<u>1,965,114</u>	<u>623,434</u>	<u>209,226</u>	<u>713,748</u>	<u>3,511,522</u>

The Accompanying Notes are an Integral Part of These Statements

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCESGOVERNMENTAL FUNDSYEAR ENDED DECEMBER 31, 2021

	<u>GENERAL FUND</u>	<u>CONSTRUCTION FUND</u>	<u>COMMUNITY DEVELOPMENT FUND</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>Conservation and Development -</u>					
Economic Development	-	-	216,965	17,007	233,972
Housing Rehabilitation	-	-	184,012	-	184,012
<u>TOTAL CONSERVATION AND DEVELOPMENT:-</u>	-	-	400,977	17,007	417,984
<u>Culture and Recreation -</u>					
Parks and Recreation	288,724	-	5,000	-	293,724
Libraries	100,000	-	-	-	100,000
<u>TOTAL CULTURE AND RECREATION:-</u>	388,724	-	5,000	-	393,724
<u>Employee Benefits, and Insurance -</u>					
Payroll Taxes and Fringe Benefits	752,153	-	-	-	752,153
Insurance Premiums	1,656,678	-	-	-	1,656,678
<u>TOTAL EMPLOYEE BENEFITS AND INSURANCE:-</u>	2,408,831	-	-	-	2,408,831
<u>Debt Service -</u>	-	1,068,438	2,038,548	-	3,106,986
<u>TOTAL EXPENDITURES:-</u>	10,929,453	1,776,410	3,002,980	943,848	16,652,691
<u>REVENUES OVER (UNDER) EXPENDITURES:-</u>	1,846,297	(1,257,897)	(1,994,279)	(79,108)	(1,484,987)
<u>OTHER FINANCING SOURCES (USES):-</u>					
Transfers from Other Funds	572,500	1,312,703	262,862	1,177,414	3,325,479
Transfers to Other Funds	(2,263,003)	(75,000)	(2,589)	(1,019,446)	(3,360,038)
Proceeds from Long-Term Debt	-	-	4,990,000	-	4,990,000
Bond Issuance Costs	-	-	(89,537)	-	(89,537)
Bond Premium	-	-	142,779	-	142,779
<u>TOTAL OTHER FINANCING SOURCES (USES):-</u>	(1,690,503)	1,237,703	5,303,515	157,968	5,008,683
<u>NET CHANGES IN FUND BALANCES:-</u>	155,794	(20,194)	3,309,236	78,860	3,523,696
<u>FUND BALANCES - BEGINNING OF YEAR:-</u>	3,066,243	607,603	1,883,049	1,267,817	6,824,712
<u>FUND BALANCES - END OF YEAR:-</u>	\$ 3,222,037	\$ 587,409	\$ 5,192,285	\$ 1,346,677	\$ 10,348,408

The Accompanying Notes are an Integral Part of These Statements

RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS:- \$ 3,523,696

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays less the net book value of disposed assets in the year.

Capital Outlays	\$	363,686	
<u>LESS:</u> Net Disposals		(2,790)	
<u>LESS:</u> Depreciation Expense		<u>(882,125)</u>	(521,229)

Property taxes and other revenues will not be collected for several months after the City's year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows changed by this amount during the year. □

6,543

Deposit for purchase of land reported as expenditure for fund purpose

5,000

Changes in the net pension liability and related deferred inflows and outflows of resources do not affect current financial resources and, therefore, are not reflected on the fund financial statements.

930,712

Changes in the net OPEB liability and related deferred inflows and outflows of resources do not affect current financial resources and, therefore, are not reflected on the fund financial statements.

(60,021)

The Accompanying Notes are an Integral Part of These Statements

RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

The issuance of long-term debt obligations (notes and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the statement of activities. Also, governmental funds report the effect of premiums, discounts, interest, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term obligations and related items is summarized as follows:

Proceeds of Issuance of Long-Term Debt	\$ (5,132,779)	
Amortization of Bond Insurance	(841)	
Note and Bond Principal Repayment	2,855,000	
Amortization of Bond Discount/Premium	(14,116)	
	<hr/>	(2,292,736)

In the statement of activities, certain expenses are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. The following is the detail of the differences between the amount incurred versus the amount used during the year:

Accrued Interest	\$ (8,853)	
Special Termination Benefits	4,129	
	<hr/>	(4,724)

Amounts recognized as revenues in prior years for government-wide reporting but recognized as revenue for fund purposes in the current year.

(228,098)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES:-

\$ 1,359,143

The Accompanying Notes are an Integral Part of These Statements

CITY OF HERMITAGE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021

	<u>SEWER SYSTEM FUND</u>		<u>SEWER SYSTEM FUND</u>
<u>CURRENT ASSETS:-</u>		<u>CURRENT LIABILITIES:-</u>	
Cash and Cash Equivalents	\$ 4,391,638	Bonds and Notes Payable	\$ 2,455,524
Accounts Receivable - User Fees, Net	1,316,862	Accounts Payable	366,566
Supplies	111,210	Accrued Payroll and Taxes	35,502
Prepaid Bond Insurance	4,036	Accrued Interest Payable	427,699
	<u>5,823,746</u>	Unearned Revenue	<u>22,096</u>
<u>TOTAL CURRENT ASSETS:-</u>		<u>TOTAL CURRENT LIABILITIES:-</u>	<u>3,307,387</u>
<u>NON-CURRENT ASSETS:-</u>		<u>NON-CURRENT LIABILITIES:-</u>	
<u>Capital Assets -</u>		Bonds Payable	29,526,000
Land	64,000	Notes Payable	7,484,514
Buildings	2,346,517	Reserve for Delayed Assessment Receivable	595,118
Vehicles, Furniture, Fixtures, and Equipment	4,306,925	Other Post-Employment Benefits	<u>530,765</u>
Construction-in-Progress	110,428		
Sewer System	<u>82,196,181</u>	<u>TOTAL NON-CURRENT LIABILITIES:-</u>	<u>38,136,397</u>
	89,024,051	<u>TOTAL LIABILITIES:-</u>	<u>41,443,784</u>
<u>LESS: Accumulated Depreciation</u>	<u>(38,620,344)</u>	<u>DEFERRED INFLOWS OF RESOURCES:-</u>	
<u>NET CAPITAL ASSETS:-</u>	<u>50,403,707</u>	Related to Pensions	913,539
<u>Other Assets -</u>		Deferred Amount on Refunding	36,884
Pension Asset	728,680	Related to Other Post-Employment Benefits	<u>41,325</u>
Delayed Assessments Receivable	643,067	<u>TOTAL DEFERRED INFLOWS OF RESOURCES:-</u>	<u>991,748</u>
Prepaid Bond Insurance	<u>52,522</u>	<u>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:-</u>	<u>42,435,532</u>
<u>TOTAL OTHER ASSETS:-</u>	<u>1,424,269</u>	<u>NET POSITION:-</u>	
<u>TOTAL ASSETS:-</u>	<u>57,651,722</u>	Net Investment in Capital Assets	13,341,559
<u>DEFERRED OUTFLOWS OF RESOURCES:-</u>		Restricted	78,717
Related to Pensions	257,890	Unrestricted	<u>2,789,738</u>
Related to Other Post-Employment Benefits	25,962	<u>TOTAL NET POSITION:-</u>	<u>16,210,014</u>
Deferred Amount on Refunding	<u>709,972</u>	<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION:-</u>	<u>\$ 58,645,546</u>
<u>TOTAL DEFERRED OUTFLOWS OF RESOURCES:-</u>	<u>993,824</u>		
<u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:-</u>	<u>\$ 58,645,546</u>		

The Accompanying Notes are an Integral Part of These Statements

CITY OF HERMITAGE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2021

	<u>SEWER SYSTEM FUND</u>
<u>OPERATING REVENUES:-</u>	
Sewer Charges - User Fees	\$ 5,250,411
Sewer Rental	634,170
Licenses and Other	530,830
Grants and Gifts	112,427
	<hr/>
<u>TOTAL OPERATING REVENUES:-</u>	6,527,838
<u>OPERATING EXPENSES:-</u>	
Collection	310,867
Treatment	1,372,261
Administration	738,701
Professional Services	121,319
Sewer System Lease	316,009
Insurance	389,671
Depreciation	2,147,426
Miscellaneous	1,053
	<hr/>
<u>TOTAL OPERATING EXPENSES:-</u>	5,397,307
<u>NET OPERATING INCOME:-</u>	1,130,531
<u>NON-OPERATING REVENUES (EXPENSES):-</u>	
Bond Issuance Costs	(134,205)
Transfers from Other Funds	34,559
Investment Income	2,971
Interest Expense	(893,223)
	<hr/>
<u>TOTAL NON-OPERATING EXPENSES:-</u>	(989,898)
<u>INCOME BEFORE CAPITAL CONTRIBUTION:-</u>	140,633
<u>CAPITAL CONTRIBUTION:-</u>	366,562
	<hr/>
<u>CHANGE NET POSITION:-</u>	507,195
<u>NET POSITION - BEGINNING OF YEAR:-</u>	15,702,819
	<hr/>
<u>NET POSITION - END OF YEAR:-</u>	\$ 16,210,014
	<hr/>

The Accompanying Notes are an Integral Part of These Statements

STATEMENT OF CASH FLOWSPROPRIETARY FUNDSYEAR ENDED DECEMBER 31, 2021

	<u>SEWER SYSTEM FUND</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:-</u>	
Cash Received from Customers	\$ 5,939,219
Other Revenue Received	659,428
Cash Paid for Operating Expenses	(1,977,678)
Cash Paid for Personnel Expenses	(1,500,437)
	<u>3,120,532</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES:-</u>	
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:-</u>	
Transfer in	34,559
Due from Other Funds	30,446
	<u>65,005</u>
<u>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES:-</u>	
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:-</u>	
Capital Contribution	366,562
Proceeds from Issuance of Bonds	10,795,058
Repayment of Principal on Bonds	(10,390,000)
Purchase of Capital Assets	(2,097,940)
Payment of Principal Notes Payable	(668,835)
Prepaid Bond Insurance	(25,259)
Bond Issuance Costs	(134,205)
Supplies	132,620
Interest Paid on Bonds and Notes Payable	(1,045,246)
Accounts Receivable - Related Party	(19,596)
	<u>(3,086,841)</u>
<u>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES:-</u>	
<u>CASH FLOWS FROM INVESTING ACTIVITIES:-</u>	
Interest Earnings	2,971
	<u>101,667</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS:-</u>	
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR:-</u>	<u>4,289,971</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR:-</u>	<u>\$ 4,391,638</u>

The Accompanying Notes are an Integral Part of These Statements

STATEMENT OF CASH FLOWSPROPRIETARY FUND TYPESYEAR ENDED DECEMBER 31, 2021

	<u>SEWER SYSTEM FUND</u>
<u>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:-</u>	
Net Operating Income	\$ 1,130,531
<u>Adjustment to Reconcile Net Operating Income to Net Cash Provided by Operating Activities -</u>	
Depreciation Expense	2,147,426
Allowance for Doubtful Accounts	100,000
<u>Changes in Assets and Liabilities -</u>	
Increase in Accounts Receivable - User Fees	(45,362)
Increase in Accounts Payable	31,450
(Decrease) in Accrued Payroll and Taxes	(44,805)
Increase in Unearned Revenue	9,596
Decrease in Delayed Assessment	6,575
(Decrease) in Net Pension Liability and Related Deferred Inflows and Outflows of Resources	(293,002)
Increase in Other Post-Employment Benefits and Related Deferred Inflows and Outflows of Resources	78,123
	<u>3,120,532</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES:-</u>	<u>\$ 3,120,532</u>
<u>NON-CASH TRANSACTIONS:-</u>	
<u>NON-CASH ADJUSTMENTS TO INTEREST -</u>	
Amortization of Original Issuance Discount	\$ (3,574)
Amortization of Original Issuance Premium	256,419
Amortization of Prepaid Bond Insurance	(4,381)
Amortization of Deferred Amount on Refunding	(56,256)
	<u>192,208</u>
<u>TOTAL NON-CASH ADJUSTMENTS TO INTEREST:-</u>	<u>\$ 192,208</u>
<u>NON-CASH ADJUSTMENTS TO BONDS PAYABLE:-</u>	
Amortization of Original Issuance Discount	\$ (3,574)
Amortization of Original Issuance Premium	256,419
	<u>252,845</u>
<u>TOTAL NON-CASH ADJUSTMENTS TO BONDS PAYABLE:-</u>	<u>\$ 252,845</u>

The Accompanying Notes are an Integral Part of These Statements

CITY OF HERMITAGE

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2021

	<u>PENSION AND OTHER POST EMPLOYMENT BENEFIT TRUST FUNDS</u>
<u>ASSETS:-</u>	
Cash and Cash Equivalents	\$ 332,874
Accounts Receivable - Accrued Income	46,540
Investments, at Fair Value	<u>21,868,424</u>
<u>TOTAL ASSETS:-</u>	<u>\$ 22,247,838</u>
<u>FIDUCIARY NET POSITION:-</u>	
Held in Trust	<u>\$ 22,247,838</u>
<u>TOTAL FIDUCIARY NET POSITION:-</u>	<u>\$ 22,247,838</u>

The Accompanying Notes are an Integral Part of These Statements

CITY OF HERMITAGE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2021

	<u>PENSION AND OTHER POST EMPLOYMENT BENEFIT TRUST</u>	<u>CUSTODIAL FUND</u>
<u>ADDITIONS TO NET ASSETS ATTRIBUTABLE TO:-</u>		
<u>CONTRIBUTIONS:-</u>		
Members	\$ 130,596	\$ -
Employer	267,540	-
	<u>398,136</u>	<u>-</u>
<u>TOTAL CONTRIBUTIONS:-</u>		
<u>INVESTMENT INCOME:-</u>		
Unrealized Gain in Fair Value of Investments	1,770,390	-
Interest and Dividends	1,009,937	8,072
Realized Gain on Sale of Investments	400,996	-
	<u>3,181,323</u>	<u>8,072</u>
<u>NET INVESTMENT INCOME:-</u>		
<u>TOTAL ADDITIONS:-</u>	<u>3,579,459</u>	<u>8,072</u>
<u>DEDUCTIONS FROM NET ASSETS ATTRIBUTABLE TO:-</u>		
Pension Benefit Payments	818,907	-
Refunds of Contributions	1,336	-
Fees and Expenses	90,022	-
Other	-	58,072
	<u>910,265</u>	<u>58,072</u>
<u>TOTAL DEDUCTIONS:-</u>		
<u>NET INCREASE (DECREASE):-</u>	2,669,194	(50,000)
<u>NET ASSETS HELD IN TRUST - BEGINNING OF YEAR:-</u>	19,578,644	50,000
<u>NET ASSETS HELD IN TRUST - END OF YEAR:-</u>	<u>\$ 22,247,838</u>	<u>\$ -</u>

The Accompanying Notes are an Integral Part of These Statements

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. NATURE OF ORGANIZATION AND OPERATIONS

The City of Hermitage (City) was incorporated in 1832 as Hickory Township, with the subsequent name change to the Municipality of Hermitage on January 1, 1976, on which date the Municipality became a Home Rule Charter City. On January 1, 1984, Hermitage became a third-class city. The City operates under an elected Board of Commissioners/Commissioner-Appointed City Manager form of government. The City's major operations include Public Safety, Fire Protection, Public Works, Health and Sanitation, Parks and Recreation, Community Development, and General Administrative Services.

REPORTING ENTITY

Governmental Accounting Standards Board (GASB) Statement No. 14 - The Financial Reporting Entity, established the criteria for determining the activities, organization, and functions of government to be included in the financial statements of the reporting entity. The criteria used in determining whether such organizations should be included in the City's financial reporting entity are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service, and special financing relationships.

The relative importance of each criterion must be evaluated in light of specific circumstances.

The City has evaluated its relationships with other entities to determine if the financial information of those entities should be included in the City's financial statements. Although the decision to include or exclude a component unit is left to the professional judgment of local responsible officials, a positive response to any of the criteria requires that the specific reason for excluding the component unit be disclosed. Based on this evaluation, Hermitage Municipal Authority (Authority) has been determined to be a component unit of the City's reporting entity because of oversight responsibility and financial interdependency for fiscal matters.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as prescribed by GASB. The more significant of the City's accounting policies are described below.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the "economic resources measurement focus" and the "accrual basis of accounting", as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

Governmental fund financial statements are reported using the "current financial resources measurement focus" and the "modified accrual basis of accounting". Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be "available" when they are collectable within the current period or soon enough thereafter 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, pension benefits, and post-employment healthcare benefits are recorded only when payment is due.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expense of a given program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include: 1) charges to citizens or users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported as general revenues.

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. Major individual governmental funds are reported as separate columns in the fund financial statements.

FUND ACCOUNTING

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures or expenses, as appropriate. Resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent.

Governmental Funds -

- 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 other funds.
- The construction fund accumulates resources for projects and debt payments.

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

- The Community Development Fund accounts for resources accumulated and payments made for various community development activities including housing rehabilitation, economic development, and other projects within the City. These projects are generally funded with grants, in particular, Pennsylvania Community Development Block Grants.
- Non-major governmental funds represent various capital projects, special revenues, and debt service funds. These funds include all other non-major governmental funds.

Enterprise Fund -

- The sewer system fund is used to account for all financial transactions related to the operations of the sewer system and includes the City's blended component unit, Hermitage Municipal Authority.

Fiduciary Funds -

- Fiduciary funds are used to account for assets held by the City in a trustee capacity or as a custodian for individuals, private organizations, or other governments. These include pension and other post-employment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Funds included in this category include the police pension trust fund, the other post-employment benefit healthcare funds, and the deferred compensation trust fund.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

BUDGETS AND BUDGETARY ACCOUNTING

An operating budget is adopted each year for the general fund on a modified accrual basis of accounting.

The Pennsylvania Third Class City Code dictates specific procedures relative to adoption of the City's budget and reporting of its financial statements, specifically:

The City, before levying annual municipal taxes, is required to prepare an operating budget for the succeeding fiscal year.

The City is required to prepare a proposed budget by the last stated meeting in November. The proposed budget must be available for public inspection for a period of ten (10) days, and this fact must be published in a newspaper of general circulation.

After the ten (10) days referred to above, the budget may be revised. The final budget must be completed by December 31, and an ordinance levying the taxes together with the budget, must be filed with the Department of Community and Economic Development.

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

The City may amend the budget during January; however, the ten (10) day public notice procedure referred to above must be complied with. This amended budget must be adopted by the City before the fifteenth (15th) of February and refiled with the Department of Community and Economic Development.

The City may modify the budget after final adoption provided that the appropriations, transfers, or expenditures are available within current year's revenues or borrowings allowed by law.

The budget figures reflected in the financial statements represent original appropriations of the City and do not include budget transfers.

ENCUMBRANCES

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Appropriations lapse on December 31, and encumbrances outstanding at that time are either cancelled or appropriately provided for in the subsequent year's budget.

CASH AND TEMPORARY INVESTMENTS

Cash and temporary investments consist of cash, certificates of deposit, money market accounts, and savings accounts. For these investments, cost is equal to market value.

CONSUMABLE SUPPLIES

Consumable supplies of the general fund and sewer system fund are recorded at cost. Consumable supplies of governmental funds are recorded as expenditures when consumed rather than when purchased.

INVENTORY OF LAND HELD FOR SALE

In the entity-wide financial statements, inventory of land held for sale represents the amount of costs incurred in connection with the LindenPointe Planned Technical Park that the City expects to recover from land sales within the Park.

CAPITAL ASSETS

Capital assets, which include land, land and site improvements, building and improvements, furniture and equipment, construction-in-progress, and sewer system are reported in the government-wide financial statements. The City defines capital assets as assets with an initial, individual, or group cost of more than \$ 5,000 and an estimated useful life in excess of one (1) year. Such assets are recorded at cost. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are expensed when incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

Capital assets (excluding land) of the City are depreciated using the straight-line method over the following estimated lives:

<u>ASSET CLASS -</u>	<u>YEARS</u>
Buildings and Improvements	20 - 40
Land Improvements	20
Machinery and Equipment	5 - 20
Office Equipment	5 - 15

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

FUND BALANCE

In the fund financial statements, governmental funds report aggregate amounts for five (5) classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four (4) classifications: restricted, committed, assigned, and unassigned.

Restricted Fund Balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the City Board of Commissioners - the City's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Board of Commissioners removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance - This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes but are neither restricted nor committed. The City Manager has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

Unassigned Fund Balance - This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

PROGRAM REVENUES

In the statement of activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

OPERATING REVENUES AND EXPENSES

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods or services. They also include all revenues and expenses not related to capital and related financing, non-capital financing, or investing activities.

INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund Loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund Services - Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund Reimbursements - Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund Transfers - Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

CITY OF HERMITAGE

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DECEMBER 31, 2021

1. Internal Balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as internal balances.
2. Internal Activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as transfers - internal activities. The effects of interfund services between funds, if any, are not eliminated in the statement of activities.

ASSESSED TAXES

Annually, the City levies a real estate tax in conjunction with its budget procedure. In 2021, based on a County assessed valuation, the tax rate was 5 Mills. The tax is payable at a 2 percent discount through April 30 and at a 10 percent penalty after June 30.

All uncollected real estate taxes on January 1 are filed by the elected tax collector with the County for collection. Outstanding tax levies are offset on the governmental funds balance sheet as unearned revenue - taxes so as not to be included in the City's general fund balance.

The City also levies taxes under Act 511 of 1965 (Local Tax Enabling Act): \$ 20 per capita tax, 1.75 percent earned income tax on City residents and 1.00 percent on nonresidents, 1.50 percent realty transfer tax, a \$ 47 Local Services Tax (LST), a mercantile/business privilege tax at a flat rate of \$ 200, and a mechanical devices tax of \$ 50.

CASH FLOWS

For purposes of the cash flows statement, the City considers all highly liquid debt instruments purchased with an initial maturity of three (3) months or less, to be cash equivalents.

MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflow of resources, liabilities, deferred inflow of resources and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

UNEARNED REVENUES

Unearned revenues of \$ 595,118 of the enterprise fund type represent deferred assessments due from sewer projects. The City has made it a policy to recognize the revenue from the deferred assessments as miscellaneous revenue as it is received.

CITY OF HERMITAGE

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DECEMBER 31, 2021

DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflow of resources. This represents a consumption of net position that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (as either an expense or expenditure) until that period. The City reports deferred gains on refunding and deferred contributions to the pension plan. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred contributions for the pension plan were made during the year but are after the measurement date of the actuarial report. These amounts will be recognized during the next measurement period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflow of resources. This represents an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that period. The City has three (3) items that qualify for reporting in this category: (1) Unavailable revenues - taxes received after the availability period. These are property taxes received after 60 days. They are reported as deferred inflows in the governmental funds balance sheet and will be recognized as revenue in the future. On the government-wide financial statements, governmental activities include (2) certain amounts related to pensions; and (3) certain amounts related to Other Post-Employment Benefits (OPEB).

The differences between projected and actual earnings on pension plan investments are deferred and amortized over a closed five (5) year period. The differences between expected and actual experience with regard to economic and demographic factors in the measurement of the respective pension or OPEB plan liabilities are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension and OPEB benefits through the pension and OPEB plan as of the beginning of the measurement period. Changes in pension and OPEB plan assumptions are deferred and amortized over the expected remaining service lives of employees.

RECEIVABLES FOR SEWER SERVICES

Receivables for sewer services represent billed, uncollected amounts at December 31, 2021, due from users of the City's sewer system. Receivable balances at December 31, 2021, have been reduced by an allowance for old, liened sewer fees. The allowance as of December 31, 2021, is \$ 700,000. The users are residential and commercial entities located in the City of Hermitage area.

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the City to concentration of credit risk consist principally of resident receivables. Concentrations of credit risk with respect to resident receivables are due to the nature of the business, geographic region, and financial status of the residence.

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

3. TAXES RECEIVABLE

Tax receivables of governmental activities in the entity-wide statement of net position consist of the following:

Wage and Local Service Taxes	\$ 1,817,955
Real Estate Taxes	108,169
Per Capita Taxes	<u>27,467</u>
<u>TOTAL:-</u>	<u>\$ 1,953,591</u>

4. DEPOSITS AND INVESTMENTS

The City's cash and investments, except for the investments discussed below, consist of various checking, savings accounts, money market funds, and business checking/sweep account, which are fully collateralized or guaranteed as to principal and interest via collateral arrangements or federal insurance. For these types of investments, cost is equal to market value. The carrying amount of deposits is separately displayed on the balance sheet as cash and cash equivalents. Collateral is required for demand deposits and at 100 percent of all amounts not covered by federal deposit insurance as required by Pennsylvania Pledge Act 72 (72 P.S. 3836-1 Et Seq of 1971). Obligations that may be pledged as collateral are obligations of the United States of America and its agencies.

CUSTODIAL CREDIT RISK - DEPOSITS

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. As of December 31, 2021, \$ 10,439,081 of the City's bank balance of \$ 11,310,074 was exposed to custodial credit risk as noted below:

Uninsured and Collateral Held by or for Pledging Bank, Not in the City's Name (But Subject to the Pennsylvania Pledge Act 72)	<u>\$ 10,439,081</u>
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The City's investments are governed by City resolution, and state laws and regulations.

Investment policies of the pension trust fund are governed by the City resolution, the fiduciary standards and requirements of the Employee Retirement Income Security Act of 1974 (ERISA), and other laws and regulations applicable to employee benefit plans.

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NOTES TO THE FINANCIAL STATEMENTS

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The investments of the pension fund as of December 31, 2021, are summarized below. The investments are uninsured and unregistered investments held by the financial institution's trust department as agent in the City's name:

	COST	FAIR VALUE
<u>POLICE PENSION FUND - 2021:-</u>		
<u>Mutual Funds -</u>		
Equities	\$ 6,526,466	\$ 9,628,379
Bonds	5,779,849	5,565,990
International	4,454,806	5,984,761
<u>TOTAL:-</u>	\$ 16,761,121	\$ 21,179,130
 <u>DEFERRED COMPENSATION PLAN - 2021:-</u>		
<u>Mutual Funds -</u>		
Equities	\$ 126,586	\$ 260,044
Bonds	266,181	268,080
International	124,136	161,169
<u>TOTAL:-</u>	\$ 516,903	\$ 689,293

Pension investments are not subject to any specific maturity dates.

FAIR VALUE MEASUREMENTS

The following table presents the fair value measurements of assets recognized in the accompanying fiduciary statement of net position measured at fair value on a recurring basis and the level within the GASB 72 fair value hierarchy at December 31, 2021:

	FAIR VALUE MEASUREMENTS			
		QUOTED PRICES		
	BALANCE	IN ACTIVE	SIGNIFICANT	SIGNIFICANT
	DECEMBER 31, 2021	MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	OTHER OBSERVABLE INPUTS (LEVEL 2)	UNOBSERVABLE INPUTS (LEVEL 3)
<u>ASSETS:-</u>				
<u>Police Pension</u>				
Mutual Funds	\$ 21,179,130	\$ 21,179,130	\$ -	\$ -
 <u>Deferred Compensation</u>				
Mutual Funds	\$ 689,293	\$ 689,293	\$ -	\$ -

Methods and assumptions used by the City in estimating fair values are as follows:

Stocks, Mutual Funds, and Bonds - The fair values of these financial investments are based on quoted market prices.

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

5. ASSESSMENTS RECEIVABLE

Delayed assessments receivable represents front footage of either vacant land or of undeveloped lots in excess of 200 feet. For various projects, these assessments range from \$ 18 to \$ 31 per front footage and are delayed until the property is sold, or vacant land is developed. At such time, the entire delayed assessment of the property becomes currently due. Consequently, the offset for these delayed assessments is reported as reserve for delayed assessment receivable within long-term liabilities in the accompanying statement of net position and will be recognized when the property is sold or developed.

6. LOANS RECEIVABLE

Loans receivable represent the unpaid balance on loans to qualifying City of Hermitage businesses at year-end, the Block Grant Housing Rehabilitation Program Loans, and for the sale of land.

The loan receivable of \$ 998,565, net of a \$ 50,000 allowance for uncollectable business loans at December 31, 2021, consists of \$ 387,646 for outstanding business loans, \$ 660,919 for housing rehabilitation loans.

7. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances in the governmental and proprietary funds financial statements as of December 31, 2021, is as follows:

<u>RECEIVBLE FUND</u>	<u>PAYABLE</u>	<u>AMOUNT</u>
General Fund	Community Development Fund	\$ 3,728
Construction Fund	General Fund	278,644
Community Development Fund	General Fund	184,816
Vested Sick Leave Reserve Fund	General Fund	150,000
<u>TOTAL:-</u>		<u>\$ 617,188</u>

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

INTER-FUND TRANSFERS

A reconciliation, and purpose, of transfers between funds during the year ended December 31, 2021, is as follows:

INTER-FUND TRANSFERS RECEIVED BY:-

General Fund	\$ 572,500
Sewer Fund	34,559
Construction Fund	1,312,703
Community Development Fund	262,862
Vested Sick Leave Reserve Fund	150,000
Capital Improvement Reserve Fund	708,092
Capital Equipment and Facilities Fund	319,322
	<hr/>
<u>TOTAL TRANSFERS FROM OTHER FUNDS:-</u>	<u>\$ 3,360,038</u>

INTER-FUND TRANSFERS PAID BY:-

General Fund -

Additional Funding of Construction	\$ 1,312,703
Additional Funding of Capital Equipment and Facilities	269,322
Additional Funding of Capital Improvement Costs	311,604
Additional Funding of Sewer Projects	34,559
Additional Funding of Community Development Projects	184,815
Additional Funding of Vested Sick Leave Reserve	150,000

Construction Fund -

Additional Funding of Community Development Fund Programs	75,000
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Highway Aid Fund -

Additional Funding For Highway Costs Reimbursement	570,000
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Capital Improvement Reserve Fund -

Reimbursement for Capital Improvement Costs	400,000
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Community Development Fund -

Additional Funding for Capital Improvement Costs	2,589
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2016 Bond Fund -

Additional Funding for Capital Improvement Costs	43,899
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Additional Funding of Community Development Fund Programs	3,047
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TIF Public Safety Fund -

Reimbursement for Tax Financing	2,500
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<u>TOTAL TRANSFERS TO OTHER FUNDS:-</u>	<u>\$ 3,360,038</u>
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CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

8. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2021, is as follows:

	<u>BALANCE</u> <u>JANUARY 1,</u> <u>2021</u>	<u>ADDITIONS</u>	<u>DISPOSALS</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2021</u>
<u>Governmental Activities:-</u>				
Capital Assets Not Being Depreciated -				
Land	\$ 785,027	\$ -	\$ -	\$ 785,027
<u>Capital Assets Being</u>				
<u>Depreciated -</u>				
Land and Site Improvements	5,574,429	-	-	5,574,429
Building and Building Improvements	17,452,837	-	-	17,452,837
Furniture, Fixtures, and Equipment	2,722,321	-	(179,931)	2,542,390
Vehicles	4,077,404	363,686	(342,966)	4,098,124
<u>TOTALS:-</u>	<u>30,612,018</u>	<u>363,686</u>	<u>(522,897)</u>	<u>30,452,807</u>
<u>Accumulated</u>				
<u>Depreciation For -</u>				
Land and Site Improvements	(2,459,111)	(199,134)	-	(2,658,245)
Buildings and Building Improvements	(7,953,797)	(393,860)	-	(8,347,657)
Furniture, Fixtures, and Equipment	(2,033,434)	(96,729)	179,557	(1,950,606)
Vehicles	(3,136,604)	(192,402)	340,551	(2,988,455)
<u>TOTAL ACCUMULATED</u> <u>DEPRECIATION:-</u>	<u>(15,582,946)</u>	<u>(882,125)</u>	<u>520,108</u>	<u>(15,944,963)</u>
<u>Governmental</u>				
<u>Activities Capital</u>				
<u>Assets, Net -</u>	<u>\$ 15,029,072</u>	<u>\$ (518,439)</u>	<u>\$ (2,789)</u>	<u>\$ 14,507,844</u>

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

	BALANCE JANUARY 1, 2021	ADDITIONS	DISPOSALS	BALANCE DECEMBER 31, 2021
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Business-Type Activities:-</u>				
<u>Capital Assets Not</u>				
<u>Being Depreciated -</u>				
Land	\$ 64,000	\$ -	\$ -	\$ 64,000
Construction-in-Progress	563,304	46,891	(499,767)	110,428
<u>Capital Assets Being</u>				
<u>Depreciated -</u>				
Vehicles,				
Furniture,				
Fixtures, and				
Equipment	3,404,780	902,145	-	4,306,925
Building and				
Building				
Improvements	1,021,702	1,324,815	-	2,346,517
Sewer System	81,866,655	343,452	(13,926)	82,196,181
	<u>86,920,441</u>	<u>2,617,303</u>	<u>(513,693)</u>	<u>89,024,051</u>
<u>TOTALS:-</u>				
 <u>Accumulated</u>				
<u>Depreciation For -</u>				
Vehicles,				
Furniture,				
Fixtures, and				
Equipment	(2,310,005)	(109,073)	-	(2,419,078)
Building and				
Building				
Improvements	(424,565)	(33,823)	-	(458,388)
Sewer System	(33,752,274)	(2,004,530)	13,926	(35,742,878)
	<u>(36,486,844)</u>	<u>(2,147,426)</u>	<u>13,926</u>	<u>(38,620,344)</u>
<u>TOTAL ACCUMULATED</u>				
<u>DEPRECIATION:-</u>				
	<u>(36,486,844)</u>	<u>(2,147,426)</u>	<u>13,926</u>	<u>(38,620,344)</u>
 <u>BUSINESS-TYPE</u>				
<u>ACTIVITIES -</u>				
<u>CAPITAL ASSETS,</u>				
<u>NET:-</u>	<u>\$ 50,433,597</u>	<u>\$ 469,877</u>	<u>\$ (499,767)</u>	<u>\$ 50,403,707</u>

Depreciation expense is included in the statement of activities as follows:

<u>Governmental Activities:-</u>	<u>\$ 882,125</u>
 <u>Business-Type Activities:-</u>	
Sewer System	<u>\$ 2,147,426</u>

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

9. NON-CURRENT LIABILITIES

Non-current liabilities as of December 31, 2021, consisted of the following:

GOVERNMENTAL ACTIVITIES:-

General Obligation Bonds, Series of 2021 payable for purpose of refunding the 2016 General Obligation Bonds, and for Capital Improvement Projects. Annual maturities of this issue are at interest rates varying from .75 percent to 2.00 percent through August 2034.	\$ 4,975,000
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General Obligation Note, Series of 2014 payable for purpose of refunding the 2009A General Obligation Bonds, and to fund capital projects in the City's Capital Improvement Fund. Annual maturities of this issue are at the interest rate of 2.1 percent through August 2023.	795,000
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Series of 2017 General Obligation Bonds payable for purpose of refunding the Series 2012 and Series 2012A General Obligation Bonds. Annual maturities of this issue are at interest rates varying from 2.0 percent to 2.62 percent through August 2029.	<u>6,020,000</u>
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<u>SUBTOTAL - NOTES AND BONDS:-</u>	11,790,000
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Advanced Deposit	807,752
Special Termination Benefits (See Note "10")	286,487
OPEB (See Note "11")	3,088,893
Deferred Amounts for Issuance Discount	<u>(1,182)</u>

<u>TOTAL NON-CURRENT LIABILITIES:-</u>	15,971,950
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<u>CURRENT PORTION:-</u>	<u>(843,469)</u>
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<u>TOTAL NON-CURRENT LIABILITIES - GOVERNMENTAL ACTIVITIES:-</u>	<u>\$ 15,128,481</u>
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CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

Non-current liability activity for the year ended December 31, 2021, is as follows:

	BALANCE JANUARY 1, 2021	BORROWING	PAYMENTS OR ACCRETIONS	BALANCE DECEMBER 31, 2021	DUE WITHIN ONE YEAR
<u>Bonds Payable -</u>					
General Obligation					
Note - 2014	\$ 1,535,000	\$ -	\$ (740,000)	\$ 795,000	\$ 755,000
Series of 2016 Bonds	2,010,000	-	(2,010,000)	-	-
Refunding Series					
2017 Bonds	6,110,000	-	(90,000)	6,020,000	95,000
Series of 2021 Bonds	-	4,990,000	(15,000)	4,975,000	5,000
Deferred Amounts for Issuance Discount/ Premium (Net)	(138,782)	113,834	23,766	(1,182)	(11,531)
	<u>9,516,218</u>	<u>5,103,834</u>	<u>(2,831,234)</u>	<u>11,788,818</u>	<u>843,469</u>
<u>TOTAL BONDS AND, NOTES, PAYABLE, NET:-</u>	9,516,218	5,103,834	(2,831,234)	11,788,818	843,469
Advanced Deposit	-	807,752	-	807,752	-
Special Termination Benefits (Note "10")	290,616	-	(4,129)	286,487	-
OPEB (Note "11")	3,093,832	-	(4,939)	3,088,893	-
	<u>3,384,248</u>	<u>807,752</u>	<u>(9,068)</u>	<u>3,382,932</u>	<u>-</u>
<u>NET TOTAL GOVERNMENTAL ACTIVITIES, PAYABLE, NET:-</u>	<u>\$ 12,900,666</u>	<u>\$ 5,911,586</u>	<u>\$ (2,840,302)</u>	<u>\$ 15,971,950</u>	<u>\$ 843,469</u>

NON-CURRENT LIABILITIES

The above liabilities are generally paid through general fund appropriations.

Interest expense (including amortization of \$ 11,531 as discussed below) incurred by the City for governmental activities totals \$ 275,797 for the year ended December 31, 2021.

Following is a schedule of accrued interest as of December 31, 2021:

General Obligation Note 2014	\$ 5,857
Series of 2021 Bonds	37,172
Series of 2017 Bonds	<u>51,982</u>
<u>TOTAL:-</u>	<u>\$ 95,011</u>

The net discounts and premiums on the bonds are being amortized as interest expense over the lives of the bonds. During the year ended December 31, 2021, \$ 11,531 was charged to interest expense.

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

The following is a schedule of approximate maturities of the note and bonds for governmental activities as of December 31, 2021:

	GENERAL OBLIGATION NOTE - 2014	SERIES OF 2021 BONDS	REFUNDING SERIES OF 2017 BONDS
2022	\$ 755,000	\$ 5,000	\$ 95,000
2023	40,000	5,000	830,000
2024	-	5,000	885,000
2025	-	5,000	905,000
2026	-	10,000	920,000
2027 - 2031	-	2,600,000	2,385,000
2032 - 2034	-	2,345,000	-
<u>TOTAL:-</u>	<u>\$ 795,000</u>	<u>\$ 4,975,000</u>	<u>\$ 6,020,000</u>

	TOTAL PRINCIPAL	TOTAL INTEREST	TOTAL DEBT SERVICE
2022	\$ 855,000	\$ 254,438	\$ 1,109,438
2023	875,000	236,646	1,111,646
2024	890,000	219,168	1,109,168
2025	910,000	201,431	1,111,431
2026	930,000	182,162	1,112,162
2027 - 2031	4,985,000	564,791	5,549,791
2032 - 2034	2,345,000	76,400	2,421,400
<u>TOTAL:-</u>	<u>\$ 11,790,000</u>	<u>\$ 1,735,036</u>	<u>\$ 13,525,036</u>

BUSINESS-TYPE ACTIVITIES:-

Long-term debt of business-type activities consists of the following loans of the Authority, which are guaranteed by the City:

Guaranteed Sewer Revenue Bonds:

Series of 2021 Guaranteed Sewer Revenue Bonds at 3.00 percent to 4.00 percent, maturing 2022 to 2033 (A)	\$ 9,185,000
Series A of 2020 Guaranteed Sewer Revenue Bonds at 1.50 percent to 2.125 percent, maturing 2021 to 2034 (B)	1,265,000
Series B of 2020 Guaranteed Sewer Revenue Bonds at 2.125 percent to 2.250 percent, maturing 2034 to 2036 (C)	4,140,000
Series C of 2020 Guaranteed Sewer Revenue Bonds at 2.00 percent to 4.00 percent, maturing 2021 to 2033 (D)	<u>13,555,000</u>
<u>TOTAL SEWER REVENUE BONDS PAYABLE:-</u>	28,145,000

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

<u>LESS:</u> Current Portion, Net of Bond Discount/Premium	(1,779,559)
Net Long-Term Deferred Amount for Issuance Discount and Premium	<u>3,160,559</u>
<u>BONDS PAYABLE, NET:-</u>	<u>29,526,000</u>

- (A) During 2021, the Authority issued \$ 9,185,000 of Series 2021 Guaranteed Sewer Revenue Bonds with interest rates ranging from 3.00 percent to 4.000 percent, maturing 2033, to refund a portion of the Authority's outstanding Guaranteed Sewer Revenue Bonds, Series of 2016; pay the premium on a debt service reserve fund surety bond, fund various capital projects of the Authority, and pay the cost of issuing the Bonds.
- (B) During 2020, the Authority issued \$ 1,270,000 of Series A 2020 Guaranteed Sewer Revenue Bonds to currently refund a portion of the Authority's outstanding Guaranteed Sewer Revenue Bonds Series B of 2012, pay the premium on a debt service reserve fund surety bond, and pay the cost of issuing the Bonds.
- (C) During 2020, the Authority issued \$ 4,140,000 of Series B 2020 Guaranteed Sewer Revenue Bonds to finance various projects, pay the premium on a debt service reserve fund surety bond, and pay the cost of issuing the Bonds.
- (D) During 2020, the Authority issued \$ 15,005,000 of Series C Guaranteed Sewer Revenue Bonds to currently refund a portion of the Authority's outstanding Guaranteed Sewer Revenue Bonds Series A, B, and C of 2012 and the Series 2015 bonds, pay the premium on a debt service reserve surety bond, and pay the cost of issuing the Bonds.

Sewer Revenue Note:

PENNVEST loan for upgrade and expansion of the wastewater treatment plant at 1.00 percent to 1.06 percent, maturing to 2034. The balance represents drawdowns net of repayments as of December 31, 2021. 8,160,479

<u>LESS:</u> Current Portion	(<u>675,965</u>)
<u>NOTE PAYABLE, NET:-</u>	<u>7,484,514</u>
<u>SUBTOTAL - NOTE AND BONDS:-</u>	37,010,514

Reserve for Delayed Assessment Receivable	595,118
OPEB (See Note "11")	<u>530,765</u>

<u>TOTAL NON-CURRENT LIABILITIES - BUSINESS-TYPE ACTIVITIES:-</u>	<u>\$ 38,136,397</u>
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CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

Business-type activities long-term liability activity for the year ended December 31, 2021, is as follows:

	BALANCE JANUARY 1, 2021	BORROWING	PAYMENTS OR ACCRETIONS	BALANCE DECEMBER 31, 2021	DUE WITHIN ONE YEAR
<u>Bonds Payable -</u>					
Series of 2021 -					
Sewer Revenue Bonds	\$ -	\$ 9,185,000	\$ -	\$ 9,185,000	\$ 15,000
Series of 2016 -					
Sewer Revenue Bonds	8,935,000	-	(8,935,000)	-	-
Series A of 2020 -					
Sewer Revenue Bonds	1,270,000	-	(5,000)	1,265,000	5,000
Series B of 2020 -					
Sewer Revenue Bonds	4,140,000	-	-	4,140,000	-
Series C of 2020 -					
Sewer Revenue Bonds	15,005,000	-	(1,450,000)	13,555,000	1,485,000
<u>SUBTOTAL - BONDS:-</u>	29,350,000	9,185,000	(10,390,000)	28,145,000	1,505,000
Deferred Amounts for Issuance Discount	(123,944)	-	61,116	(62,828)	(4,378)
Deferred Amounts for Issuance Premium	1,869,748	1,610,058	(256,418)	3,223,388	278,937
<u>TOTAL - BONDS PAYABLE, NET:-</u>	<u>\$ 31,095,804</u>	<u>\$ 10,795,058</u>	<u>\$ (10,585,302)</u>	<u>\$ 31,305,560</u>	<u>\$ 1,779,559</u>
Note Payable	<u>\$ 8,829,314</u>	<u>\$ -</u>	<u>\$ (668,834)</u>	<u>\$ 8,160,480</u>	<u>\$ 675,965</u>

The above liabilities are paid through sewer fund appropriations.

The refunding of the 2012 Series A, B and C Bonds, the 2015 Series Bonds, and the 2016 Series Bonds generated a deferred charge on refunding of \$ 837,666, which is being amortized over the shorter of the life of the refunded or refunding debt. Amortization of the deferred charge on refunding charged to interest expense amounted to \$ 82,240 for the year ending December 31, 2021.

The refunding of the 2012 Series A Bonds generated a deferred credit on refunding of \$ 77,960, which is being amortized over the shorter of the life of the refunded or refunding debt. Amortization of the deferred credit on refunding credited to interest expense amounted to \$ 25,984 for the year ended December 31, 2021.

Original issue discount in the amount of \$ 49,726 as of December 31, 2021 for the 2020 Series A & B Bonds is being amortized using the straight-line method over the life of the 2020 Series A & B Bonds. Amortization of original issue discount charged to interest expense amounted to \$ 3,574 for the year ended December 31, 2021.

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Original issue premium in the amount of \$ 1,941,661 as of December 31, 2021 for the 2020 Series C Bonds is being amortized using the straight-line method over the life of the 2020 Series C Bonds. Original issue premium in the amount of \$ 1,610,058 as of December 31, 2021 for the 2021 Series Bonds is being amortized using the straight-line method over the life of the 2021 Series Bonds. Amortization of original issue premium credited to interest expense amounted to \$ 256,419 for the year ended December 31, 2021.

All bonds of the Authority are guaranteed by the City.

In connection with the bond indentures, rather than fund a debt service reserve account for the various bond issuances, the Authority has issued surety bonds, for the benefit of the bond trustee, U. S. Bank National Association. The following is a summary of the outstanding surety bonds at December 31, 2021:

<u>DESCRIPTION</u>	<u>SURETY BOND AMOUNT</u>
Series of A and B of 2020 Guaranteed Sewer Revenue Bonds	\$ 541,000
Series C of 2020 Guaranteed Sewer Revenue Bonds	\$ 1,500,500
Series of 2021 Guaranteed Sewer Revenue Bonds	\$ 918,500

The following is a schedule of accrued interest as of December 31, 2021:

<u>Bonds Payable -</u>	
Series of 2021	\$ 152,228
Series A of 2020	10,729
Series B of 2020	37,797
Series C of 2020	<u>219,730</u>
<u>TOTAL BONDS PAYABLE:-</u>	420,484
Note Payable	<u>7,215</u>
<u>TOTAL:-</u>	<u>\$ 427,699</u>

Interest expense (including amortization discussed above) for business-type activities in the entity-wide financial statements totaled \$ 893,223 for the year ended December 31, 2021.

CITY OF HERMITAGE

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The approximate payments required for the general long-term debt to maturity are as follows:

	SERIES OF 2021 BONDS		SERIES A OF 2020 BONDS		SERIES B OF 2020 BONDS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2022	\$ 15,000	\$ 365,125	\$ 5,000	\$ 25,713	\$ -	\$ 90,713
2023	190,000	362,050	5,000	25,638	-	90,713
2024	1,650,000	326,200	5,000	25,563	-	90,713
2025	1,720,000	258,800	5,000	25,488	-	90,713
2026	835,000	207,700	5,000	25,413	-	90,713
2027 - 2031	4,205,000	541,900	25,000	125,625	-	453,563
2032 - 2036	570,000	32,000	1,215,000	46,988	4,140,000	291,844
<u>TOTALS:-</u>	<u>\$ 9,185,000</u>	<u>\$ 2,093,775</u>	<u>\$ 1,265,000</u>	<u>\$ 300,428</u>	<u>\$ 4,140,000</u>	<u>\$ 1,198,972</u>

	SERIES C OF 2020 BONDS		PENNVEST	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2022	\$ 1,485,000	\$ 505,075	\$ 675,965	\$ 83,302
2023	1,365,000	455,500	683,172	76,095
2024	5,000	428,100	690,456	68,811
2025	5,000	427,900	697,818	61,450
2026	960,000	408,600	705,258	54,010
2027 - 2031	5,915,000	1,380,700	3,640,693	155,642
2032 - 2036	3,820,000	139,200	1,067,117	8,411
<u>TOTALS:-</u>	<u>\$ 13,555,000</u>	<u>\$ 3,745,075</u>	<u>\$ 8,160,479</u>	<u>\$ 507,721</u>

	TOTAL PRINCIPAL	TOTAL INTEREST	TOTAL DEBT SERVICE
2022	\$ 2,180,965	\$ 1,069,928	\$ 3,250,893
2023	2,243,172	1,009,996	3,253,168
2024	2,350,456	939,387	3,289,843
2025	2,427,818	864,351	3,292,169
2026	2,505,258	786,436	3,291,694
2027 - 2031	13,785,693	2,657,430	16,443,123
2032 - 2036	10,812,117	518,443	11,330,560
<u>TOTALS:-</u>	<u>\$ 36,305,479</u>	<u>\$ 7,845,971</u>	<u>\$ 44,151,450</u>

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The Local Government Unit Debt Act (LGUDA) establishes a limit on the amount of debt a Local Government may incur. Under LGUDA, the City cannot incur more than 250 percent of its borrowing base for nonelectoral debt and 350 percent of its borrowing base for nonelectoral debt plus lease rental. The borrowing base is defined as the annual arithmetic average of the "Total Revenues" (as defined in the LGUDA) for the three (3) full years then ended.

As of December 31, 2021, the total nonelectoral debt Legal Limit was approximately \$ 34.2 million and the total nonelectoral debt plus lease rental debt Legal Limit was approximately \$ 47.9 million. The total nonelectoral debt outstanding was approximately \$ 11.8 million or 34.5 percent of the Legal Limit. The nonelectoral debt plus lease rental debt outstanding was approximately \$ 14.7 million or 31.0 percent of the Legal Limit.

10. SPECIAL TERMINATION BENEFITS

Non-uniform employees of the City, excluding management employees, receive payments upon retirement (age 60 with 15 years of service) of \$ 40 for each accumulated sick day up to 155 days, with a maximum benefit of \$ 6,200. There are currently five (5) non-uniform employees eligible for such days as of December 31, 2021, amounting to a total benefit of \$ 21,844.

Non-uniform management employees, excluding police department employees, receive payments for accumulated sick days upon retirement (age 60 with 15 years of service) or \$ 50 for each accumulated sick day up to 180 days, with a maximum benefit of \$ 9,000. There are currently four (4) non-uniform management employees eligible for such days as of December 31, 2021, amounting to a total benefit of \$ 25,785.

Police Officers and Police Management employees, hired before May 7, 1998, receive payments upon retirement (upon ten [10] years of service) of their current daily rate for each accumulated sick day up to 155 days. There are currently six (6) police employees eligible for such days as of December 31, 2021, amounting to a total benefit of \$ 238,858.

Special termination benefits total \$ 286,487 at December 31, 2021, and have been recorded in the governmental activities of the government-wide financial statements.

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

GENERAL INFORMATION ABOUT THE PLANS

PLAN DESCRIPTION

The City administers two (2) single-employer defined benefit plans that are used to provide post-employment benefits other than pensions for certain retired employees, in accordance with the terms of their applicable employment contracts. Because not all active participants contribute to the OPEB Trust, there are two (2) plans under GASB accounting rules; a partially funded and an unfunded plan. Management of the OPEB plans is vested with the City Commissioners.

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

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PLAN BENEFITS

In addition to the pension benefits disclosed in Note "12", resolutions of the City Commissioners, State statutes, and labor agreements have provided for certain post-employment benefits, other than pension benefits, known as OPEB to be provided to retirees or their beneficiaries. Such benefits are primarily funded through annual appropriations from the City's general fund and/or trusts designated for those purposes. Post-retirement benefits consist of health care, prescription drug and life insurance benefits for municipal employees and police officers. Benefit provisions for the plans are established and amended through negotiations between the City and the respective unions. Separate financial statements are not available.

All full-time employees of the plan sponsor are eligible for retiree health care, prescription drug and life insurance benefits subject to age and service requirements. Police employees are eligible upon the attainment of age 50 with 25 years of service. Municipal employees are eligible upon the attainment of age 60 with 15 years of service.

For all employees, the employer will pay 100 percent of the cost of the medical and prescription plan for retirees only, comparable to the plan covering current employees. If the retired employee elects to have his or her spouse included in the medical and prescription plan, the retired employee shall pay that portion of the premium attributable to the spouse's coverage. For retired police employee, medical insurance and prescription plan shall be provided from the time of retirement until the retiree becomes eligible for Medicare, however, in no case will the coverage extend past the retiree's 67th birthday. For retired municipal employees, medical insurance and prescription plan shall be provided from the time of retirement until the retiree becomes eligible for Medicare. For all retirees, should the retiree accept employment and the new employer offers medical insurance and/or prescription drug coverage to the retiree, the retiree is required to notify the City at such time as he accepts employment with another employer.

All police employees hired after January 1, 2013, will contribute 1.50 percent of all base wages, as defined, into a post-retirement health care plan to offset the future costs of the employees' healthcare retirement benefits. All municipal employees hired on or after May 1, 2014, will contribute 1.50 percent of all base wages, as defined, into a post-retirement health care plan to offset the future costs of the employees' healthcare retirement benefits.

Upon retirement, a police employee is provided a term life insurance policy of \$ 5,000 to be paid by the City. The life insurance policy is available to an employee after 25 years of service and age 50. Upon retirement, all municipal employees who retire prior to May 1, 2006 and prior to retirement attain both 15 years of service and 60 years of age, shall be provided a term life insurance policy of \$ 2,500 to be paid by the City. Municipal employees who retire after May 1, 2006 and prior to retirement attain both 15 years of service and 60 years of age, shall be provided a term life insurance policy of \$ 5,000 to be paid by the City.

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

EMPLOYEES COVERED BY BENEFIT TERMS

At December 31, 2019, the date of the most recent actuarial valuation, the OPEB plans membership consisted of the following:

	PARTIALLY FUNDED PLAN	UNFUNDED PLAN
Active participants	24	74
Participants receiving benefits	-	54
<u>TOTAL PARTICIPANTS:-</u>	<u>24</u>	<u>128</u>

CHANGE IN NET OPEB LIABILITY - PARTIALLY FUNDED PLAN

The following table shows the changes in total OPEB liability, the plan fiduciary net position, and the net OPEB liability as of December 31, 2021:

	PARTIALLY FUNDED PLAN		
	TOTAL OPEB LIABILITY (a)	PLAN FIDUCIARY NET POSITION (b)	NET OPEB LIABILITY (a) - (b)
<u>BALANCES AT DECEMBER 31, 2020:-</u>	\$ 197,807	\$ 51,458	\$ 146,349
<u>CHANGES FOR THE YEAR:-</u>			
Service Cost	48,596	-	48,596
Interest	5,519	-	5,519
Differences Between Expected and Actual Experience	(752)	-	(752)
Changes of Assumptions or Other Inputs	(6,462)	-	(6,462)
Contributions - Employer	-	-	-
Contributions - Plan Member	-	16,893	(16,893)
Net Investment Income	-	107	(107)
Benefit Payments, Including Refunds of Employee Contributions	(1,336)	(1,336)	-
<u>NET CHANGES:-</u>	45,565	15,664	29,901
<u>BALANCES AT DECEMBER 31, 2021:-</u>	<u>\$ 243,372</u>	<u>\$ 67,122</u>	<u>\$ 176,250</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		<u>27.58%</u>	

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

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CHANGE IN NET OPEB LIABILITY - UNFUNDED PLAN

The following table shows the changes in total OPEB liability, the plan fiduciary net position, and the net OPEB liability as of December 31, 2021:

	UNFUNDED PLAN		
	TOTAL OPEB LIABILITY (a)	PLAN FIDUCIARY NET POSITION (b)	NET OPEB LIABILITY (a) - (b)
<u>BALANCES AT DECEMBER 31, 2020:-</u>	\$ 3,412,242	\$ -	\$ 3,412,242
<u>CHANGES FOR THE YEAR:-</u>			
Service Cost	179,824	-	179,824
Interest	68,081	-	68,081
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions or Other Inputs	(97,586)	-	(97,586)
Contributions - Employer	-	119,154	(119,154)
Contributions - Plan Member	-	-	-
Net Investment Income	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(119,154)	(119,154)	-
<u>NET CHANGES:-</u>	<u>31,165</u>	<u>-</u>	<u>31,165</u>
<u>BALANCES AT DECEMBER 31, 2021:-</u>	<u>\$ 3,443,407</u>	<u>\$ -</u>	<u>\$ 3,443,407</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		<u>0.00%</u>	

ACTUARIAL METHODS AND ASSUMPTIONS AND CHANGE IN ACTUARIAL ASSUMPTION

The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Partially Funded Plan:-

General -

- Reporting date is December 31, 2021, the end of the employer's fiscal year.
- Measurement date is December 31, 2021.
- Valuation date used for December 31, 2021 measurement is December 31, 2019.
- Valuation date used for December 31, 2020 measurement is December 31, 2019.

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

Actuarially Determined Contribution -

- None - The employer does not contribute to the fund.

GASB 75 Disclosure -

- Discount rate:
 - 2.45% at December 31, 2021 measurement date
 - 2.25% at December 31, 2020 measurement date
- Long - Term expected rate of return on plan assets net of investment expenses (LTRR):
 - 2.75% at December 31, 2021 measurement date
 - 2.75% at December 31, 2020 measurement date
 - The City has selected this rate based on return expectations of its investment advisors and the investment allocation guidelines as described in the Plan's Investment Policy Statement.
- Projected date at which assets will be insufficient to pay annual benefits: 2045
 - Method:

A projection of Plan Net Fiduciary Position was performed in order to determine if a depletion date was reached. Benefit payments were projected from the December 31, 2020 measurement date for the closed group of plan participants on that date. Future employer and employee contribution rates were assumed to remain at the same rates of \$ - 0 - per year and 1.5% of pay, respectively. Future new entrants are not included in the projection of future contributions since contributions do not cover their service cost.
 - Open Group Analysis: None
 - Municipal Bond Rate (MBR): S&P Municipal Bond 20 Year High Grade Index YTM
 - 2.25% at December 31, 2021 measurement date
 - 1.93% at December 31, 2020 measurement date
 - Periods of projected benefit payments
 - Discounted at LTRR: through 2045
 - Discounted at MBR: 2046 and later
- All other actuarial assumptions used for the calculation of Total OPEB Liability for GASB 75 reporting purposes are described in the December 31, 2019 Actuarial Valuation Report.

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

Unfunded Plan:-

General -

- Reporting date is December 31, 2021, the end of the employer's fiscal year.
- Measurement date is December 31, 2021.
- Valuation date used for December 31, 2021 measurement is December 31, 2019.
- Valuation date used for December 31, 2020 measurement is December 31, 2019.

Actuarially Determined Contribution -

- None.

GASB 75 Disclosure -

- Discount rate:
 - 2.25% at December 31, 2021 measurement date
 - 1.93% at December 31, 2020 measurement date

 - Municipal Bond Rate (MBR): S&P Municipal Bond 20 Year High Grade Index YTM
 - 2.25% at December 31, 2021 measurement date
 - 1.93% at December 31, 2020 measurement date
- All other actuarial assumptions used for the calculation of Total OPEB Liability for GASB 75 reporting purposes are described in the December 31, 2019 Actuarial Valuation Report.

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NOTES TO THE FINANCIAL STATEMENTS

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Mortality Table - RP-2000 health annuitant, with adjustments to reflect plan mortality experience

	<u>ANNUAL TREND RATES</u>	
	<u>PARTIALLY FUNDED PLAN</u>	<u>UNFUNDED PLAN</u>
Healthcare Cost Trend Rates:		
<u>YEAR:-</u>		
2022	6.25%	6.25%
2023	6.00%	6.00%
2024	5.75%	5.75%
2025	5.50%	5.50%
2026	5.25%	5.25%
2027	5.00%	5.00%
2028	5.00%	5.00%
2029 - 2050	5.00%	5.00%
2051 - 2069	4.50%	4.50%
2070 and Later	4.00%	4.00%

DISCOUNT RATE

The discount rate used to measure the total OPEB liability was 2.45 percent for the partially funded plan and 2.25 percent for the unfunded plan. This is the equivalent single rate that produces equivalent measurements to a full yield curve of high-quality corporate bond rates. While this is a market consistent present value measure of liabilities, the Plan sponsor's financial health and default risk were not considered.

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN DISCOUNT RATE - PARTIALLY FUNDED PLAN

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>PARTIALLY FUNDED PLAN</u>		
	<u>1% DECREASE</u>	<u>CURRENT DISCOUNT RATE</u>	<u>1% INCREASE</u>
	<u>1.45%</u>	<u>2.45%</u>	<u>3.45%</u>
Total OPEB Liability	\$ 277,276	\$ 243,372	\$ 213,552
Plan Fiduciary Net Position	(67,122)	(67,122)	(67,122)
<u>NET OPEB LIABILITY:-</u>	<u>\$ 210,154</u>	<u>\$ 176,250</u>	<u>\$ 146,430</u>

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATE - PARTIALLY FUNDED PLAN

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>PARTIALLY FUNDED PLAN</u>		
	<u>1% DECREASE</u>	<u>CURRENT RATE</u>	<u>1% INCREASE</u>
Initial Rate:	5.25%	6.25%	7.25%
Ultimate Rate:	<u>3.00%</u>	<u>4.00%</u>	<u>5.00%</u>
Total OPEB Liability	\$ 195,412	\$ 243,372	\$ 303,626
Plan Fiduciary Net Position	<u>(67,122)</u>	<u>(67,122)</u>	<u>(67,122)</u>
<u>NET OPEB LIABILITY:-</u>	<u>\$ 128,290</u>	<u>\$ 176,250</u>	<u>\$ 236,504</u>

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN DISCOUNT RATE - UNFUNDED PLAN

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>UNFUNDED PLAN</u>		
	<u>1% DECREASE</u>	<u>CURRENT DISCOUNT RATE</u>	<u>1% INCREASE</u>
	<u>1.25%</u>	<u>2.25%</u>	<u>3.25%</u>
Total OPEB Liability	\$ 3,761,244	\$ 3,443,407	\$ 3,159,791
Plan Fiduciary Net Position	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET OPEB LIABILITY:-</u>	<u>\$ 3,761,244</u>	<u>\$ 3,443,407</u>	<u>\$ 3,159,791</u>

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SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATE - UNFUNDED PLAN

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>UNFUNDED PLAN</u>		
	<u>1% DECREASE</u>	<u>CURRENT RATE</u>	<u>1% INCREASE</u>
Initial Rate:	5.25%	6.25%	7.25%
Ultimate Rate:	<u>3.00%</u>	<u>4.00%</u>	<u>5.00%</u>
Total OPEB Liability	\$ 3,095,106	\$ 3,443,407	\$ 3,851,108
Plan Fiduciary Net Position	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET OPEB LIABILITY:-</u>	<u>\$ 3,095,106</u>	<u>\$ 3,443,407</u>	<u>\$ 3,851,108</u>

FUNDING POLICY

The City's contribution is based on projected pay-as-you-go financing requirements and is funded through the general fund. For the year ended December 31, 2021, the City contributed \$ 119,154 to the plan.

CONTRIBUTIONS

OPEB plan contribution rates are based on an actuarially determined rate. Employees are not required to make contributions for basic life insurance. Employees contribute to health care costs at a flat rate based on wages and family size.

OPEB EXPENSE AND DEFERRED OUTFLOW OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2021, the City recognized expense of \$ 257,297. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

	<u>PARTIALLY FUNDED PLAN</u>	<u>UNFUNDED PLAN</u>	<u>TOTAL</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:-</u>			
Differences Between Expected and Actual Experience	\$ 5,563	\$ 30	\$ 5,593
Changes of Assumptions or Other Inputs	7,556	147,632	155,188
Net Difference Between Projected and Actual Earnings on Trust Investments	2,124	-	2,124
	<u>15,243</u>	<u>147,662</u>	<u>162,905</u>
<u>TOTAL DEFERRED OUTFLOWS OF RESOURCES:-</u>	<u>\$ 15,243</u>	<u>\$ 147,662</u>	<u>\$ 162,905</u>
<u>DEFERRED INFLOWS OF RESOURCES:-</u>			
Differences Between Expected and Actual Experience	\$ 1,994	\$ 120,419	\$ 122,413
Changes of Assumptions or Other Inputs	22,397	114,213	136,610
	<u>24,391</u>	<u>234,632</u>	<u>259,023</u>
<u>TOTAL DEFERRED INFLOWS OF RESOURCES:-</u>	<u>\$ 24,391</u>	<u>\$ 234,632</u>	<u>\$ 259,023</u>
<u>YEAR ENDING DECEMBER 31,</u>	<u>PARTIALLY FUNDED PLAN</u>	<u>UNFUNDED PLAN</u>	<u>TOTAL</u>
2022	\$ (31)	\$ (26,170)	\$ (26,201)
2023	(124)	(26,170)	(26,294)
2024	(198)	(18,845)	(19,043)
2025	(419)	(15,785)	(16,204)
2026	(724)	-	(724)
Thereafter	(7,652)	-	(7,652)
<u>TOTAL:-</u>	<u>\$ (9,148)</u>	<u>\$ (86,970)</u>	<u>\$ (96,118)</u>

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NOTES TO THE FINANCIAL STATEMENTS

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12. DEFINED BENEFIT PENSIONS

MUNICIPAL PENSION PLAN

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PENSION

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Pennsylvania Municipal Retirement System (PMRS Pension Plan) and, additions to/deductions from PMRS Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the PMRS Pension 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.

GENERAL INFORMATION ABOUT THE PENSION PLAN

PLAN DESCRIPTION

The Municipal Pension Plan of the City of Hermitage (Municipal Plan) is controlled by Ordinance No. 06-2015 pursuant to Act 15 of 1974. Every full-time employee of the City not covered by the Policemen's Plan is required to join the Municipal Plan. The Municipal Plan is a single employer defined benefit plan and its purpose is to provide retirement, disability, and death benefits to its members and their beneficiaries. The City and members of the Municipal Plan are required to make contributions to the Municipal Plan for the purpose of paying benefits and administrative expenses. The Municipal Plan is administered by PMRS, which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. The Municipal Plan shall be governed by, and interpreted and enforced in accordance with, the Pennsylvania Municipal Retirement Law (PMRL). The PMRL grants authority to establish and amend the benefit terms to the Authority and the PMRS Board (Board). PMRS issues a separate Annual Comprehensive Financial Report (ACFR). The ACFR is available on the PMRS website at www.pmrs.state.pa.us. A copy of the ACFR can be obtained by contacting the PMRS accounting office.

BENEFIT PROVISIONS

Retirement benefits are available at the employee's option upon the attainment of age 60 and completion of ten (10) years of service, normal retirement. A plan member who voluntarily terminates service after 24 years may apply for early retirement benefits and is eligible for early retirement upon attainment of age 50. For early retirees, benefit payments will be actuarially reduced for each year or partial year thereof prior to 60 years of age that early retirement takes place. Upon completion of eight (8) years of service, a member whose service is involuntarily terminated may apply for early retirement benefits.

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NOTES TO THE FINANCIAL STATEMENTS

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Employees who become permanently disabled during the performance of their duties and who are unable to continue to perform those duties are eligible to receive a disability pension. Employees who otherwise become disabled are eligible for a disability pension if ten (10) years of service have been completed.

Normal monthly retirement benefits are determined based on a member's final salary and years of credited service, multiplied by a factor of 1.25 to 2 percent. In no event shall the annual basic benefit exceed 50 percent of the member's final salary.

A member who terminates service may elect to receive a lump-sum payment. In addition, a member may elect to receive retirement benefits via a joint or survivor annuity option.

A survivor benefit is available to the surviving spouse upon the death of an active member eligible for early retirement. The benefit amount is equal to 50 percent of the member's pension had the member retired at the date of death. A survivor benefit equal to the excess of the member's contributions over the retirement benefits paid is provided to the beneficiary of a member whose death occurs after the retirement date. The member's contributions are returned to the beneficiary of a member whose death occurs prior to eligibility for early retirement.

EMPLOYEES COVERED BY BENEFIT TERMS

At December 31, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries	
Currently Receiving Benefits	47
Inactive Employees Entitled to, But	
Not Yet Receiving Benefits	3
Active Employees	<u>70</u>
 <u>TOTAL:-</u>	 <u><u>120</u></u>

CONTRIBUTIONS

Act 205 requires that annual contributions be based upon the Municipal Plan's Minimum Municipal Obligation (MMO). The MMO is based upon the Municipal Plan's biennial actuarial valuation. In accordance with the Municipal Plan's governing ordinance, members hired prior to May 1, 2010, shall contribute 3.50 percent of their compensation to the Municipal Plan. Members hired after May 1, 2010, contribute 5.0 percent of their compensation to the Municipal Plan. Employer contributions to the Municipal Plan amounted to \$ 393,351 for the year ended December 31, 2020.

The Municipal Plan may also be eligible to receive an allocation of State aid from the General Municipal Pension System State Aid Program, which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and State aid must be paid by the municipality under Act 205.

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

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ACTUARIAL ASSUMPTIONS

The total pension liability was determined using a measurement date of December 31, 2020 based on the actuarial valuation one year prior then rolled forward to this date, using the following actuarial assumptions:

	<u>Municipal Pension Plan</u>
Actuarial valuation date	January 1, 2021
Actuarial cost method	Entry Age Normal

Actuarial Assumptions:

Investment rate of return	5.25%
Projected salary increases	3.3% compounded annually
Underlying inflation rate	2.2% per year

Healthy Life Mortality - Pre-Retirement:

- Male - PUB-2010 General Employee Male Table
- Female - PUB-2010 General Employee Female Table

Healthy Life Mortality - Post-Retirement:

- Male - RP-2006 Annuitant Male Table
- Female - RP-2006 Annuitant Female Table

The actuarial assumptions are based on the PMRS Experience Study for the period covering January 1, 2014 through December 31, 2018, issued by the actuary in September 2020, covering the defined benefit plan participants and all retirees, as well as subsequent assumption change approved by the Board. These assumption changes from the Experience Study are first being used for the December 31, 2020 measurement date. Effective with the December 31, 2016 measurement date, the Investment Return Assumption for municipal assets decreased from 5.50 percent to 5.25 percent.

Long - Term Expected Rate of Return - The Long - Term expected real rate of return on PMRS Pension Plan investments was determined using a building block method in which best estimate of expected future nominal rates of return (net of investment expenses) are developed for each asset class. These ranges are combined to produce the System's Long - Term expected real rate of return by calculating the weighted expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The following was the asset allocation policy and best estimates of geometric real rates of return for each utilized asset class included in the PMRS Pension Plan's target asset allocation as of December 31, 2020:

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NOTES TO THE FINANCIAL STATEMENTS

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<u>ASSET CLASS -</u>	<u>TARGET ASSET ALLOCATION</u>	<u>NOMINAL NET RATE OF RETURN</u>	<u>LONG-TERM EXPECTED REAL RATE OF RETURN</u>
Domestic Equities (Large Capitalized Firms)	25.0%	7.6%	5.3%
Domestic Equities (Small Capitalized Firms)	15.0%	8.3%	6.1%
International Equities (International Developed Markets)	15.0%	7.8%	5.5%
International Equities (Emerging Markets)	10.0%	8.2%	6.0%
Real Estate	15.0%	7.5%	5.3%
Timber	5.0%	6.0%	3.8%
Fixed Income	15.0%	4.1%	1.9%
 <u>TOTAL PORTFOLIO:-</u>	 <u>100.0%</u>	 <u>7.8%</u>	 <u>5.6%</u>

Based on the aforementioned methodology, the Board established the System's Long - Term Expected Rate of Return at 7.80 percent.

In addition to determining the System's Long - Term Expected Rate of Return, the PMRS Board, under the laws of the Commonwealth of Pennsylvania (Act 15 of 1974), is obligated to develop and apply the Regular Interest Rate to each of the individual participating municipalities' actuarial asset accounts held by PMRS. The rationale for the difference between the System's Long - Term Expected Rate of Return and the individual participating municipalities' Regular Interest Rate is described in the following section "Discount Rate". As of December 31, 2020, this rate is equal to 5.25 percent.

The System's policy in regard to the investment income allocation on invested assets is established, and may be amended, by the PMRS Board. PMRS assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short term and long-term funding needs of PMRS.

DISCOUNT RATE

While it is often common practice to establish an actuarial Discount Rate that is equal to the Long - Term Expected Nominal Rate of Return, PMRS is required by law (Act 15 of 1974) to establish a Discount Rate equal to the Regular Interest Rate (Regular Interest Rate/Discount Rate). The PMRS Board establishes the Regular Interest Rate/Discount Rate on the basis of expected stable and consistent earnings on investments to be applied to the accounts of the individual participating municipalities and includes the accounts of plan participants, municipalities, and plan retirees each year. As a starting point, the Board considered the following five (5) quantitative factors in reviewing the Regular Interest Rate/Discount Rate:

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1. Retiree Plan liability as a percentage of total plan liability,
2. Active Plan participant liability as a percentage of total plan liability,
3. Smoothed annuity purchase rates (Pension Benefit Guarantee Corporation (PBGC) annuity rates have been used as a proxy for this)
4. PMRS System Long - Term Expected Nominal Rate of Return, and
5. PMRS investment expenses

The Board may then consider the Regular Interest Rate/Discount Rate derived against a variety of qualitative factors such as the desire to minimize Regular Interest Rate/Discount Rate volatility, probability of achieving the Regular Interest Rate, varying levels of asset allocation and liquidity, trending of annuity rates, total PMRS actuarial and market value funding ratios, feedback from existing PMRS municipalities, and recommendations from the System's investment and actuarial consultants. The Regular Interest Rate/Discount Rate adopted by the Board and used to measure the individual participating municipalities' total pension liability was 5.25 percent as of December 31, 2020.

The Regular Interest Rate/Discount Rate will likely be less than the System's Long - Term Expected Rate of Return. Should the System experience a prolonged period of investment returns in excess of the Regular Interest Rate/Discount Rate, the PMRS Board is authorized to allocate any applicable portion of any such excess in accordance with the PMRS Board policies in the form of Excess Interest as provided for in the law.

The projection of cash flows for each underlying municipal plan, used to determine if any adjustment to the Regular Interest Rate/Discount Rate was required ("depletion testing"), used the following assumptions: 1) member contributions will be made at the current contribution rate; 2) participating plan sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate; and 3) the System's Long - Term Expected Rate of Return will be used in the depletion testing of projected cash flows. Based on those assumptions, the PMRS Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

NET PENSION LIABILITY

This report does not reflect changes in benefits, assumptions, or reserve accounts after the measurement date.

Any employer contributions made between the Measurement Date and the Reporting Date are reported as deferred outflows to offset the cash outflow reported.

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NOTES TO THE FINANCIAL STATEMENTS

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CHANGE IN NET PENSION LIABILITY

The following table shows the changes in total pension liability, the Municipal Plan's fiduciary net position (fair value of Municipal Plan assets), and the net pension liability (asset) as of December 31, 2020:

	MUNICIPAL PENSION PLAN		
	INCREASE (DECREASE)		
	TOTAL PENSION LIABILITY (a)	PLAN FIDUCIARY NET POSITION (b)	NET PENSION LIABILITY (ASSET) (a) - (b)
<u>BALANCE AT DECEMBER 31, 2019:-</u>	\$ 20,531,213	\$ 21,301,680	\$ (770,467)
<u>CHANGES FOR THE YEAR:-</u>			
Service Cost	382,082	-	382,082
Interest	1,070,247	-	1,070,247
Changes of Assumptions	531,153	-	531,153
Differences Between Expected and Actual Experience	(122,725)	-	(122,725)
Contributions - Employer	-	393,351	(393,351)
Contributions - PMRS Assessment	-	2,400	(2,400)
Contributions - Employee	-	151,608	(151,608)
PMRS Investment Income	-	1,041,918	(1,041,918)
Market Value Investment Income*	-	1,977,743	(1,977,743)
Benefit Payments	(1,068,962)	(1,068,962)	-
PMRS Administrative Expense	-	(2,400)	2,400
Additional Administrative Expense	-	(45,396)	45,396
<u>NET CHANGES:-</u>	<u>791,795</u>	<u>2,450,262</u>	<u>(1,658,467)</u>
<u>BALANCE AT DECEMBER 31, 2020:-</u>	<u>\$ 21,323,008</u>	<u>\$ 23,751,942</u>	<u>\$ (2,428,934)</u>

* Reflects the net investment income/(loss) of \$ 1,945,071 and the income/(loss) due to the difference between expected and actual asset values of \$ 32,672, which includes the impact from allocation of assets in support of the underlying retiree liabilities.

According to GASB Statements No. 67 and 68, PMRS is required to allocate/distribute all funds to the respective participating employers for financial reporting purposes to determine the respective employer "plan fiduciary net position".

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NOTES TO THE FINANCIAL STATEMENTS

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PMRS has determined that net investment income or loss and administrative expenses will be allocated to the employer/municipality accounts pro-rata based on their beginning fiduciary net position balance adjusted for cash flows throughout the year. The "additional administrative expenses" are the expenses in excess of the "PMRS administrative expense" (i.e. \$ 20 per participant expense paid by each plan). The "PMRS investment income" is based on the regular interest used to credit accounts annually. The "Market Value Investment Income" reflects the investment income/loss during the year net of PMRS investment income and the income/loss due to the difference between expected and actual asset values, including the impact from allocation of assets in support of the underlying retiree liabilities.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. The table below shows the sensitivity of the NPL to the discount rate with two (2) additional measures, plus and minus 1 percent from the rate used for disclosure.

	<u>SENSITIVITY OF THE NET PENSION (ASSET) LIABILITY TO CHANGES IN THE DISCOUNT RATE - MUNICIPAL PENSION</u>		
	<u>1% DECREASE</u>	<u>DISCOUNT RATE</u>	<u>1% INCREASE</u>
	<u>4.25%</u>	<u>5.25%</u>	<u>6.25%</u>
Total Pension Liability	\$ 23,626,375	\$ 21,323,008	\$ 19,344,770
Plan Fiduciary Net Position	<u>(23,751,942)</u>	<u>(23,751,942)</u>	<u>(23,751,942)</u>
<u>NET PENSION LIABILITY:-</u>	<u>\$ (125,567)</u>	<u>\$ (2,428,934)</u>	<u>\$ (4,407,172)</u>
<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability:-</u>	<u>100.53%</u>	<u>111.39%</u>	<u>122.78%</u>

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended December 31, 2021, with a measurement date of December 31, 2020, the City recognized pension expense (credit) of (\$ 580,920). As of December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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DECEMBER 31, 2021

	<u>MUNICIPAL PENSION PLAN</u>	
	<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>DEFERRED INFLOWS OF RESOURCES</u>
Differences Between Expected and Actual Experience	\$ 38,821	\$ 98,180
Changes in Assumptions	424,922	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	2,946,952
	<hr/>	<hr/>
<u>TOTAL TO BE RECOGNIZED IN FUTURE PENSION EXPENSE:-</u>	463,743	3,045,132
Employer Contributions Made Subsequent to Measurement Date	394,165	-
	<hr/>	<hr/>
<u>TOTAL:-</u>	<u>\$ 857,908</u>	<u>\$ 3,045,132</u>
 <u>YEAR ENDED DECEMBER 31:-</u>		
2021	\$ (891,303)	
2022	(498,567)	
2023	(877,656)	
2024	(313,863)	
	<hr/>	
<u>TOTAL:-</u>	<u>\$ (2,581,389)</u>	

The recognition period for experience and assumptions change gains/losses is five (5) years.

POLICE PENSION PLAN

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PENSION

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Police Pension Plan and additions to/deductions from Police Pension 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.

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GENERAL INFORMATION ABOUT THE PENSION PLAN

PLAN DESCRIPTION

The Police Pension Plan was established January 1, 1958. The Police Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance Number 2-2009, as amended, adopted pursuant to Act 62. The purpose is to provide retirement, disability, and death benefits to its members. The City and members are required to make contributions to the Police Pension Plan for the purpose of paying benefits and administrative expenses. The Police Pension Plan is governed by the Board of Commissioners, which is responsible for the management of plan assets. The Board of Commissioners has delegated the authority to manage Police Pension Plan assets to the Charles Schwab Trust Bank.

BENEFIT PROVISIONS

The following benefit provisions apply to members hired prior to January 1, 2001. Normal retirement benefits are available to a member upon attainment of age 55 and the completion of 25 years of service or attainment of age 60 and the completion of ten (10) years of service. Early retirement benefits are available after completing 24 years of service. Upon early retirement, a member can elect to receive their accumulated contribution account in a lump-sum (for members hired prior to January 1, 1999), a deferred pension commencing on what would have been their normal retirement date had they continued employment in an amount equal to accrued benefit determined as of their early retirement date, or an immediate reduce pension benefit. An involuntary early retirement benefit is available after eight (8) years of service. Employees who become permanently disabled in the line of duty, and who are unable to perform the duties of their position, are eligible to receive a disability pension, as defined in the Police Pension Plan. Employees who become permanently disabled other than in the line of duty become eligible to receive a disability pension if they have completed ten (10) years of service.

The normal monthly retirement benefit is equal to 65 percent of the final 36 months average compensation (as defined) plus, service increments, if any. A member is 100 percent vested after ten (10) years of service. Service increments of 1/40th of the retirement allowance for each year of service in excess of 25 years, up to a maximum of \$ 100 per month. If so elected, a death benefit is available for survivors, as defined by the Police Pension Plan, of any member who dies in the performance of their duties after reaching retirement eligibility. The survivor benefit is limited to the members contribution account plus interest for members who die prior to reaching retirement eligibility.

The following benefit provisions apply to members hired on or after January 1, 2001. Normal retirement benefits are available to a member upon attainment of age 50 and the completion of 20 years of service. No benefits are available for early retirement or involuntary early termination. Employees who become permanently disabled in the line of duty, and who are unable to perform the duties of their position, are eligible to receive a disability pension, as defined in the Police Pension Plan.

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The normal monthly retirement benefit is equal to 50 percent of the final monthly average compensation (as defined) plus service increments of 1/40th of the retirement allowance for each year of service in excess of 20 years, up to a maximum of \$ 100 per month.

If so elected, a death benefit is available for survivors, as defined by the Police Pension Plan, of any member who dies in the performance of their duties after reaching retirement eligibility. The survivor benefit is limited to the members contribution account without interest for members who die prior to reaching retirement eligibility.

EMPLOYEES COVERED BY BENEFIT TERMS

Membership of the Police Pension Plan consisted of the following at December 31, 2021:

Inactive Employees or Beneficiaries	
Currently Receiving Benefits	23
Inactive Employees Entitled to, But	
Not Yet Receiving Benefits	2
Active Employees	<u>31</u>
 <u>TOTAL:-</u>	 <u><u>56</u></u>

CONTRIBUTIONS

Contribution requirements of the Police Pension Plan employees are established, and may be amended, by the City pursuant to governing state legislation.

Act 205 requires that annual contributions be based upon the Police Pension Plan's Minimum Municipal Obligation (MMO). The MMO is based upon the Police Pension Plan's biennial actuarial valuation. In accordance with the Police Pension Plan's governing ordinance, members hired after January 1, 2001, but before December 1, 2001, are required to contribute 3.5 percent of their compensation plus \$ 1 a month to the Police Pension Plan. Members hired on or after December 1, 2001, contribute 5.0 percent of their compensation plus \$ 1 a month. Employer contributions to the p Police Pension Plan amounted to \$ 257,574 for the year ended December 31, 2021.

The Police Pension Plan may also be eligible to receive an allocation of State aid from the General Municipal Pension System State Aid Program, which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and State aid must be paid by the municipality under Act 205.

ACTUARIAL METHODS AND ASSUMPTIONS

The total pension liability was determined by an actuarial valuation as of January 1, 2021, using the following actuarial assumptions:

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NOTES TO THE FINANCIAL STATEMENTS

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General -

- Reporting Date is December 31, 2021, the end of the employer's fiscal year.
- Measurement Date is December 31, 2021.
- Actuarial Valuation Date used for December 31, 2020 liability measurement is January 1, 2021.

Actuarially Determined Contribution -

- Methods and assumptions used for the calculation of the actuarially determined contribution for the 2021 plan year are fully described in the January 1, 2021 Actuarial Valuation Report.
- The contribution determination reflects the following key methods and assumptions:
 - 7.00% assumed interest rate (this is a gross return assumption, without reduction for investment expenses or administrative expenses)
 - Individual Entry Age Normal funding method, as required under Act 205
 - Amortization of unfunded accrued liability as described in Section 10 of the actuarial valuation report, in accordance with Act 205 requirements

GASB 68 Disclosure -

- Discount rate:
 - 6.75% at December 31, 2021 measurement date
 - 6.75% at December 31, 2020 measurement date
- Long - Term Expected Rate of Return on plan assets: 6.75%, net of investment expenses
 - The City has selected this rate based on return expectations of its retirement plan investment advisors and the investment allocation guidelines as described in the Police Pension Plan's Investment Policy Statement.
- Projected date at which assets will be insufficient to pay annual benefits: None
 - No depletion date is expected, as long as the City continues to fund the Police Pension Plan in accordance with the actuarially determined contribution as described in the January 1, 2021 Actuarial Valuation Report, which follows the minimum funding requirements under Act 205. The funding method will not allow the assets to be depleted.
- All other actuarial assumptions used for the calculation of Total Pension Liability for GASB 68 reporting purposes are described in the January 1, 2021 Actuarial Valuation Report.

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The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Police Pension Plan's target asset allocation as of December 31, 2021:

<u>ASSET CLASS -</u>	<u>TARGET ASSET ALLOCATION</u>	<u>LONG-TERM EXPECTED REAL RATE OF RETURN</u>
Fixed Income	29.00%	0.56%
Equity - International	8.00%	7.68%
Equity - Domestic	52.00%	5.97%
Alternatives	10.00%	3.41%
Cash	1.00%	(2.20%)
<u>TOTAL PORTFOLIO:-</u>	<u>100.00%</u>	

CHANGE IN NET PENSION LIABILITY

The following table shows the change in total pension liability, the plan fiduciary net position, and the net pension liability (asset) as of December 31, 2021:

	<u>POLICE PENSION PLAN</u>		
	<u>INCREASE (DECREASE)</u>		
	<u>TOTAL PENSION LIABILITY (a)</u>	<u>PLAN FIDUCIARY NET POSITION (b)</u>	<u>NET PENSION LIABILITY (ASSET) (a) - (b)</u>
<u>BALANCES AT DECEMBER 31, 2020:-</u>	\$ 18,087,898	\$ 18,911,196	\$ (823,298)
<u>CHANGES FOR THE YEAR:-</u>			
Service Cost	514,820	-	514,820
Interest	1,222,595	-	1,222,595
Differences Between Expected and Actual Experience	39,532	-	39,532
Changes of Assumptions	(86,885)	-	(86,885)
Contributions - Employer	-	257,574	(257,574)
Contributions - Employee	-	113,703	(113,703)
Investment Income, Net	-	2,984,537	(2,984,537)
Benefit Payments, Including Refunds of Employee Contributions	(817,562)	(817,562)	-
Administrative Expense	-	(8,970)	8,970
<u>NET CHANGES:-</u>	<u>872,500</u>	<u>2,529,282</u>	<u>(1,656,782)</u>
<u>BALANCES AT DECEMBER 31, 2021:-</u>	<u>\$ 18,960,398</u>	<u>\$ 21,440,478</u>	<u>\$ (2,480,080)</u>

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Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. The table below shows the sensitivity of the NPL to the discount rate with two (2) additional measures, plus and minus 1 percent from the rate used for disclosure.

	<u>SENSITIVITY OF THE NET PENSION (ASSET) LIABILITY TO CHANGES IN THE DISCOUNT RATE - POLICE PENSION PLAN</u>		
	<u>1% DECREASE</u>	<u>CURRENT RATE</u>	<u>1% INCREASE</u>
	<u>5.75%</u>	<u>6.75%</u>	<u>7.75%</u>
Total Pension Liability	\$ 21,381,437	\$ 18,960,398	\$ 16,949,285
Plan Fiduciary Net Position	<u>(21,440,478)</u>	<u>(21,440,478)</u>	<u>(21,440,478)</u>
 <u>NET PENSION (ASSET) LIABILITY:-</u>	 <u>\$ (59,041)</u>	 <u>\$ (2,480,080)</u>	 <u>\$ (4,491,193)</u>
 <u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability:-</u>	 <u>100.28%</u>	 <u>113.08%</u>	 <u>126.50%</u>

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended December 31, 2021, with a measurement date of December 31, 2021, the City recognized pension expense of \$ 9,026. As of December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>POLICE PENSION PLAN</u>	
	<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>DEFERRED INFLOWS OF RESOURCES</u>
Differences Between Expected and Actual Experience	\$ 33,718	\$ 449,983
Changes in Assumptions	469,846	74,108
Net Difference Between Projected and Actual Earnings on Police Pension Plan Investments	<u>569,591</u>	<u>2,085,990</u>
 <u>TOTAL:-</u>	 <u>\$ 1,073,155</u>	 <u>\$ 2,610,081</u>
 <u>YEAR ENDING DECEMBER 31:-</u>		
2022	\$ (125,346)	
2023	(694,936)	
2024	(365,277)	
2025	(334,645)	
2026	(11,148)	
2027 and Later	<u>(5,574)</u>	
 <u>TOTAL:-</u>	 <u>\$ (1,536,926)</u>	

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The effects of differences between expected and actual experience and changes in assumptions are recognized in pension expense, beginning in the current reporting period, using straight-line amortization over a closed period equal to the average of the expected remaining service lives of all employees who are provided with pensions through the pension plan (active and inactive employees), determined as of the beginning of the measurement period. The differences between expected and actual experience recognized in 2021 are being amortized over a period of 6.8 years, the differences recognized in 2019 over 7.9 years, the differences recognized in 2017 over 8.5 years, and the differences recognized in 2015 over 9.4 years.

Changes in assumptions recognized in 2021, 2019, 2018, 2017 and 2015 are being amortized over a period of 6.8 years, 7.9 years, 8.1 years, 8.5 years, and 9.4 years, respectively.

The effects of differences between projected and actual earnings on pension investments are recognized in pension expense, beginning in the current reporting period, using straight-line amortization over a closed 5.0 year period.

13. RESTRICTED NET POSITION AND FUND BALANCES

RESTRICTED NET POSITION

The following is a schedule of restricted net position in the government-wide financial statements.

GOVERNMENTAL ACTIVITIES:-

Public Works - Highways	\$ 797
Community Development	3,005,810
Tax Incremental Funding (TIF)	29,632
Local Service Taxes	<u>123,707</u>

TOTAL GOVERNMENTAL ACTIVITIES:-

\$ 3,159,946

BUSINESS-TYPE ACTIVITIES:-

Debt Service	<u>\$ 78,717</u>
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The following is a schedule of fund balances restricted for specific use and designated in the governmental funds financial statements.

CITY OF HERMITAGE

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DECEMBER 31, 2021

RESTRICTED FOR SPECIFIC USE:-

CONSTRUCTION FUND -

Restricted - Future Local Service Taxes \$ 123,707

COMMUNITY DEVELOPMENT FUND -

Restricted for Community Development Department
Activities 3,005,810

NON-MAJOR FUNDS -

Restricted for Public Works - Highways 797
Restricted for Incremental Financing 29,632

TOTAL RESTRICTED FOR SPECIFIC USE:- \$ 3,159,946

ASSIGNED:-

GENERAL FUND -

Assigned for Subsequent Budget Year Expenditures \$ 1,502,788

CONSTRUCTION FUND -

Assigned for Construction and Acquisition of Capital
Assets 463,702

COMMUNITY DEVELOPMENT FUND -

Assigned for Community Development Department
Activities 1,137,911

NON-MAJOR FUNDS -

Assigned for Vested Accumulated Sick Leave 210,465
Assigned for Future Development Costs of LindenPointe
Facilities 85,520
Assigned for Oil and Gas Revenue Fund 88,768
Assigned for Capital Equipment and Facilities 19,577
Assigned for Capital Improvement Reserve 911,918

TOTAL NON-MAJOR FUNDS:- 1,316,248

TOTAL ASSIGNED:- \$ 4,420,649

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

14. NET INVESTMENT IN CAPITAL ASSETS

At December 31, 2021, net investment in capital assets is composed of the following:

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
Net Capital Assets	\$ 14,507,844	\$ 50,403,707	\$ 64,911,551
Outstanding Principal of Capital Asset Related Debt	(11,790,000)	(36,305,479)	(48,095,479)
Discounts and Premiums on Bonds, Net	1,182	(3,160,559)	(3,159,377)
Unspent Bond Proceeds	2,936,072	1,730,802	4,666,874
Capital Related Deferred Inflow of Resources	-	(36,884)	(36,884)
Capital Related Deferred Outflow of Resources	-	709,972	709,972
<u>TOTAL:-</u>	<u>\$ 5,655,098</u>	<u>\$ 13,341,559</u>	<u>\$ 18,996,657</u>

15. AUTHORITY RENTALS

The City rents sewer facilities from the Authority under an operating lease that has been extended to 2035.

Rental payments to the Authority by the City during the year ended December 31, 2021, were \$ 3,260,207.

As discussed in Note "1", the Authority has been blended into the City's financial statements and the above rental payments have been eliminated in the process of blending the entities.

In 2021, the Authority issued Guaranteed Sewer Revenue Bonds Series of 2021. In conjunction therewith, the eleventh (11th) amendment to the Agreement of Lease and Guaranty with the City was executed. This agreement incorporates the City of Hermitage's Sewer System Fund's (Sewer System Fund) previous obligations with the Authority regarding the Series A, B and C of 2020 bonds, and the 2011 PENNVEST loan.

The City covenants under the terms of the lease that, if in any year revenues derived from the operation of the sewer system are insufficient to enable the Sewer System Fund to meet its current obligations, the City will provide the funds from its operating budget. All of these debts of the Authority have been determined to be self-liquidating debts. The lease is to fund various obligations of the Authority incurred for the mandated renovation and construction of various parts of the sewer system. This lease agreement has not been capitalized by the City or the Authority since the lease does not transfer all of the risk of ownership of the sewer system to the City. Accordingly, payments received from the City for the lease agreement are recognized as lease rental revenue in the Authority's financial statements.

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

The following is a schedule of approximate future lease rental payments of the City under the lease agreement:

<u>YEAR ENDED DECEMBER 31:-</u>	<u>LEASE RENTAL PAYMENTS</u>
2022	\$ 3,250,893
2023	3,253,168
2024	3,289,843
2025	3,292,169
2026	3,291,694
Thereafter	<u>27,773,683</u>
<u>TOTAL LEASE PAYMENTS:-</u>	<u>\$ 44,151,450</u>

16. COMMITMENTS AND CONTINGENCIES

CONTINGENT LIABILITIES

The City, along with the Borough of Sharpsville and South Pymatuning Township, has entered into a Joint Service Agreement which is the security for a loan obtained by the Upper Shenango Valley Water Pollution Control Authority for the financing of its sewer and treatment plant projects.

Under this Joint Service Agreement dated September 1974, the City is contingently liable to the extent of approximately \$ 30,000.

During 2010, the City of Sharon Sanitary Authority completed an approximately \$ 45,000,000 renovation to the Sewer Treatment Plant. The City, along with other local governments, is potentially contingently liable for a portion of this debt.

Various minor items of equipment are leased under various agreements, some of which contain renewal provisions at the City's option. All such lease agreements have been accounted for as operating leases. The future minimum commitments for these leases are not material to the City's operations.

GRANT PROGRAMS

The City participates in both federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The City is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

In connection with the United States Department of Commerce - Economic Development Administration (EDA) \$ 4,208,000 grant for the construction of the LindenPointe Tech Training Center, the City has signed a mortgage agreement with EDA. The mortgage is for 20 years and will be enforced by EDA if the City uses or disposes of the Tech Center in violation of EDA regulations within that time period.

CITY OF HERMITAGE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

LITIGATION

In the normal course of operations, the City is involved in various civil disputes. It is the opinion of management that these are primarily covered by the City's liability insurance and any unfavorable outcome resulting from these actions would not have a material effect on the City's financial position.

17. CONCENTRATION OF SOURCE OF SUPPLY OF LABOR

Certain employees of the City are members of labor unions. The contract with the Fraternal Order of Police is effective through to December 31, 2021. Subsequent to December 31, 2021, a new contract with the Fraternal Order of Police was executed to extend the contract to December 31, 2024. The contract with A.F.S.C.M.E. for non-uniform employees is effective through April 30, 2022.

18. SUBSEQUENT EVENTS

The City has evaluated subsequent events through August 17, 2022, the date which the financial statements were available to be issued, and except as noted below, concluded that no events have occurred that would require recognition or disclosure in the financial statements or notes.

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

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

YEAR ENDED DECEMBER 31, 2021

(UNAUDITED)

	<u>BUDGETED AMOUNTS</u>	<u>ACTUAL</u>	<u>VARIANCE WITH BUDGET POSITIVE (NEGATIVE)</u>
<u>REVENUES:-</u>			
Taxes	\$ 9,240,500	\$ 10,579,240	\$ 1,338,740
Licenses and Permits	363,500	386,602	23,102
Fines, Forfeits, and Costs	120,000	92,160	(27,840)
Interest, Rents, and Royalties	900	750	(150)
Grants and Gifts	793,636	817,945	24,309
Departmental Earnings and Assessments	797,240	681,812	(115,428)
Miscellaneous	82,500	217,241	134,741
	<hr/>	<hr/>	<hr/>
<u>TOTAL REVENUES:-</u>	11,398,276	12,775,750	1,377,474
<u>EXPENDITURES:-</u>			
<u>General Government -</u>			
Legislative and Governing Body	1,405,484	338,744	1,066,740
Finance	236,129	235,122	1,007
Tax Collection	155,192	129,203	25,989
Legal Services	57,700	62,362	(4,662)
Buildings and Plant	465,951	455,925	10,026
	<hr/>	<hr/>	<hr/>
<u>TOTAL GENERAL GOVERNMENT:-</u>	2,320,456	1,221,356	1,099,100
<u>Protection of Persons and Property -</u>			
Police	3,581,779	3,374,826	206,953
Fire	651,504	719,358	(67,854)
Protective Inspection	405,979	334,135	71,844
Planning and Zoning	535,884	517,109	18,775
	<hr/>	<hr/>	<hr/>
<u>TOTAL PROTECTION OF PERSONS AND PROPERTY:-</u>	5,175,146	4,945,428	229,718
<u>Public Works - Highways and Streets -</u>			
Administration	217,776	203,226	14,550
Street Department	1,945,460	1,700,247	245,213
Traffic Signal Maintenance	68,700	61,641	7,059
	<hr/>	<hr/>	<hr/>
<u>TOTAL PUBLIC WORKS:-</u>	2,231,936	1,965,114	266,822

NOTE: No budget amendments or transfers were made during 2021.

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

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

YEAR ENDED DECEMBER 31, 2021

(UNAUDITED)

	<u>BUDGETED AMOUNTS</u>	<u>ACTUAL</u>	<u>VARIANCE WITH BUDGET POSITIVE (NEGATIVE)</u>
<u>Culture and Recreation -</u>			
Recreation	259,918	209,424	50,494
Parks	95,500	79,300	16,200
Libraries	100,000	100,000	-
<u>TOTAL CULTURE AND RECREATION:-</u>	<u>455,418</u>	<u>388,724</u>	<u>66,694</u>
<u>Employee Benefits and Insurance -</u>			
Pension Fund Contribution	532,972	542,998	(10,026)
Workers' Compensation	230,000	200,376	29,624
Unemployment Compensation	8,900	8,779	121
Insurance Premiums	1,763,197	1,656,678	106,519
<u>TOTAL EMPLOYEE BENEFITS AND INSURANCE:-</u>	<u>2,535,069</u>	<u>2,408,831</u>	<u>126,238</u>
<u>TOTAL EXPENDITURES:-</u>	<u>12,718,025</u>	<u>10,929,453</u>	<u>1,788,572</u>
<u>REVENUES OVER (UNDER) EXPENDITURES:-</u>	<u>(1,319,749)</u>	<u>1,846,297</u>	<u>3,166,046</u>
<u>OTHER FINANCING SOURCES (USES):-</u>			
Operating Transfers In	1,552,805	572,500	(980,305)
Operating Transfers Out	(1,643,629)	(2,263,003)	(619,374)
<u>TOTAL OTHER FINANCING SOURCES (USES):-</u>	<u>(90,824)</u>	<u>(1,690,503)</u>	<u>(1,599,679)</u>
<u>NET CHANGE IN FUND BALANCE:-</u>	<u>(1,410,573)</u>	<u>155,794</u>	<u>1,566,367</u>
<u>FUND BALANCE - BEGINNING OF YEAR:-</u>	<u>1,410,573</u>	<u>3,066,243</u>	<u>1,655,670</u>
<u>FUND BALANCE - END OF YEAR:-</u>	<u>\$ -</u>	<u>\$ 3,222,037</u>	<u>\$ 3,222,037</u>

NOTE: No budget amendments or transfers were made during 2021.

CITY OF HERMITAGE

SCHEDULE OF CHANGES IN NET PENSION (ASSET) LIABILITY AND EMPLOYER CONTRIBUTION - MUNICIPAL PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

(UNAUDITED)

	MEASUREMENT YEAR ENDING DECEMBER 31,						
	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY:-							
Service Cost	\$ 382,082	\$ 374,571	\$ 364,872	\$ 355,441	\$ 320,411	\$ 383,905	\$ 367,369
Interest	1,070,247	1,048,999	1,018,589	989,082	970,820	926,593	888,007
Differences Between Expected and Actual Experience	(122,725)	-	97,051	-	93,959	-	(25,504)
Changes in Assumptions	531,153	-	-	-	464,641	176,757	-
Benefit Payments, Including Refunds of Employee Contributions	(1,068,962)	(984,850)	(838,958)	(746,056)	(653,879)	(592,228)	(498,730)
Transfers	-	-	-	-	6,105	-	-
NET CHANGE IN TOTAL PENSION LIABILITY:-	791,795	438,720	641,554	598,467	1,202,057	895,027	731,142
TOTAL PENSION LIABILITY - BEGINNING OF YEAR:-	20,531,213	20,092,493	19,450,939	18,852,472	17,650,415	16,755,388	16,024,246
TOTAL PENSION LIABILITY - END OF YEAR:-	21,323,008	20,531,213	20,092,493	19,450,939	18,852,472	17,650,415	16,755,388
PLAN FIDUCIARY NET POSITION:-							
Contributions - Employer	393,351	401,097	341,392	341,302	337,125	325,010	227,632
Contributions - PMRS Assessment	2,400	2,320	2,340	2,240	2,160	2,120	-
Contributions - Employee	151,608	147,241	141,032	136,000	130,421	134,933	123,895
PMRS Investment Income	1,041,918	993,720	928,969	911,531	909,558	846,045	817,563
Market Value Investment Income	1,977,743	2,818,957	(1,798,380)	1,963,683	539,678	(945,687)	87,712
Benefit Payments, Including Refunds of Employee Contributions	(1,068,962)	(984,850)	(838,958)	(746,056)	(653,879)	(592,228)	(498,730)
PMRS Administrative Expense	(2,400)	(2,320)	(2,220)	(2,160)	(2,100)	(2,120)	(2,060)
Additional Administrative Expense	(45,396)	(34,349)	(41,456)	(41,920)	(44,560)	(35,270)	(31,354)
Transfers	-	-	-	-	6,105	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION:-	2,450,262	3,341,816	(1,267,281)	2,564,620	1,224,508	(267,197)	724,658
PLAN FIDUCIARY NET POSITION - BEGINNING OF YEAR:-	21,301,680	17,959,864	19,227,145	16,662,525	15,438,017	15,705,214	14,980,556
PLAN FIDUCIARY NET POSITION - END OF YEAR:-	23,751,942	21,301,680	17,959,864	19,227,145	16,662,525	15,438,017	15,705,214
NET PENSION (ASSET) LIABILITY - END OF YEAR:-	\$ (2,428,934)	\$ (770,467)	\$ 2,132,629	\$ 223,794	\$ 2,189,947	\$ 2,212,398	\$ 1,050,174
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY:-	111.39%	103.75%	89.39%	98.85%	88.38%	87.47%	93.73%
COVERED-EMPLOYEE PAYROLL:-	\$ 3,755,217	\$ 3,681,405	\$ 3,579,616	\$ 3,487,094	\$ 3,445,068	\$ 3,590,322	\$ 3,445,770
NET PENSION (ASSET) LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL:-	(64.68)%	(20.93)%	59.58%	6.42%	63.58%	61.62%	30.48%
EMPLOYER CONTRIBUTION:-							
Actuarially Determined Contribution	\$ 395,671	\$ 403,357	\$ 343,612	\$ 343,465	\$ 339,222	\$ 327,030	\$ 227,512
Contributions in Relation to the Actuarially Determined Contribution*	395,751	403,417	343,732	343,542	339,285	327,130	227,632
CONTRIBUTION DEFICIENCY (EXCESS):-	\$ (80)	\$ (60)	\$ (120)	\$ (77)	\$ (63)	\$ (100)	\$ (120)
COVERED-EMPLOYEE PAYROLL:-	\$ 3,755,217	\$ 3,681,405	\$ 3,579,616	\$ 3,487,094	\$ 3,445,068	\$ 3,590,322	\$ 3,445,770
CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL:-	10.54%	10.96%	9.60%	9.85%	9.85%	9.11%	6.61%

*Information provided by PMRS and not reconciled to determine the cause of any deviation from the Actuarially Determined Contribution (if applicable).

CITY OF HERMITAGE

NOTES TO THE SCHEDULE OF CHANGES IN NET PENSION (ASSET) LIABILITY
AND EMPLOYER CONTRIBUTIONS - MUNICIPAL PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

(UNAUDITED)

NOTES TO SCHEDULE

Valuation Date: Actuarially determined contribution rates are calculated as of January 1 for the odd valuation year at least two (2) years prior to the end of the year in which the contributions were reported. Therefore, the Actuarially Determined Contribution for calendar year 2020 is based upon the January 1, 2017 actuarial valuation.

A summary of the key assumptions and methods used to determine the 2020 contribution rates:

- Actuarial Cost Method: Entry Age
- Amortization Period: Level dollar based upon the amortization periods in Act 205
- Asset Valuation Method: Based upon the municipal reserves
- Discount Rate: 5.25 percent
- Inflation: 2.8 percent
- Salary Increases: Age related scale with merit and inflation component
- COLA Increases: 2.8 percent for those eligible for a COLA
- Pre-Retirement Mortality: Males - RP 2000 non-annuitant male table projected to 15 years with scale AA; Females - RP 2000 non-annuitant female table projected to 15 years with scale AA, setback five (5) years
- Post-Retirement Mortality: Males - RP 2000 annuitant male table projected five (5) years with scale AA; Females - RP 2000 annuitant female table projected to ten (10) years with scale AA

CITY OF HERMITAGE

SCHEDULE OF CHANGES IN NET PENSION (ASSET) LIABILITY AND EMPLOYER CONTRIBUTION - POLICE PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

(UNAUDITED)

	MEASUREMENT YEAR ENDING DECEMBER 31,						
	2021	2020	2019	2018	2017	2016	2015
<u>TOTAL PENSION LIABILITY:-</u>							
Service Cost	\$ 514,820	\$ 493,443	\$ 487,932	\$ 475,051	\$ 441,836	\$ 387,494	\$ 384,075
Interest	1,222,595	1,167,425	1,101,000	1,049,445	993,920	978,396	941,291
Differences Between Expected and Actual Experience	39,532	-	(278,930)	-	(400,519)	-	(438,888)
Changes in Assumptions	(86,885)	-	207,207	322,895	173,903	-	416,253
Benefit Payments, Including Refunds of Employee Contributions	(817,562)	(817,574)	(817,562)	(817,562)	(823,476)	(749,850)	(764,234)
<u>NET CHANGE IN TOTAL PENSION LIABILITY:-</u>	872,500	843,294	699,647	1,029,829	385,664	616,040	538,497
<u>TOTAL PENSION LIABILITY - BEGINNING OF YEAR:-</u>	18,087,898	17,244,604	16,544,957	15,515,128	15,129,464	14,513,424	13,974,927
<u>TOTAL PENSION LIABILITY - END OF YEAR:-</u>	18,960,398	18,087,898	17,244,604	16,544,957	15,515,128	15,129,464	14,513,424
<u>PLAN FIDUCIARY NET POSITION:-</u>							
Contributions - Employer	257,574	269,226	322,225	304,191	296,861	297,427	312,478
Contributions - Employee	113,703	110,618	105,208	108,317	98,343	89,021	77,905
Investment Income, Net	2,984,537	1,284,358	2,690,726	(1,658,950)	2,262,223	1,656,645	(285,484)
Benefit Payments, Including Refunds of Employee Contributions	(817,562)	(817,574)	(817,562)	(817,562)	(823,476)	(749,850)	(764,234)
Administrative Expense	(8,970)	(11,700)	(7,850)	(7,788)	(5,869)	(8,788)	(17,056)
<u>NET CHANGE IN PLAN FIDUCIARY NET POSITION:-</u>	2,529,282	834,928	2,292,747	(2,071,792)	1,828,082	1,284,455	(676,391)
<u>PLAN FIDUCIARY NET POSITION - BEGINNING OF YEAR:-</u>	18,911,196	18,076,268	15,783,521	17,855,313	16,027,231	14,742,776	15,419,167
<u>PLAN FIDUCIARY NET POSITION - END OF YEAR:-</u>	21,440,478	18,911,196	18,076,268	15,783,521	17,855,313	16,027,231	14,742,776
<u>NET PENSION (ASSET) LIABILITY - END OF YEAR:-</u>	\$ (2,480,080)	\$ (823,298)	\$ (831,664)	\$ 761,436	\$ (2,340,185)	\$ (897,767)	\$ (229,352)
<u>PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY:-</u>	113.08%	104.55%	104.82%	95.40%	115.08%	105.93%	101.58%
<u>COVERED-EMPLOYEE PAYROLL:-</u>	\$ 2,787,788	\$ 2,653,316	\$ 2,641,384	\$ 2,405,625	\$ 2,257,003	\$ 2,150,001	\$ 1,888,731
<u>NET PENSION ASSET AS A PERCENTAGE OF ITS COVERED-EMPLOYEE PAYROLL:-</u>	(88.96)%	(31.03)%	(31.49)%	31.65%	(103.69)%	(41.76)%	(12.14)%
<u>EMPLOYER CONTRIBUTION:-</u>							
Actuarially Determined Contribution	\$ 257,574	\$ 269,226	\$ 322,225	\$ 304,191	\$ 296,861	\$ 297,427	\$ 312,478
Contributions in Relation to the Actuarially Determined Contribution*	257,574	269,226	322,225	304,191	296,861	297,427	312,478
<u>CONTRIBUTION DEFICIENCY (EXCESS):-</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>COVERED-EMPLOYEE PAYROLL:-</u>	\$ 2,787,788	\$ 2,653,316	\$ 2,641,384	\$ 2,405,625	\$ 2,257,003	\$ 2,150,001	\$ 1,888,731
<u>CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL:-</u>	9.24%	10.15%	12.20%	12.64%	13.15%	13.83%	16.54%

This schedule of required supplementary information will eventually build up to ten (10) years of information.

CITY OF HERMITAGE

NOTES TO THE SCHEDULE OF CHANGES IN NET PENSION (ASSET) LIABILITY
AND EMPLOYER CONTRIBUTIONS - POLICE PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

(UNAUDITED)

NOTES TO SCHEDULE

Effective January 1, 2021, the mortality improvement scale was updated to MP-2020

Effective January 1, 2019, the assumed mortality tables were changed to the PubS-2010(A) Public Safety, amounts-based, above-median Healthy Retiree, Contingent Survivor and Disabled Retiree tables, all projected generationally by Scale MP-2018, the assumed salary increase was lowered from 5 percent to 4 percent for pre-2001 hires and CBA base pay increases were adjusted to 2.25 percent, 2.50 percent, and 2.75 percent for post-2000 hires.

Effective January 1, 2017, the inactive mortality assumption for terminated vested participants was corrected.

Effective January 1, 2015, the projected mortality improvement assumptions was updated (from Scale AA to BBD), and the assumed investment return was changed from 7.50 percent to 7.00 percent to reflect lower anticipated future earnings.

Effective January 1, 2013, the mortality assumption was changed from static to fully generational, the Long-Term Rate of Inflation decreased from 3.00 percent to 2.50 percent per annum, and the assumed future increase of base salaries for post 2000 hires was changed from 4.50 percent to 4.00 percent to reflect lower anticipated wage growth.

CITY OF HERMITAGE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - PARTIALLY FUNDED PLAN

YEAR ENDED DECEMBER 31, 2021

(UNAUDITED)

	MEASUREMENT YEAR ENDING DECEMBER 31,			
	2021	2020	2019	2018
<u>TOTAL OPEB LIABILITY:-</u>				
Service Cost	\$ 48,596	\$ 54,071	\$ 35,320	\$ 35,139
Interest	5,519	6,726	4,789	3,220
Differences Between Expected and Actual Experience	(752)	4,628	(1,522)	20
Changes in Assumptions	(6,462)	(14,476)	8,897	(4,104)
Benefit Payments, Including Refunds of Employee Contributions	(1,336)	-	(312)	(127)
<u>NET CHANGE IN TOTAL OPEB LIABILITY:-</u>	45,565	50,949	47,172	34,148
<u>TOTAL OPEB LIABILITY - BEGINNING OF YEAR:-</u>	197,807	146,858	99,686	65,538
<u>TOTAL OPEB LIABILITY - END OF YEAR:-</u>	<u>\$ 243,372</u>	<u>\$ 197,807</u>	<u>\$ 146,858</u>	<u>\$ 99,686</u>
<u>PLAN FIDUCIARY NET POSITION:-</u>				
Contributions - Employee	\$ 16,893	\$ 14,099	\$ 12,229	\$ 9,855
Investment Income	107	345	635	202
Benefit Payments, Including Refunds of Employee Contributions	(1,336)	-	(312)	(1,822)
<u>NET CHANGE IN PLAN FIDUCIARY NET POSITION:-</u>	15,664	14,444	12,552	8,235
<u>PLAN FIDUCIARY NET POSITION - BEGINNING OF YEAR:-</u>	51,458	37,014	24,462	16,227
<u>PLAN FIDUCIARY NET POSITION - END OF YEAR:-</u>	<u>\$ 67,122</u>	<u>\$ 51,458</u>	<u>\$ 37,014</u>	<u>\$ 24,462</u>
<u>NET OPEB LIABILITY - END OF YEAR:-</u>	<u>\$ 176,250</u>	<u>\$ 146,349</u>	<u>\$ 109,844</u>	<u>\$ 75,224</u>
<u>PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY:-</u>	<u>27.58%</u>	<u>26.01%</u>	<u>25.20%</u>	<u>24.54%</u>
<u>COVERED-EMPLOYEE PAYROLL:-</u>	<u>\$ 1,195,610</u>	<u>\$ 1,051,000</u>	<u>\$ 815,291</u>	<u>\$ 668,532</u>
<u>NET PENSION LIABILITY AS A PERCENTAGE OF ITS COVERED-EMPLOYEE PAYROLL:-</u>	<u>14.74%</u>	<u>13.92%</u>	<u>13.47%</u>	<u>11.25%</u>

This schedule of required supplementary information will eventually build up to ten (10) years of information.

CITY OF HERMITAGE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - UNFUNDED PLAN

YEAR ENDED DECEMBER 31, 2021

(UNAUDITED)

	MEASUREMENT YEAR ENDING DECEMBER 31,			
	2021	2020	2019	2018
<u>TOTAL OPEB LIABILITY:-</u>				
Service Cost	\$ 179,824	\$ 177,719	\$ 168,708	\$ 181,916
Interest	68,081	106,490	115,101	100,728
Differences Between Expected and Actual Experience	-	(166,371)	(27,398)	82
Changes in Assumptions	(97,586)	101,866	167,127	(103,478)
Benefit Payments, Including Refunds of Employee Contributions	(119,154)	(136,762)	(191,243)	(191,811)
<u>NET CHANGE IN TOTAL OPEB LIABILITY:-</u>	31,165	82,942	232,295	(12,563)
<u>TOTAL OPEB LIABILITY - BEGINNING OF YEAR:-</u>	3,412,242	3,329,300	3,097,005	3,109,568
<u>TOTAL OPEB LIABILITY - END OF YEAR:-</u>	\$ 3,443,407	\$ 3,412,242	\$ 3,329,300	\$ 3,097,005
<u>PLAN FIDUCIARY NET POSITION:-</u>				
Contributions - Employer	\$ 119,154	\$ 136,762	\$ 191,243	\$ 191,811
Benefit Payments, Including Refunds of Employee Contributions	(119,154)	(136,762)	(191,243)	(191,811)
<u>NET CHANGE IN PLAN FIDUCIARY NET POSITION:-</u>	-	-	-	-
<u>PLAN FIDUCIARY NET POSITION - BEGINNING OF YEAR:-</u>	-	-	-	-
<u>PLAN FIDUCIARY NET POSITION - END OF YEAR:-</u>	\$ -	\$ -	\$ -	\$ -
<u>NET OPEB LIABILITY - END OF YEAR:-</u>	\$ 3,443,407	\$ 3,412,242	\$ 3,329,300	\$ 3,097,005
<u>PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY:-</u>	0.0%	0.0%	0.0%	0.0%
<u>COVERED-EMPLOYEE PAYROLL:-</u>	\$ 5,325,399	\$ 5,630,000	\$ 5,700,000	\$ 5,561,936
<u>NET PENSION LIABILITY AS A PERCENTAGE OF ITS COVERED-EMPLOYEE PAYROLL:-</u>	64.66%	60.61%	58.41%	55.68%

This schedule of required supplementary information will eventually build up to ten (10) years of information.

CITY OF HERMITAGE

EXHIBIT "A"

COMBINING BALANCE SHEET

CAPITAL PROJECTS FUND TYPES

DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

	<u>CAPITAL EQUIPMENT AND FACILITIES FUND</u>	<u>CONSTRUCTION FUND</u>	<u>CAPITAL IMPROVEMENT RESERVE FUND</u>	<u>2016 CONSTRUCTION FUND</u>	<u>TOTAL</u>	
					<u>2021</u>	<u>2020</u>
<u>ASSETS:-</u>						
Cash and Cash Equivalents	\$ 24,971	\$ 204,108	\$ 911,918	\$ -	\$ 1,140,997	\$ 1,196,784
Taxes Receivable, Net	-	123,707	-	-	123,707	112,342
Due from Other Funds	-	278,644	-	-	278,644	300,188
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>TOTAL ASSETS:-</u>	<u>\$ 24,971</u>	<u>\$ 606,459</u>	<u>\$ 911,918</u>	<u>\$ -</u>	<u>\$ 1,543,348</u>	<u>\$ 1,609,314</u>
<u>LIABILITIES:-</u>						
Accounts Payable	\$ 5,394	\$ 19,050	\$ -	\$ -	\$ 24,444	\$ 7,860
Due to Other Funds	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>TOTAL LIABILITIES:-</u>	5,394	19,050	-	-	24,444	7,860
<u>FUND BALANCE:-</u>						
Restricted	-	123,707	-	-	123,707	-
Assigned	19,577	463,702	911,918	-	1,395,197	1,601,454
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>TOTAL LIABILITIES AND FUND BALANCE:-</u>	<u>\$ 24,971</u>	<u>\$ 606,459</u>	<u>\$ 911,918</u>	<u>\$ -</u>	<u>\$ 1,543,348</u>	<u>\$ 1,609,314</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

CAPITAL PROJECTS FUND TYPES - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	CAPITAL EQUIPMENT AND FACILITIES FUND		CONSTRUCTION FUND		CAPITAL IMPROVEMENT RESERVE FUND		2016 CONSTRUCTION FUND		TOTALS			
									2021		2020	
	BUDGET (UNAUDITED)	ACTUAL	BUDGET (UNAUDITED)	ACTUAL	BUDGET (UNAUDITED)	ACTUAL	BUDGET (UNAUDITED)	ACTUAL	BUDGET (UNAUDITED)	ACTUAL	BUDGET (UNAUDITED)	ACTUAL
REVENUES:-												
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,103	\$ -	\$ 27	\$ 1,000	\$ 1,130	\$ 1,000	\$ 2,589
Taxes	-	-	460,000	518,513	-	-	-	-	460,000	518,513	515,000	495,913
Other	-	-	-	-	-	58,072	-	-	-	58,072	-	-
Grants	-	-	-	-	-	-	-	170,000	-	170,000	-	-
TOTAL REVENUES:-	-	-	460,000	518,513	1,000	59,175	-	170,027	461,000	747,715	516,000	498,502
EXPENDITURES:-												
General Government -												
Administration	17,000	16,577	-	-	-	-	-	-	17,000	16,577	17,000	-
Tax Collection	-	-	-	-	-	-	-	-	-	-	-	-
Legal Services	-	-	-	-	-	-	-	-	-	-	-	-
Government Buildings and Plant	33,358	18,815	70,000	84,538	-	-	-	-	103,358	103,353	18,000	87,878
TOTAL GENERAL GOVERNMENT:-	50,358	35,392	70,000	84,538	-	-	-	-	120,358	119,930	35,000	87,878
Protection of Persons and Property -												
Police	106,000	103,800	-	-	-	-	-	-	106,000	103,800	106,000	112,405
Fire	75,000	73,901	-	-	-	-	-	-	75,000	73,901	89,000	86,028
Protective Inspection	-	-	-	-	-	-	-	-	-	-	-	-
Planning and Zoning	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROTECTION OF PERSONS AND PROPERTY:-	181,000	177,701	-	-	-	-	-	-	181,000	177,701	195,000	198,433
Public Works -												
Highways and Streets	140,000	145,513	774,910	623,434	-	29,542	-	-	914,910	798,489	623,000	127,152
Storm Sewers	-	-	-	-	-	-	-	483,878	-	483,878	30,000	3,000
Other	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PUBLIC WORKS:-	140,000	145,513	774,910	623,434	-	29,542	-	483,878	914,910	1,282,367	653,000	130,152
Culture and Recreation -												
Parks and Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CULTURE AND RECREATION:-	-	-	-	-	-	-	-	-	-	-	-	-
Conservation and Development -												
	-	-	95,000	-	-	-	-	-	95,000	-	95,000	-
Debt Service -												
	-	-	1,064,748	1,068,438	-	-	-	-	1,064,748	1,068,438	1,051,128	1,051,558
Bond Issue Costs -												
	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES:-	371,358	358,606	2,004,658	1,776,410	-	29,542	-	483,878	2,376,016	2,648,436	2,029,128	1,468,021
REVENUES OVER (UNDER) EXPENDITURES:-	(371,358)	(358,606)	(1,544,658)	(1,257,897)	1,000	29,633	-	(313,851)	(1,915,016)	(1,900,721)	(1,513,128)	(969,519)
OTHER FINANCING SOURCES (USES):-												
Transfers from Other Funds	319,322	319,322	1,062,703	1,312,703	361,604	708,092	-	-	1,743,629	2,340,117	1,333,595	1,782,679
Transfers to Other Funds	-	-	-	(75,000)	(50,000)	(400,000)	-	(46,946)	(50,000)	(521,946)	(169,101)	(244,101)
Proceeds from Long-Term Debt	-	-	-	-	-	-	-	-	-	-	-	-
Payment to Bond Escrow Agent	-	-	-	-	-	-	-	-	-	-	-	-
Bond (Discount) or Premium	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES):-	319,322	319,322	1,062,703	1,237,703	311,604	308,092	-	(46,946)	1,693,629	1,818,171	1,164,494	1,538,578
NET CHANGE IN FUND BALANCE:-	(52,036)	(39,284)	(481,955)	(20,194)	312,604	337,725	-	(360,797)	(221,387)	(82,550)	(348,634)	569,059
FUND BALANCE - BEGINNING OF YEAR:-	58,861	58,861	607,603	607,603	574,193	574,193	-	360,797	1,240,657	1,601,454	470,343	1,032,395
FUND BALANCE - END OF YEAR:-	\$ 6,825	\$ 19,577	\$ 125,648	\$ 587,409	\$ 886,797	\$ 911,918	\$ -	\$ -	\$ 1,019,270	\$ 1,518,904	\$ 121,709	\$ 1,601,454

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE

2016 CONSTRUCTION FUND

YEAR ENDED DECEMBER 31, 2021

	<u>CURRENT YEAR ACTUAL</u>	<u>COST ESTIMATE (Cumulative)</u>
<u>REVENUES:-</u>		
Net Bond Proceeds (Net of Discount and Issue Costs)	\$ -	\$ 2,000,005
Investment Earnings	27	41,022
Grants	<u>170,000</u>	<u>643,000</u>
<u>TOTAL REVENUES:-</u>	<u>170,027</u>	<u>2,684,027</u>
<u>EXPENDITURES:-</u>		
Industrial Corridor Stormwater	-	758,883
South Darby Road Stormwater Project	483,878	432,634
Robertson Road Culvert	-	279,933
Clarksville Road Reconstruction	-	818,453
Baker Run Stream Reconstruction	-	100,000
Neighborhood Investment Program	-	79,600
Administration and Contingency	<u>-</u>	<u>134,863</u>
<u>TOTAL EXPENDITURES:-</u>	<u>483,878</u>	<u>2,604,366</u>
<u>REVENUES OVER (UNDER) EXPENDITURES:-</u>	<u>(313,851)</u>	<u>79,661</u>
<u>OTHER FINANCING SOURCES (USES):-</u>		
Transfer from Other Funds	-	18,489
Transfer to Other Funds	<u>(46,946)</u>	<u>(98,150)</u>
<u>TOTAL OTHER FINANCING SOURCES (USES):-</u>	<u>(46,946)</u>	<u>(79,661)</u>
<u>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES:-</u>	<u>(360,797)</u>	<u>-</u>
<u>FUND BALANCE - BEGINNING OF YEAR:-</u>	<u>360,797</u>	<u>-</u>
<u>FUND BALANCE - END OF YEAR:-</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HERMITAGE

EXHIBIT "D"

COMMUNITY DEVELOPMENT FUND

BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS:-</u>		
Cash and Cash Equivalents	\$ 4,741,263	\$ 529,093
Due from Other Governmental Units	29,121	222,397
Due from Other Funds	184,816	-
Loans Receivable	<u>1,048,565</u>	<u>1,247,949</u>
<u>TOTAL ASSETS:-</u>	<u>\$ 6,003,765</u>	<u>\$ 1,999,439</u>
<u>LIABILITIES:-</u>		
Due to Other Funds	\$ 3,728	\$ 4,390
Unearned Revenue	<u>807,752</u>	<u>112,000</u>
<u>TOTAL LIABILITIES:-</u>	<u>811,480</u>	<u>116,390</u>
<u>FUND BALANCES:-</u>		
Nonspendable - Loans Receivable	1,048,564	1,135,949
Restricted	3,005,810	111,546
Assigned	<u>1,137,911</u>	<u>635,554</u>
<u>TOTAL FUND BALANCES:-</u>	<u>5,192,285</u>	<u>1,883,049</u>
<u>TOTAL LIABILITIES AND FUND BALANCES:-</u>	<u>\$ 6,003,765</u>	<u>\$ 1,999,439</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

COMMUNITY DEVELOPMENT FUND

YEAR ENDED DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	2016 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM	2017 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM	2018 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM	2019 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM	CARES COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM	2020 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM	COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAMS	2015 HOME INVESTMENT PARTNERSHIP PROGRAM	2021 BOND CONSTRUCTION PROGRAM	AMERICAN RESCUE PLAN ACT PROGRAM
REVENUES:-										
Interest and Rents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,974	\$ 746
Grants, Gifts, and Local Funding	-	112,262	260,700	17,462	84,232	144,550	619,206	35,313	-	1,917
Fees and Other	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES:-	-	112,262	260,700	17,462	84,232	144,550	619,206	35,313	4,974	2,663
EXPENDITURES:-										
GENERAL GOVERNMENT -										
Administration	3,479	22,162	6,341	17,462	813	24,167	74,424	6,550	-	1,917
Municipal Facilities	-	-	-	-	-	-	-	-	32,187	-
PUBLIC WORKS -										
Highways, Streets, and Trails	-	-	-	-	-	96,453	96,453	-	-	-
Storm Sewers	-	-	-	-	-	-	-	-	36,408	-
Sanitation (Recycling)	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-
CONSERVATION AND DEVELOPMENT -										
Economic Development	-	-	130,000	-	83,419	-	213,419	-	-	-
Housing Rehabilitation	65,815	-	-	-	-	-	65,815	118,197	-	-
PARKS AND RECREATION -										
	-	-	-	-	-	-	-	-	5,000	-
DEBT SERVICE -										
	-	-	-	-	-	-	-	-	2,038,548	-
TOTAL EXPENDITURES:-	69,294	22,162	136,341	17,462	84,232	120,620	450,111	124,747	2,112,143	1,917
REVENUES OVER (UNDER) EXPENDITURES:-	(69,294)	90,100	124,359	-	-	23,930	169,095	(89,434)	(2,107,169)	746
OTHER FINANCING SOURCES (USES):-										
Operating Transfers In	-	-	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-	-	-
Interprogram Transfers In	-	-	-	-	-	-	-	-	-	-
Interprogram Transfers Out	-	-	-	-	-	-	-	-	-	-
Proceeds from Long-Term Debt	-	-	-	-	-	-	-	-	4,990,000	-
Bond Issuance Cost	-	-	-	-	-	-	-	-	(89,537)	-
Bond Premium	-	-	-	-	-	-	-	-	142,779	-
TOTAL OTHER FINANCING SOURCES (USES):-	-	-	-	-	-	-	-	-	5,043,242	-
NET CHANGE IN FUND BALANCE:-	(69,294)	90,100	124,359	-	-	23,930	169,095	(89,434)	2,936,073	746
FUND BALANCE - BEGINNING OF YEAR:-	184,675	-	-	-	-	-	184,675	396,580	-	-
CUMULATIVE EFFECT OF CHANGE OF ACCOUNTING PRINCIPLE:-	-	-	-	-	-	-	-	-	-	-
FUND BALANCE - END OF YEAR:-	\$ 115,381	\$ 90,100	\$ 124,359	\$ -	\$ -	\$ 23,930	\$ 353,770	\$ 307,146	\$ 2,936,073	\$ 746

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

COMMUNITY DEVELOPMENT FUND

YEAR ENDED DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	MISCELLANEOUS COMMUNITY DEVELOPMENT PROGRAMS	REVOLVING LOAN PROGRAM	COMMUNITY MARKETING PROGRAM	SOLID WASTE AND RECYCLING PROGRAM	PEDESTRIAN AND TRAIL FACILITY PROGRAM	COMPREHENSIVE PLAN AND ZONING ORDINANCE UPDATE PROGRAM	eCENTER FACILITY PROGRAM	STULL FARM IMPROVEMENTS PROGRAM	TRAINING AND WORKFORCE CENTER MANAGEMENT PROGRAM
REVENUES:-									
Interest and Rents	\$ -	\$ 27,567	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants, Gifts, and Local Funding	119,878	-	-	37,579	-	-	-	-	-
Fees and Other	-	837	-	-	-	-	350	-	953
TOTAL REVENUES:-	119,878	28,404	-	37,579	-	-	350	-	953
EXPENDITURES:-									
GENERAL GOVERNMENT -									
Administration	119,878	5,266	3,481	-	-	9,358	-	-	-
Municipal Facilities	-	-	-	-	-	-	55,815	-	20,732
PUBLIC WORKS -									
Highways, Streets, and Trails	-	-	-	-	-	-	-	-	-
Storm Sewers	-	-	-	-	-	-	-	-	-
Sanitation (Recycling)	-	-	-	23,147	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-
CONSERVATION AND DEVELOPMENT -									
Economic Development	-	-	-	-	-	-	-	-	-
Housing Rehabilitation	-	-	-	-	-	-	-	-	-
PARKS AND RECREATION -									
	-	-	-	-	-	-	-	-	-
DEBT SERVICE -									
	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES:-	119,878	5,266	3,481	23,147	-	9,358	55,815	-	20,732
REVENUES OVER (UNDER) EXPENDITURES:-	-	23,138	(3,481)	14,432	-	(9,358)	(55,465)	-	(19,779)
OTHER FINANCING SOURCES (USES):-									
Operating Transfers In	-	84,816	-	-	100,000	-	50,000	-	25,000
Operating Transfers Out	-	-	-	-	-	(2,589)	-	-	-
Interprogram Transfers In	-	-	-	-	-	-	-	-	-
Interprogram Transfers Out	-	-	(24)	-	-	-	-	-	-
Proceeds from Long-Term Debt	-	-	-	-	-	-	-	-	-
Bond Issuance Cost	-	-	-	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES):-	-	84,816	(24)	-	100,000	(2,589)	50,000	-	25,000
NET CHANGE IN FUND BALANCE:-	-	107,954	(3,505)	14,432	100,000	(11,947)	(5,465)	-	5,221
FUND BALANCE - BEGINNING OF YEAR:-	-	909,701	3,511	90,263	91,937	11,947	20,790	43,330	14,432
CUMULATIVE EFFECT OF CHANGE OF ACCOUNTING PRINCIPLE:-	-	-	-	-	-	-	-	-	-
FUND BALANCE - END OF YEAR:-	\$ -	\$ 1,017,655	\$ 6	\$ 104,695	\$ 191,937	\$ -	\$ 15,325	\$ 43,330	\$ 19,653

CITY OF HERMITAGE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

COMMUNITY DEVELOPMENT FUND

YEAR ENDED DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	TECHNICAL CENTER PROGRAM	GENERAL OPERATING PROGRAM	HERMITAGE FARMERS' MARKET PROGRAM	LAND DEVELOPMENT PROGRAM	COMMUNITY LAW ENFORCEMENT PROGRAM	EAST STATE STREET/KEEL RIDGE INTERSECTION PROGRAM	THORNTON / FORKER BOULEVARD BIKEWAY	2021	2020
REVENUES:-									
Interest and Rents	\$ -	\$ -	\$ -	\$ 1,241	\$ -	\$ -	\$ -	\$ 34,528	\$ 7,077
Grants, Gifts, and Local Funding	117	-	-	-	13,850	8,704	10,444	847,008	1,657,356
Fees and Other	-	12,945	80	112,000	-	-	-	127,165	2,160
TOTAL REVENUES:-	117	12,945	80	113,241	13,850	8,704	10,444	1,008,701	1,666,593
EXPENDITURES:-									
GENERAL GOVERNMENT -									
Administration	117	19,504	-	-	-	-	-	240,495	280,390
Municipal Facilities	-	-	-	-	-	-	-	108,734	-
PUBLIC WORKS -									
Highways, Streets, and Trails	-	-	-	-	-	11,750	10,444	118,647	1,286,890
Storm Sewers	-	-	-	-	-	-	-	36,408	-
Sanitation (Recycling)	-	-	-	-	-	-	-	23,147	1,900
Public Safety	-	-	-	-	31,024	-	-	31,024	6,854
CONSERVATION AND DEVELOPMENT -									
Economic Development	-	-	-	3,546	-	-	-	216,965	124,500
Housing Rehabilitation	-	-	-	-	-	-	-	184,012	253,749
PARKS AND RECREATION -									
	-	-	-	-	-	-	-	5,000	109,820
DEBT SERVICE -									
	-	-	-	-	-	-	-	2,038,548	-
TOTAL EXPENDITURES:-	117	19,504	-	3,546	31,024	11,750	10,444	3,002,980	2,064,103
REVENUES OVER (UNDER) EXPENDITURES:-	-	(6,559)	80	109,695	(17,174)	(3,046)	-	(1,994,279)	(397,510)
OTHER FINANCING SOURCES (USES):-									
Operating Transfers In	-	-	-	-	-	3,046	-	262,862	75,000
Operating Transfers Out	-	-	-	-	-	-	-	(2,589)	(2,808)
Interprogram Transfers In	-	24	-	-	-	-	-	24	-
Interprogram Transfers Out	-	-	-	-	-	-	-	(24)	-
Proceeds from Long-Term Debt	-	-	-	-	-	-	-	4,990,000	-
Bond Issuance Cost	-	-	-	-	-	-	-	(89,537)	-
Bond Premium	-	-	-	-	-	-	-	142,779	-
TOTAL OTHER FINANCING SOURCES (USES):-	-	24	-	-	-	3,046	-	5,303,515	72,192
NET CHANGE IN FUND BALANCE:-	-	(6,535)	80	109,695	(17,174)	-	-	3,309,236	(325,318)
FUND BALANCE - BEGINNING OF YEAR:-	-	(12,946)	576	85,416	42,837	-	-	1,883,049	861,897
CUMULATIVE EFFECT OF CHANGE OF ACCOUNTING PRINCIPLE:-	-	-	-	-	-	-	-	-	1,346,470
FUND BALANCE - END OF YEAR:-	\$ -	\$ (19,481)	\$ 656	\$ 195,111	\$ 25,663	\$ -	\$ -	\$ 5,192,285	\$ 1,883,049

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE

2021 CONSTRUCTION PROGRAM

YEAR ENDED DECEMBER 31, 2021

	<u>ESTIMATED COSTS</u>	<u>CUMULATIVE ACTIVITY SINCE INCEPTION</u>	<u>YTD ACTIVITY</u>
<u>REVENUES:-</u>			
Bond Proceeds (Including Premium)	\$ 5,132,779	\$ 5,132,779	\$ 5,132,779
Investment Earnings	50,000	4,974	4,974
Grants	431,907	-	-
	<hr/>	<hr/>	<hr/>
<u>TOTAL REVENUES:-</u>	<u>5,614,686</u>	<u>5,137,753</u>	<u>5,137,753</u>
<u>EXPENDITURES:-</u>			
Refunding of 2016 Series Bonds	2,038,548	2,038,548	2,038,548
2021 Series Bonds Issuance Costs	89,537	89,537	89,537
Neighborhood Investment Plan (NIP) Block 7	1,000,000	-	-
Capital Stormwater Projects	867,000	36,408	36,408
Town Center Redevelopment	850,000	-	-
Municipal Facility Projects	168,000	32,187	32,187
Athletic Complex Land Acquisition	197,538	5,000	5,000
Major Transportation Engineering	100,000	-	-
Administration and Contingency	304,063	-	-
	<hr/>	<hr/>	<hr/>
<u>TOTAL EXPENDITURES:-</u>	<u>5,614,686</u>	<u>2,201,680</u>	<u>2,201,680</u>
<u>REVENUES OVER EXPENDITURES:-</u>	<u>-</u>	<u>2,936,073</u>	<u>2,936,073</u>
<u>OTHER FINANCING SOURCES (USES):-</u>			
Transfer from Other Funds	-	-	-
Transfer to Other Funds	-	-	-
	<hr/>	<hr/>	<hr/>
<u>TOTAL OTHER FINANCING SOURCES (USES):-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES:-</u>	<u>-</u>	<u>2,936,073</u>	<u>2,936,073</u>
<u>PROGRAM BALANCE - BEGINNING OF YEAR:-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<hr/>	<hr/>	<hr/>
<u>PROGRAM BALANCE - END OF YEAR:-</u>	<u>\$ -</u>	<u>\$ 2,936,073</u>	<u>\$ 2,936,073</u>

COMMUNITY DEVELOPMENT BLOCK GRANT - CARES FUNDS

PROGRAM YEAR 2020: CONTRACT NUMBER C000075224

STATEMENT OF SOURCE AND STATUS OF FUNDS

PERIOD JANUARY 27, 2020 THROUGH DECEMBER 31, 2021

	CUMULATIVE TO DECEMBER 31, 2021
<u>DRAWDOWNS:-</u>	
Total CARES Act Funds Allocated to Recipient	\$ 193,732
<u>LESS:</u> Unobligated Funds Reprogrammed	<u>-</u>
Total Adjusted CARES Act Resources	193,732
<u>LESS:</u> Funds Drawdown by Recipient	<u>(193,732)</u>
<u>FUNDS STILL AVAILABLE - CARES ACT:-</u>	<u>\$ -</u>
 <u>BALANCES:-</u>	
Total CARES Act Funds Drawdown by Recipient	\$ 193,732
Program Income Applicable to CARES Act	<u>-</u>
<u>Total CARES Act Funds Available</u>	193,732
<u>LESS:</u> Funds Applied to Program Year 2020 Costs (Exhibit "H")	<u>(193,732)</u>
 <u>TOTAL CARES ACT FUNDS HELD (APPLIED IN EXCESS OF FUNDS RECEIVED):-</u>	<u>\$ -</u>
 <u>TOTAL CARES ACT FUNDS AVAILABLE FOR DISPOSITION:-</u>	<u>\$ -</u>

COMMUNITY DEVELOPMENT BLOCK GRANT - CARES FUNDS

PROGRAM YEAR 2020: CONTRACT NUMBER C000075224

STATEMENT OF PROGRAM COSTS

PERIOD JANUARY 27, 2020 THROUGH DECEMBER 31, 2021

	<u>AMENDED AUTHORIZED COSTS</u>	<u>EXPENDITURES CUMULATIVE TO DECEMBER 31, 2021</u>	<u>QUESTIONED COSTS</u>
<u>PROGRAM ACTIVITY:-</u>			
<u>ECONOMIC DEVELOPMENT</u>	<u>\$ 193,732</u>	<u>\$ 193,732</u>	<u>\$ -</u>
<u>TOTAL PROGRAM COSTS:-</u>	<u>\$ 193,732</u>	<u>\$ 193,732</u>	<u>\$ -</u>
<u>FUNDING:-</u>			
CARES Act	\$ 193,732		
Program Income	<u>-</u>		
<u>TOTAL:-</u>	<u>\$ 193,732</u>		

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

PROGRAM YEAR 2020: CONTRACT NUMBER C00075970

STATEMENT OF SOURCE AND STATUS OF FUNDS

PERIOD JANUARY 27, 2020 THROUGH DECEMBER 31, 2021

	<u>CUMULATIVE TO DECEMBER 31, 2021</u>
<u>DRAWDOWNS:-</u>	
Total Program Year 2020 Funds Allocated to Recipient	\$ 329,220
<u>LESS:</u> Unobligated Funds Reprogrammed	<u>-</u>
Total Adjusted Program Year 2020 Resources	329,220
<u>LESS:</u> Funds Drawdown by Recipient	<u>(144,550)</u>
<u>FUNDS STILL AVAILABLE - PROGRAM YEAR 2020:-</u>	<u>\$ 184,670</u>
 <u>BALANCES:-</u>	
Total Program Year 2020 Funds Drawdown by Recipient	\$ 144,550
Program Income Applicable to Program Year 2020	<u>-</u>
<u>Total Program Year 2020 Funds Available</u>	144,550
<u>LESS:</u> Funds Applied to Program Year 2020 Costs (Exhibit "J")	<u>(144,550)</u>
 <u>TOTAL PROGRAM YEAR 2020 FUNDS HELD (APPLIED IN EXCESS OF FUNDS RECEIVED):-</u>	 <u>\$ -</u>
 <u>TOTAL PROGRAM YEAR 2020 FUNDS AVAILABLE FOR DISPOSITION:-</u>	 <u>\$ 184,670</u>

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

PROGRAM YEAR 2020: CONTRACT NUMBER C000075970

STATEMENT OF PROGRAM COSTS

PERIOD JANUARY 27, 2020 THROUGH DECEMBER 31, 2021

	<u>AMENDED AUTHORIZED COSTS</u>	<u>EXPENDITURES CUMULATIVE TO DECEMBER 31, 2021</u>	<u>QUESTIONED COSTS</u>
<u>PROGRAM ACTIVITY:-</u>			
<u>ADMINISTRATION -</u>	\$ 37,201	\$ 24,167	\$ -
<u>HOUSING REHABILITATION -</u>	92,019	23,930	-
<u>INFRASTRUCTURE IMPROVEMENTS -</u>	<u>200,000</u>	<u>96,453</u>	<u>-</u>
<u>TOTAL PROGRAM COSTS:-</u>	<u>\$ 329,220</u>	<u>\$ 144,550</u>	<u>\$ -</u>
<u>FUNDING:-</u>			
2020 C.D.B.G.	\$ 329,220		
Program Income	<u>-</u>		
<u>TOTAL:-</u>	<u>\$ 329,220</u>		

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

PROGRAM YEAR 2019: CONTRACT NUMBER C000073551

STATEMENT OF SOURCE AND STATUS OF FUNDS

PERIOD FEBRUARY 3, 2020 THROUGH DECEMBER 31, 2021

	<u>CUMULATIVE TO DECEMBER 31, 2021</u>
<u>DRAWDOWNS:-</u>	
Total Program Year 2019 Funds Allocated to Recipient	\$ 298,504
<u>LESS:</u> Unobligated Funds Reprogrammed	<u>-</u>
Total Adjusted Program Year 2019 Resources	298,504
<u>LESS:</u> Funds Drawdown by Recipient	<u>(298,504)</u>
<u>FUNDS STILL AVAILABLE - PROGRAM YEAR 2019:-</u>	<u>\$ -</u>
 <u>BALANCES:-</u>	
Total Program Year 2019 Funds Drawdown by Recipient	\$ 298,504
Program Income Applicable to Program Year 2019	<u>-</u>
<u>Total Program Year 2019 Funds Available</u>	298,504
<u>LESS:</u> Funds Applied to Program Year 2019 Costs (Exhibit "L")	<u>(298,504)</u>
 <u>TOTAL PROGRAM YEAR 2019 FUNDS HELD (APPLIED IN EXCESS OF FUNDS RECEIVED):-</u>	 <u>\$ -</u>
 <u>TOTAL PROGRAM YEAR 2019 FUNDS AVAILABLE FOR DISPOSITION:-</u>	 <u>\$ -</u>

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

PROGRAM YEAR 2019: CONTRACT NUMBER C000073551

STATEMENT OF PROGRAM COSTS

PERIOD FEBRUARY 3, 2020 THROUGH DECEMBER 31, 2021

	<u>AMENDED AUTHORIZED COSTS</u>	<u>EXPENDITURES CUMULATIVE TO DECEMBER 31, 2021</u>	<u>QUESTIONED COSTS</u>
<u>PROGRAM ACTIVITY:-</u>			
<u>ADMINISTRATION -</u>	\$ 35,504	\$ 35,504	\$ -
<u>INFRASTRUCTURE IMPROVEMENTS -</u>	<u>263,000</u>	<u>263,000</u>	<u>-</u>
<u>TOTAL PROGRAM COSTS:-</u>	<u>\$ 298,504</u>	<u>\$ 298,504</u>	<u>\$ -</u>
<u>FUNDING:-</u>			
2019 C.D.B.G.	\$ 298,504		
Program Income	<u>-</u>		
<u>TOTAL:-</u>	<u>\$ 298,504</u>		

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

PROGRAM YEAR 2018: CONTRACT NUMBER C000070917

STATEMENT OF SOURCE AND STATUS OF FUNDS

PERIOD MARCH 21, 2019 THROUGH DECEMBER 31, 2021

	<u>CUMULATIVE TO DECEMBER 31, 2021</u>
<u>DRAWDOWNS:-</u>	
Total Program Year 2018 Funds Allocated to Recipient	\$ 296,249
<u>LESS:</u> Unobligated Funds Reprogrammed	<u>-</u>
Total Adjusted Program Year 2018 Resources	296,249
<u>LESS:</u> Funds Drawdown by Recipient	<u>(296,249)</u>
<u>FUNDS STILL AVAILABLE - PROGRAM YEAR 2018:-</u>	<u>\$ -</u>
 <u>BALANCES:-</u>	
Total Program Year 2018 Funds Drawdown by Recipient	\$ 296,249
Program Income Applicable to Program Year 2018	<u>-</u>
<u>Total Program Year 2018 Funds Available</u>	296,249
<u>LESS:</u> Funds Applied to Program Year 2018 Costs (Exhibit "N")	<u>(296,249)</u>
 <u>TOTAL PROGRAM YEAR 2018 FUNDS HELD (APPLIED IN EXCESS OF FUNDS RECEIVED):-</u>	<u>\$ -</u>
 <u>TOTAL PROGRAM YEAR 2018 FUNDS AVAILABLE FOR DISPOSITION:-</u>	<u>\$ -</u>

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

PROGRAM YEAR 2018: CONTRACT NUMBER C000070917

STATEMENT OF PROGRAM COSTS

PERIOD MARCH 21, 2019 THROUGH DECEMBER 31, 2021

	<u>AMENDED AUTHORIZED COSTS</u>	<u>EXPENDITURES CUMULATIVE TO DECEMBER 31, 2021</u>	<u>QUESTIONED COSTS</u>
<u>PROGRAM ACTIVITY:-</u>			
<u>ADMINISTRATION -</u>	\$ 35,549	\$ 35,549	\$ -
<u>PUBLIC FACILITIES -</u>	130,000	130,000	-
<u>HOUSING REHABILITATION -</u>	130,700	130,700	-
<u>TOTAL PROGRAM COSTS:-</u>	<u>\$ 296,249</u>	<u>\$ 296,249</u>	<u>\$ -</u>
<u>FUNDING:-</u>			
2018 C.D.B.G.	\$ 296,249		
Program Income	-		
<u>TOTAL:-</u>	<u>\$ 296,249</u>		

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

PROGRAM YEAR 2017: CONTRACT NUMBER C000069227

STATEMENT OF SOURCE AND STATUS OF FUNDS

PERIOD MARCH 15, 2018 THROUGH DECEMBER 31, 2021

	<u>CUMULATIVE TO DECEMBER 31, 2021</u>
<u>DRAWDOWNS:-</u>	
Total Program Year 2017 Funds Allocated to Recipient	\$ 269,615
<u>LESS:</u> Unobligated Funds Reprogrammed	<u>-</u>
Total Adjusted Program Year 2017 Resources	269,615
<u>LESS:</u> Funds Drawdown by Recipient	<u>(269,615)</u>
<u>FUNDS STILL AVAILABLE - PROGRAM YEAR 2017:-</u>	<u>\$ -</u>
<u>BALANCES:-</u>	
Total Program Year 2017 Funds Drawdown by Recipient	\$ 269,615
Program Income Applicable to Program Year 2017	<u>3,950</u>
<u>Total Program Year 2017 Funds Available</u>	273,565
<u>LESS:</u> Funds Applied to Program Year 2017 Costs (Exhibit "P")	<u>(273,565)</u>
<u>TOTAL PROGRAM YEAR 2017 FUNDS HELD (APPLIED IN EXCESS OF FUNDS RECEIVED):-</u>	<u>\$ -</u>
<u>TOTAL PROGRAM YEAR 2017 FUNDS AVAILABLE FOR DISPOSITION:-</u>	<u>\$ -</u>

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDSPROGRAM YEAR 2017: CONTRACT NUMBER C000069227STATEMENT OF PROGRAM COSTSPERIOD MARCH 15, 2018 THROUGH DECEMBER 31, 2021

	<u>AMENDED AUTHORIZED COSTS</u>	<u>EXPENDITURES CUMULATIVE TO DECEMBER 31, 2021</u>	<u>QUESTIONED COSTS</u>
<u>PROGRAM ACTIVITY:-</u>			
<u>ADMINISTRATION -</u>	\$ 32,353	\$ 32,353	\$ -
<u>PUBLIC FACILITIES -</u>	125,000	125,000	-
<u>HOUSING REHABILITATION -</u>	112,262	116,212	-
<u>TOTAL PROGRAM COSTS:-</u>	<u>\$ 269,615</u>	<u>\$ 273,565</u>	<u>\$ -</u>
<u>FUNDING:-</u>			
2017 C.D.B.G.	\$ 269,615		
Program Income	3,950		
<u>TOTAL:-</u>	<u>\$ 273,565</u>		

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

PROGRAM YEAR 2016: CONTRACT NUMBER C000065045

STATEMENT OF SOURCE AND STATUS OF FUNDS

PERIOD MARCH 30, 2017 THROUGH DECEMBER 31, 2021

	<u>CUMULATIVE TO DECEMBER 31, 2021</u>
<u>DRAWDOWNS:-</u>	
Total Program Year 2016 Funds Allocated to Recipient	\$ 272,958
<u>LESS:</u> Unobligated Funds Reprogrammed	<u>-</u>
Total Adjusted Program Year 2016 Resources	272,958
<u>LESS:</u> Funds Drawdown by Recipient	<u>(272,958)</u>
<u>FUNDS STILL AVAILABLE - PROGRAM YEAR 2016:-</u>	<u>\$ -</u>
<u>BALANCES:-</u>	
Total Program Year 2016 Funds Drawdown by Recipient	\$ 272,958
Program Income Applicable to Program Year 2016	<u>18,777</u>
<u>Total Program Year 2016 Funds Available</u>	291,735
<u>LESS:</u> Funds Applied to Program Year 2016 Costs (Exhibit "R")	<u>(291,735)</u>
<u>TOTAL PROGRAM YEAR 2016 FUNDS HELD (APPLIED IN EXCESS OF FUNDS RECEIVED):-</u>	<u>\$ -</u>
<u>TOTAL PROGRAM YEAR 2016 FUNDS AVAILABLE FOR DISPOSITION:-</u>	<u>\$ -</u>

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDSPROGRAM YEAR 2016: CONTRACT NUMBER C000065045STATEMENT OF PROGRAM COSTSPERIOD MARCH 30, 2017 THROUGH DECEMBER 31, 2021

	<u>AMENDED AUTHORIZED COSTS</u>	<u>EXPENDITURES CUMULATIVE TO DECEMBER 31, 2021</u>	<u>QUESTIONED COSTS</u>
<u>PROGRAM ACTIVITY:-</u>			
<u>ADMINISTRATION -</u>	\$ 40,944	\$ 40,944	\$ -
<u>HOUSING REHABILITATION -</u>	207,014	85,893	-
<u>STREET/ROAD IMPROVEMENTS -</u>	<u>25,000</u>	<u>164,898</u>	<u>-</u>
<u>TOTAL PROGRAM COSTS:-</u>	<u>\$ 272,958</u>	<u>\$ 291,735</u>	<u>\$ -</u>
<u>FUNDING:-</u>			
2016 C.D.B.G.	\$ 272,958		
Program Income	<u>18,777</u>		
<u>TOTAL:-</u>	<u>\$ 291,735</u>		

HOME INVESTMENT PARTNERSHIP PROGRAM GRANT

PROGRAM YEAR 2015: CONTRACT NUMBER C000065783

STATEMENT OF SOURCE AND STATUS OF FUNDS

PERIOD MAY 11, 2017 THROUGH DECEMBER 31, 2020

	<u>CUMULATIVE TO DECEMBER 31, 2021</u>
<u>DRAWDOWNS:-</u>	
Total Program Year 2015 Funds Allocated to Recipient	\$ 700,000
<u>LESS:</u> Unobligated Funds Reprogrammed	<u>-</u>
Total Adjusted Program Year 2015 Resources	700,000
<u>LESS:</u> Funds Drawdown by Recipient	<u>(700,000)</u>
<u>FUNDS STILL AVAILABLE - PROGRAM YEAR 2015:-</u>	<u>\$ -</u>
<u>BALANCES:-</u>	
Total Program Year 2015 Funds Drawdown by Recipient	\$ 700,000
Program Income Applicable to Program Year 2015	<u>9,955</u>
<u>Total Program Year 2015 Funds Available</u>	709,955
<u>LESS:</u> Funds Applied to Program Year 2015 Costs (Exhibit "T")	<u>(709,955)</u>
<u>TOTAL PROGRAM YEAR 2015 FUNDS HELD (APPLIED IN EXCESS OF FUNDS RECEIVED):-</u>	<u>\$ -</u>
<u>TOTAL PROGRAM YEAR 2015 FUNDS AVAILABLE FOR DISPOSITION:-</u>	<u>\$ -</u>

HOME INVESTMENT PARTNERSHIP PROGRAM GRANT

PROGRAM YEAR 2015: CONTRACT NUMBER C000065783

STATEMENT OF PROGRAM COSTS

PERIOD MAY 11, 2017 THROUGH DECEMBER 31, 2020

	<u>AMENDED AUTHORIZED COSTS</u>	<u>EXPENDITURES CUMULATIVE TO DECEMBER 31, 2021</u>	<u>QUESTIONED COSTS</u>
<u>PROGRAM ACTIVITY:-</u>			
<u>ADMINISTRATION -</u>	\$ 30,000	\$ 30,000	\$ -
<u>HOUSING REHABILITATION -</u>	<u>679,955</u>	<u>679,955</u>	<u>-</u>
<u>TOTAL PROGRAM COSTS:-</u>	<u>\$ 709,955</u>	<u>\$ 709,955</u>	<u>\$ -</u>
<u>FUNDING:-</u>			
2015 HOME	\$ 700,000		
Program Income	<u>9,955</u>		
<u>TOTAL:-</u>	<u>\$ 709,955</u>		

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCEREVOLVING LOAN FUNDSYEAR ENDED DECEMBER 31, 2021(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020)

	LOCAL REVOLVING LOAN PROGRAM	LANDSCAPE AND FAÇADE REVOLVING LOAN PROGRAM	TOTALS	
			2021	2020
<u>REVENUES:-</u>				
Interest Earned	\$ 27,567	\$ -	\$ 27,567	\$ 7,077
Other	837	-	837	500
<u>TOTAL REVENUES:-</u>	<u>28,404</u>	<u>-</u>	<u>28,404</u>	<u>7,577</u>
<u>EXPENDITURES:-</u>				
Administration	5,266	-	5,266	4,540
<u>TOTAL EXPENDITURES:-</u>	<u>5,266</u>	<u>-</u>	<u>5,266</u>	<u>4,540</u>
<u>REVENUES OVER EXPENDITURES:-</u>	<u>23,138</u>	<u>-</u>	<u>23,138</u>	<u>3,037</u>
<u>OTHER FINANCING SOURCES (USES):-</u>				
Operating Transfers In	84,816	-	84,816	-
<u>CHANGE IN FUND BALANCE:-</u>	<u>107,954</u>	<u>-</u>	<u>107,954</u>	<u>3,037</u>
<u>FUND BALANCE - BEGINNING OF YEAR:-</u>	<u>774,346</u>	<u>135,355</u>	<u>909,701</u>	<u>346,006</u>
<u>CUMULATIVE EFFECT OF CHANGE OF ACCOUNTING PRICNICPLE:-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>560,658</u>
<u>FUND BALANCE - END OF YEAR:-</u>	<u>\$ 882,300</u>	<u>\$ 135,355</u>	<u>\$ 1,017,655</u>	<u>\$ 909,701</u>

CITY OF HERMITAGE

EXHIBIT "V"

COMBINING BALANCE SHEET

ALL NON-MAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2021

	VESTED SICK LEAVE RESERVE FUND	LINDEN POINTE FACILITIES FUND	OIL AND GAS REVENUE FUND	TIF PUBLIC SAFETY FUND	HIGHWAY AID FUND	CAPITAL EQUIPMENT AND FACILITIES FUND	CAPITAL IMPROVEMENT RESERVE FUND	2016 CONSTRUCTION FUND	TOTALS
ASSETS:-									
Cash and Cash Equivalents	\$ 60,465	\$ 85,520	\$ 88,768	\$ 29,632	\$ 797	\$ 24,971	\$ 911,918	\$ -	\$ 1,202,071
Due from Other Funds	150,000	-	-	-	-	-	-	-	150,000
TOTAL ASSETS:-	\$ 210,465	\$ 85,520	\$ 88,768	\$ 29,632	\$ 797	\$ 24,971	\$ 911,918	\$ -	\$ 1,352,071
LIABILITIES:-									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,394	\$ -	\$ -	\$ 5,394
Due to Other Funds	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES:-	-	-	-	-	-	5,394	-	-	5,394
FUND BALANCE:-									
Assigned	210,465	85,520	88,768	-	-	19,577	911,918	-	1,316,248
Restricted	-	-	-	29,632	797	-	-	-	30,429
TOTAL FUND BALANCE:-	210,465	85,520	88,768	29,632	797	19,577	911,918	-	1,346,677
TOTAL LIABILITIES AND FUND BALANCE:-	\$ 210,465	\$ 85,520	\$ 88,768	\$ 29,632	\$ 797	\$ 24,971	\$ 911,918	\$ -	\$ 1,352,071

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

ALL NON-MAJOR GOVERNMENTAL FUNDS - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2021

	VESTED SICK LEAVE RESERVE FUND		LINDENPOINTE FACILITIES FUND		OIL AND GAS REVENUE FUND		TIF PUBLIC SAFETY FUND		HIGHWAY AID FUND	
	BUDGET (UNAUDITED)	ACTUAL	BUDGET (UNAUDITED)	ACTUAL	BUDGET (UNAUDITED)	ACTUAL	BUDGET (UNAUDITED)	ACTUAL	BUDGET (UNAUDITED)	ACTUAL
REVENUES:-										
Investment Earnings	\$ 400	\$ 119	\$ 100	\$ 180	\$ 100	\$ 211	\$ 100	\$ 60	\$ 500	\$ 787
Grants	-	-	-	-	-	-	-	-	552,805	569,443
Other	-	50,000	-	-	-	-	-	-	-	-
Royalties	-	-	-	-	-	1,461	-	-	-	-
Shale Impact Fees	-	-	-	-	19,500	13,277	-	-	-	-
TOTAL REVENUES:-	400	50,119	100	180	19,600	14,949	100	60	553,305	570,230
EXPENDITURES:-										
General Government -										
Legislative and Governing Body										
Finance	12,400	-	-	-	-	-	-	-	-	-
Tax Collection	-	-	-	-	-	-	-	-	-	-
Legal Services	-	-	-	-	-	-	-	-	-	-
Buildings and Plant	-	-	-	-	-	-	-	-	-	-
TOTAL GENERAL GOVERNMENT:-	12,400	-	-	-	-	-	-	-	-	-
Protection of Persons and Property -										
Police	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-
Protective Inspection	-	-	-	-	-	-	-	-	-	-
Planning and Zoning	-	-	-	-	-	-	-	-	-	-
TOTAL PROTECTION OF PERSONS AND PROPERTY:-	-	-	-	-	-	-	-	-	-	-
Public Works -										
Highways and Streets	-	-	-	-	-	-	-	-	-	-
Storm Sewers	-	-	-	-	55,000	54,815	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-
TOTAL PUBLIC WORKS:-	-	-	-	-	55,000	54,815	-	-	-	-
Conservation and Development -										
	-	-	18,000	17,007	-	-	-	-	-	-
Culture and Recreation -										
Parks and Recreation	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-
TOTAL CULTURE AND RECREATION:-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES:-	12,400	-	18,000	17,007	55,000	54,815	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES:-	(12,000)	50,119	(17,900)	(16,827)	(35,400)	(39,866)	100	60	553,305	570,230
OTHER FINANCING SOURCES (USES):-										
Transfers from Other Funds	50,000	150,000	-	-	-	-	-	-	-	-
Transfers to Other Funds	-	-	-	-	-	-	(2,500)	(2,500)	(553,000)	(570,000)
TOTAL OTHER FINANCING SOURCES (USES):-	50,000	150,000	-	-	-	-	(2,500)	(2,500)	(553,000)	(570,000)
NET CHANGE IN FUND BALANCE:-	38,000	200,119	(17,900)	(16,827)	(35,400)	(39,866)	(2,400)	(2,440)	305	230
FUND BALANCE - BEGINNING OF YEAR:-	21,610	10,346	102,415	102,347	127,795	128,634	32,094	32,072	452	567
FUND BALANCE - END OF YEAR:-	\$ 59,610	\$ 210,465	\$ 84,515	\$ 85,520	\$ 92,395	\$ 88,768	\$ 29,694	\$ 29,632	\$ 757	\$ 797

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

ALL NON-MAJOR GOVERNMENTAL FUNDS - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2021

	CAPITAL EQUIPMENT AND FACILITIES FUND		2016 CONSTRUCTION FUND		CAPITAL IMPROVEMENT RESERVE FUND		TOTALS	
	BUDGET (UNAUDITED)	ACTUAL	BUDGET (UNAUDITED)	ACTUAL	BUDGET (UNAUDITED)	ACTUAL	BUDGET (UNAUDITED)	ACTUAL
REVENUES:-								
Investment Earnings	\$ -	\$ -	\$ -	\$ 27	\$ 1,000	\$ 1,103	\$ 2,200	\$ 2,487
Grants	-	-	-	170,000	-	-	552,805	739,443
Other	-	-	-	-	-	58,072	-	108,072
Royalties	-	-	-	-	-	-	-	1,461
Shale Impact Fees	-	-	-	-	-	-	19,500	13,277
TOTAL REVENUES:-	-	-	-	170,027	1,000	59,175	574,505	864,740
EXPENDITURES:-								
General Government -								
Legislative and Governing Body								
Finance	17,000	16,577	-	-	-	-	29,400	16,577
Tax Collection	-	-	-	-	-	-	-	-
Legal Services	-	-	-	-	-	-	-	-
Buildings and Plant	33,358	18,815	-	-	-	-	33,358	18,815
TOTAL GENERAL GOVERNMENT:-	50,358	35,392	-	-	-	-	62,758	35,392
Protection of Persons and Property -								
Police	106,000	103,800	-	-	-	-	106,000	103,800
Fire	75,000	73,901	-	-	-	-	75,000	73,901
Protective Inspection	-	-	-	-	-	-	-	-
Planning and Zoning	-	-	-	-	-	-	-	-
TOTAL PROTECTION OF PERSONS AND PROPERTY:-	181,000	177,701	-	-	-	-	181,000	177,701
Public Works -								
Highways and Streets	140,000	145,513	-	-	-	29,542	140,000	175,055
Storm Sewers	-	-	-	483,878	-	-	55,000	538,693
Other	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
TOTAL PUBLIC WORKS:-	140,000	145,513	-	483,878	-	29,542	195,000	713,748
Conservation and Development -	-	-	-	-	-	-	18,000	17,007
Culture and Recreation -								
Parks and Recreation	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-
TOTAL CULTURE AND RECREATION:-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES:-	371,358	358,606	-	483,878	-	29,542	456,758	943,848
REVENUES OVER (UNDER) EXPENDITURES:-	(371,358)	(358,606)	-	(313,851)	1,000	29,633	117,747	(79,108)
OTHER FINANCING SOURCES (USES):-								
Transfers from Other Funds	319,322	319,322	-	-	361,604	708,092	730,926	1,177,414
Transfers to Other Funds	-	-	-	(46,946)	(50,000)	(400,000)	(605,500)	(1,019,446)
TOTAL OTHER FINANCING SOURCES (USES):-	319,322	319,322	-	(46,946)	311,604	308,092	125,426	157,968
NET CHANGE IN FUND BALANCE:-	(52,036)	(39,284)	-	(360,797)	312,604	337,725	243,173	78,860
FUND BALANCE - BEGINNING OF YEAR:-	58,861	58,861	-	360,797	574,193	574,193	917,420	1,267,817
FUND BALANCE - END OF YEAR:-	\$ 6,825	\$ 19,577	\$ -	\$ -	\$ 886,797	\$ 911,918	\$ 1,160,593	\$ 1,346,677

CITY OF HERMITAGE

EXHIBIT "X"

COMBINING STATEMENT OF NET POSITION

SEWER SYSTEM FUND

DECEMBER 31, 2021

	CITY OF HERMITAGE SEWER SYSTEM OPERATING FUND	HERMITAGE MUNICIPAL AUTHORITY	TOTAL		CITY OF HERMITAGE SEWER SYSTEM OPERATING FUND	HERMITAGE MUNICIPAL AUTHORITY	TOTAL
CURRENT ASSETS:-				CURRENT LIABILITIES:-			
Cash and Cash Equivalents	\$ 2,544,240	\$ 1,847,398	\$ 4,391,638	Bonds and Notes Payable, Net of Discount and Premium	\$ -	\$ 2,455,524	\$ 2,455,524
Accounts Receivable - User Fees	1,316,862	-	1,316,862	Accounts Payable	243,193	123,373	366,566
Accounts Receivable - Related Party	(195,440)	195,440	-	Accrued Payroll and Taxes	35,502	-	35,502
Supplies	10,000	101,210	111,210	Accrued Interest Payable	-	427,699	427,699
Prepaid Bond Insurance	-	4,036	4,036	Unearned Revenue	-	22,096	22,096
TOTAL CURRENT ASSETS:-	3,675,662	2,148,084	5,823,746	TOTAL CURRENT LIABILITIES:-	278,695	3,028,692	3,307,387
NON-CURRENT ASSETS:-				NON-CURRENT LIABILITIES:-			
Capital Assets -				Bonds Payable, Net of Discount or Premium	-	29,526,000	29,526,000
Land	-	64,000	64,000	Notes Payable	-	7,484,514	7,484,514
Buildings	-	2,346,517	2,346,517	Reserve for Delayed Assessment Receivable	-	595,118	595,118
Vehicles, Furniture, Fixtures, and Equipment	1,162,837	3,144,088	4,306,925	Other Post-Employment Benefits	530,765	-	530,765
Construction-in-Progress	-	110,428	110,428	TOTAL NON-CURRENT LIABILITIES:-	530,765	37,605,632	38,136,397
Sewer System	8,153,825	74,042,356	82,196,181	TOTAL LIABILITIES:-	809,460	40,634,324	41,443,784
	9,316,662	79,707,389	89,024,051	DEFERRED INFLOWS OF RESOURCES:-			
LESS: Accumulated Depreciation	(8,661,799)	(29,958,545)	(38,620,344)	Related to Pensions	913,539	-	913,539
NET CAPITAL ASSETS:-	654,863	49,748,844	50,403,707	Deferred Amount on Refunding	-	36,884	36,884
OTHER ASSETS:-				Related to Other Post-Employment Benefits	41,325	-	41,325
Pension Asset	728,680	-	728,680	TOTAL DEFERRED INFLOWS OF RESOURCES:-	954,864	36,884	991,748
Delayed Assessments Receivable	-	643,067	643,067	TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:-	1,764,324	40,671,208	42,435,532
Prepaid Bond Insurance	-	52,522	52,522	NET POSITION:-			
TOTAL OTHER ASSETS:-	728,680	695,589	1,424,269	Net Investment in Capital Assets	654,863	12,686,696	13,341,559
TOTAL ASSETS:-	5,059,205	52,592,517	57,651,722	Restricted	-	78,717	78,717
DEFERRED OUTFLOWS OF RESOURCES:-				Unrestricted	2,923,870	(134,132)	2,789,738
Related to Pensions	257,890	-	257,890	TOTAL NET POSITION:-	3,578,733	12,631,281	16,210,014
Related to Other Post-Employment Benefits	25,962	-	25,962	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION:-	\$ 5,343,057	\$ 53,302,489	\$ 58,645,546
Deferred Amount on Refunding	-	709,972	709,972				
TOTAL DEFERRED OUTFLOWS OF RESOURCES:-	283,852	709,972	993,824				
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:-	\$ 5,343,057	\$ 53,302,489	\$ 58,645,546				

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION

SEWER SYSTEM FUND

YEAR ENDED DECEMBER 31, 2021

	CITY OF HERMITAGE SEWER SYSTEM OPERATING FUND	HERMITAGE MUNICIPAL AUTHORITY	ELIMINATIONS	TOTAL
<u>OPERATING REVENUES:-</u>				
Sewer Charges - User Fees	\$ 5,250,411	\$ -	\$ -	\$ 5,250,411
Sewer Rental	634,170	3,260,207	(3,260,207)	634,170
Licenses and Other	509,525	21,305	-	530,830
Grants and Gifts	112,427	-	-	112,427
<u>TOTAL OPERATING REVENUES:-</u>	<u>6,506,533</u>	<u>3,281,512</u>	<u>(3,260,207)</u>	<u>6,527,838</u>
<u>OPERATING EXPENSES:-</u>				
Collection	310,867	-	-	310,867
Treatment Plant	1,372,261	-	-	1,372,261
Administration	732,236	6,465	-	738,701
Professional Services	-	121,319	-	121,319
Sewer System Lease	3,576,216	-	(3,260,207)	316,009
Insurance	389,671	-	-	389,671
Depreciation	87,898	2,059,528	-	2,147,426
Miscellaneous	-	1,053	-	1,053
<u>TOTAL OPERATING EXPENSES:-</u>	<u>6,469,149</u>	<u>2,188,365</u>	<u>(3,260,207)</u>	<u>5,397,307</u>
<u>OPERATING INCOME:-</u>	<u>37,384</u>	<u>1,093,147</u>	<u>-</u>	<u>1,130,531</u>
<u>NON-OPERATING REVENUES (EXPENSES):-</u>				
Bond Issuance Costs	-	(134,205)	-	(134,205)
Transfers from Other Funds	34,559	-	-	34,559
Investment Income	500	2,471	-	2,971
Interest Expense	-	(893,223)	-	(893,223)
<u>TOTAL NON-OPERATING REVENUES (EXPENSES):-</u>	<u>35,059</u>	<u>(1,024,957)</u>	<u>-</u>	<u>(989,898)</u>
<u>INCOME BEFORE CAPITAL CONTRIBUTIONS:-</u>	<u>72,443</u>	<u>68,190</u>	<u>-</u>	<u>140,633</u>
<u>CAPITAL CONTRIBUTION:-</u>	<u>169,128</u>	<u>197,434</u>	<u>-</u>	<u>366,562</u>
<u>CHANGES IN NET POSITION:-</u>	<u>241,571</u>	<u>265,624</u>	<u>-</u>	<u>507,195</u>
<u>NET POSITION - BEGINNING OF YEAR:-</u>	<u>3,337,162</u>	<u>12,365,657</u>	<u>-</u>	<u>15,702,819</u>
<u>NET POSITION - END OF YEAR:-</u>	<u>\$ 3,578,733</u>	<u>\$ 12,631,281</u>	<u>\$ -</u>	<u>\$ 16,210,014</u>

POLICE PENSION FUNDSTATEMENTS OF NET ASSETS HELD IN TRUST FOR PENSION BENEFITSDECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>CASH AND CASH EQUIVALENTS:-</u>	\$ 261,345	\$ 147,220
<u>INVESTMENTS, AT FAIR VALUE:-</u>		
Equities	9,628,380	8,424,873
Bonds	5,565,990	5,037,996
International	5,984,761	5,301,105
	<u>21,179,131</u>	<u>18,763,974</u>
<u>TOTAL INVESTMENTS:-</u>		
	21,440,476	18,911,194
<u>TOTAL ASSETS:-</u>		
<u>LESS:</u> Accrued Expenses	<u>-</u>	<u>-</u>
<u>NET ASSETS HELD IN TRUST FOR PENSION</u>		
<u>BENEFITS:-</u>	<u>\$ 21,440,476</u>	<u>\$ 18,911,194</u>

POLICE PENSION FUNDSTATEMENTS OF CHANGES IN NET ASSETS HELD IN TRUST FOR PENSION BENEFITSYEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ADDITIONS TO NET ASSETS ATTRIBUTABLE TO:-</u>		
<u>CONTRIBUTIONS:-</u>		
Members	\$ 113,703	\$ 139,668
Employer	<u>257,574</u>	<u>269,226</u>
<u>TOTAL CONTRIBUTIONS:-</u>	<u>371,277</u>	<u>408,894</u>
<u>INVESTMENT INCOME:-</u>		
Unrealized Gain in Fair Value of Investments	1,693,609	807,974
Interest and Dividends	989,811	486,066
Gain on Sale of Investments	<u>374,939</u>	<u>-</u>
<u>NET INVESTMENT INCOME:-</u>	<u>3,058,359</u>	<u>1,294,040</u>
<u>TOTAL ADDITIONS:-</u>	<u>3,429,636</u>	<u>1,702,934</u>
<u>DEDUCTIONS FROM NET ASSETS ATTRIBUTABLE TO:-</u>		
Pension Benefit Payments	818,907	818,919
Fees and Expenses	<u>81,447</u>	<u>49,089</u>
<u>TOTAL DEDUCTIONS:-</u>	<u>900,354</u>	<u>868,008</u>
<u>NET INCREASE:-</u>	2,529,282	834,926
<u>NET ASSETS HELD IN TRUST FOR PENSION</u>		
<u>BENEFITS - BEGINNING OF YEAR:-</u>	<u>18,911,194</u>	<u>18,076,268</u>
<u>NET ASSETS HELD IN TRUST FOR PENSION</u>		
<u>BENEFITS - END OF YEAR:-</u>	<u>\$ 21,440,476</u>	<u>\$ 18,911,194</u>

ALL FIDUCIARY FUNDS

STATEMENT OF NET ASSETS HELD IN TRUST

DECEMBER 31, 2021

	PENSION AND OTHER POST EMPLOYMENT BENEFIT TRUST FUNDS			
	POLICE PENSION FUND	POST RETIREMENT HEALTHCARE FUND	DEFERRED COMPENSATION	TOTALS
<u>CASH AND CASH EQUIVALENTS:-</u>	\$ 261,345	\$ 67,122	\$ 4,407	\$ 332,874
<u>ACCOUNTS RECEIVABLE - ACCRUED INCOME:-</u>	-	-	46,540	46,540
<u>INVESTMENTS, AT FAIR VALUE:-</u>				
Registered Investment Companies - Equities	9,628,380	-	260,044	9,888,424
Registered Investment Companies - Bonds	5,565,990	-	268,080	5,834,070
Registered Investment Companies - International	5,984,761	-	161,169	6,145,930
<u>TOTAL INVESTMENTS:-</u>	21,179,131	-	689,293	21,868,424
<u>TOTAL ASSETS:-</u>	21,440,476	67,122	740,240	22,247,838
<u>LESS:</u> Accrued Expenses	-	-	-	-
<u>TOTAL NET ASSETS HELD IN TRUST:-</u>	<u>\$ 21,440,476</u>	<u>\$ 67,122</u>	<u>\$ 740,240</u>	<u>\$ 22,247,838</u>

ALL FIDUCIARY FUNDS

STATEMENT OF CHANGES IN NET ASSETS HELD IN TRUST

YEAR ENDED DECEMBER 31, 2021

	PENSION AND OTHER POST EMPLOYMENT BENEFIT TRUST FUNDS			TOTALS
	POLICE PENSION FUND	POST RETIREMENT HEALTHCARE FUND	DEFERRED COMPENSATION	
<u>ADDITIONS TO NET ASSETS ATTRIBUTABLE TO:-</u>				
<u>CONTRIBUTIONS:-</u>				
Members	\$ 113,703	\$ 16,893	\$ -	\$ 130,596
Employer	257,574	-	9,966	267,540
<u>TOTAL CONTRIBUTIONS:-</u>	<u>371,277</u>	<u>16,893</u>	<u>9,966</u>	<u>398,136</u>
<u>INVESTMENT INCOME:-</u>				
Unrealized Gain in Fair Value of Investments	1,693,609	-	76,781	1,770,390
Interest and Dividends	989,811	107	20,019	1,009,937
Realized Gain on Sale of Investments	374,939	-	26,057	400,996
<u>NET INVESTMENT INCOME:-</u>	<u>3,058,359</u>	<u>107</u>	<u>122,857</u>	<u>3,181,323</u>
<u>TOTAL ADDITIONS:-</u>	<u>3,429,636</u>	<u>17,000</u>	<u>132,823</u>	<u>3,579,459</u>
<u>DEDUCTIONS FROM NET ASSETS</u>				
<u>ATTRIBUTABLE TO:-</u>				
Pension Benefit Payments	818,907	-	-	818,907
Refunds of Contributions	-	1,336	-	1,336
Fees and Expenses	81,447	-	8,575	90,022
<u>TOTAL DEDUCTIONS:-</u>	<u>900,354</u>	<u>1,336</u>	<u>8,575</u>	<u>910,265</u>
<u>NET INCREASE:-</u>	<u>2,529,282</u>	<u>15,664</u>	<u>124,248</u>	<u>2,669,194</u>
<u>NET ASSETS HELD IN TRUST -</u>				
<u>BEGINNING OF YEAR:-</u>	<u>18,911,194</u>	<u>51,458</u>	<u>615,992</u>	<u>19,578,644</u>
<u>NET ASSETS HELD IN TRUST -</u>				
<u>END OF YEAR:-</u>	<u>\$ 21,440,476</u>	<u>\$ 67,122</u>	<u>\$ 740,240</u>	<u>\$ 22,247,838</u>