



CITY OF HAZLETON, PENNSYLVANIA

**FINANCIAL
STATEMENTS**

**AND SUPPLEMENTAL SCHEDULES
TOGETHER WITH REPORTS OF
INDEPENDENT PUBLIC ACCOUNTANTS**

FOR THE YEAR ENDED DECEMBER 31, 2022

CITY OF HAZLETON, PENNSYLVANIA

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Hazleton, Pennsylvania

Report on Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hazleton, Pennsylvania (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In Performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter

As discussed in Note 13, Distressed Municipality Status, the City was declared a distressed municipality under the Financially Distressed Municipalities Act in 1992. On June 13, 2018, the City revised and updated its Act 47 recovery plan. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining and individual non-major funds and other schedules as listed in the table of contents (collectively, the supplemental information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Very Truly Yours,

HOLMAN FRENIA ALLISON, P.C.

Lakewood, New Jersey
April 11, 2025



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members of the City Council
City of Hazleton, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hazleton, State Pennsylvania "the City", as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 11, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002 and 2022-003 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very Truly Yours,

HOLMAN FRENIA ALLISON, P.C.

Lakewood, New Jersey
April 11, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

As management of the City of Hazleton, Pennsylvania (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year that ended December 31, 2022. We encourage readers to use this information in conjunction with the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

Government-wide:

- The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources as of December 31, 2022, by \$4,072,439 (net deficit). Governmental Activities had a deficit of \$25,758,037, while Business-type Activities had a positive balance of \$21,685,598.
- The net other post-employment benefits liability was \$43,686,347 as of December 31, 2022.
- The City's overall financial position increased \$8,093,145 during the year ended December 31, 2022, as a result of revenue in excess of expenditures.

Fund Level:

- The General Fund had a fund balance of \$189,267, a decrease of \$1,747,006, during the year.

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

Both of the government-wide financial statements mentioned above distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, recreation and parks, miscellaneous, and debt service. The business-type activities of the City include the transit operations. The government-wide financial statements, which begins on page 16 of this report, can be found by referring to the table of contents.

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

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

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

The City maintains nine individual governmental funds, which includes the general fund and special revenue funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the governmental funds.

The City adopts an annual appropriated budget for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found by referring to the table of contents which begins on page 17 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

Proprietary funds. The City maintains one proprietary-type fund: an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the governmental-wide financial statements. The City uses enterprise funds to account for its Transportation activities. The basic proprietary fund financial statements, which begins on page 21 of this report, can be found by referring to the table of contents.

Fiduciary fund. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements, which begins on page 23 of this report, can be found by referring to the table of contents.

Notes to financial statements. The notes to financial statements 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 financial statements are part of the basic financial statements, which begins on page 28 of this report, and can be found by referring to the table of contents.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information and other supplementary information*. This information, which begins on page 61 of this report, can be found by referring to the table of contents.

Government-wide Financial Analysis

The City's financial statements are prepared in conformity with the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements - and Management's Discussion and Analysis (MD&A) - for State and Local Governments*. MD&A includes prior fiscal year results for the purpose of providing comparative information.

As noted earlier, net position may serve over time as a useful indicator of a government's overall financial condition and position. In the case of the City, liabilities and deferred outflows of resources exceeded assets and deferred inflows of resources by \$25,758,037, as of December 31, 2022. The City of Hazleton's net position are divided into three categories – net investment in capital assets, restricted net position, and unrestricted net position. The largest portion of the City's net position is in net investment in capital assets (e.g., land, improvements, buildings, machinery, equipment, vehicles, infrastructure, and sewer system), less any related debt used to acquire those assets and accumulated depreciation. As of December 31, 2022, the net investment in capital assets was \$16,580,596, net of accumulated depreciation. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

CITY OF HAZLETON, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The balance of unrestricted net position as of December 31, 2022, was a negative \$43,656,313. Thus, liabilities and deferred inflows of resources exceed assets and deferred inflows of resources and the City will have to find alternative means to fund the government's ongoing obligations to citizens and creditors. The balance of restricted net position as of December 31, 2022, was \$1,317,680, and is comprised of resources that are subject to external restrictions on how they may be used.

For the fiscal year ended December 31, 2022, the City reported the following tables to reflect the condensed statement of net position and the schedule of changes in net position for governmental and business-type activities:

STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and Other Assets	\$ 15,031,982	\$ 25,054,119	\$ 4,435,618	\$ 4,502,876	\$ 19,467,600	\$ 29,556,995
Capital Assets	16,580,596	17,583,339	21,191,271	18,837,992	37,771,867	36,421,331
Total Assets	31,612,578	42,637,458	25,626,889	23,340,868	57,239,467	65,978,326
Deferred Outflows of Resources	12,677,920	4,866,419	-	-	12,677,920	4,866,419
Liabilities						
Other Liabilities	12,211,514	8,758,813	3,941,291	4,185,378	16,152,805	12,944,191
Long-Term Liabilities	57,837,021	68,008,549	-	-	57,837,021	68,008,549
Total Liabilities	70,048,535	76,767,362	3,941,291	4,185,378	73,989,826	80,952,740
Deferred Inflow of Resources	-	2,057,589	-	-	-	2,057,589
Net Position						
Net Investment in Capital Assets	16,580,596	17,583,339	21,191,271	18,837,992	37,771,867	36,421,331
Restricted	1,317,680	1,269,856	-	-	1,317,680	1,269,856
Unrestricted	(43,656,313)	(50,174,269)	494,327	317,498	(43,161,986)	(49,856,771)
Total Net Position	\$ (25,758,037)	\$ (31,321,074)	\$ 21,685,598	\$ 19,155,490	\$ (4,072,439)	\$ (12,165,584)

CITY OF HAZLETON, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues:						
Charge for Services	\$ 2,083,649	\$ 2,859,497	\$ 84,432	\$ 71,657	\$ 2,168,081	\$ 2,931,154
Operating Grants/ Contributions	9,876,842	6,001,939	4,838,498	8,975,346	14,715,340	14,977,285
General Revenues:						
Taxes	20,426,638	16,926,352	-	-	20,426,638	16,926,352
Miscellaneous	1,533,249	1,384,621	22,156	13,230	1,555,405	1,397,851
Unrestricted Investment Earnings	434,899	267,995	7,592	1,446	442,491	269,441
Total Revenues	34,355,277	27,440,404	4,952,678	9,061,679	39,307,955	36,502,083
Expenses						
General Government	10,083,665	1,415,330	-	-	10,083,665	1,415,330
Public Safety	11,175,937	19,496,910	-	-	11,175,937	19,496,910
Public Works	5,267,928	4,225,332	-	-	5,267,928	4,225,332
Community Development	1,907,235	1,020,173	-	-	1,907,235	1,020,173
Recreation	270,010	195,369	-	-	270,010	195,369
Interest on Long-Term Debt	87,465	203,545	-	-	87,465	203,545
Hazleton Public Transit	-	-	2,422,570	2,460,957	2,422,570	2,460,957
Total Expenses	28,792,240	26,556,659	2,422,570	2,460,957	31,214,810	29,017,616
Change in Net Position	5,563,037	883,745	2,530,108	6,600,722	8,093,145	7,484,467
Net Position, Beginning of year	(31,321,074)	(32,204,819)	19,155,490	12,554,768	(12,165,584)	(19,650,051)
Net Position, End of year	\$ (25,758,037)	\$ (31,321,074)	\$ 21,685,598	\$ 19,155,490	\$ (4,072,439)	\$ (12,165,584)

Governmental activities

Governmental activities net position increased by \$5,563,037. Property and income taxes, operating grants, and charges for services represent 51.48%, 33.58%, and 7.69% of the City's revenue stream, respectively. The remaining governmental revenue consists of investment earnings and other miscellaneous revenues.

The entity wide statements show that the City's total revenue from governmental activities in fiscal year 2022 was \$34,355,277, which has increased from the previous year.

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

Governmental expenses were \$28,792,240, in fiscal year 2022, an increase of \$2,235,581. Public safety and general government are the two largest functional areas.

Business-type activities

The City operates one business-type enterprise fund, Hazleton Public Transit. Business-type net position increased by \$2,530,108. The increase is a result of operating grants.

Financial Analysis of the City's Funds

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

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

As of December 31, 2022, the City's governmental funds (general fund and special revenue funds) reported a combined ending fund balance of \$2,530,124, a decrease of \$3,154,819, in comparison with the prior year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$189,267. The City's General Fund total fund balance decreased by \$1,747,006, during the current fiscal year.

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

Fiduciary funds. The City maintains three pension funds: 1) Police Pension Plan, 2) Firemen Pension Plan and 3) Non-Uniformed Pension Plan. All three plans are single employer defined benefit pension plans administered by the City with responsibility for the administration and operation of the Plan vested with each individual plans Boards. All defined benefit pension plans provide pension and death and disability benefits to full-time plan members and beneficiaries.

General Fund Budgetary Highlights

The actual revenues were over budget by \$2,069,338, and the actual expenditures were over budget by \$3,603,124.

CITY OF HAZLETON, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

Capital Assets and Debt Administration

Capital assets. The City's net investment in capital assets for its governmental and business- type activities as of December 31, 2022, was \$37,771,867. This investment in capital assets includes land, buildings, improvements, machinery, equipment, furniture, fixtures, vehicles, infrastructure, and sewer system.

The following table displays the City's capital assets. Additional information can be found in Note 4 in the notes to the financial statements of this report.

	CAPITAL ASSETS					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land - Not Being Depreciated	\$ 2,171,360	\$ 2,171,360	\$ 684,447	\$ 684,447	\$ 2,855,807	\$ 2,855,807
Construction In Progress - Not Being Depreciated	3,904,924	3,904,924	10,324,981	7,221,112	14,229,905	11,126,036
Infrastructure	8,110,386	8,110,386	-	-	8,110,386	8,110,386
Buildings & Improvements	10,467,637	10,467,637	12,050,230	12,050,230	22,517,867	22,517,867
Equipment	8,776,095	8,405,126	7,350,086	7,350,086	16,126,181	15,755,212
Vehicles	6,289,755	6,289,755	-	-	6,289,755	6,289,755
Accumulated Depreciation	(23,139,561)	(21,765,847)	(9,218,473)	(8,467,883)	(32,358,034)	(30,233,730)
Total	\$ 16,580,596	\$ 17,583,341	\$ 21,191,271	\$ 18,837,992	\$ 37,771,867	\$ 36,421,333

Debt administration. The City's long-term debt as of December 31, 2022, was \$6,663,390, as follows:

	LONG TERM - DEBT	
	Governmental Activities	
	2022	2021
General Obligations Bonds	\$ 580,000	\$ 1,000,000
Notes from Direct Borrowings and Direct Placements	5,756,963	6,655,755
Capital Leases	326,427	453,533
Total	\$ 6,663,390	\$ 8,109,288

The City's total long-term debt for governmental activities decreased by \$1,445,898, as a result of principal payments made during the year.

CITY OF HAZLETON, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

Economic Factors and Fiscal Year's 2022 Budgets and Rates

The economy of the City is closely tied to the economy of the Commonwealth of Pennsylvania. Property taxes will be reviewed and property tax revenue may change as reassessments are made. The costs of operating in the general and enterprise funds are expected to increase due to labor costs, health care costs, pensions, and other factors.

In 2017, the Pennsylvania Department of Community and Economic Development (DCED) declared the City a distressed municipality under the Financially Distressed Municipalities Act (the Act). DCED then appointed the Pennsylvania Economy League as coordinator to administer a recovery plan for the City pursuant to this Act.

During 2018, the City revised and updated its Act 47 Recovery Plan. The 2018 plan identifies and mandates that the City must implement to eliminate the City's operating budget deficits as projected by the Act 47 Coordinator.

The City's Act 47 Coordinator, in conjunction with the City, worked on a revision to the 2019 Recovery Plan. In October 2014, the State of Pennsylvania signed House Bill 1773 into law. The bill significantly overhauled the Municipalities Financial Recovery Act, known as Act 47. The new law placed a five-year time limit for municipalities to exit Act 47. For municipalities already under Act 47 and operating under a recovery plan, the termination date for their distressed status will be five years from the effective date of their most recent recovery plan or amendment. The 2018 Revised Recovery Plan was adopted by the City Council in May 2018.

The revised Recovery Plan and its provisions outlined below are designed to restore long-term fiscal stability, budgetary predictability, and the repair of the City's creditworthiness. The new Recovery Plan provides the fiscal framework for the City's governing bodies to follow through 2020.

The 2022 annual budget as currently designed is as follows:

All Funds	\$ 42,181,963	Airport Fund	\$ 828,007
General Fund	16,300,678	Debt Service	1,533,363
Pension Fund	6,475,515	Highway Aid	2,422,570
Recreation Fund	270,010		

CITY OF HAZLETON, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

Economic Factors and Fiscal Year's 2022 Budgets and Rates (continued)

The City continues to struggle with its ability to generate new sources of substantiated revenues. This situation has placed an ever-present financial burden on the City in our efforts to maintain service and productivity levels. As such, the City is faced with few options and very difficult decisions in striving to sustain the wellbeing of our residents.

The 2022 budget tax and service fee rates are detailed below:

Property Tax -	General Fund	6.38 mills
	Debt Service	0.21 mills
	Recreation	<u>0.19 mills</u>
	Total	<u>6.78 Mills</u>
Earned Income Tax		0.75%
Act 205		<u>1.00%</u>
Total		<u>1.75%</u>
Real Estate/Transfer Tax		2.5% (1% Municipal, 0.5% School, 1% State)
Per Capital/ Resident Tax		\$10/\$5
LST		\$52
BP/Mercantile Tax		1 mill retail and Wholesale Sales
		2 mills service/rentals

Requests for Information

This financial report is designed to provide a general overview of the City of Hazleton's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the City Administrator, City of Hazleton, 40 North Church Street, Hazleton, Pennsylvania, 18201.

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FINANCIAL STATEMENTS

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CITY OF HAZLETON, PENNSYLVANIA

**Statement of Net Position
As of December 31, 2022**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 15,394,005	\$ -	\$ 15,394,005
Restricted Cash and Cash Equivalents	-	2,547,244	2,547,244
Accounts Receivable, Net	178,881	769,733	948,614
Taxes Receivable	3,732	-	3,732
Notes Receivable, Net	239,322	-	239,322
Internal Balances	(1,110,091)	1,110,091	-
Due from Pension Funds	7,329	-	7,329
Prepaid Expenses	-	8,550	8,550
Inventory	28,460	-	28,460
Net Pension Assets	290,344	-	290,344
Capital Assets, not being depreciated	6,076,284	11,009,428	17,085,712
Capital Assets, net of accumulated depreciation	<u>10,504,312</u>	<u>10,181,843</u>	<u>20,686,155</u>
 Total Assets	 <u>31,612,578</u>	 <u>25,626,889</u>	 <u>57,239,467</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension/OPEB Related	<u>12,677,920</u>	<u>-</u>	<u>12,677,920</u>
LIABILITIES			
Accounts Payable	1,479,915	761,215	2,241,130
Accrued Liabilities	-	16,310	16,310
Escrow Liabilities	312,949	-	312,949
Unearned Income	10,418,650	3,163,766	13,582,416
Non-current Liabilities:			
Due within one year	1,447,752	-	1,447,752
Due in more than one year	<u>56,389,269</u>	<u>-</u>	<u>56,389,269</u>
 Total Liabilities	 <u>70,048,535</u>	 <u>3,941,291</u>	 <u>73,989,826</u>
NET POSITION			
Net Investment in Capital Assets	16,580,596	21,191,271	37,771,867
Restricted	1,317,680	-	1,317,680
Unrestricted	<u>(43,656,313)</u>	<u>494,327</u>	<u>(43,161,986)</u>
 TOTAL NET POSITION	 <u>\$ (25,758,037)</u>	 <u>\$ 21,685,598</u>	 <u>\$ (4,072,439)</u>

The accompanying notes are an integral part of this financial statement.

CITY OF HAZLETON, PENNSYLVANIA

**Statement of Activities
Year Ended December 31, 2022**

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT							
Governmental Activities:							
General Government	\$ 10,083,665	\$ 999,168	\$ 6,002,724	\$ -	\$ (3,081,773)	\$ -	\$ (3,081,773)
Public Safety	11,175,937	1,029,991	1,112,990	-	(9,032,956)	-	(9,032,956)
Public Works	5,267,928	-	1,632,716	-	(3,635,212)	-	(3,635,212)
Community Development	1,907,235	-	1,128,412	-	(778,823)	-	(778,823)
Recreation	270,010	54,490	-	-	(215,520)	-	(215,520)
Interest on Long-term Debt	87,465	-	-	-	(87,465)	-	(87,465)
Total Governmental Activities	<u>28,792,240</u>	<u>2,083,649</u>	<u>9,876,842</u>	<u>-</u>	<u>(16,831,749)</u>	<u>-</u>	<u>(16,831,749)</u>
Business-type Activities							
Hazleton Public Transit	2,422,570	84,432	4,838,498	-	-	2,500,360	2,500,360
TOTAL PRIMARY GOVERNMENT	<u>\$ 31,214,810</u>	<u>\$ 2,168,081</u>	<u>\$ 14,715,340</u>	<u>\$ -</u>	<u>(16,831,749)</u>	<u>2,500,360</u>	<u>(14,331,389)</u>
GENERAL REVENUES							
Taxes:							
Property Taxes, levied for general purposes					12,703,924	-	12,703,924
Earned Income Taxes					7,722,714	-	7,722,714
Miscellaneous					1,533,249	22,156	1,555,405
Unrestricted Investment Earnings					434,899	7,592	442,491
Total General Revenues					<u>22,394,786</u>	<u>29,748</u>	<u>22,424,534</u>
CHANGE IN NET POSITION					5,563,037	2,530,108	8,093,145
NET POSITION, BEGINNING OF YEAR					(31,321,074)	19,155,490	(12,165,584)
NET POSITION, END OF YEAR					<u>\$ (25,758,037)</u>	<u>\$ 21,685,598</u>	<u>\$ (4,072,439)</u>

The accompanying notes are an integral part of this financial statement.

CITY OF HAZLETON, PENNSYLVANIA

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2022**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 2,530,124
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of these assets is \$39,720,157 and the accumulated depreciation is \$23,139,561.	16,580,596
Net Deferred Outflow/Inflows of Resources Related to Pensions and OPEB	12,677,920
Net Pension Assets	290,344
Noncurrent liabilities are not reported as liabilities in the governmental funds.	<u>(57,837,021)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ (25,758,037)</u></u>

The accompanying notes are an integral part of this financial statement.

CITY OF HAZLETON, PENNSYLVANIA

Balance Sheet - Governmental Funds
As of December 31, 2022

	General Fund	Office of Community Development	American Rescue Plan Fund	ACT 205 Fund	Airport	Debt Service	Other Nonmajor Funds	Total Governmental Funds
ASSETS								
Cash and Cash Equivalents	\$ 827,648	\$ 1,253,307	\$ 9,911,616	\$ 359,632	\$ 2,142,579	\$ 56,582	\$ 842,641	\$ 15,394,005
Accounts Receivable, Net	21,840	-	-	54,219	24,141	-	78,681	178,881
Taxes Receivable	3,732	-	-	-	-	-	-	3,732
Notes Receivable, Net	-	239,322	-	-	-	-	-	239,322
Inventory	-	-	-	-	28,460	-	-	28,460
Due from Pension Funds	7,329	-	-	-	-	-	-	7,329
Due from Other Funds	3,972,434	-	-	386,666	-	1,252	572,138	4,932,490
TOTAL ASSETS	\$ 4,832,983	\$ 1,492,629	\$ 9,911,616	\$ 800,517	\$ 2,195,180	\$ 57,834	\$ 1,493,460	\$ 20,784,219
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts Payable and Accrued Liabilities	\$ 964,908	\$ -	\$ -	\$ 310,856	\$ 176,220	\$ -	\$ 27,931	\$ 1,479,915
Due to Other Funds	3,365,859	11,011	13,390	-	2,540,807	-	111,514	6,042,581
Escrow Liabilities	312,949	-	-	-	-	-	-	312,949
Unearned Income	-	-	9,898,226	-	35,408	-	485,016	10,418,650
Total Liabilities	4,643,716	11,011	9,911,616	310,856	2,752,435	-	624,461	18,254,095
FUND BALANCES								
Nonspendable	-	239,322	-	-	28,460	-	-	267,782
Restricted	-	1,242,296	-	-	-	-	75,384	1,317,680
Assigned	-	-	-	-	-	-	2	2
Unassigned	189,267	-	-	489,661	(585,715)	57,834	793,613	944,660
Total Fund Balances	189,267	1,481,618	-	489,661	(57,255)	57,834	868,999	2,530,124
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,832,983	\$ 1,492,629	\$ 9,911,616	\$ 800,517	\$ 2,195,180	\$ 57,834	\$ 1,493,460	\$ 20,784,219

The accompanying notes are an integral part of this financial statement.

CITY OF HAZLETON, PENNSYLVANIA

Statement of Revenues, Expenditures and Changes in Fund
Balances - Governmental Funds
Year Ended December 31, 2022

	General Fund	Office of Community Development	American Rescue Plan Fund	ACT 205 Fund	Airport	Debt Service	Other Nonmajor Funds	Total Governmental Funds
REVENUES								
Taxes Receivable	\$ 11,240,260	\$ -	\$ -	\$ 7,722,714	\$ -	\$ 1,298,346	\$ 165,318	\$ 20,426,638
Licenses and Permits	962,177	-	-	-	-	-	-	962,177
Fines and Forfeitures	486,621	-	-	-	-	-	-	486,621
Intergovernmental Revenue	473,603	1,128,412	5,529,121	1,112,990	-	-	1,632,716	9,876,842
Charges for Services	36,991	-	-	-	543,370	-	54,490	634,851
Interest and Rents	139,013	3,190	44,333	84,165	159,658	2,757	1,783	434,899
Miscellaneous	1,521,848	-	-	-	-	-	11,401	1,533,249
Total Revenues	14,860,513	1,131,602	5,573,454	8,919,869	703,028	1,301,103	1,865,708	34,355,277
EXPENDITURES								
General Government	3,319,826	-	2,671,652	-	-	-	67,847	6,059,325
Public Safety	9,622,543	-	1,602,284	11,109,971	-	-	-	22,334,798
Public Works	3,189,665	-	654,510	-	824,331	-	365,890	5,034,396
Community Development	168,644	1,093,583	645,008	-	-	-	-	1,907,235
Recreation	-	-	-	-	-	-	270,010	270,010
Capital Outlay	-	-	-	-	3,676	-	367,293	370,969
Debt Service:								
Principal	-	-	-	-	-	1,445,898	-	1,445,898
Interest	-	-	-	-	-	87,465	-	87,465
Total Expenditures	16,300,678	1,093,583	5,573,454	11,109,971	828,007	1,533,363	1,071,040	37,510,096
Excess (deficiency) of Revenues Over Expenditure	(1,440,165)	38,019	-	(2,190,102)	(124,979)	(232,260)	794,668	(3,154,819)
OTHER FINANCING SOURCES/(USES)								
Transfers In/(Out)	(306,841)	-	-	-	-	306,841	-	-
Net Change in Fund Balance	(1,747,006)	38,019	-	(2,190,102)	(124,979)	74,581	794,668	(3,154,819)
FUND BALANCE, BEGINNING OF YEAR	1,936,273	1,443,599	-	2,679,763	(432,276)	(16,747)	74,331	5,684,943
FUND BALANCE, END OF YEAR	\$ 189,267	\$ 1,481,618	\$ -	\$ 489,661	\$ (557,255)	\$ 57,834	\$ 868,999	\$ 2,530,124

The accompanying notes are an integral part of this financial statement.

CITY OF HAZLETON, PENNSYLVANIA

**Reconciliation of The Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to The Statement of Activities
Year Ended December 31, 2022**

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUND	\$	(3,154,819)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Capital outlays are reported in governmental funds 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 expense of \$1,373,714 was exceeded by capitalized capital outlays of \$370,969.</p>		(1,002,745)
<p>Long-term debt repayments are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Long-term debt proceeds are revenue in the governmental funds, but the proceeds increase long-term liabilities in the Statement of Net Position. This is the amount of long-term debt repayments in excess of proceeds.</p>		1,445,898
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
<p>Changes in deferred outflows/inflows of resources related to Pension</p>		9,869,090
<p>Changes in the net OPEB liability</p>		12,692,055
<p>Changes in the net pension liability/asset</p>		(14,297,240)
<p>Changes in the compensated absences</p>		10,798
		10,798
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	5,563,037

The accompanying notes are an integral part of this financial statement.

CITY OF HAZLETON, PENNSYLVANIA

Statement of Net Position - Proprietary Funds (Enterprise Funds)
December 31, 2022

ASSETS	
Cash and Cash Equivalents	\$ 2,547,244
Accounts Receivable	769,733
Due from Other Funds	1,110,091
Prepaid Expenses	8,550
Fixed Assets, Net	<u>21,191,271</u>
 Total Assets	 <u>25,626,889</u>
 LIABILITIES	
Accounts Payable	761,215
Accrued Liabilities	16,310
Unearned Revenue	<u>3,163,766</u>
 Total Liabilities	 <u>3,941,291</u>
 NET POSITION	
Net Investment in Capital Assets	21,191,271
Unrestricted	<u>494,327</u>
 TOTAL NET POSITION	 <u><u>\$ 21,685,598</u></u>

The accompanying notes are an integral part of this financial statement.

CITY OF HAZLETON, PENNSYLVANIA

**Statement of Revenues, Expenses and Change in Net Position
Proprietary Funds (Enterprise Funds)
Year Ended December 31, 2022**

OPERATING REVENUES	
Fare-paying Passenger Revenue	\$ 54,230
Miscellaneous Revenue	22,156
Advertising Revenue	30,202
Act 44 Assistance	1,128,792
Total Operating Revenue	<u>1,235,380</u>
 OPERATING EXPENSES	
Purchased Transportation	398,560
Salaries and Wages	212,927
Utilities	22,339
Services	972,900
Station and Terminal	21,723
Depreciation	750,590
Miscellaneous	<u>43,531</u>
Total Operating Expenses	<u>2,422,570</u>
OPERATING LOSS	(1,187,190)
 NONOPERATING REVENUES	
Intergovernmental	3,709,706
Investment Income	7,592
Total Nonoperating Revenues	<u>3,717,298</u>
Change in Net Position	2,530,108
Net Position, Beginning of Year	<u>19,155,490</u>
Net Position, End of Year	<u><u>\$ 21,685,598</u></u>

The accompanying notes are an integral part of this financial statement.

CITY OF HAZLETON, PENNSYLVANIA

**Statement of Cash Flows - Proprietary Funds (Enterprise Funds)
Year Ended December 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Transportation Charges	\$ 9,212
Cash Received from Operating Grants	1,273,891
Cash Received from Other Sources	52,358
Payments to Vendors	(1,673,329)
Payments to Employees	(212,927)
Net Cash Used by Operating Activities	(550,795)
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grants	3,709,706
Acquisition of Capital Assets	(3,103,869)
Net Cash Used by Capital and Related Financing Activities	605,837
 CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	7,592
NET DECREASE IN CASH AND CASH EQUIVALENTS	62,634
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,484,610
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,547,244
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (1,187,190)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:	
Depreciation	750,590
Effects of changes in operating assets and liabilities:	
Accounts Receivable	145,099
Prepaid Expenses	3,794
Due to/from Other Funds	(19,001)
Accounts Payable and Accrued Liabilities	(199,069)
Unearned Revenue	(45,018)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (550,795)

The accompanying notes are an integral part of this financial statement.

CITY OF HAZLETON, PENNSYLVANIA

**Statement of Fiduciary Net Position
Year Ended December 31, 2022**

	<u>Police Pension Fund</u>	<u>Firemen Pension Fund</u>	<u>Non-Uniformed Pension Fund</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,823,956	\$ 973,140	\$ 245,020	\$ 3,042,116
Investments:				
Equity Funds	20,569,552	11,656,348	3,291,502	35,517,402
Fixed Income Funds	9,871,663.00	5,064,400.00	1,915,415.00	16,851,478.00
Alternative Funds	3,718,267.00	1,805,743.00	746,932.00	6,270,942.00
Total Investments	<u>34,159,482</u>	<u>18,526,491</u>	<u>5,953,849</u>	<u>58,639,822</u>
Accrued Income	15,745	10,078	1,992	27,815
Total Assets	<u>35,999,183</u>	<u>19,509,709</u>	<u>6,200,861</u>	<u>61,709,753</u>
LIABILITIES				
Accounts Payable	<u>3,677</u>	<u>3,652</u>	-	<u>7,329</u>
Total Liabilities	<u>3,677</u>	<u>3,652</u>	-	<u>7,329</u>
NET POSITION				
Held in Trust for Pension Benefits	<u>\$ 35,995,506</u>	<u>\$ 19,506,057</u>	<u>\$ 6,200,861</u>	<u>\$ 61,702,424</u>

The accompanying notes are an integral part of this financial statement.

CITY OF HAZLETON, PENNSYLVANIA

**Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2022**

	<u>Police Pension Fund</u>	<u>Firemen Pension Fund</u>	<u>Non-Uniformed Pension Fund</u>	<u>Total</u>
ADDITIONS				
Contributions:				
Employer Contributions	\$ 2,671,957	\$ 1,604,282	\$ 342,659	\$ 4,618,898
Employee Contributions	<u>135,618</u>	<u>78,561</u>	<u>118,135</u>	<u>332,314</u>
Total Contributions	2,807,575	1,682,843	460,794	4,951,212
Other Additions:				
Net Increase/(Decrease) in the Fair Value of Investments	<u>(6,053,942)</u>	<u>(3,280,041)</u>	<u>(1,049,791)</u>	<u>(10,383,774)</u>
Total Additions	<u>(3,246,367)</u>	<u>(1,597,198)</u>	<u>(588,997)</u>	<u>(5,432,562)</u>
DEDUCTIONS				
Benefit Payments	2,096,864	1,175,399	542,164	3,814,427
Other Expenses & Adjustments	<u>1,687,552</u>	<u>686,286</u>	<u>287,250</u>	<u>2,661,088</u>
Total Deductions	<u>3,784,416</u>	<u>1,861,685</u>	<u>829,414</u>	<u>6,475,515</u>
CHANGE IN NET POSITION	(7,030,783)	(3,458,883)	(1,418,411)	(11,908,077)
NET POSITION HELD IN TRUST FOR PENSION BENEFITS:				
BEGINNING OF YEAR	<u>43,026,289</u>	<u>22,964,940</u>	<u>7,619,272</u>	<u>73,610,501</u>
END OF YEAR	<u>\$ 35,995,506</u>	<u>\$ 19,506,057</u>	<u>\$ 6,200,861</u>	<u>\$ 61,702,424</u>

The accompanying notes are an integral part of this financial statement.

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NOTES TO FINANCIAL STATEMENTS

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CITY OF HAZLETON

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED DECEMBER 31, 2022

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The City of Hazleton, Pennsylvania (the City) was incorporated in 1891 under the provisions of the constitution and general statutes of the Commonwealth of Pennsylvania. The City is a third class city, as defined by state statutes. The City operates under a Mayor/Council form of government and provides a full range of services, including public safety, roads, sanitation, health, culture and recreation, and general government services to its approximate 30,000 residents. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City (the primary government) and its component unit. The component unit, discussed in Note 2 is included in the City's reporting entity because of the significance of its operational or financial relationships with the City.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., 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 on interfund activity has been removed from these statements. Exceptions to this general rule are the interfund activity between the government funds and the fiduciary funds. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities that are supported by customer service charges.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are clearly identifiable with a specific function or category. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, such as taxes, are reported as general revenues.

Separate financial statements are shown for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF HAZLETON

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED DECEMBER 31, 2022

Note 1. Summary of Significant Accounting Policies (continued):

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide and proprietary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. The recorded amounts of enterprise fund financial instruments, including cash, investments, receivables, payables and long-term debt approximate fair value. 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 revenue in the year in which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The City has one proprietary fund, the Hazleton Public Transit Fund. This fund is used to account for the operation of the City's public transportation system which is operated in a manner similar to a private business enterprise and is intended to be self-supporting.

The City has three fiduciary funds, the Police Pension Plan, Firemen Pension Plan, and the Non-Uniformed Pension Plan. As fiduciary funds, the pension funds are used to account for assets held by the City in a trustee capacity for individuals and retirees.

Budgetary Accounting Control

The City's budget is prepared in conformity with GAAP. Annual operating budgets are legally adopted for the General Fund.

Assets, Liabilities and Net Position or Equity

Cash

The City's cash is considered to be cash on hand and demand deposits. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair values.

Investments

The City categorizes its fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are valuations based on unadjusted quoted prices for identical assets or liabilities in active markets; Level 2 inputs are valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and Level 3 inputs are valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker traded transactions.

CITY OF HAZLETON

NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2022

Note 1. Summary of Significant Accounting Policies (continued):

Property Taxes

The City bills and collects its own property taxes based upon assessed valuations provided by Luzerne County. All uncollected taxes are submitted to a third party who monetizes the receivable for the City and collects the uncollected tax to pay off the monetization. The City will repay the third party for any uncollected taxes. The City levied 5.96 mills per dollar of assessed valuation for general governmental, debt service, and recreational purposes upon the total taxable assessed valuation of property within the City. The 2022 property tax calendar is as follows: Issued date: March 2022; Discount period at 2%: Until April 2022; face period: April to June 2022; and Penalty period at 10%: June 2022 and thereafter.

Restricted Assets

Restricted assets represent resources set aside for liquidation of specific obligations. When possible, it is the City's policy to use restricted assets before unrestricted assets.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The City defines capital assets, as those which cost more than \$5,000 (general capital assets) or \$10,000 (infrastructure) and have an estimated useful life in excess of one year. Such assets are valued at historical or estimated historical cost if actual historical cost is not available. Donated assets are stated at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or extend asset lives are not capitalized.

Expenditures for major assets and improvements are capitalized as projects are constructed. Interest on debt during the construction period is capitalized. The amount of interest to be capitalized is offset by interest income earned on investment proceeds over the same period. Exhaustible capital assets of the General Fund and Proprietary Funds are depreciated, which is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives are generally as follows:

<u>Category</u>	<u>Years</u>
Infrastructure	30-35
Improvements	20-60
Buildings	15-100
Parkes and equipment	3-40
Vehicles	5-25

CITY OF HAZLETON

NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2022

Note 1. Summary of Significant Accounting Policies (continued):

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. In the governmental fund financial statements, the face amount of the debt issued is reported as other financing sources.

Compensated Absences

Vacation time must generally be used in the period earned. Sick leave may be accumulated for a maximum number of days as described in each of the respective union contracts. Fifty percent of the accumulated maximum number of days is payable upon death or when the employee retires under normal retirement provisions.

Internal Balances

Internal balances arise from inter-fund transactions and are recorded by all funds affected in the period in which the transactions are executed.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities 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.

Net Position

The government-wide and business-type activity financial statements utilize a net asset presentation. Net position is categorized as follows:

Net investment in capital assets – This category groups all capital assets into one component of net assets. Accumulated depreciation and outstanding balances of debt that are attributed to the acquisition, construction or improvement of these assets, reduce the balances in this category.

Restricted net position – This category represents external restrictions imposed by creditors, grantors, laws and regulations of other governments.

Unrestricted net position – This category represents the net position of the City, not restricted for any purpose.

CITY OF HAZLETON

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED DECEMBER 31, 2022

Note 1. Summary of Significant Accounting Policies (continued):

Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components—non-spendable, restricted, committed, assigned and unassigned.

Non-spendable – This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – This component consists of amounts that are limited by external parties, or by enabling legislation.

Committed – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.

Assigned – This component consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the City Manager or their designee.

Unassigned – This classification represents amounts that have not been restricted, committed, or assigned to specific purposes within the general fund.

Receivables

All accounts receivable are reported at gross value and, where appropriate, reduced by the estimate considered to be uncollectible.

Unearned/Unavailable Revenue

Unearned and unavailable revenue are those revenues where asset recognition criteria have been met but for which revenue recognition criteria have not been met. Unearned revenue results from revenues being collected in advance of the fiscal year to which they apply or in advance of their legal due date. Unavailable revenue results from revenue not collected within 60 days of year end.

CITY OF HAZLETON

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED DECEMBER 31, 2022

Note 1. Reporting Entity

In accordance with GAAP, Determining Whether Certain Organizations Are Component Units, the City evaluated the following entities for possible inclusion in the financial reporting entity: The Greater Hazleton Joint Sewer Authority, The Health Services Authority of Hazleton, The Hazleton City Authority, The Parking Authority of the City of Hazleton, The Housing Authority of the City of Hazleton, Lower Luzerne Solid Waste Management Authority, Tri-Area Recreation Authority, The Redevelopment Authority of the City of Hazleton.

Based upon its evaluation, the City has included the Redevelopment Authority of the City of Hazleton (the Authority) as a blended component unit, whereby the financial data for the Authority is presented in the same manner as that of the City's financial operations. The remaining entities do not meet the GASB criteria and are not included in the reporting entity.

The Authority is organized under the Commonwealth of Pennsylvania Community Redevelopment Law. The projects within each area are financed through debt which is repaid by property tax increment revenue. The Authority participates in low and moderate housing activities including rehabilitation of low and moderate income rental housing projects. The City Council is the governing body of the Authority.

Note 3. Cash and Investments

The City follows the Third Class City Code for investment of City funds. Authorized types of investments for City funds are: United States Treasury Bills, Obligations of the United States government or its agencies or instrumentalities, collateralized (through insurance or pledged collateral as allowed by law) deposits in savings accounts or time accounts or certificates of deposits, Obligations of the Commonwealth of Pennsylvania or any of its agencies or political subdivisions, shares of an investment company registered under the Securities Act of 1933, and any investment authorized by 20 Pa. C.S. Ch. 73.

In making investment of City funds, the City Council shall have authority: to permit assets pledged as collateral under subsection (d)(3), to be pooled in accordance with the act of August 6, 1971 (P.L. 281, No. 72), relating to pledges of assets to secure deposits of public funds. There is no custodial credit risk policy for deposits.

Investments of the Pension Fund are held by a fiscal agent under trust agreements that authorize the trustee to invest in any form of property, at its discretion, without restriction to investments authorized for fiduciaries, provided that the investments of the trust shall be kept separate and apart from other City funds.

CITY OF HAZLETON

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2022**

Note 3. Cash and Investments (continued):

As of December 31, 2022, the aggregate bank and book balance of bank deposits was \$87,347,054 and \$79,782,367 (including bank overdraft), respectively. As of December 31, 2022, \$2,250,000, was covered by Federal depository insurance and the remaining balance of \$85,097,054, was covered by pledged pools of assets maintained in accordance with Act No. 72 of the General Assembly that requires the institution pool collateral for all government deposits.

Investments

As of December 31, 2022, the City had the following investments in its fiduciary funds:

Investment Type	Fair Value
Equity Funds	\$ 35,517,402
Fixed Income Funds	16,851,478
Alternative Funds	6,270,942
Total	\$ 58,639,822

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

City of Hazleton has the following recurring fair value measurements as of December 31, 2022:

Investment Type	Fair Value	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
Equity Funds	\$ 35,517,402	\$ 35,517,402	\$ -	\$ -
Fixed Income Funds	16,851,478	16,851,478	-	-
Alternative Funds	6,270,942	6,270,942	-	-
Total	\$ 58,639,822	\$ 58,639,822	\$ -	\$ -

Interest Rate Risk

Fair value fluctuates with interest rates, and increasing interest rates could cause fair values to decline below original cost. To limit the City's exposure to fair value losses arising from increasing interest rates, the City's investment policy limits the term of investment maturities except in the fiduciary funds, for which longer term maturities are allowed to match the cash flow of liabilities. City management believes the liquidity in the portfolio is adequate to meet cash flow requirements and to preclude the City from having to sell investments below original cost for that purpose.

CITY OF HAZLETON

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2022**

Note 3. Cash and Investments (continued):

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2022, all of the City's investments were insured or registered, or for which the securities were held by the City or its agent in the City's name.

Note 4. Changes In Capital Assets

Additions and disposals of fixed capital assets during the year ended December 31, 2022, are shown below:

GOVERNMENTAL ACTIVITIES	Balance January 1, 2022	Additions and Transfers	Disposals and Transfers	Ending Balance December 31, 2022
Land - Not Being Depreciated	\$ 2,171,360	\$ -	\$ -	\$ 2,171,360
Construction in Progress - Not Being Depreciated	3,904,924	-	-	3,904,924
Infrastructure	8,110,386	-	-	8,110,386
Buildings and Improvements	10,467,637	-	-	10,467,637
Equipment	8,405,126	370,969	-	8,776,095
Vehicles	6,289,755	-	-	6,289,755
Total	<u>39,349,188</u>	<u>370,969</u>	<u>-</u>	<u>39,720,157</u>
(Less) - Accumulated Depreciation for Infrastructure	(5,070,585)	(277,524)	-	(5,348,109)
Buildings and Improvements	(6,168,938)	(610,737)	-	(6,779,675)
Equipment	(5,838,995)	(271,090)	-	(6,110,085)
Vehicles	(4,687,329)	(214,363)	-	(4,901,692)
Total	<u>(21,765,847)</u>	<u>(1,373,714)</u>	<u>-</u>	<u>(23,139,561)</u>
Capital Assets, Net	<u>\$ 17,583,341</u>	<u>\$ (1,002,745)</u>	<u>\$ -</u>	<u>\$ 16,580,596</u>
PROPRIETARY FUND	Balance January 1, 2022	Additions and Transfers	Disposals and Transfers	Ending Balance December 31, 2022
Land - Not Being Depreciated	\$ 684,447	\$ -	\$ -	\$ 684,447
Construction in Progress - Not Being Depreciated	7,221,112.00	3,103,869	-	10,324,981
Buildings and Improvements	12,050,230	-	-	12,050,230
Transportation Equipment	7,213,849	-	-	7,213,849
Furniture and Equipment	136,237	-	-	136,237
Total	<u>27,305,875</u>	<u>3,103,869</u>	<u>-</u>	<u>30,409,744</u>
(Less) - Accumulated Depreciation for				
Buildings and Improvements	(4,019,455)	(346,400)	-	(4,365,855)
Transportation Equipment	(4,283,436)	(397,952)	-	(4,681,388)
Furniture and Equipment	(164,992)	(6,238)	-	(171,230)
Total	<u>(8,467,883)</u>	<u>(750,590)</u>	<u>-</u>	<u>(9,218,473)</u>
Capital Assets, Net	<u>\$ 18,837,992</u>	<u>\$ 2,353,279</u>	<u>\$ -</u>	<u>\$ 21,191,271</u>

CITY OF HAZLETON

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2022**

Note 4. Changes In Capital Assets (continued):

Depreciation expense was charged to function/programs of the primary government for the year ended December 31, 2022, as follows:

Depreciation Expense - 12/31/2022	<u>12/31/2022</u>
General Government	\$ 837,965
Public Safety	302,217
Public Works	<u>233,532</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,373,714</u></u>

Note 5. Non-Current Liabilities

Non-current liability transactions of the City for the year ended December 31, 2022, are presented below.

GOVERNMENTAL ACTIVITIES	Balance January 1, 2022	Additions	Repayments	Balance December 31, 2022	Due Within One Year
<u>General Obligation Bonds:</u>					
2005 General Obligation Note, 2.85% to 4.30% Interest Due in Semiannual Installments, Principal Due in Annual Installments Through December 2025	\$ 1,000,000	\$ -	\$ 420,000	\$ 580,000	\$ 435,000
<u>Notes From Direct Borrowings and Direct Placements:</u>					
Pennsylvania Housing Finance Agency Loan in the Amount of \$150,000 Secured by Certain Properties. The Loan is Without Interest for Five Years at Which Time the Balance will be Forgiven.	150,000	-	-	150,000	-
Series of 2015, Redevelopment Authority Guaranteed Lease Revenue Note, 2.85% Per Annum, Tax Free with a Ten Year Term; Quarterly Payments of Principal and Interest	2,413,755	-	618,419	1,795,336	636,391
2017 Loan	510,000	-	85,000	425,000	85,000
Series of 2018, Guaranteed Lease Revenue Note, 4.75% Per Annum, with an Eight Year Term; Semi-Annual Payments of Principal and Interest	1,082,000	-	1,000	1,081,000	1,000
2021 General Obligation Note, 2.40% to 7.50% Interest Due in Semiannual Installments, Principal Due in Annual Installments Through June 2033	<u>2,500,000</u>	<u>-</u>	<u>194,373</u>	<u>2,305,627</u>	<u>199,000</u>
Total Notes From Direct Borrowings and Direct Placements:	6,655,755	-	898,792	5,756,963	921,391
<u>Capital Leases:</u>					
Lease/Purchase agreement, 1.839% Interest and Principal Due in Annual Installments Through October 2022	35,745	-	35,745	-	-
Lease/Purchase Agreement, \$793,664 (Principal Portion) with Annual Principal and Interest Payment of \$113,208 Through August 2025	417,788	-	91,361	326,427	91,361
Total Capital Leases	453,533	-	127,106	326,427	91,361
Net Pension Liability	1,588,959	3,977,223	-	5,566,182	-
Net OPEB Liability	56,378,402	-	12,692,055	43,686,347	-
Compensated Absences	1,931,900	-	10,798	1,921,102	-
Total Governmental Activity Liabilities	<u><u>\$ 68,008,549</u></u>	<u><u>\$ 3,977,223.00</u></u>	<u><u>\$ 14,148,751</u></u>	<u><u>\$ 57,837,021</u></u>	<u><u>\$ 1,447,752</u></u>

CITY OF HAZLETON

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2022**

Note 5. Non-Current Liabilities (continued):

Debt service requirements to maturity as of December 31, 2022 was as follows:

Fiscal Year	Governmental Activities			
	General Obligation Bonds		Notes From Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2023	\$ 435,000	\$ 24,940	\$ 921,391	\$ 141,070
2024	70,000	6,235	1,334,098	507,882
2025	75,000	3,225	1,536,848	658,221
2026	-	-	399,000	140,464
2027	-	-	304,000	71,991
2028-2032	-	-	1,036,626	220,613
2033	-	-	225,000	9,074
Total	<u>\$ 580,000</u>	<u>\$ 34,400</u>	<u>\$ 5,756,963</u>	<u>\$ 1,749,315</u>

Note 6. Pension Plans

The City has three single employer defined benefit pension plans covering Police, Firemen, and Non-Uniformed personnel. The plans provide for retirement, disability, vested and death benefits to plan members and their beneficiaries. Benefit provisions and their amendments are authorized by the separate pension boards.

The following table provides information concerning types of covered employees and benefit provisions for each of the plans as of January 1, 2022:

	Police Pension Plan	Firemen Pension Plan	Non-Uniformed Plan
Active Plan Members	46	23	52
Retirees and Beneficiaries Currently Receiving Benefits	55	35	29
Terminated Employees Entitled to Benefits	0	0	0
Total	<u>101</u>	<u>58</u>	<u>81</u>

CITY OF HAZLETON

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2022**

Note 6. Pension Plans (continued):

Contributions

Pennsylvania Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act of the Commonwealth of Pennsylvania (Act 205) requires that the annual contributions be based on the Minimum Municipal Obligation (MMO), which is based on the plan’s annual actuarial valuation. The MMO includes the normal cost, estimated administrative expenses, and an amortization of the unfunded actuarial accrued liability less estimated member contributions. The Commonwealth provides an allocation of funds which must be used for pension funding. Any financial requirements established by the MMO which exceeds Commonwealth and member contributions must be funded by the employer.

Pennsylvania Act 44 of 2009 (Act 44) clarifies the limitations on the uses of the special municipal taxing authority currently provided under Act 205, and in the case of a municipality utilizing the proceeds from the special tax to fund other post-employment benefits (OPEB), requires the inclusion of OPEB liabilities in the actuarial valuation report filed with the Commission and in the calculation of the municipality’s MMO.

Police, Firemen, and Non-Uniformed employees are required to contribute 5%, 4%, and 4% of covered payroll, respectively. These contributions are governed by the Plans governing documents and collective bargaining agreements. Administrative costs are charged to the Plans and funded through the MMO and/or investment earnings.

Investments

The table below summarizes the target asset class weighting, along with the allowable ranges for each class for the Police, Fire and Non-Uniformed Plans as of December 31, 2022:

Police Pension Plan		
Investment Type	Target	Assumed Rate of Return
Equity	53%	7.7% - 9.7%
Fixed Income	31%	4.3% - 5.6%
Alternatives	11%	5.7% - 9.6%
Cash	5%	2.6% - 3.1%
Firemen Pension Plan		
Investment Type	Target	Assumed Rate of Return
Equity	53%	7.7% - 9.7%
Fixed Income	31%	4.3% - 5.6%
Alternatives	11%	5.7% - 9.6%
Cash	5%	2.6% - 3.1%
Non-Uniformed Pension Plan		
Investment Type	Target	Assumed Rate of Return
Equity	53%	7.7% - 9.7%
Fixed Income	31%	4.3% - 5.6%
Alternatives	11%	5.7% - 9.6%
Cash	5%	2.6% - 3.1%

CITY OF HAZLETON

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2022**

Note 6. Pension Plans (continued):

Actuarial Assumptions

The plans had the following actuary assumptions and methods:

Actuarial Assumptions	Police Pension Plan	Firemen Pension Plan	Non-Uniformed Plan
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar	Level Dollar	Level Dollar, Closed
Asset Valuation Method	Fair Value	Fair Value	Fair Value
Actuarial Assumptions			
Investment Rate of Return	7.25%	7.25%	7.25%
Projected Salary Increases	3.75% - 9.00%	3.25% - 9.00%	4.00%

Net Pension Liability

The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of December 31, 2022, was as follows:

Net Pension Liability	Police Pension Plan	Firemen Pension Plan	Non-Uniformed Pension Plan
Total Pension Liability	\$ 38,083,384	\$ 19,215,712	\$ 9,679,165
Net Position	<u>35,995,506</u>	<u>19,506,056</u>	<u>6,200,861</u>
Net Pension Liability (Asset)	<u>\$ 2,087,878</u>	<u>\$ (290,344)</u>	<u>\$ 3,478,304</u>
Net Position as a Percentage of Total Pension Liability	94.52%	101.51%	64.06%

CITY OF HAZLETON

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2022**

Note 6. Pension Plans (continued):

Police Pension Plan	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (asset) (a) - (b)
Balances as of December 31, 2021	\$ 36,672,944	\$ 43,026,289	\$ (6,353,345)
Changes for the year:			
Service Cost	777,177	-	777,177
Interest	2,730,127	-	2,730,127
Contributions - Employer and State Aid	-	2,671,957	(2,671,957)
Contributions - Member	-	135,618	(135,618)
Net Investment Income (loss)	-	(6,053,942)	6,053,942
Benefit Payments	(2,096,864)	(2,096,864)	-
Transfer Out	-	(1,687,552)	1,687,552
Net Changes	<u>1,410,440.00</u>	<u>(7,030,783.00)</u>	<u>8,441,223.00</u>
Balances as of December 31, 2022	<u>\$ 38,083,384</u>	<u>\$ 35,995,506</u>	<u>\$ 2,087,878</u>

Firemen Pension Plan	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (asset) (a) - (b)
Balances as of December 31, 2021	\$ 18,707,923	\$ 22,964,939	\$ (4,257,016)
Changes for the year:			
Service Cost	301,555	-	301,555
Interest	1,381,633	-	1,381,633
Contributions - Employer and State Aid	-	1,604,282	(1,604,282)
Contributions - Member	-	78,561	(78,561)
Net Investment Income (loss)	-	(3,280,041)	3,280,041
Benefit Payments	(1,175,399)	(1,175,399)	-
Transfer Out	-	(686,286)	686,286
Net Changes	<u>507,789.00</u>	<u>(3,458,883.00)</u>	<u>3,966,672.00</u>
Balances as of December 31, 2022	<u>\$ 19,215,712</u>	<u>\$ 19,506,056</u>	<u>\$ (290,344)</u>

Non-Uniformed Pension Plan	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (asset) (a) - (b)
Balances as of December 31, 2021	\$ 9,208,231	\$ 7,619,272	\$ 1,588,959
Changes for the year:			
Service Cost	318,895	-	318,895
Interest	694,203	-	694,203
Contributions - Employer and State Aid	-	342,659	(342,659)
Contributions - Member	-	118,135	(118,135)
Net Investment Income (loss)	-	(1,049,791)	1,049,791
Benefit Payments	(542,164)	(542,164)	-
Transfer Out	-	(287,250)	287,250
Net Changes	<u>470,934</u>	<u>(1,418,411)</u>	<u>1,889,345</u>
Balances as of December 31, 2022	<u>\$ 9,679,165</u>	<u>\$ 6,200,861</u>	<u>\$ 3,478,304</u>

CITY OF HAZLETON

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2022**

Note 6. Pension Plans (continued):

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2022, the City recognized pension expense of \$12,677,920, for the plans. As of December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Police Pension Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Asset Experience	7,395,426.00	-
Total	7,395,426.00	-

	Firemen Pension Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Asset Experience	3,996,564.00	-
Total	3,996,564.00	-

	Non-Uniformed Employees Pension Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Asset Experience	1,285,930.00	-
Total	1,285,930.00	-

CITY OF HAZLETON

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2022**

Note 6. Pension Plans (continued):

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

The following presents the net pension liability of the plan, calculated using a discounted rate of 7.25% as well as what the plan's net pension liability would be if it were calculated using a discounted rate that is 1-percentage point lower (6.25%) or 1-percentage higher (8.25%) than the current rate:

Police Pension Plan	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ 1,063,655.00	\$ 2,087,878.00	\$ (8,731,335.00)
Firemen Pension Plan	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ 1,648,209.00	\$ (290,344.00)	\$ (3,503,111.00)
Non-Uniformed Pension Plan	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ 2,893,191.00	\$ 3,478,304.00	\$ 877,022.00

CITY OF HAZLETON

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2022**

Note 7. Other Post Retirement Benefits

The City provides a single employer defined benefit postretirement healthcare plan for five groups of employees in the City. The groups are firefighters with a minimum of 20 years of service, police officers hired before January 1, 2007 with a minimum of 20 years of service, city employees hired prior to April 27, 2000, with a minimum of 10 years of service and who are at least age 60 and management personnel hired prior to April 27, 2000, with a minimum of 15 years of service and who are at least age 55. The Plan provides post-retirement medical, prescription drug, and dental benefits as determined by contract provisions at the time of retirement. The plan is unfunded and no separate financial report is prepared.

The City has not yet established a formal policy nor has it restricted any funds for the plan. The City is currently paying the retirees' healthcare costs on a "pay-as-you-go" basis. The City paid premiums of \$1,397,627 for the year ended December 31, 2022.

Membership of the Plans consisted of the following as of January 1, 2022:

	Police	Fire	Non - Uniformed
Fully Eligible Active Employees	10	22	10
Other Active Employees Not Fully Eligible	0	0	0
Retirees and Beneficiaries Currently Receiving Benefits	37	27	24
Total	47	49	34

Net OPEB Liability

The net OPEB liability is equal to the total OPEB liability minus the net position of the plans. The result as of December 31, 2022, was as follows:

	Police	Fire	Non - Uniformed
Total OPEB Liability	\$ 23,300,511	\$ 17,200,574	\$ 3,185,262
Net Position	-	-	-
Net OPEB Liability	\$ 23,300,511	\$ 17,200,574	\$ 3,185,262
Net Position as a percentage of total OPEB Liability	0%	0%	0%

CITY OF HAZLETON

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2022**

Note 7. Other Post Retirement Benefits (continued):

Non-Uniformed Plan

Net OPEB Liability

The components of the net OPEB liability of the Non-Uniformed Plan as of December 31, 2022, was as follows:

Actuarial Assumptions

Salary Increase	5% Annually
Discount Rate	4.00%
Healthcare cost trend rate	Non-Medicare retirees - 3% during 2020, 8% during 2021, decreasing by 0.25% per year to an ultimate level of 5% per year. Medicare supplement medical and prescription drugs increase by 0% during 2020 and 5% per year thereafter. Vision costs increase by 0% during 2020 and 1.75% per year thereafter.
Actuarial cost method	Entry age normal
Mortality rates	Healthy Life Mortality - Blue Collar RP-2000 projected 17 years using Scale AA

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

The following table presents the Non-Uniformed net OPEB liability if calculated using the discount rate that is one percentage point lower or one percentage point higher.

	1% Decrease (3%)	Current Discount Rate (4%)	1% Increase (5%)
Non-Uniformed Net OPEB Liability	\$ 4,394,411	\$ 3,185,262	\$ 3,548,182

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following table presents the Non-Uniformed net OPEB liability if calculated using the trend rate that is one percentage point lower or one percentage point higher.

	1% Decrease	Current Trend Rate	1% Increase
Non-Uniformed Net OPEB Liability	\$ 3,739,178	\$ 3,185,262	\$ 4,090,399

CITY OF HAZLETON

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2022**

Note 7. Other Post Retirement Benefits (continued):

Changes in Net OPEB Liability

Non-Uniformed	Increase/(Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (asset) (a) - (b)
Balances as of December 31, 2021	\$ 3,935,023	\$ -	\$ 3,935,023
Changes for the year:			
Service Cost	76,623	198,377	(121,754)
Interest	88,043	-	88,043
Change in Assumptions	(716,050)	-	(716,050)
Benefit Payments	(198,377)	(198,377)	-
Net Changes	<u>(749,761)</u>	<u>-</u>	<u>(749,761)</u>
Balances as of December 31, 2022	<u>\$ 3,185,262</u>	<u>\$ -</u>	<u>\$ 3,185,262</u>

The Non-Uniformed Plan recognized OPEB expense of \$65,993 for the year ended December 31, 2022. As of December 31, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ -	\$ 69,038
Changes in Assumptions	3,045	-
Total	<u>\$ 3,045</u>	<u>\$ 69,038</u>

CITY OF HAZLETON

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2022**

Note 7. Other Post Retirement Benefits (continued):

Police Plan

Net OPEB Liability

The components of the net OPEB liability of the Police Plan as of December 31, 2022, was as follows:

Actuarial Assumptions

Salary Increase	5% Annually
Discount Rate	4.00%
Healthcare cost trend rate	Non-Medicare retirees - 3% during 2020, 8% during 2021, decreasing by 0.25% per year to an ultimate level of 5% per year. Medicare supplement medical and prescription drugs increase by 0% during 2020 and 5% per year thereafter. Vision costs increase by 0% during 2020 and 1.75% per year thereafter.
Actuarial cost method	Entry age normal
Mortality rates	Healthy Life Mortality - Blue Collar RP-2000 projected 17 years using Scale AA

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

The following table presents the Police Plan net OPEB liability if calculated using the discount rate that is one percentage point lower or one percentage point higher.

	1% Decrease (3%)	Current Discount Rate (4%)	1% Increase (5%)
Police Net OPEB Liability	\$ 35,677,957	\$ 23,300,511	\$ 26,325,958

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following table presents the Police Plan net OPEB liability if calculated using the healthcare cost trend rate that is one percentage point lower or one percentage point higher.

	1% Decrease	Current Trend Rate	1% Increase
Police Net OPEB Liability	\$ 26,169,762	\$ 23,300,511	\$ 35,787,983

CITY OF HAZLETON

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2022**

Note 7. Other Post Retirement Benefits (continued):

Changes in Net OPEB Liability

Police	Increase/(Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (asset) (a) - (b)
Balances as of December 31, 2021	\$ 30,428,458	\$ -	\$ 30,428,458
Changes for the year:			
Service Cost	535,575	-	535,575
Interest	686,656	-	686,656
Contributions - Employer and State Aid	-	896,914	(896,914)
Change in Assumptions	(7,453,264)	-	(7,453,264)
Benefit Payments	(896,914)	(896,914)	-
Net Changes	<u>(7,127,947)</u>	<u>-</u>	<u>(7,127,947)</u>
Balances as of December 31, 2022	<u>\$ 23,300,511</u>	<u>\$ -</u>	<u>\$ 23,300,511</u>

The Police Plan recognized OPEB expense of \$1,417,991 for the year ended December 31, 2022. As of December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ -	\$ 1,377,700
Changes in Assumptions	-	40,291
Total	<u>\$ -</u>	<u>\$ 1,417,991</u>

CITY OF HAZLETON

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2022**

Note 7. Other Post Retirement Benefits (continued):

Firefighters Plan

Net OPEB Liability

The components of the net OPEB liability of the Firefighters Plan as of December 31, 2022, was as follows:

Actuarial Assumptions

Salary Increase	5% Annually
Discount Rate	4.00%
Healthcare cost trend rate	Non-Medicare retirees - 3% during 2020, 8% during 2021, decreasing by 0.25% per year to an ultimate level of 5% per year. Medicare supplement medical and prescription drugs increase by 0% during 2020 and 5% per year thereafter. Vision costs increase by 0% during 2020 and 1.75% per year thereafter.
Actuarial cost method	Entry age normal
Mortality rates	Healthy Life Mortality - Blue Collar RP-2000 projected 17 years using Scale AA

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

The following table presents the Firefighters Plan net OPEB liability if calculated using the discount rate that is one percentage point lower or one percentage point higher.

	1% Decrease (3%)	Current Discount Rate (4%)	1% Increase (5%)
Firefighters Net OPEB Liability	\$ 25,959,892	\$ 17,200,574	\$ 18,939,635

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following table presents the Firefighters Plan net OPEB liability if calculated using the healthcare cost trend rate that is one percentage point lower or one percentage point higher.

	1% Decrease	Current Trend Rate	1% Increase
Firefighters Net OPEB Liability	\$ 18,740,652	\$ 17,200,574	\$ 26,196,757

CITY OF HAZLETON

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2022**

Note 7. Other Post Retirement Benefits (continued):

Changes in Net OPEB Liability

Fire fighters	Increase/(Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (asset) (a) - (b)
Balances as of December 31, 2021	\$ 22,014,921	\$ -	\$ 22,014,921
Changes for the year:			
Service Cost	1,087,800	546,697	541,103
Interest	513,695	-	513,695
Change in Assumptions	(5,869,145)	-	(5,869,145)
Benefit Payments	(546,697)	(546,697)	-
Net Changes	<u>(4,814,347)</u>	<u>-</u>	<u>(4,814,347)</u>
Balances as of December 31, 2022	<u>\$ 17,200,574</u>	<u>\$ -</u>	<u>\$ 17,200,574</u>

The Firefighters Plan recognized OPEB expense of \$1,476,646 for the year ended December 31, 2022. As of December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ -	\$ 181,165
Changes in Assumptions	-	1,295,481
Total	<u>\$ -</u>	<u>\$ 1,476,646</u>

CITY OF HAZLETON

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2022**

Note 8. Interfund Receivables and Payables

Interfund receivables and payables as of December 31, 2022, were as follows:

	General Fund	American Rescue Plan Fund	ACT 205	Airport Fund	Liquid Fuels	Special Recreation Fund	Debt Service	Grants	Transit	Community Development Fund	Total
Due From Other Funds:											
General Fund	\$ -	\$ -	\$ 386,666	\$ -	\$ 11,782	\$ -	\$ 1,252	\$ 560,356	\$ 1,110,091	\$ -	\$ 2,070,147
Special Recreation Fund	111,514	-	-	-	-	-	-	-	-	-	111,514
Airport	2,540,807	-	-	-	-	-	-	-	-	-	2,540,807
American Rescue Plan Fund	13,390	-	-	-	-	-	-	-	-	-	13,390
Community Development Fund	11,011	-	-	-	-	-	-	-	-	-	11,011
Total	\$ 2,676,722	\$ -	\$ 386,666	\$ -	\$ 11,782	\$ -	\$ 1,252	\$ 560,356	\$ 1,110,091	\$ -	\$ 4,746,869
Due To Other Funds:											
General Fund	\$ -	\$ 13,390	\$ -	\$ 2,540,807	\$ -	\$ 111,514	\$ -	\$ -	\$ -	\$ 11,011	\$ 2,676,722
ACT 205	386,666	-	-	-	-	-	-	-	-	-	386,666
Debt Service Fund	1,252	-	-	-	-	-	-	-	-	-	1,252
Liquid Fuels Fund	11,782	-	-	-	-	-	-	-	-	-	11,782
Grants Fund	560,356	-	-	-	-	-	-	-	-	-	560,356
Transportation Fund	1,110,091	-	-	-	-	-	-	-	-	-	1,110,091
Total	\$ 2,070,147	\$ 13,390	\$ -	\$ 2,540,807	\$ -	\$ 111,514	\$ -	\$ -	\$ -	\$ 11,011	\$ 4,746,869

Note 9. Risk Management

The City’s risk financing techniques include purchase of commercial insurance. Settled claims from these risks have not exceeded coverage for the past three fiscal years, and there has not been a reduction in insurance coverage in the past fiscal year.

Note 10. Risk and Uncertainties

The City’s pension plans invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment of securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

Note 11. Commitments and Contingencies

Grants

The City receives grants from time to time. Expenditures from certain grants are subject to audit by the grantor, and the City is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the City’s management, no material refunds will be required as a result of disallowed expenditures.

Other Litigation

The City is involved in several claims and lawsuits relative to its operations. In the opinion of the City and legal counsel, the ultimate resolution of these matters is either unknown, or will not have a material adverse effect on the financial position of the City.

CITY OF HAZLETON

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED DECEMBER 31, 2022

Note 11. Commitments and Contingencies (continued):

Net Position/Fund Balance Deficit

As of December 31, 2022, the City had a net position deficit of \$25,758,037, which is largely a result of the net OPEB liability. The net OPEB liability was \$43,686,347 as of December 31, 2022. The City currently does not intend to fully fund the OPEB annual required contribution and as a result the deficit will continue. The City plans to review the OPEB cost and develop a long term strategy to fund the balance.

Note 12. Implementation of New Accounting Pronouncements

GASB has issued Statement No. 87, Leases, Statement No. 91, Conduit Debt Obligations, Statement No. 92, Omnibus 2020, Statement No. 93, Replacement of Interbank Offered Rates (IBOR), Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, Statement No. 96, Subscription-Based Information Technology Arrangements, Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans; Statement No. 99, Omnibus 2022, Statement No. 100, Accounting Changes and Error Corrections, and Statement No. 101, Compensated Absences. The City is analyzing the effects of these pronouncements and plans to adopt them as applicable by its effective date.

Note 13. Distressed Municipalities Status

The City's Act 47 Coordinator, in conjunction with the City, worked on a revision to the 2017 Recovery Plan. In October 2014, the State of Pennsylvania signed House Bill 1773 into law. The bill significantly overhauled the Municipalities Financial Recovery Act, Known as Act 47. The new law placed a five-year time limit for municipalities to exit Act 47. For municipalities already under Act 47 and operating under a recovery plan, the termination date for their distressed status will be five years from the effective date for their most recent recovery plan or amendment. The 2018 Revised Recovery Plan was adopted by City Council in June 2018.

The revised Recovery Plan and its provisions outlined below are designed to restore long term fiscal stability, budgetary predictability, and the repair of the City's governing bodies to follow through 2023.

CITY OF HAZLETON

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED DECEMBER 31, 2022

Note 13. Distressed Municipalities Status (continued):

The following are the ADSA (Department of Administration) Structure and Administration initiatives of the 2018 Recovery Plan:

- Establish and administer a centralized purchasing system Enhance or replace financial enterprise resource planning system Develop and enforce financial and personnel policies
- Enhance the City's information technology infrastructure and managed services model Update unified city code book
- Examine applicability of outstanding services Initiate a government study commission
- Align employee cost incentives- Copayments and Deductibles Consider adjustments to employee health insurance plan design Draft employee benefits handbook
- Maintain regular contact with collective bargaining units Encourage competition between health carriers
- Explore partners that specialize in public entity workers compensation insurance Explore increasing workers compensation policy limits
- Reduce City's worker's compensation policy limits
- Reduce City's worker's compensation experience modification
- Review application of benefits and procedures under PA Heart and Lung Act Consider implementing a fleet management program
- Add sexual abuse and molestation coverage to general liability coverage Review insured equipment on City's inland marine policy
- Review increasing umbrella liability coverage
- Review the "personal injury" exclusion in the City's law enforcement liability policy Review public officials liability policy
- The following are the PDSA (Police Department) Structure and Administration Initiatives of the 2018 Recovery Plan:
 - Evaluate combining the detective bureau with the narcotics bureau Assign patrol officers or detectives to the DEA and auto theft task forces Evaluate eliminating the position of police corporal
 - Restructure the relationship between the police and elected officials Remove lieutenant and captain from the bargaining unit
 - Initiate weekly meetings between labor and management Conduct weekly staff meetings
 - Hold daily roll calls
 - Continue and expand the written policing strategy
 - Adopt legitimacy and procedural justice as fundamental values of the policing strategy Expand the employment of a CompStat1 approach
 - Hold a biweekly CompStat meeting
 - Develop, maintain and report crime and quality of life statistics Perform crime analysis
 - Identify impact players
 - Continue and expand hotspot and geographic based policing Focus on problem solving
 - Pursue a partnership with consultants that specializes in urban policing Develop and utilize performance metrics
 - Develop and institute a plan for community policing Understand and avoid implicit bias
 - Increase the diversity of the police department Continue to provide leadership training

CITY OF HAZLETON

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED DECEMBER 31, 2022

Note 13. Distressed Municipalities Status (continued):

The following are the FD (Fire Department) Structure and Administration Initiatives of the 2018 Recovery Plan:

- Maintain union-management cooperation
- Create a written maintenance schedule for all fire department apparatus and equipment Consider providing emergency medical services to the community
- Replace equipment under a capital improvement plan Implement firefighter safety initiatives
- Develop firefighter training initiatives
- Examine radio and communications for comparability with 911 plan Review City's long-term and regional fire protection demands

The following are the DPWSA (Department of Public Works) Structure and Administration Initiatives of the 2018 Recovery Plan:

- Update City administrative code to recognize organizational changes in the department of public works
- Competitively bid engineering-intensive functions Supplement full-time staff with seasonal part-time employees Digitize records and processes
- Reassign the issuance of street sweeping and snow ban violation ticketing to the parking department
- Explore vehicle leasing mechanisms and alternative capital equipment funding mechanisms Implement fuel best practices at Hazleton Regional Airport
- Conduct Hazleton Regional Airport study to maximize asset utilization

The following is Hazleton City Authority's Initiative of the 2018 Recovery Plan:

- Review master services and economic development agreement between the City and the Hazleton City Authority

The following is the Greater Hazleton Joint Sewer Authority's Initiative of the 2018 Recovery Plan:

- Review option agreement (2009) and agreement between City and Greater Hazleton Joint Sewer Authority dated as of March 5, 2013
- Negotiate a shared services agreement that compensates the City for street sweeping, cleaning and otherwise maintaining combined sewer overflows infrastructures that is the responsibility of the authority

The following are the PARK- Parking Systems Initiatives of the 2018 Recovery Plan:

- Perform parking garages and parking lots capital needs assessment Perform on-street parking meter analysis
- Perform off-street parking demand assessment

The following are the Workforce and Collective Bargaining Initiatives of the 2018 Recovery Plan:
Implement a position/hiring freeze

- Review and negotiate the Recommendations Regarding Adjustments to the City's Collective Bargaining Agreements identified by the Coordinator as part of the City's future collective bargaining negotiations

CITY OF HAZLETON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

Note 13. Distressed Municipalities Status (continued):

The following are the Pension Administration Initiatives of the 2018 Recovery Plan:

- Define limited powers of aggregated pension board
- Clarify pension benefits; Adopt clarified pension ordinance; Separate pension council for aggregated pension board; and Designate a labor management administrator
- Maintain statutory compliance with Act 205 Earned Income Tax Revenue Obtain actuarial recognition of pension and OPEB funding

The following are the City Business Initiatives of the 2018 Recovery Plan:

- Develop a Citywide comprehensive plan and/or economic development strategy Improve opportunities for minority-owned businesses
- Expand opportunities to access business resources in the City
- Continue to establish the downtown business district as a Vibrant “Arts and Innovation” hub Engage in placemaking throughout the city to create unique and vibrant neighborhoods
- Find ways to reduce parking burdens on businesses and visitors to downtown
- Explore opportunities for industrial or warehouse development along the beltway corridor Consider a citywide workforce development initiative
- Explore interest in forming a business improvement district
- Revise the City’s zoning ordinance to give greater flexibility to businesses
- Address blight and tax delinquent properties by establishing a land bank initiative

The following are the Revenue Initiatives of the 2018 Recovery Plan:

- Modify earned income tax rate structure
- Consider replacing the business privilege and mercantile taxes with a payroll preparation tax Consider elimination of resident tax and per capita tax
- Consider forming a government study commission to study the City’s current form of government Perform cost indexing of fees
- Review the tax exempt status of properties in the city
- Review master services and economic development agreement between the City and the Hazleton City Authority
- Review 2009 option agreement and agreement between City and Greater Hazleton Joint Sewer Authority (GHJSA) dated as March 5, 2013
- Increase real estate tax rate as necessary to ensure balanced budgets Monitor City cash flow balance for remainder 2018

The following are the Expense Initiatives of the 2018 Recovery Plan:

- Implement a position/hiring freeze
- Implement recovery plan initiatives that impact expenditure reductions or increase productivity

Note 14. Subsequent Events

In May of 2023, the Department of Community and Economic Development approved the City’s exit from distressed municipality status under the Municipalities Financial Recovery Program, (Act 47).

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF HAZLETON

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 9,194,385	\$ 9,194,385	\$ 11,240,260	\$ 2,045,875
Licenses and Permits	1,347,245	1,347,245	962,177	(385,068)
Fines and Forfeitures	949,000	949,000	486,621	(462,379)
Intergovernmental Revenue	296,534	296,534	473,603	177,069
Charges for Services	250,000	250,000	139,013	(110,987)
Interest and Rents	44,010	44,010	36,991	(7,019)
Miscellaneous	710,000	710,000	1,521,847	811,847
Total Revenues	12,791,174	12,791,174	14,860,512	2,069,338
EXPENDITURES				
General Government	2,332,633	2,332,633	3,319,826	(987,193)
Public Safety	7,786,298	7,786,298	9,775,663	(1,989,365)
Public Works	2,550,471	2,550,471	3,189,665	(639,194)
Parking	181,272	181,272	168,644	12,628
Total Expenditures	12,850,674	12,850,674	16,453,798	(3,603,124)
Excess of Revenues Over Expenditures	(59,500)	(59,500)	(1,593,286)	(1,533,786)
OTHER FINANCING SOURCES				
Transfers In	59,500	59,500	-	(59,500)
Total Other Financing Sources	59,500	59,500	-	(59,500)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$ -	\$ -	\$ (1,593,286)	\$ (1,593,286)

CITY OF HAZLETON

POLICE PENSION SCHEDULE OF CHANGES IN NET POSITION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service Cost	\$ 777,177	\$ 743,355	\$ 720,615	\$ 683,047	\$ 698,823	\$ 662,391	\$ 687,511	\$ 651,669	\$ 625,308
Interest	2,730,127	2,557,270	2,473,097	2,977,919	2,324,881	2,239,003	2,098,797	2,022,205	1,869,821
Differences Between Expected and Actual Experience	-	466,774	-	656,998	-	855,759	-	623,443	-
Changes of Assumptions	-	2,680,751	-	-	-	54,187	-	405,787	-
Benefit Payments, including refunds of member contributions	(2,096,864)	(1,995,450)	(2,333,130)	(2,944,780)	(2,252,915)	(2,021,695)	(1,815,430)	(1,689,195)	(1,602,647)
Net Change in Total Pension Liability	1,410,440	4,452,700	860,582	1,373,184	770,789	1,789,645	970,878	2,013,909	892,482
Total Pension Liability - Beginning	36,672,944	32,220,244	31,359,662	29,986,478	29,215,689	27,426,044	26,455,166	24,441,257	23,548,775
Total Pension Liability - Ending	\$ 38,083,384	\$ 36,672,944	\$ 32,220,244	\$ 31,359,662	\$ 29,986,478	\$ 29,215,689	\$ 27,426,044	\$ 26,455,166	\$ 24,441,257
Plan Fiduciary Net Position									
Contributions - Employer	\$ 2,247,160	\$ 2,493,709	\$ 3,311,124	\$ 3,397,458	\$ 3,381,827	\$ 2,819,641	\$ 2,183,811	\$ 2,455,598	\$ 2,147,054
Contributions - State Aid	424,797	-	-	-	-	-	314,973	290,141	294,324
Contributions - Member	135,618	140,991	142,753	159,418	128,703	123,688	116,181	115,002	116,492
Net Investment Income	(6,053,942)	4,578,455	3,536,415	5,005,686	(1,792,853)	3,490,722	1,706,641	(463,527)	493,831
Benefit Payments, including refunds of member contributions	(2,096,864)	(1,995,450)	(2,335,791)	(2,944,781)	(2,252,915)	(2,021,695)	(1,815,430)	(1,689,195)	(1,602,647)
Administrative Expense	(1,687,552)	497,449	(150,994)	(120,847)	(31,433)	(113,337)	(115,386)	(223,695)	(170,375)
Net Change in Plan Fiduciary Net Position	(7,030,783)	5,715,154	4,503,507	5,496,934	(566,671)	4,299,019	2,390,790	484,324	1,278,679
Plan Fiduciary Net Position - Beginning	43,026,289	37,311,135	32,807,628	27,310,694	27,877,365	23,578,346	21,187,556	20,703,232	19,424,553
Plan Fiduciary Net Position - Ending	\$ 35,995,506	\$ 43,026,289	\$ 37,311,135	\$ 32,807,628	\$ 27,310,694	\$ 27,877,365	\$ 23,578,346	\$ 21,187,556	\$ 20,703,232
Net Pension Liability - Ending (A)-(B)	\$ 2,087,878	\$ (6,353,345)	\$ (5,090,891)	\$ (1,447,966)	\$ 2,675,784	\$ 1,338,324	\$ 3,847,698	\$ 5,267,610	\$ 3,738,025
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.5%	117.3%	115.8%	104.6%	91.1%	95.4%	86.0%	80.1%	84.7%
Covered Employee Payroll	\$ 3,291,009	\$ 2,566,722	\$ 2,446,333	\$ 2,747,964	\$ 2,716,436	\$ 2,510,364	\$ 2,375,493	\$ 2,577,195	\$ 2,511,634
Net Pension Liability as a Percentage of Covered Payroll	63.44%	-247.53%	-208.10%	-52.69%	98.50%	53.31%	161.97%	204.39%	148.83%

Note to Schedule:

This information is not available for years prior to 2014.

CITY OF HAZLETON

FIREFIGHTERS PENSION SCHEDULE OF CHANGES IN NET POSITION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service Cost	\$ 301,555	\$ 304,524	\$ 319,520	\$ 302,863	\$ 328,438	\$ 311,316	\$ 297,203	\$ 281,709	\$ 271,143
Interest	1,381,633	1,272,933	1,241,394	1,519,170	1,216,131	1,180,893	1,160,057	1,133,001	1,020,605
Differences Between Expected and Actual Experience	-	591,761	-	(115,301)	-	(110,419)	-	706,057	-
Changes of Assumptions	-	1,456,930	-	-	-	44,091	-	505,597	-
Benefit Payments, including refunds of member contributions	(1,175,399)	(1,050,720)	(1,252,660)	(1,542,381)	(1,225,879)	(1,201,715)	(1,087,480)	(1,096,510)	(1,121,531)
Net Change in Total Pension Liability	507,789	2,575,428	308,254	164,351	318,690	224,166	369,780	1,529,854	170,217
Total Pension Liability - Beginning	18,707,923	16,132,495	15,824,241	15,659,890	15,341,200	15,117,034	14,747,254	13,217,400	13,047,186
Total Pension Liability - Ending	\$ 19,215,712	\$ 18,707,923	\$ 16,132,495	\$ 15,824,241	\$ 15,659,890	\$ 15,341,200	\$ 15,117,034	\$ 14,747,254	\$ 13,217,403
Plan Fiduciary Net Position									
Contributions - Employer	\$ 1,365,981	\$ 1,493,443	\$ 2,141,052	\$ 2,107,074	\$ 2,107,857	\$ 1,849,759	\$ 1,332,227	\$ 1,508,839	\$ 1,253,128
Contributions - State Aid	238,301	-	-	-	-	-	183,735	164,675	162,653
Contributions - Member	78,561	77,360	71,633	77,509	64,560	66,385	65,253	63,765	61,224
Net Investment Income	(3,280,041)	2,445,670	1,855,039	2,585,325	(954,502)	1,756,565	805,070	(242,817)	222,060
Benefit Payments, including refunds of member contributions	(1,175,399)	(1,050,720)	(1,196,933)	(1,542,381)	(1,225,879)	(1,201,715)	(1,087,480)	(1,096,510)	(1,121,534)
Administrative Expense	(686,286)	205,470	(79,623)	(64,260)	(2,271)	(63,770)	(62,342)	(104,368)	(94,482)
Net Change in Plan Fiduciary Net Position	(3,458,883)	3,171,223	2,791,168	3,163,267	(10,235)	2,407,224	1,236,463	293,584	483,049
Plan Fiduciary Net Position - Beginning	22,964,939	19,793,716	17,002,548	13,839,281	13,849,516	11,442,292	10,205,829	9,912,245	9,429,196
Plan Fiduciary Net Position - Ending	\$ 19,506,056	\$ 22,964,939	\$ 19,793,716	\$ 17,002,548	\$ 13,839,281	\$ 13,849,516	\$ 11,442,292	\$ 10,205,829	\$ 9,912,245
Net Pension Liability - Ending (A)-(B)	\$ (290,344)	\$ (4,257,016)	\$ (3,661,221)	\$ (1,178,307)	\$ 1,820,609	\$ 1,491,684	\$ 3,674,742	\$ 4,541,425	\$ 3,305,158
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.5%	122.8%	122.7%	107.4%	88.4%	90.3%	75.7%	69.2%	75.0%
Covered Employee Payroll	\$ 1,384,620	\$ 1,190,604	\$ 1,315,365	\$ 1,206,967	\$ 1,328,927	\$ 1,323,401	\$ 1,286,369	\$ 1,248,015	\$ 1,214,031
Net Pension Liability as a Percentage of Covered Payroll	-20.97%	-357.55%	-278.34%	-97.63%	137.00%	112.72%	285.67%	363.89%	272.25%

Note to Schedule:

This information is not available for years prior to 2014.

CITY OF HAZLETON

NON-UNIFORMED PENSION SCHEDULE OF CHANGES IN NET POSITION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service Cost	\$ 318,895	\$ 315,691	\$ 272,425	\$ 259,452	\$ 263,547	\$ 250,997	\$ 233,817	\$ 222,683	\$ 186,660
Interest	694,203	605,224	576,078	667,766	574,902	550,985	540,773	524,864	505,322
Differences Between Expected and Actual Experience	-	425,695	-	(534,635)	-	(3,672)	-	(2,697)	-
Changes of Assumptions	-	355,669	-	-	-	(90,004)	-	-	-
Benefit Payments, including refunds of member contributions	(542,164)	(496,011)	(510,309)	(642,395)	(542,675)	(559,299)	(564,556)	(528,576)	(400,908)
Net Change in Total Pension Liability	470,934	1,206,268	338,194	(249,812)	295,774	149,007	210,034	216,274	291,074
Total Pension Liability - Beginning	9,208,231	8,001,963	7,663,769	7,913,581	7,617,807	7,468,800	7,258,766	7,042,492	6,751,418
Total Pension Liability - Ending	\$ 9,679,165	\$ 9,208,231	\$ 8,001,963	\$ 7,663,769	\$ 7,913,581	\$ 7,617,807	\$ 7,468,800	\$ 7,258,766	\$ 7,042,492
Plan Fiduciary Net Position									
Contributions - Employer	\$ 342,659	\$ 354,622	\$ 394,491	\$ 401,912	\$ 433,183	\$ 388,790	\$ 292,048	\$ 99,427	\$ 46,690
Contributions - State Aid	-	-	-	-	-	-	192,484	156,834	151,034
Contributions - Member	118,135	118,249	103,819	104,424	89,246	90,071	92,275	93,877	82,186
Net Investment Income	(1,049,791)	805,499	614,627	917,575	(359,111)	810,244	306,387	9,897	162,909
Benefit Payments, including refunds of member contributions	(542,164)	(496,011)	(510,865)	(642,524)	(542,675)	(559,299)	(564,556)	(528,576)	(422,232)
Administrative Expense	(287,250)	74,448	(26,704)	(21,415)	(36,077)	(19,519)	(35,381)	(68,887)	(55,881)
Net Change in Plan Fiduciary Net Position	(1,418,411)	856,807	575,368	759,972	(415,434)	710,287	283,257	(237,428)	(35,294)
Plan Fiduciary Net Position - Beginning	7,619,272	6,762,465	6,187,097	5,427,125	5,842,559	5,132,272	4,849,015	5,086,443	5,121,737
Plan Fiduciary Net Position - Ending	\$ 6,200,861	\$ 7,619,272	\$ 6,762,465	\$ 6,187,097	\$ 5,427,125	\$ 5,842,559	\$ 5,132,272	\$ 4,849,015	\$ 5,086,443
Net Pension Liability - Ending (A)-(B)	\$ 3,478,304	\$ 1,588,959	\$ 1,239,498	\$ 1,476,672	\$ 2,486,456	\$ 1,775,248	\$ 2,336,528	\$ 2,409,751	\$ 1,956,049
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	64.1%	82.7%	84.5%	80.7%	68.6%	76.7%	68.7%	66.8%	72.2%
Covered Employee Payroll	\$ 2,075,286	\$ 1,738,193	\$ 1,738,193	\$ 1,525,644	\$ 1,524,161	\$ 1,959,163	\$ 1,991,035	\$ 1,995,637	\$ 1,795,231
Net Pension Liability as a Percentage of Covered Payroll	167.61%	91.41%	71.31%	96.79%	163.14%	90.61%	117.35%	120.75%	108.96%

Note to Schedule:

This information is not available for years prior to 2014.

CITY OF HAZLETON

SCHEDULE OF EMPLOYER CONTRIBUTIONS - POLICE PENSION PLAN
DECEMBER 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 2,671,957	\$ 2,493,709	\$ 3,311,124	\$ 3,397,458	\$ 3,381,827	\$ 2,819,641	\$ 2,498,784	\$ 1,833,875	\$ 1,446,209	\$ 1,451,683
Contributions in Relation to the Actuarially Determined Contribution	2,671,957	2,493,709	3,453,877	3,556,876	3,381,827	2,819,641	2,498,784	1,833,875	1,446,209	1,451,683
Contribution Deficiency (Excess)	\$ -	\$ -	\$ (142,753)	\$ (159,418)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 3,291,009	\$ 2,566,722	\$ 2,446,333	\$ 2,747,964	\$ 2,716,436	\$ 2,510,364	\$ 2,375,493	\$ 2,577,195	\$ 2,511,634	\$ 2,373,180
Contributions as a Percentage of Covered Employee Payroll	81.2%	97.2%	141.2%	129.4%	124.5%	112.3%	105.2%	71.2%	57.6%	61.2%

CITY OF HAZLETON

SCHEDULE OF EMPLOYER CONTRIBUTIONS - FIREFIGHTERS PENSION PLAN
DECEMBER 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 1,572,282	\$ 1,493,443	\$ 2,141,052	\$ 2,107,074	\$ 2,107,857	\$ 1,849,759	\$ 1,515,962	\$ 1,104,056	\$ 810,934	\$ 648,030
Contributions in Relation to the Actuarially Determined Contribution	1,604,282	1,493,443	2,212,685	2,184,583	2,107,857	1,849,759	1,515,962	1,104,056	810,934	648,030
Contribution Deficiency (Excess)	\$ (32,000)	\$ -	\$ (71,633)	\$ (77,509)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 1,384,620	\$ 1,190,604	\$ 1,315,365	\$ 1,206,967	\$ 1,328,927	\$ 1,323,401	\$ 1,286,369	\$ 1,248,015	\$ 1,214,031	\$ 1,154,591
Contributions as a Percentage of Covered Employee Payroll	115.9%	125.4%	168.2%	181.0%	158.6%	139.8%	117.8%	88.5%	66.8%	56.1%

CITY OF HAZLETON

SCHEDULE OF EMPLOYER CONTRIBUTIONS - NON-UNIFORMED PENSION PLAN
DECEMBER 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 342,659	\$ 354,622	\$ 394,491	\$ 401,912	\$ 433,183	\$ 382,990	\$ 383,317	\$ 256,261	\$ 197,724	\$ 193,307
Contributions in Relation to the Actuarially Determined Contribution	342,659	354,622	498,310	506,336	433,183	388,790	484,532	256,261	197,724	193,307
Contribution Deficiency (Excess)	\$ -	\$ -	\$ (103,819)	\$ (104,424)	\$ -	\$ (5,800)	\$ (101,215)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 2,075,286	\$ 1,738,193	\$ 1,525,644	\$ 1,524,161	\$ 1,959,163	\$ 1,991,035	\$ 1,995,637	\$ 1,795,231	\$ 1,743,703	\$ -
Contributions as a Percentage of Covered Employee Payroll	16.5%	20.4%	32.7%	33.2%	22.1%	19.5%	24.3%	14.3%	11.3%	N/A

CITY OF HAZLETON

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS - POLICE
DECEMBER 31, 2022

	2022	2021	2020	2019
Total OPEB Liability				
Service Cost	\$ 535,575	\$ 493,363	\$ 657,262	\$ 405,435
Interest	686,656	596,859	591,760	870,675
Differences Between Expected and Actual Experience	-	(2,052,299)	-	(6,204,640)
Changes of Assumptions	(7,453,264)	1,367,036	6,750,043	(181,463)
Benefits Payments	(896,914)	(813,096)	(832,565)	(837,179)
Net Change in Total OPEB Liability	(7,127,947)	(408,137)	7,166,500	(5,947,172)
Total OPEB Liability - Beginning	30,428,458	30,836,595	23,670,095	29,617,267
Total OPEB Liability - Ending	\$ 23,300,511	\$ 30,428,458	\$ 30,836,595	\$ 23,670,095
Plan Fiduciary Net Position				
Contributions - Employer	\$ 896,914	\$ 813,096	\$ 832,565	\$ 837,179
Benefit Payments	(896,914)	(813,096)	(832,565)	(837,179)
Net Change in Plan Fiduciary Net Position	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-
Plan Fiduciary Net Position - Ending	\$ -	\$ -	\$ -	\$ -
Net OPEB Liability - Ending (A)-(B)	\$ 23,300,511	\$ 30,428,458	\$ 30,836,595	\$ 23,670,095
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.0%	0.0%	0.0%	0.0%
Covered Employee Payroll	\$ 2,882,614	\$ 2,745,347	\$ 1,026,394	\$ 972,885
Net OPEB Liability as a Percentage of Covered Payroll	808.31%	1108.36%	3004.36%	2432.98%

Note to Schedule:

This information is not available for years prior to 2018, as the City had previously included all OPEB benefits as one plan and was broken out by class of employee in 2018.

CITY OF HAZLETON

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS - FIREFIGHTERS
DECEMBER 31, 2022

	2022	2021	2020	2019
Total OPEB Liability				
Service Cost	\$ 1,087,800	\$ 884,410	\$ 912,044	\$ 566,719
Interest	513,695	356,555	339,361	481,482
Differences Between Expected and Actual Experience	-	(424,339)	-	(3,270,934)
Changes of Assumptions	(5,869,145)	3,784,802	3,643,519	(93,849)
Benefits Payments	(546,697)	(351,200)	(316,232)	(269,996)
Net Change in Total OPEB Liability	(4,814,347)	4,250,228	4,578,692	(2,586,578)
Total OPEB Liability - Beginning	22,014,921	17,764,693	13,186,001	15,772,579
Total OPEB Liability - Ending	\$ 17,200,574	\$ 22,014,921	\$ 17,764,693	\$ 13,186,001
Plan Fiduciary Net Position				
Contributions - Employer	\$ 546,697	\$ 351,200	\$ 316,232	\$ 269,996
Benefit Payments	(546,697)	(351,200)	(316,232)	(269,996)
Net Change in Plan Fiduciary Net Position	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-
Plan Fiduciary Net Position - Ending	\$ -	\$ -	\$ -	\$ -
Net OPEB Liability - Ending (A)-(B)	\$ 17,200,574	\$ 22,014,921	\$ 17,764,693	\$ 13,186,001
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.0%	0.0%	0.0%	0.0%
Covered Employee Payroll	\$ 1,386,761	\$ 1,320,725	\$ 1,398,881	\$ 1,325,954
Net OPEB Liability as a Percentage of Covered Payroll	1240.34%	1666.88%	1269.92%	994.45%

Note to Schedule:

This information is not available for years prior to 2018, as the City had previously included all OPEB benefits as one plan and was broken out by class of employee in 2018.

CITY OF HAZLETON

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS - NON-UNIFORMED
DECEMBER 31, 2022

	2022	2021	2020	2019
Total OPEB Liability				
Service Cost	\$ 76,623	\$ 89,702	\$ 59,702	\$ 35,620
Interest	88,043	73,407	74,078	121,051
Differences Between Expected and Actual Experience	-	232,959	-	(95,547)
Changes of Assumptions	(716,050)	(80,930)	641,043	3,761
Benefits Payments	(198,377)	(186,873)	(211,110)	(212,039)
Net Change in Total OPEB Liability	(749,761)	128,265	563,713	(147,154)
Total OPEB Liability - Beginning	3,935,023	3,806,758	3,243,045	3,390,199
Total OPEB Liability - Ending	\$ 3,185,262	\$ 3,935,023	\$ 3,806,758	\$ 3,243,045
Plan Fiduciary Net Position				
Contributions - Employer	\$ 198,377	\$ 186,873	\$ 211,110	\$ 212,039
Benefit Payments	(198,377)	(186,873)	(211,110)	(212,039)
Net Change in Plan Fiduciary Net Position	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-
Plan Fiduciary Net Position - Ending	\$ -	\$ -	\$ -	\$ -
Net OPEB Liability - Ending (A)-(B)	\$ 3,185,262	\$ 3,935,023	\$ 3,806,758	\$ 3,243,045
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.0%	0.0%	0.0%	0.0%
Covered Employee Payroll	\$ 541,627	\$ 640,835	\$ 584,218	\$ 556,398
Net OPEB Liability as a Percentage of Covered Payroll	588.09%	614.05%	651.60%	582.86%

Note to Schedule:

This information is not available for years prior to 2018, as the City had previously included all OPEB benefits as one plan and was broken out by class of employee in 2018.

SUPPLEMENTARY INFORMATION

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CITY OF HAZLETON

COMBINING BALANCE SHEET - NON-MAJOR FUNDS
AS OF DECEMBER 31, 2022

	Liquid Fuels	Special Recreation	Redevelopment Authority	Grants	Total
ASSETS					
Cash	\$ 820,914	21,681	\$ 2	\$ 44	\$ 842,641
Accounts Receivable	78,681	-	-	-	78,681
Due From Other Funds	11,782	-	-	560,356	572,138
TOTAL ASSETS	\$ 911,377	\$ 21,681	\$ 2	\$ 560,400	\$ 1,493,460
LIABILITIES					
Accounts Payable	\$ -	\$ 27,931	\$ -	\$ -	\$ 27,931
Due To Other Funds	-	111,514	-	-	111,514
Unearned Revenue	-	-	-	485,016	485,016
TOTAL LIABILITIES	-	139,445	-	485,016	624,461
FUND BALANCES					
Restricted	-	-	-	75,384	75,384
Assigned	-	-	2	-	2
Unassigned	911,377	(117,764)	-	-	793,613
TOTAL FUND BALANCES	911,377	(117,764)	2	75,384	868,999
TOTAL LIABILITIES AND FUND BALANCES	\$ 911,377	\$ 21,681	\$ 2	\$ 560,400	\$ 1,493,460

CITY OF HAZLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NON-MAJOR FUNDS
YEAR ENDED DECEMBER 31, 2022

	Liquid Fuels	Special Recreation	Redevelopment Authority	Grants	Total
REVENUES					
Taxes	\$ -	\$ 165,318	\$ -	\$ -	\$ 165,318
Interest and Rents	1,711	72	-	-	1,783
Intergovernmental Revenue	1,567,809	-	-	64,907	1,632,716
Charges for Services	-	54,490	-	-	54,490
Miscellaneous	-	8,461	2,940	-	11,401
Total Revenues	\$ 1,569,520	\$ 228,341	\$ 2,940	\$ 64,907	\$ 1,865,708
EXPENDITURES					
General Government	-	-	2,940	64,907	67,847
Public Works	365,890	-	-	-	365,890
Recreation	-	270,010	-	-	270,010
Capital Outlay	367,293	-	-	-	367,293
Total Expenditures	\$ 733,183	\$ 270,010	\$ 2,940	\$ 64,907	\$ 1,071,040
Excess of Revenues Over Expenditures	836,337	(41,669)	-	-	794,668
FUND BALANCES, BEGINNING OF YEAR	75,040	(76,095)	2	75,384	74,331
FUND BALANCES, END OF YEAR	\$ 911,377	\$ (117,764)	\$ 2	\$ 75,384	\$ 868,999

CITY OF HAZLETON

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022**

Findings related to the financial statements which are required to be reported in accordance with GAGAS.

FINANCIAL STATEMENT FINDINGS

***Finding 2022-001**

Criteria or specific requirement:

For sound financial reporting, the General ledger should be maintained properly, timely and in agreement with all subsidiary ledgers.

Condition:

The City's General Ledger did not agree to the subsidiary ledgers and required adjustment.

Cause:

Internal control policies and procedures are not in place to properly maintain the ledgers.

Effect or potential effect:

Weakening of internal control over financial reporting.

Recommendation:

That the City maintain an accurate general ledger that agrees to all subsidiary ledgers.

View of responsible official:

The responsible official agrees with this finding and will address the matter as part of their corrective action plan.

***Finding 2022-002**

Criteria or specific requirement:

For sound financial reporting, the bank reconciliations should be completed timely and accurately.

Condition:

The City did not complete the bank reconciliation timely or accurately.

Cause:

Internal control policies and procedures are not in place to properly complete bank reconciliations.

Effect or potential effect:

Weakening of internal control over financial reporting.

Recommendation:

That the City complete the bank recs within a timely manner and that they complete them accurately.

View of responsible official:

The responsible official agrees with this finding and will address the matter as part of their corrective action plan.

CITY OF HAZLETON

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022**

FINANCIAL STATEMENT FINDINGS (continued):

***Finding 2022-003**

Criteria or specific requirement:

For sound financial reporting, the City should keep track of all fixed assets.

Condition:

The City failed to maintain a detailed listing of all fixed assets as well as a listing of additions or deletions.

Cause:

Internal control policies and procedures are not in place to properly track fixed assets..

Effect or potential effect:

Weakening of internal control over financial reporting.

Recommendation:

That the City maintain an accurate detailed listing of all fixed assets.

View of responsible official:

The responsible official agrees with this finding and will address the matter as part of their corrective action plan.

* Denotes Prior Year Finding