

**BOROUGH OF CLARION**  
**CLARION, PENNSYLVANIA**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

BOROUGH OF CLARION  
YEAR ENDED DECEMBER 31, 2023

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## INDEPENDENT AUDITOR'S REPORT

Borough Council  
Borough of Clarion  
Clarion, Pennsylvania

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of BOROUGH OF CLARION, PENNSYLVANIA ("Borough") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Borough's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Borough, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for one year after the date that the financial statements are issued.



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## ***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 Borough'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 Borough'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.



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## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of revenues, expenditures, and changes in fund balance to budget to actual comparison, employees and police retirement fund schedule of borough's contribution and investment return for the last ten years, employees' and police retirement fund schedules of changes in net pension liability and related ratios information on pages 4 through 14 and 55-63 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## ***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The Other Supplementary Information on pages 65 through 68 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary 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 Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Zelenkofske Axlerod LLC*

ZELENKOSFSKE AXELROD LLC

Pittsburgh, Pennsylvania  
September 23, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the financial statements for the Borough of Clarion ("Borough") presents a descriptive overview and narrative of the Borough's financial performance for the fiscal year ended December 31, 2023. Prior year comparative information is presented.

### FINANCIAL HIGHLIGHTS

- The Borough's total Net Position at the end of 2023 was \$5,665,664.
- The General Fund Unassigned Fund Balance was \$427,218 at the end of 2023.
- Total Governmental Fund Revenues, including Loan Proceeds, of \$3,242,733 were collected in 2023, of which \$2,275,624 was expended for Public Safety and Public Works.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of the following four parts:

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

Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader better understand the Borough's government. The basic financial statements include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. Required supplementary information is provided on the Borough's Police Pension and General Employees' Pension Trust Funds and budget to actual figures for the General Fund, Recreation Fund, Fire Equipment Fund, Penn Vest Grant Fund and the Liquid Fuels Fund.

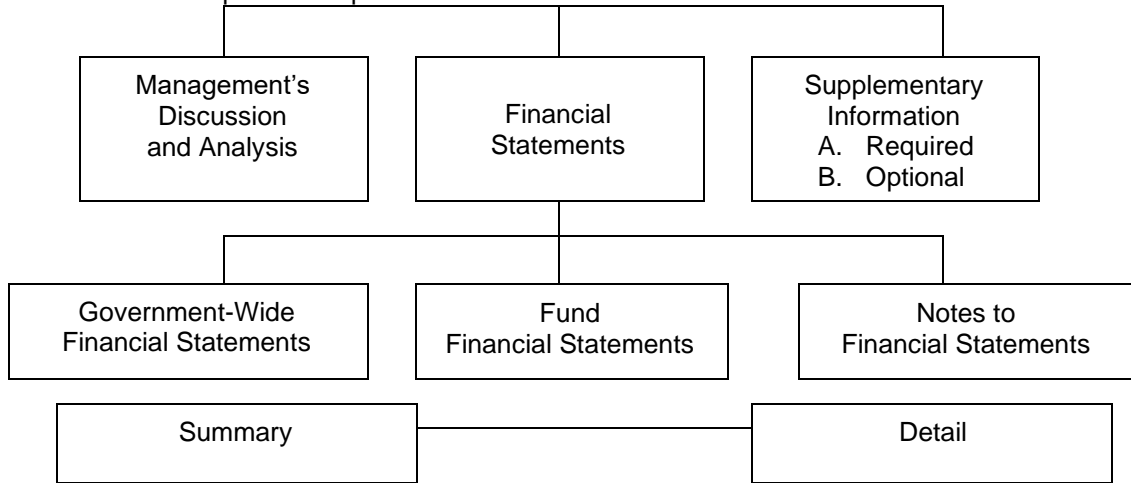
The basic financial statements present two different views of the Borough:

- *Government-wide financial statements*, the first two statements, provide information about the Borough's overall financial status.
- *Fund financial statements*, the remaining statements, focus on individual parts of the Borough's government. They provide more detail on operations than the government-wide statements. There are three types of fund financial statements:
  - *Governmental funds statements* show how general government services such as public safety, public works for highways and streets, and culture and recreation were financed in the short term, as well as what remains for future spending.
  - *Proprietary fund statements* offer short-term and long-term financial information about the activities the Borough operates like a business, such as the Stormwater Authority.
  - *Fiduciary funds statements* reflect activities involving resources that are held by the Borough as a trustee or agent for the benefit of others, including employees of the Borough like the Police Pension Trust Fund. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support current programs.

**MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)**

Table A-1 shows how the various parts of this annual report are arranged and related to one another.

**Table A-1: Organization of the Borough’s Annual Financial Report**  
 Required Components of the Annual Financial Statements



**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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

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

	Government-wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the Borough, such as public safety and public works	The activities of the Borough, such as the Stormwater Authority	Instances in which the Borough administers resources on behalf of others, such as the Police Pension Fund
Required Financial Statements	-Statement of Net Position -Statement of Activities	-Balance Sheet -Statement of Revenues, Expenditures and Changes in Fund Balance	- Statement of net position - Statement of revenues, expenses and changes in net position - Statement of cash flows	-Statement of Fiduciary Net Position -Statement of Changes in Fiduciary net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources measurement focus		Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both financial and capital short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Government-Wide Financial Statements

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

- The statement of net position includes all the Borough's assets, deferred outflows of resources, deferred inflows of resources, and liabilities, except fiduciary funds, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business.
- The statement of activities focuses on how the Borough's net position changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on local taxes for funding.

All changes to net position are reported using the accrual method of accounting, which requires that revenues be reported when they are earned and expenses be reported when the goods and/or services are received, regardless of when cash is received or paid.

Net position is one way to measure the Borough's financial position. Over time, increases or decreases in the Borough's net position are one indicator of whether the Borough's financial position is improving or deteriorating. However, other non-financial factors such as changes in the Borough's real property tax base and general economic conditions must be considered to assess the overall position of the Borough.

There are two categories of activities for the primary government:

- *Governmental activities* include the Borough's basic services such as general government, public safety, public works for highways and streets, community development, health and welfare, and culture and recreation. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* such as the Stormwater Authority charge a fee to customers to help cover the costs of services.

Net position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets and long-term debt do not affect fund balances.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)****Fund Financial Statements**

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

The Borough has three kinds of funds:

- *Governmental funds* include most of the Borough's basic services and focus on: (1) the flow in and out of cash and other financial assets that can readily be converted into cash, and: (2) the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting basis, and a current financial resources measurement focus. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the Borough's programs.

The relationship between governmental activities (reported in the statement of Net Position and the statement of activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements.

The Borough adopts an annual budget for the General Fund, Liquid Fuel (Highway Aid) Fund, Street Light Fund, Recreation Fund, Fire Equipment Fund, Library Fund, Recycling Fund, Penn Vest Grant Fund and the Pension Fund. Budgetary comparisons of the Borough's General Fund, Liquid Fuel (Highway Aid) Fund, Recreation Fund, Penn Vest Grant Fund, and Fire Equipment Fund are presented as required supplementary information.

- *Proprietary funds* report business-type programs and activities that charge fees designed to recover the cost of providing services. They report using full accrual accounting. Beginning in 2020, the Borough authorized the Stormwater Authority to undertake and perform certain functions with respect to the Stormwater System on behalf of the Borough only as described herein, including determining what shall be required for the proper operation and maintenance of the Stormwater System (including upgrades, replacements, and repairs), establishing user rates, creating and issuing invoices and bills, collecting payment, and maintaining records related to these functions.
- *Fiduciary funds* are funds for which the Borough is the trustee or fiduciary. These include the Police Pension Plan and the Non-Uniformed Pension Plan. The Borough is responsible to ensure the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary Net Position and a statement of changes in fiduciary Net Position. These funds are excluded from the Borough's government-wide financial statements because the Borough cannot use these assets to finance its operations.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Net Position**

The Borough's governmental activities total assets and deferred outflows was \$6,765,068 at December 31, 2023. Of this amount, \$3,185,963 was capital assets at December 31, 2023.

GASB No. 34 requires that all capital assets, including infrastructure, be valued and reported within the governmental activities column of the government-wide financial statements but allows infrastructure to be added over several years.

**Table A-3: Borough of Clarion  
Condensed Statement of Net Position**

	Governmental Activities 2022	Governmental Activities 2023	Changes from 2022 to 2023	Business-Type Activities 2022	Business-Type Activities 2023	Changes from 2022 to 2023
Capital Assets	\$ 2,446,907	\$ 3,185,963	\$ 739,056	\$ -	\$ -	\$ -
Other Assets	2,290,913	2,531,755	240,842	471,784	674,850	203,066
<b>Total Assets</b>	<b>4,737,820</b>	<b>5,717,718</b>	<b>979,898</b>	<b>471,784</b>	<b>674,850</b>	<b>203,066</b>
Deferred Outflows	1,359,718	1,047,350	(312,368)	-	-	-
<b>Total Assets and Deferred Outflows</b>	<b>\$ 6,097,538</b>	<b>\$ 6,765,068</b>	<b>\$ 667,530</b>	<b>\$ 471,784</b>	<b>\$ 674,850</b>	<b>\$ 203,066</b>
Current Liabilities	\$ 169,676	\$ 235,773	\$ 66,097	\$ 14,268	\$ -	\$ (14,268)
Long-Term Liabilities	797,552	687,437	(110,115)	-	-	-
<b>Total Liabilities</b>	<b>967,228</b>	<b>923,210</b>	<b>(44,018)</b>	<b>14,268</b>	<b>-</b>	<b>(14,268)</b>
Deferred Inflows	691,658	851,044	159,386	-	-	-
<b>Net Position:</b>						
Net Investment in						
Capital Assets	1,754,348	2,533,731	779,383	-	-	-
Restricted Net Position	1,247,959	1,278,725	30,766	-	-	-
Unrestricted Net Position	1,436,345	1,178,358	(257,987)	457,516	674,850	217,334
<b>Total Net Position</b>	<b>4,438,652</b>	<b>4,990,814</b>	<b>552,162</b>	<b>457,516</b>	<b>674,850</b>	<b>217,334</b>
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<b>\$ 6,097,538</b>	<b>\$ 6,765,068</b>	<b>\$ 667,530</b>	<b>\$ 471,784</b>	<b>\$ 674,850</b>	<b>\$ 203,066</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

The following statement of activities represents changes in Net Position for the years ended December 31, 2023 and 2022. It shows the revenues by source and the expenses by their function for all governmental activities, business-type activities and the government as a whole.

**Table A-4: Borough of Clarion  
Condensed Statement of Activities**

	Governmental Activities 2022	Governmental Activities 2023	Changes from 2022 to 2023	Percentage Change	Business-Type Activities 2022	Business-Type Activities 2023	Changes from 2022 to 2023	Percentage Change
<b>Program Revenues:</b>								
Charges for Services	\$ 574,505	\$ 636,448	\$ 61,943	10.78%	\$ 337	\$ 17,247	\$ 16,910	5017.80%
Operating Grants and Contributions	333,992	658,309	324,317	97.10%	402,798	402,967	169	0.04%
<b>General Revenues:</b>								
Real Estate Taxes	878,647	892,351	13,704	1.56%	-	-	-	0.00%
Act 511 Taxes	523,727	529,984	6,257	1.19%	-	-	-	0.00%
Interest Revenue	7,007	26,869	19,862	283.46%	-	-	-	0.00%
<b>Total Revenues</b>	<b>2,317,878</b>	<b>2,743,961</b>	<b>426,083</b>	<b>18.38%</b>	<b>403,135</b>	<b>420,214</b>	<b>17,079</b>	<b>4.24%</b>
<b>Expenses:</b>								
General Government	194,030	369,197	175,167	90.28%	-	-	-	0.00%
Public Safety	1,852,444	1,384,776	(467,668)	-25.25%	-	-	-	0.00%
Public Works	606,367	846,229	239,862	39.56%	-	-	-	0.00%
Culture and Recreation	40,035	127,473	87,438	218.40%	-	-	-	0.00%
Stormwater Authority	-	-	-	0.00%	160,410	202,880	42,470	26.48%
Interest on Long Term Debt	6,172	13,978	7,806	0.00%	-	-	-	0.00%
<b>Total Expenses</b>	<b>2,699,048</b>	<b>2,741,653</b>	<b>42,605</b>	<b>1.58%</b>	<b>160,410</b>	<b>202,880</b>	<b>42,470</b>	<b>26.48%</b>
<b>Changes in Net Position</b>	<b>\$ (381,170)</b>	<b>\$ 2,308</b>	<b>\$ 383,478</b>	<b>-100.61%</b>	<b>\$ 242,725</b>	<b>\$ 217,334</b>	<b>\$ (25,391)</b>	<b>-10.46%</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Net Program Expenses**

Net program expenses indicate the amount of support required from taxes and other general revenues for a program of the government. In 2023, revenue from real estate taxes and Act 511 taxes was \$892,351 and \$529,984, respectively.

**Table A-5: Borough of Clarion  
Net Cost of Activities**

	2022		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General Government	\$ 194,030	\$ 82,721	\$ 369,197	\$ (47,805)
Public Safety	1,852,444	(1,525,834)	1,384,776	(955,033)
Public Works	606,367	(355,608)	846,229	(306,877)
Culture and Recreation	40,035	14,342	127,473	(123,203)
Interest on Long Term Debt	6,172	(6,172)	13,978	(13,978)
Stormwater Authority	160,410	242,725	202,880	217,334
<b>Total</b>	<b>\$2,859,458</b>	<b>\$(1,547,826)</b>	<b>\$2,944,533</b>	<b>\$ (1,229,562)</b>

The Borough relied on real estate taxes, earned income taxes and other general revenues to fund 53% of its governmental activities in 2023.

**Capital Assets**

The Borough's investment in capital assets at December 31, 2023, net of accumulated depreciation, was \$3,185,963. Capital assets consist primarily of land, buildings, equipment and vehicles. The following is a summary of capital assets at December 31, 2023:

**Table A-6: Borough of Clarion  
Capital Assets**

	Governmental Activities 2022	Governmental Activities 2023	Changes from 2022 to 2023
Land	\$ 229,794	\$ 256,413	\$ 26,619
Buildings and Improvements	2,502,056	3,369,803	867,747
Equipment	958,050	1,039,734	81,684
Vehicles	1,093,677	1,140,738	47,061
Infrastructure	1,150,515	1,459,742	309,227
Accumulated Depreciation	(3,487,186)	(4,080,467)	(593,281)
<b>Total Net Capital Assets</b>	<b>\$ 2,446,906</b>	<b>\$ 3,185,963</b>	<b>\$ 739,057</b>

Detailed information about the Borough's capital assets can be found in Note 5, Notes to the Financial Statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)****Debt Administration**

The Borough's long-term debt activity for 2023 is as follows and is detailed in Note 8 to the Financial Statements:

**Table A-7: Borough of Clarion  
Statement of Long-Term Debt**

<u>Type</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Loan and Note Payable	\$692,559	\$ 46,567	\$ 86,894	\$652,232
Compensated Absences	86,200	18,585	21,635	83,150
Total Long Term Debt	<u>\$778,759</u>	<u>\$ 65,152</u>	<u>\$108,529</u>	<u>\$735,382</u>

The loan and note payable balance as of December 31, 2023 is \$652,232.

**FUND FINANCIAL STATEMENTS****GOVERNMENTAL FUNDS**

The Borough uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The Borough's governmental funds include the general fund, debt service fund, and special revenue funds. The general fund is the chief operating fund for the Borough. Special revenue funds are restricted to specific legislated use. The major funds are shown on the statement of revenues, expenditures and changes in fund balances in the financial statements.

Taxes are one of the Borough's most significant revenue sources, accounting for 43.62% of 2023 Governmental revenues. Taxes increased in 2023 by \$10,445. The 2023 mill rate remained the same at 22.000 mills. The General Fund mill rate remained the same at 17.10. The Street Light Fund mill remained the same at 0.950 mills. The Recreation Fund remained the same at 0.400 mills. The Library Fund mill rate remained the same at 0.975 mills. The Fire Equipment Fund mill rate remained the same at 1.600 mills. The Recycling Fund mill rate remained the same at 0.975 mills. Intergovernmental revenues increased in 2023 by \$488,400, a 17.7% increase mainly due to grant funding. Licenses and permits decreased in 2023 by \$33,942, a 14.3% decrease. The Borough had no sale of Capital Assets in 2023. The Borough's loan proceeds of \$46,567 were the purchase of a 2023 Police vehicle.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Governmental fund revenues by source at December 31, 2022 and 2023 were as follows:

**Table A-8: Borough of Clarion  
Revenues, and Other Financing Sources, Governmental Funds**

Revenues:	2022	2023	Variance	Percentage of Change
Taxes	\$ 1,404,111	\$ 1,414,556	\$ 10,445	0.7%
Licenses, fees and permits	238,057	204,115	(33,942)	-14.3%
Charges for services	185,915	236,362	50,447	27.1%
Fines and forfeits	57,929	68,175	10,246	17.7%
Intergovernmental	333,992	658,308	324,316	97.1%
Interest and rents	7,007	26,869	19,862	283.5%
Other Income	92,104	127,297	35,193	38.2%
Contributions	500	500	-	0.0%
Loan Proceeds	285,571	46,567	(239,004)	-83.7%
Operating Transfers In	149,147	459,984	310,837	208.4%
<b>Total revenues</b>	<b>\$ 2,754,333</b>	<b>\$ 3,242,733</b>	<b>\$ 488,400</b>	<b>17.7%</b>

Government Fund expenditures increased 11.8%, or \$373,166 during 2023. The administration expenditure decreased 5.5%, or \$21,664. The Public Works expenditures decreased 18.4%, or \$163,001 from 2022. In 2023 Public Works did perform road projects within the Borough and maintain the parks. The CDBG program had expenditures of \$19,521, which was an decrease from 2022 in the amount of \$6,554. Capital Project expenditures amounted to \$220,508 in 2023, a decrease of \$22,867. Culture and Recreation expenditures decreased \$32,846, or 23.6% from 2022 due to the Borough no longer has the pool. Public Safety expenditures increased \$283,487, or 22.3%. Public Safety expenditures alone account for 43.97% of all governmental fund expenditures. Public Works expenditures accounts for 20.40%, Administration expenditures account for 10.49%, and Culture & Recreation expenditures account for 3.00% of total governmental fund expenditures.

Governmental fund expenditures by function at December 31, 2022 and 2023 were as follows:

**Table A-9: Borough of Clarion  
Expenditures, and Other Financing Uses, Governmental Funds**

Expenditures	2022	2023	Net Change	% of Change
Administration	\$ 392,667	\$ 371,003	\$ (21,664)	-5.5%
Public Safety	1,270,933	1,554,420	283,487	22.3%
Public Works	884,205	721,204	(163,001)	-18.4%
Culture and Recreation	138,919	106,073	(32,846)	-23.6%
Capital Projects	243,375	220,508	(22,867)	-9.4%
Debt Service	69,024	100,872	31,848	46.1%
Miscellaneous	13,807	1,179	(12,628)	-91.5%
Operating Transfers Out	149,147	459,984	310,837	208.4%
<b>Total Expenditures</b>	<b>\$3,162,077</b>	<b>\$3,535,243</b>	<b>\$ 373,166</b>	<b>11.8%</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**GOVERNMENTAL FUND BALANCES**

Ending fund balances for Governmental Funds at December 31, 2023:

**Table A-10: Borough of Clarion  
Ending Fund Balances, Governmental Funds**

Funds	Governmental Funds
General Fund	\$ 465,454
Liquid Fuel Fund	188,833
Recreation Fund	172,355
Capital Projects	778,713
Fire Equipment Fund	38,532
Penn Vest Grant Fund	2,640
Other Governmental Funds	59,416
<b>Total</b>	<b>\$ 1,705,943</b>

**Financial Highlights** – The 2023 General Fund revenues were under expenditures by \$251,362. The General Fund, Fund Balance, decreased from \$783,509 to \$465,454. The major increase Public Safety totaling \$246,286.

**Economic Conditions** – The 2023 assessed valuation totaled \$114,940,149, of which 65.26% (\$75,007,776) is non-taxable, and 34.74% (\$39,932,373) is taxable. The majority of the non-taxable property is owned by Clarion University, Clarion County, and Clarion Borough School District. The Borough is limited with the amount of real estate tax received due to the university's non-exempt status. There is no growth potential within the Borough for industrial or commercial development.

**Next Year's Budget** – The 2024 Budget for all the funds is \$3,317,92. The Borough Council's tax millage in the 2024 Budget remained at 22.000 mills. The 2024 mill rates for the various funds are: General Fund increased to 17.300 mills, Street Lighting stayed the same at 0.950 mills, Fire Equipment Fund decreased to 1.500 mills, Library Fund remained the same at 0.975 mills, Recreation Fund decreased to 0.300 mills, and the Recycling Fund stayed the same at 1.975 mills.

**CONTACTING THE BOROUGH'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Borough's finances and to demonstrate the Borough's accountability. Questions concerning this financial information or requests for additional information should be directed to:

Borough of Clarion  
Council President  
1400 East Main Street  
Clarion, PA 16214

**BOROUGH OF CLARION  
STATEMENT OF POSITION  
DECEMBER 31, 2023**

Assets	Governmental Activities	Business-Type Activities	Total
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 657,905	\$ 298,599	\$ 956,504
Investments	878,784	-	878,784
Accounts receivable	75,544	382,349	457,893
Due from other governments	28,566	-	28,566
Internal Balances	7,627	(7,627)	-
Taxes receivable, net	187,507	-	187,507
Prepaid assets	38,236	1,529	39,765
<b>Total Current Assets</b>	<b>1,874,169</b>	<b>674,850</b>	<b>2,549,019</b>
<b>Noncurrent Assets:</b>			
Land	256,413	-	256,413
Buildings and Improvements	3,369,803	-	3,369,803
Equipment	1,039,734	-	1,039,734
Vehicles	1,140,738	-	1,140,738
Infrastructure	1,459,742	-	1,459,742
Accumulated depreciation	(4,080,467)	-	(4,080,467)
<b>Total Capital Assets</b>	<b>3,185,963</b>	<b>-</b>	<b>3,185,963</b>
Net Pension Asset	657,586	-	657,586
<b>Total Noncurrent Assets</b>	<b>3,843,549</b>	<b>-</b>	<b>3,843,549</b>
<b>Total Assets</b>	<b>5,717,718</b>	<b>674,850</b>	<b>6,392,568</b>
<b>Deferred Outflows of Resources</b>			
Pensions	1,047,350	-	1,047,350
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 6,765,068</b>	<b>\$ 674,850</b>	<b>\$ 7,439,918</b>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ 111,352	\$ -	\$ 111,352
Other accrued liabilities	27,776	-	27,776
Current portion of long-term debt	96,645	-	96,645
<b>Total Current Liabilities</b>	<b>235,773</b>	<b>-</b>	<b>235,773</b>
<b>Noncurrent Liabilities:</b>			
Net Pension Liability	48,700	-	48,700
Compensated absences	83,150	-	83,150
Non-current portion of long-term debt	555,587	-	555,587
<b>Total Noncurrent Liabilities</b>	<b>687,437</b>	<b>-</b>	<b>687,437</b>
<b>Total Liabilities</b>	<b>923,210</b>	<b>-</b>	<b>923,210</b>
<b>Deferred Inflows of Resources</b>			
Pensions	851,044	-	851,044
<b>Net Position</b>			
Net Investment in Capital Assets	2,533,731	-	2,533,731
Restricted			
Program	496,372	-	496,372
Capital Projects	781,353	-	781,353
Debt Service	1,000	-	1,000
Unrestricted	1,178,358	674,850	1,853,208
<b>Total Net Position</b>	<b>4,990,814</b>	<b>674,850</b>	<b>5,665,664</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 6,765,068</b>	<b>\$ 674,850</b>	<b>\$ 7,439,918</b>

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

**BOROUGH OF CLARION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
General Government - Administration	\$ 369,197	\$ 289,758	\$ 31,634	\$ (47,805)	\$ -	\$ (47,805)
Public Safety & Judicial	1,384,776	280,121	149,622	(955,033)	-	(955,033)
Public Works	846,229	62,299	477,053	(306,877)	-	(306,877)
Culture and Recreation	127,473	4,270	-	(123,203)	-	(123,203)
Interest on Long-Term Liabilities	13,978	-	-	(13,978)	-	(13,978)
Total Governmental Activities	<u>2,741,653</u>	<u>636,448</u>	<u>658,309</u>	<u>(1,446,896)</u>	<u>-</u>	<u>(1,446,896)</u>
Business-Type Activities						
Stormwater Authority	<u>202,880</u>	<u>17,247</u>	<u>402,967</u>	<u>-</u>	<u>217,334</u>	<u>217,334</u>
Total Primary Government	<u>\$ 2,944,533</u>	<u>\$ 653,695</u>	<u>\$ 1,061,276</u>	<u>\$ (1,446,896)</u>	<u>\$ 217,334</u>	<u>\$ (1,229,562)</u>
			General Revenues:			
			Taxes:			
			Real Estate	\$ 892,351	\$ -	\$ 892,351
			Act 511	529,984	-	529,984
			Interest Revenue	<u>26,869</u>	<u>-</u>	<u>26,869</u>
			Total General Revenues and Transfers	<u>1,449,204</u>	<u>-</u>	<u>1,449,204</u>
			Change in Net Position	2,308	217,334	219,642
			Net Position - Beginning	4,438,652	457,516	4,896,168
			Restatement from prior year (Note 14)	<u>549,854</u>	<u>-</u>	<u>549,854</u>
			Net Position - Ending	<u>\$ 4,990,814</u>	<u>\$ 674,850</u>	<u>\$ 5,665,664</u>

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

**BOROUGH OF CLARION**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2023**

	General Fund	Liquid Fuel Fund	Recreation Fund	Fire Equipment Fund	Penn Vest Grant Fund	Capital Project Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>								
Cash and cash equivalents	\$ 130,726	\$ 190,282	\$ 48,130	\$ 36,352	\$ 2,640	\$ 188,620	\$ 61,155	\$ 657,905
Investments	-	-	122,830	-	-	755,954	-	878,784
Accounts receivable	60,971	-	754	1,147	-	10,179	2,493	75,544
Due from other governments	8,194	-	-	-	-	-	20,372	28,566
Taxes receivable	172,680	-	1,210	4,842	-	-	8,775	187,507
Prepaid assets	38,236	-	-	-	-	-	-	38,236
Due from other funds	152,340	-	-	-	-	-	-	152,340
<b>Total Assets</b>	<b>\$ 563,147</b>	<b>\$ 190,282</b>	<b>\$ 172,924</b>	<b>\$ 42,341</b>	<b>\$ 2,640</b>	<b>\$ 954,753</b>	<b>\$ 92,795</b>	<b>\$ 2,018,882</b>
<u>Liabilities, Deferred Inflows and Fund Balance</u>								
<u>Liabilities:</u>								
Accounts payable	\$ 48,202	\$ 1,449	\$ 569	\$ 3,504	\$ -	\$ 31,327	\$ 26,301	\$ 111,352
Other accrued liabilities	27,776	-	-	-	-	-	-	27,776
Due to other funds	-	-	-	-	-	144,713	-	144,713
<b>Total Liabilities</b>	<b>75,978</b>	<b>1,449</b>	<b>569</b>	<b>3,504</b>	<b>-</b>	<b>176,040</b>	<b>26,301</b>	<b>283,841</b>
<u>Deferred Inflows of Resources</u>								
Unavailable Revenue - Property Taxes	21,715	-	-	305	-	-	7,078	29,098
<u>Fund Balances:</u>								
Non Spendable	38,236	-	-	-	-	-	-	38,236
Restricted								
Administration	-	-	-	-	-	-	22,414	22,414
Public safety	-	-	-	38,532	-	-	-	38,532
Public works	-	188,833	-	-	-	-	28,119	216,952
Culture and Recreation	-	-	172,355	-	-	-	7,883	180,238
Capital Project Funds	-	-	-	-	2,640	778,713	-	781,353
Debt Service Fund	-	-	-	-	-	-	1,000	1,000
Unassigned	427,218	-	-	-	-	-	-	427,218
<b>Total Fund Balances</b>	<b>465,454</b>	<b>188,833</b>	<b>172,355</b>	<b>38,532</b>	<b>2,640</b>	<b>778,713</b>	<b>59,416</b>	<b>1,705,943</b>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 563,147</b>	<b>\$ 190,282</b>	<b>\$ 172,924</b>	<b>\$ 42,341</b>	<b>\$ 2,640</b>	<b>\$ 954,753</b>	<b>\$ 92,795</b>	<b>\$ 2,018,882</b>

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

**BOROUGH OF CLARION**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

Total fund balances of governmental funds \$ 1,705,943

Amount 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 in the funds.

These assets consist of:

Land	256,413	
Buildings and improvements, net of \$2,306,291 accumulated depreciation	1,063,512	
Equipment and vehicles, net of \$1,625,117 accumulated depreciation	555,355	
Infrastructure, net of \$149,059 accumulated depreciation	<u>1,310,683</u>	
Total Capital Assets		3,185,963

Some of the Borough's taxes will be collected after year-end,  
but are not available soon enough to pay current expenditures  
and therefore are reported as unearned revenue in the funds.

29,098

Long-term liabilities are not due and payable in the current period  
and accordingly are not reported as governmental fund liabilities;  
and interest on long-term debt is not accrued in governmental funds,  
but rather is recognized as an expenditure when due.  
All liabilities, both current and long-term-are reported  
in the Statement of Net Position.

Long-term liabilities at year-end consist of:

Loans and Notes Payable	(652,232)	
Compensated Absences	(83,150)	
Deferred Outflows of Resources - Pension	1,047,350	
Deferred Inflows of Resources - Pension	(851,044)	
Net Pension Asset	657,586	
Net Pension Liability	<u>(48,700)</u>	
Total Long-term Liabilities		<u>69,810</u>

Total net position of governmental activities

\$ 4,990,814

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

**BOROUGH OF CLARION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	General Fund	Liquid Fuel Fund	Recreation Fund	Fire Equipment Fund	Penn Vest Grant Fund	Capital Project Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>								
Real estate taxes	\$ 689,523	\$ -	\$ 16,506	\$ 63,702	\$ -	\$ -	\$ 114,841	\$ 884,572
Act 511 taxes	529,984	-	-	-	-	-	-	529,984
Licenses and permits	204,115	-	-	-	-	-	-	204,115
Fines and forfeitures	68,175	-	-	-	-	-	-	68,175
Intergovernmental revenues	89,379	129,715	-	-	-	286,761	152,453	658,308
Charges for services	206,728	-	3,350	12,700	-	-	13,584	236,362
Interest and rents	1,462	3,235	3,143	817	-	17,938	274	26,869
Contributions	-	-	500	-	-	-	-	500
Miscellaneous	38,129	413	420	28,462	-	56,583	3,290	127,297
Total Revenues	<u>1,827,495</u>	<u>133,363</u>	<u>23,919</u>	<u>105,681</u>	<u>-</u>	<u>361,282</u>	<u>284,442</u>	<u>2,736,182</u>
<b>Expenditures:</b>								
Current:								
Administration	370,980	-	-	-	-	-	23	371,003
Public safety	1,338,568	-	-	162,362	-	-	53,490	1,554,420
Public works	367,830	160,531	-	-	-	-	192,843	721,204
Culture and recreation	-	-	69,123	-	-	-	36,950	106,073
Capital projects	-	-	-	-	-	220,508	-	220,508
Miscellaneous	1,179	-	-	-	-	-	-	1,179
Debt service	300	-	-	-	25,679	-	74,893	100,872
Total Expenditures	<u>2,078,857</u>	<u>160,531</u>	<u>69,123</u>	<u>162,362</u>	<u>25,679</u>	<u>220,508</u>	<u>358,199</u>	<u>3,075,259</u>
Excess (Deficiency) of Revenues Over Expenses	(251,362)	(27,168)	(45,204)	(56,681)	(25,679)	140,774	(73,757)	(339,077)
<b>Other Financing Sources (Uses):</b>								
Loan proceeds	46,567	-	-	-	-	-	-	46,567
Operating transfers in	150,000	-	52,996	-	25,679	150,000	81,309	459,984
Operating transfers out	(263,260)	(14,629)	-	-	-	(175,679)	(6,416)	(459,984)
Total Other Financing Sources (Uses)	<u>(66,693)</u>	<u>(14,629)</u>	<u>52,996</u>	<u>-</u>	<u>25,679</u>	<u>(25,679)</u>	<u>74,893</u>	<u>46,567</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(318,055)	(41,797)	7,792	(56,681)	-	115,095	1,136	(292,510)
<b>Fund Balance</b>								
Beginning of year	783,509	230,630	164,563	95,213	2,640	663,618	58,280	1,998,453
End of year	<u>\$ 465,454</u>	<u>\$ 188,833</u>	<u>\$ 172,355</u>	<u>\$ 38,532</u>	<u>\$ 2,640</u>	<u>\$ 778,713</u>	<u>\$ 59,416</u>	<u>\$ 1,705,943</u>

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

**BOROUGH OF CLARION**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**THE FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

Amount reported for governmental activities in the Statement of  
 Activities are different because:

Net change in fund balances - total governmental funds	\$	(292,510)
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Governmental funds report capital outlays as expenditures. However,  
 in the statement of activities, the cost of those assets is  
 allocated over their estimated useful lives as depreciation expense.

Net Capital Additions	451,592	
Net Depreciation	<u>(262,390)</u>	
Net Change in Capital Assets		189,202

Under the modified accrual basis of accounting used in governmental funds,  
 revenues are not reported until they become available. In the statement  
 of activities, however, revenues are recorded regardless of when financial  
 resources are available. This is the change in unearned real estate tax  
 revenue from 12/31/22 to 12/31/23.

7,779

The issuance of bonds and similar long-term debt provides current  
 financial resources to governmental funds and thus contribute to the  
 change in fund balance. In the Statement of Net Position, however,  
 issuing debt increases long-term liabilities and does not affect the  
 Statement of Activities. Similarly, repayment of principal is an  
 expenditure in the governmental funds, but reduces the liability in  
 the Statement of Net Position. Also, governmental funds report the  
 effect of issuances costs, premiums, discounts, and similar items  
 when debt is first issued, whereas premiums and discounts these amounts  
 are deferred and amortized in the Statement of Activities. The amounts  
 of the items that make up these differences in the treatment of long-term debt  
 and related items are:

Principal repayments	86,894	
Loan proceeds	<u>(46,567)</u>	
Net Change in Long-term Debt		40,327

Under the modified accrual basis of accounting used in governmental  
 funds, expenditures are not recognized for transactions that are  
 not normally paid with expendable available financial resources.  
 In the Statement of Activities, however, which is presented on the  
 accrual basis, expenses and liabilities are reported regardless of  
 the timing of the related cash flows.

Compensated Absences		3,050
Deferred Outflows of Resources - Pension		(312,368)
Deferred Inflows of Resources - Pension		(159,386)
Net Pension Asset		469,227
Net Pension Liability		<u>56,987</u>

Net change in governmental activities net position	\$	<u><u>2,308</u></u>
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The accompanying notes are an integral part of these financial statements.

BOROUGH OF CLARION  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
DECEMBER 31, 2023

**Assets**

**Current Assets**

Cash and cash equivalents	\$	298,599
Accounts receivable		382,349
Prepaid expenses		1,529
		1,529

Total Assets	\$	682,477
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**Liabilities and Net Position**

**Current Liabilities**

Due to other funds	\$	7,627
Total Liabilities		7,627

**Net Position**

Unrestricted		674,850
Total Net Position		674,850
Total Liabilities and Net Position	\$	682,477

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

BOROUGH OF CLARION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023

**Operating Revenues**

Intergovernmental Revenue	\$ 402,967
StormWater Fee Assessment	25
Other Operating Revenue	<u>17,222</u>

Total Operating Revenue	<u>420,214</u>
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**Operating Expenses**

Salary and Wages	39,050
Benefits	10,008
Office and Operating Supplies	5,444
Computer Support and Services	1,193
Professional Services	77,761
Advertising	227
Insurance	5,333
Miscellaneous Expenditures	316
Equipment Rental for Projects	5,500
Debt Service	26,007
Capital Projects	<u>32,041</u>

Total Operating Expenses	<u>202,880</u>
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Operating Income	217,334
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Net Position: Beginning of Year	<u>457,516</u>
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Net Position: End of Year	<u><u>\$ 674,850</u></u>
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The accompanying notes are an integral part of these financial statements.

BOROUGH OF CLARION  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023

**Cash Flows From Operating Activities:**

Cash received from customers	\$ 302,525
Cash paid to suppliers	(169,227)
Cash paid to employees	(49,828)
Net Cash Provided by Operations	83,470
Net Increase in Cash	83,470
Cash and Cash Equivalents - Beginning of Year	215,129
Cash and Cash Equivalents - End of Year	\$ 298,599

**Cash Flow From Operating Activities:**

Operating Surplus	\$ 217,334
Adjustments to reconcile operating income to net cash provided by operations:	
(Increase)/decrease in accounts receivable	(117,689)
(Increase)/decrease in prepaid expenses	(1,529)
Increase/(decrease) in accounts payable	(13,498)
Increase/(decrease) in payroll taxes withheld and accrued	(770)
Increase/(decrease) in other current liabilities	(378)
Net Cash Provided by Operations	\$ 83,470

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

BOROUGH OF CLARION  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2023

	General Employees Defined Benefit Pension	General Employees Defined Contribution Pension	Police Pension	Total
<b>Assets</b>				
Cash	\$ 84,748	\$ 9,055	\$ 88,295	\$ 182,098
Investments	1,975,434	60,169	4,969,455	7,005,058
Accounts Receivable	1,671	-	-	1,671
<b>Total Assets</b>	<u>\$ 2,061,853</u>	<u>\$ 69,224</u>	<u>\$ 5,057,750</u>	<u>\$ 7,188,827</u>
<b>Liabilities</b>				
Accounts Payable	\$ 780	\$ -	\$ 1,070	\$ 1,850
<b>Total Liabilities</b>	<u>780</u>	<u>-</u>	<u>1,070</u>	<u>1,850</u>
<b>Net Position Held in Trust for Employees' Pension Benefits</b>	<u>\$ 2,061,073</u>	<u>\$ 69,224</u>	<u>\$ 5,056,680</u>	<u>\$ 7,186,977</u>

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

BOROUGH OF CLARION  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Employees Defined Benefit Pension	General Employees Defined Contribution Pension	Police Pension	Total
Additions:				
Contributions:				
Member	\$ 9,976	\$ -	\$ -	\$ 9,976
Commonwealth	79,442	-	36,372	115,814
Total Contributions	89,418	-	36,372	125,790
Investment Income:				
Net increase in fair value of investments	199,917	6,921	496,596	703,434
Interest and dividends	45,653	1,136	114,606	161,395
Investment Income	245,570	8,057	611,202	864,829
Total Additions	334,988	8,057	647,574	990,619
Deductions:				
Administrative expenses	3,683	-	3,073	6,756
Retirement benefits	109,227	-	128,656	237,883
Total Deductions	112,910	-	131,729	244,639
Net Increase	222,078	8,057	515,845	745,980
Net Position Held in Trust for Employees' Pension Benefits:				
Beginning of Year	1,838,995	61,167	4,540,835	6,440,997
End of Year	\$ 2,061,073	\$ 69,224	\$ 5,056,680	\$ 7,186,977

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

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Borough of Clarion (the "Borough") operates under the Borough Code under the laws of the Commonwealth of Pennsylvania. The Borough was incorporated in April 1841. The Borough operates under a Council-Manager form of government and provides the following services: public safety, streets, public improvements, planning and zoning, culture and recreation, and general administrative services. The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, ("GAAP") applicable to governmental units, as prescribed by the Governmental Accounting Standards Board ("GASB").

A summary of the Borough's significant accounting policies is as follows:

A) Reporting Entity

The Borough has adopted the provisions of GASB Statement No. 61, "The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34", the criteria used by the Borough to evaluate the possible inclusion of related entities (Authorities, Boards, Councils, etc.) within its reporting entity are financial accountability and the nature and significance of the relationship.

B) Blended Component Unit

Some component units, despite being legally separate from the primary government, are so intertwined with the primary government that they are, in substance, the same as the primary government and are reported as part of the primary government. The only component unit reported in this way is the Clarion Borough Stormwater Authority. The Authority is the basic level of government which has oversight responsibility and control over all activities related to the water treatment and disbursement in the Borough and surrounding areas. From time to time the Authority receives funding from state government sources and must comply with the accompanying requirements of these funding source entities.

C) Government-Wide and Fund Financial Statements

Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment is affected by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1.) Charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2.) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than an expenditure.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Borough considers revenues to be available if they are collected within 365 days of the end of the current fiscal period with the exception of property taxes which must be received within 60 days of year end to be deemed available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Licenses, operating grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when the Borough receives cash.

Under the current financial resources' measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during the period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended rather than as fund assets. The proceeds of long-term debt are recorded as another financing source rather than a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims for judgments, are recorded only when payment is due.

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)

The proprietary and pension trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expense generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Stormwater Authority are charges to customers for services provided. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Custodial funds are reported using the economic resources measurement focus and utilize the accrual basis of accounting for reporting their assets and liabilities. The Borough reports the following major governmental funds:

- The General Fund is the primary government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Liquid Fuel Fund (Highway Aid) is used to account for financial resources to be used to provide funds and services to maintain the Borough's roads and streets.
- The Recreation Fund is used to account for financial resources to be used to provide funds and services for the Borough's recreation activities such as the Borough's pool.
- The Fire Equipment Fund is used to account for financial resources to be used to provide funds and services for the Borough's Fire Company activities such as the annual contribution of real estate tax millage.
- The Capital Project Fund is used to account for capital projects within the Borough. The Capital Project Fund was created with the proceeds from the sale of the Clarion Area Authority ("CAA") on October 30, 2008. The funds can be used only for projects that benefit the former rate payers of the CAA. As part of the sale agreement, the Borough must allocate annually for the next fifteen years starting in 2009, \$10,000 to be paid to the Fire Company, Borough Library and the Park programs. In 2015 the Borough allocated the balance of the funds and paid directly to the Fire Company, the Library and the balance to set aside at the Borough for the Park and Pool Program.
- The Penn Vest Grant Fund is used to account for financial resources to be used to provide funds and services related to the Penn Vest stormwater projects throughout the Borough.

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)

The Borough reports the following major enterprise fund:

- The Stormwater Authority Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing water services to the general public on a continuing basis is financed through user charges.

Additionally, the Borough reports the following unit types:

- The Pension Trust Funds account for the revenues (i.e., member contributions, Borough contributions, and net investment income) and the expenses (i.e., contributions refunded, retirement allowances, and death benefits paid) of the Police and General Employees' Pension Trust Funds.

E) Assets, Liabilities, and Net Position or Fund Balances

1. Cash and Cash Equivalents

The Borough considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

2. Receivables and Payables

- Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type are reported in the government-wide financial statements as "internal balances." All receivables are shown net of an allowance for doubtful accounts, where applicable.

3. Capital Assets

Capital assets, which include property, plant and equipment and infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Property, plant and equipment, with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical costs or estimated historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The Borough did not have any intangible assets for the year ended December 31, 2023.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlay of capital assets and improvements are capitalized as projects are completed.

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

E) Assets, Liabilities, and Net Position or Fund Balances (Continued)

3. Capital Assets (Continued)

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

<u>Asset</u>	<u>Years</u>
Buildings and Improvements	40
Vehicles	5-10
Equipment	5-10

4. Compensated Absences

Borough policy permits employees to accumulate a limited amount of earned, but unused sick time. These benefits are payable to employees upon separation of services. All leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported. The computed liability is in compliance with GASB 16, *Accounting for Compensated Absences*.

5. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Deferred Inflows/Outflows of Resources

The Statement of Net Position reports separate sections for deferred outflows and deferred inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources (expense/revenue) until then. The Borough has two items that qualify for reporting in these categories: deferred outflows and inflows related to pensions, and unavailable tax revenue.

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

E) Assets, Liabilities, and Net Position or Fund Balances (Continued)

6. Deferred Inflows/Outflows of Resources (Continued)

Deferred outflows and inflows of resources related to pensions are described further in Note 6. Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits determined for the period during which the changes occurred.

Differences between projected and actual earnings on pension plan investments are amortized over a closed five-year period.

In the governmental funds balance sheet, the Borough only has one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable tax revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

7. Net Position/Fund Balances

The government-wide financial statements utilize a Net Position presentation. Net Position is categorized as net investment in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets* – This category groups all capital assets into one component of Net Position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the borough not restricted for any project or other purpose.

GASB Statement No. 54 establishes accounting and financial standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions as follow:

- A. Non-spendable – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally to be maintained intact.

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

E) Assets, Liabilities, and Net Position or Fund Balances (Continued)

7. Net Position/Fund Balances (Continued)

- B. Restricted - This classification consists of amounts that are restricted to specific purposes. This component of fund balance consists of constraints placed on net asset use through external restrictions, such as constitutional provisions or enabling legislation.
- C. Committed - This classification consists of amounts used for specific purposes imposed by formal actions of the Borough's highest level of decision-making authority (Borough Council). The removal or modification of the use of committed funds can only be accomplished by formal action prior to fiscal year-end by the Borough's highest level of authority.
- D. Assigned - This classification consists of amounts constrained by the Borough to be used for specific purposes that are neither restricted nor committed. The present procedure is for the Borough Manager and Borough Council to jointly assign amounts to be used for specific purposes before issuance of audited financial statements.
- E. Unassigned - This component of fund balance consists of amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund.

The Borough's policy is to apply expenditures against any restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance. The Borough's policy is to apply expenses against restricted and then unrestricted net position.

8. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions except quasi-external transactions and reimbursements are reported as transfers.

9. Accounting Estimates

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

10. Adoption of Governmental Accounting Standards Board Statement

The Borough adopted the provisions of GASB issued Statement No. 94, "Public-Private and Public- Public Partnerships and Availability Payment Arrangements". The adoption of this standard had no effect on the Borough's financial statements.

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

E) Assets, Liabilities, and Net Position or Fund Balances (Continued)

10. Adoption of Governmental Accounting Standards Board Statement (Continued)

The Borough adopted the provisions of GASB issued Statement No. 96 "Subscription-Based Information Technology Arrangements". The adoption of this standard had no effect on the Borough's financial statements.

The Borough adopted the provisions of GASB issued Statement No. 99 "Omnibus 2022". The adoption of this standard had no effect on the Borough's financial statements.

11. Pending Changes in Accounting Principles

In June 2022, the GASB issued Statement No. 100 "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62". The Borough is required to adopt Statement No. 100 for its fiscal year 2024 financial statements.

In June 2022, the GASB issued Statement No. 101 "Compensated Absences". The Borough is required to adopt Statement No. 101 for its fiscal year 2024 financial statements.

In December 2023, the GASB issued Statement No. 102 "Certain Risk Disclosures". The Borough is required to adopt Statement No. 102 for its fiscal year 2024 statements.

In April 2024, the GASB issued Statement No. 103 "Financial Reporting Model Improvements". The Borough is required to adopt Statement No. 103 for its fiscal year 2026 statements.

The Borough of Clarion has not completed the various analysis required to estimate the financial statement impact of these new pronouncements.

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

## NOTE 2: DEPOSIT AND INVESTMENT RISK

The Borough's deposits and investments for both the governmental activities and pension trust funds as of December 31, 2023 were as follows:

Deposits - Government Activities	
Cash	\$ 657,905
Certificate of Deposits	878,784
Total Cash and Investments	\$ 1,536,689
Business-Type Activities	
Cash	\$ 298,599
Pension Deposits - Pension Trust Fund	
Cash	\$ 182,098
Mutual Funds - Equity	7,005,058
Total Pension Investments	\$ 7,187,156
Total Pension Cash and Investments	\$ 9,022,444

The Certificate of Deposits and Fixed Income Accounts had the following debt investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Certificates of Deposit	\$ 878,784	\$ -	\$ 878,784	\$ -	\$ -
Total	\$ 878,784	\$ -	\$ 878,784	\$ -	\$ -

*Interest Rate Risk.* The Pension Funds Investment Policies do not have a formal investment policy that limits investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* The Pension Funds Investment Policies do not have a formal investment policy that limits these funds credit risk.

As of December 31, 2023, the Pension investments in fixed income mutual funds were not rated by Standard & Poor's.

*Custodial Credit Risk.* For deposits and investments, excluding the pension funds, custodial credit risk is the risk that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Total deposits held by outside parties at December 31, 2023 were \$1,590,175 with a book value of \$1,536,689. Of the Borough's \$1,590,175 in deposits, \$1,090,175 were exposed to custodial credit risk, as they were uninsured and uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with *securities* held by the pledging financial institution's trust department or agent but not in the Borough's name. The Borough does not have a formal investment policy related to custodial credit risk.

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

## NOTE 3: FAIR VALUE MEASUREMENTS

The Borough categorizes its fair value measurements within the 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 quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Borough has the following recurring fair value measurements as of December 31, 2023:

Certificates of Deposit - Valued using quoted market prices (Level 1 inputs)

Mutual Funds - Valued using quoted market prices (Level 1 inputs)

Fixed Income Funds - Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yield currently available on comparable securities of issuers with similar credit ratings. (Level 1 inputs)

The following table summarizes the assets of the Borough for which fair values are determined on a recurring basis as of December 31, 2023:

Fair Value Measurements at Reporting Date Using				
Description	12/31/2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds	\$ 7,005,058	\$ 7,005,058	\$ -	\$ -
Cash	182,098	182,098	-	-
Totals	\$ 7,187,156	\$ 7,187,156	\$ -	\$ -

## NOTE 4: REAL ESTATE TAXES

Real estate taxes are attached as an enforceable lien on property on January 1. Taxes are billed on March 1, payable under the following terms: 2% discount, March 1 based on the assessed value listed as of the prior December 31 for the real property located in the Borough through April 30; face amount, May 1 through June 30, and 10% penalty after June 30. The County bills these taxes which are collected by an elected local tax collector and remitted to the Borough. Real estate taxes levied for 2023 are recorded as receivables, net of estimated uncollectible taxes. The net receivables collected during 2022 and expected to be collected within the first sixty (60) days of 2023 are recognized as revenue in 2023. Net receivables estimated to be collectible subsequent to March 1, are reflected in unearned revenue. Prior years levies are recorded using these same principles and remaining receivables are annually reevaluated as to their collectability.

The rate of real estate taxation in 2023, was 17.10 mills for general purposes, 0.975 mills for the library, 1.600 mills for fire equipment, 0.950 mills for street lights, 0.400 mills for recreation, and 0.975 mills for recycling fund purposes on a total Borough assessed valuation of \$39,932,373.

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

## NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Restatement from Prior Year	Increases	Decreases	Ending Balance
Capital assets, not being depreciated					
Land	\$ 229,794	\$ 26,619	\$ -	\$ -	\$ 256,413
CIP	-	116,081	25,759	(141,840)	-
Total capital assets, not being depreciated	229,794	142,700	25,759	(141,840)	256,413
Capital assets, being depreciated					
Buildings and Improvements	2,502,056	777,449	90,298	-	3,369,803
Equipment	958,050	-	81,684	-	1,039,734
Vehicles	1,093,677	-	47,061	-	1,140,738
Infrastructure	1,150,515	(39,404)	348,631	-	1,459,742
Total capital assets, being depreciated	5,704,298	738,045	567,674	-	7,010,017
Less accumulated depreciation for:					
Buildings and Improvements	(1,894,213)	(330,891)	(81,187)	-	(2,306,291)
Equipment	(778,067)	-	(50,033)	-	(828,100)
Vehicles	(709,009)	-	(88,008)	-	(797,017)
Infrastructure	(105,897)	-	(43,162)	-	(149,059)
Total accumulated depreciation	(3,487,186)	(330,891)	(262,390)	-	(4,080,467)
Total capital assets, being depreciated, net	2,217,112	407,154	305,284	-	2,929,550
Total capital assets, net	<u>\$ 2,446,906</u>	<u>\$ 549,854</u>	<u>\$ 331,043</u>	<u>\$ (141,840)</u>	<u>\$ 3,185,963</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

General government - Administrative	\$ 3,307
Public safety	93,829
Public works	138,105
Culture and recreation	27,149

Total Depreciation Expense, Governmental Activities \$ 262,390

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

## NOTE 6: EMPLOYEES RETIREMENT PLANS

A. Pension Trust FundsPlan Description

The Borough sponsors two single employer-defined benefit plans covering substantially all full-time employees. Employees become eligible for participation in a plan upon employment and become fully vested after twelve years of service in the Police Pension Plan and ten years of service in the General Employees' Pension Plan. The Police Pension Plan was established by municipal ordinance with the authority for municipal contributions required by Act 205, of the Pennsylvania legislature. The General Employees' Pension Plan was established December 28, 1959. The Employee Pension Plan was updated in 2019 and is controlled by Ordinance No. 2019-832.

At December 31, 2023, participants in the plans are as follows:

Participants	General Employees'	Police
Retirees and beneficiaries	6	9
Terminated employees entitled to benefits but not yet receiving them	2	1
Active Employees	9	9
Total	17	19

For both Plans, the Borough is required to make annual contributions based upon the Minimum Municipal Obligation using each Plans' most recent biennial actuarial evaluations, as prescribed by Act 205 of 1984 (as amended). General employees are required to contribute 5%, as governed by the General Employees' Pension Plan's governing ordinances. Police employees are required to contribute 5% as governed by the Police Pension Plan's governing ordinances and collective bargaining. In 2020, Council by resolution, required General Employees to contribute 2.5% and the Police to contribute 0%.

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 6: EMPLOYEES RETIREMENT PLANS (CONTINUED)

A. Pension Trust Funds (Continued)

Plan Description (Continued)

The benefits provided by the plans differ by employment group and are based upon average monthly compensation, age, and length of service. A summary of benefit provisions, by employee group, is as follows:

General Employees'

Normal retirement age	Age 60 and 15 years of service
Early retirement	Age 55 and 15 years of service
Vesting	100% after completion of 10 years of service
Retirement benefits	Monthly benefit equal to 2.0% of total pay averaged over the final 36 months of employment, multiplied by years of service
Early benefit	Normal retirement benefit based on credited service to date is payable at normal retirement date. Benefits may commence early, but will be reduced by 0.5% for each month prior to normal retirement date
Death benefit	Before 10 years of service – refund of contributions plus interest  After 10 years of service but before retirement – the participant's spouse will receive the survivor portion of the participant's accrued benefit converted to a joint and 100% survivor annuity. For non-collectively bargained participants without a spouse or if the spouse renounces the survivor benefit, the beneficiary shall be entitled to the participant's accrued benefit for 120 months  After retirement – the normal form of payment is a life annuity with 120 payments guaranteed. At retirement, participant may select on optional form of benefit payment that is an actuarial equivalent of the normal form
Disability benefit	For service related or non-service related, upon total and permanent disablement occurring prior to early or normal retirement, and qualification for social security disability benefits, the accrued benefit is payable until normal retirement date and life thereafter
Cost-of-living adjustment	Effective on each anniversary of retirement, a retiree who retired on or after January 1, 2003 will receive an increase in the monthly benefit equal to the change in the Consumer Price Index during the last year multiplied by the pension benefit. The total of all increases may not exceed 30% of the retiree's original benefit
Vesting benefit	Participant will receive the prospective normal retirement benefit using credited service to date, multiplied by the vested percentage, payable at the normal retirement date

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 6: EMPLOYEES RETIREMENT PLANS (CONTINUED)

A. Pension Trust Funds (Continued)

Plan Description (Continued)

	<u>Police</u>
Normal retirement	Age 50 and 25 years of service
Early retirement	20 years of service
Vesting	100% after completion of 12 years of service
Retirement benefits	Monthly benefit equal to 50% of gross pay averaged over the last 36 months of employment, plus a service increment of \$20 for each year of service in excess of 25 years, up to a maximum of \$100
Early benefit	Accrued benefit at actual retirement, payable at normal retirement. Benefit may be elected immediately, but will be reduced by actuarial equivalent factors for each month early
Death benefit	Before vesting – refund of contributions plus interest  After retirement or vesting – monthly benefit equal to 50% of the pension the participant was receiving or was entitled to receive on the day of the participant's death. The monthly survivor benefits are payable to the participant's spouse for life. If there is no spouse, or the spouse later dies, the benefit will be paid to the participant's dependent children, if any, until age 18, or age 23 if attending college
Disability benefit	For service-related, 50% of the final monthly average salary at disablement/retirement, but no less than 50% of the member's salary at the time the disability was incurred, offset by social security disability benefits for the same injury. No non-service related benefits offered
Post-retirement adjustment	Effective on each anniversary of retirement, a retiree will receive an increase in the monthly benefit equal to the percentage increase in the Consumer Price Index during the last year (with a maximum annual increase of 6%). The total of all increases may not exceed 30% of original benefit, nor may total benefit exceed 75% of the average monthly salary used to calculate the original benefit
Vesting benefit	Accrued benefit at date of termination payable monthly starting at normal retirement date

B. Funding Status and Progress

The amount presented below as "pension assets" is the actuarial present value of accumulated plan benefits, adjusted for the effect of projected salary increases, and is intended to assist users of this information in assessing the plan's funding status on a going concern basis and the progress made in accumulating sufficient assets to pay when they become due. The measurement of the pension obligations is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions.

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

## NOTE 6: EMPLOYEES RETIREMENT PLANS (CONTINUED)

B. Funding Status and Progress (Continued)

The pension assets, which are actuarially determined on a biannual basis, have been calculated as of January 1, 2023. Significant actuarial assumptions used include a rate of return on the investment of present and future assets of 6.75% per year compounded annually and projected salary increases of 4.25% (4.50% for the police plan) per year compounded annually. The actuarial cost method used is the entry age normal cost method. As of December 31, 2023, with the pension liability determined by an actuarial valuation as of January 1, 2023, and rolled forward to the reporting date using the significant actuarial assumptions noted above, the General Employees' Pension Plan was 97.7% funded and the Police Pension Plan was 114.9% funded.

**Police Pension Plan Reporting****Net Pension Liability**

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

Total pension liability	\$ 4,399,094
Plan fiduciary net position	<u>(5,056,680)</u>
Net pension liability (asset)	\$ (657,586)
Plan fiduciary net position as a percentage of the total pension liability	114.9%

Changes in the Police's net pension asset for the Plan for the year ended December 31, 2023 were as follows:

	<u>Increase (Decrease)</u>		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/22	<u>\$ 4,352,476</u>	<u>\$ 4,540,835</u>	<u>\$ (188,359)</u>
Service Cost	103,181	-	103,181
Interest Cost	282,297	-	282,297
Changes of Benefit Terms	-	-	-
Differences between expected and and actual experience	(210,204)	-	(210,204)
Changes of Assumptions	-	-	-
Contributions - Employer	-	36,372	(36,372)
Contributions - Member	-	-	-
Net Investment Income	-	611,202	(611,202)
Benefit Payments, including Refunds of Member Contributions	(128,656)	(128,656)	-
Administrative Expense	-	(3,073)	3,073
Other Changes	-	-	-
Net Changes	<u>46,618</u>	<u>515,845</u>	<u>(469,227)</u>
Balances at 12/31/23	<u>\$ 4,399,094</u>	<u>\$ 5,056,680</u>	<u>\$ (657,586)</u>

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

## NOTE 6: EMPLOYEES RETIREMENT PLANS (CONTINUED)

B. Funding Status and Progress (Continued)**Police Pension Plan Reporting (Continued)****Deferred Outflows of Resources and Deferred Inflows of Resources**

The total pension expense recognized in 2023 for the plan was (\$19,927). At December 31, 2023, the Borough reported deferred outflows of resources related to the pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ -	\$ 235,566
Changes of Assumptions	66,276	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>644,450</u>	<u>425,749</u>
Total	<u>\$ 710,726</u>	<u>\$ 661,315</u>

The deferred outflows of resources (+) and deferred inflows (-) of resources related to pension will be recognized in pension expense as follows:

<u>December 31:</u>	<u>Activities</u>
2024	\$ (4,654)
2025	46,716
2026	111,083
2027	<u>(103,734)</u>
Total	<u>\$ 49,411</u>

The schedule of changes in the net pension liability and related ratios, presented as other supplementary information following the notes to the financial statements, presents multiyear trend information about the plan.

**Police Pension Plan Actuarial Methods and Assumptions**

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of January 1, 2023 and rolled forward to the reporting date using the following significant actuarial assumptions applied to all periods included in the measurement:

Inflation:	2.50%
Salary increases:	4.50% including inflation
Mortality:	RP-2010 Mortality Table. Mortality Improvement based on the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report. Rates set forward 5 years for disabled members

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 6: EMPLOYEES RETIREMENT PLANS (CONTINUED)

B. Funding Status and Progress (Continued)

**Police Pension Plan Reporting (Continued)**

**Investments**

Investments in the plan are managed by Wells Fargo. Investments are recorded at fair value based on quoted market prices.

*Investment policy.* The pension plan's policy in regard to the allocation of invested assets is established and may be amended by Borough Council by a majority vote of its members. It is the policy of Borough Council to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy utilizes a combination of actively and passively managed asset classes. Actively managed asset classes shall be managed with the objective of providing incremental returns relative to the appropriate market benchmarks. Passive strategies shall be managed with the objective of replicating the return of the appropriate benchmark. The following was the Police Pension Plan's adopted asset allocation policy as of December 21, 2011:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Range</u>
Equities	60.00%	40%-70%
Fixed Income	40.00%	30%-60%
Cash	0.00%	0%-15%
	<u>100.00%</u>	

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of inflation and investment expenses not funded through the MMO) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of December 31, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Equities	5.0% to 7.0%
Fixed Income	1.0% to 3.0%
Cash	0.0% to 1.0%

*Discount rate.* The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made equal to the Minimum Municipal Obligation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

## NOTE 6: EMPLOYEES RETIREMENT PLANS (CONTINUED)

B. Funding Status and Progress (Continued)**Police Pension Plan Reporting (Continued)****Investments (Continued)**

*Sensitivity of the net pension liability to changes in the discount rate.* The following shows the effect of a 1% change in the discount rate on the net pension liability:

	<u>1% Decrease</u> <u>(5.75%)</u>	<u>Current Rate</u> <u>(6.75%)</u>	<u>1% Increase</u> <u>(7.75%)</u>
Borough's Net Pension Liability (Asset)	\$ (128,645)	\$ (657,586)	\$ (1,096,127)

*Rate of Return.* For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, as 13.60%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**General Employees' Pension Plan Reporting****Net Pension Liability**

The components of the net pension liability of the General Employees' Pension Plan at December 31, 2023, were as follows:

Total pension liability	\$ 2,109,773
Plan fiduciary net position	<u>(2,061,073)</u>
Net pension liability (asset)	\$ 48,700
Plan fiduciary net position as a percentage of the total pension liability	97.7%

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

## NOTE 6: EMPLOYEES RETIREMENT PLANS (CONTINUED)

B. Funding Status and Progress (Continued)**General Employees' Pension Plan Reporting (Continued)****Net Pension Liability (Continued)**

Changes in the Employees' net pension liability for the Plan for the year ended December 31, 2023 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/22	\$ 1,944,682	\$ 1,838,995	\$ 105,687
Service Cost	71,880	-	71,880
Interest Cost	136,915	-	136,915
Changes of Benefit Terms	-	-	-
Differences between expected and actual experience	65,523	-	65,523
Changes of Assumptions	-	-	-
Contributions - Employer	-	79,442	(79,442)
Contributions - Member	-	9,976	(9,976)
Net Investment Income	-	245,570	(245,570)
Benefit Payments, including			
Refunds of Member Contributions	(109,227)	(109,227)	-
Administrative Expense	-	(3,683)	3,683
Other Changes	-	-	-
Net Changes	165,091	222,078	(56,987)
Balances at 12/31/23	\$ 2,109,773	\$ 2,061,073	\$ 48,700

**Deferred Outflows of Resources and Deferred Inflows of Resources**

The total pension expense recognized in 2023 for the plan was \$81,281. At December 31, 2023, the Borough reported deferred outflows of resources related to the pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 54,417	\$ 19,117
Change of Assumptions	20,809	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	261,398	170,612
Total	\$ 336,624	\$ 189,729

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 6: EMPLOYEES RETIREMENT PLANS (CONTINUED)

B. Funding Status and Progress (Continued)

**General Employees' Pension Plan Reporting (Continued)**

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

The deferred outflows of resources (+) and deferred inflows (-) of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended</u> <u>December 31:</u>	<u>Governmental</u> <u>Activities</u>
2024	\$ 29,424
2025	47,554
2026	73,529
2027	(13,605)
2028	9,993
Total	<u>\$ 146,895</u>

The schedule of changes in the net pension liability and related ratios, presented as other supplementary information following the notes to the financial statements, presents multiyear trend information about the plan.

**General Employees' Pension Plan Actuarial Methods and Assumptions**

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of January 1, 2023 and rolled forward to the reporting date using the following significant actuarial assumptions applied to all periods included in the measurement:

Inflation:	2.50%
Salary increases:	4.25% including inflation
Mortality:	RP-2010 Mortality Table. Mortality Improvement based on the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report. Rates set forward 5 years for disabled members

**Investments**

Investments in the plan are managed by Wells Fargo. Investments are recorded at fair value based on quoted market prices.

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 6: EMPLOYEES RETIREMENT PLANS (CONTINUED)

B. Funding Status and Progress (Continued)

**General Employees' Pension Plan Reporting (Continued)**

**Investments (Continued)**

*Investment policy.* The pension plan's policy in regard to the allocation of invested assets is established and may be amended by Borough Council by a majority vote of its members. It is the policy of Borough Council to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy utilizes a combination of actively and passively managed asset classes. Actively managed asset classes shall be managed with the objective of providing incremental returns relative to the appropriate market benchmarks. Passive strategies shall be managed with the objective of replicating the return of the appropriate benchmark. The following was the General Employees' Pension Plan's adopted asset allocation policy as of December 21, 2011:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Range</u>
Equities	60.00%	40%-70%
Fixed Income	40.00%	30%-60%
Cash	0.00%	0%-15%
	<u>100.00%</u>	

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of inflation and investment expenses not funded through the MMO) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of December 31, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Equities	5.0% to 7.0%
Fixed Income	1.0% to 3.0%
Cash	0% to 1.0%

*Discount rate.* The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made equal to the Minimum Municipal Obligation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

## NOTE 6: EMPLOYEES RETIREMENT PLANS (CONTINUED)

B. Funding Status and Progress (Continued)**General Employees' Pension Plan Reporting (Continued)****Investments (Continued)**

*Sensitivity of the net pension liability to changes in the discount rate.* The following shows the effect of a 1% change in the discount rate on the net pension liability:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Borough's Net Pension Liability	\$ 284,916	\$ 48,700	\$ (152,176)

*Rate of Return.* For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, 13.60%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**General Employees' Pension Plan (Defined Contribution)****Plan Description**

The Borough of Clarion General Employees' Pension Plan is a single-employer defined contribution pension plan. The Plan was established effective December 28, 1959. The Plan was amended and restated by Ordinance 2019-832 effective January 1, 2019. The Plan is governed by the Borough Council, which may amend plan provisions, and which is responsible for the managing of Plan assets. The Borough Council has delegated the authority to manage certain Plan assets to Wells Fargo Advisors.

At December 31, 2023, participants in the defined contribution plan is as follows:

Participants	General Employees'
Retirees and beneficiaries	0
Terminated employees entitled to benefits but not yet receiving them	4
Active Employees	0
Total	4

A summary of benefit provisions is as follows:

Normal retirement	Age 60 and 15 years of service
Early retirement	Age 55 and 10 years of service
Vesting	100% after 10 years of service
Retirement or disability benefits	Fair market value of participant's account paid as a lump sum
Survivor benefit	If participant dies while actively employed by Borough, participant's account shall become 100% vested, and shall be payable to his/her beneficiary

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 6: EMPLOYEES RETIREMENT PLANS (CONTINUED)

B. Funding Status and Progress (Continued)

**General Employees' Pension Plan (Defined Contribution) (Continued)**

**Plan Description**

Active members of the plan are not required to contribute to the plan. The municipality is required to contribute 5.5% of each eligible participant's total compensation. Effective January 1, 2019, contributions ceased and defined contribution participants were transferred to the defined benefit plan.

NOTE 7: COMPENSATED ABSENCES

Vacation and personal days may not be accumulated from year to year, except:

- Police employees may roll over up to one week of vacation time, which must be used by June 30 of the following year, and
- Public works employees and certain office staff may roll over up to one week of vacation time, which must be used by June 1 of the following year.

All Borough employees earn 1.5 sick days per month worked, for a maximum of 18 days per year. The total that employees covered under the Teamster contract (general employees) and office staff may accumulate is a maximum of 180 sick days. Police employees may accumulate up to a maximum of 150 days.

At the end of each calendar year, each non police officer employee has the option to receive payment of \$40 per day of his/her unused sick days, up to 18 days annually. A police officer has the option to receive payment of \$75 per day of his unused sick days up to 18 days annually. At retirement any employee may sell back accumulated unused sick leave up to the maximum amount. At December 31, 2023, the total liability for compensated absences was \$83,150. In 2023, the sick leave liability decreased by \$3,050.

Applicable GASB pronouncements require accrual of sick pay that met certain specific conditions. The Borough has determined that such conditions apply to accumulated sick pay of Governmental Funds. To the extent sick pay liabilities in Governmental Funds are to be liquidated with available resources, they are accounted for as fund liabilities in the Fund Financial Statements; the remainder of the obligation is accounted for as a liability in the Government-wide financial statements.

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

## NOTE 8: LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Loans and Note Payable:					
Loans and Note	\$ 692,559	\$ 46,567	\$ 86,894	\$ 652,232	\$ 96,645
Total Loans and Note Payable	692,559	46,567	86,894	652,232	96,645
Other Liabilities:					
Compensated Absences					
	86,200	18,585	21,635	83,150	-
	86,200	18,585	21,635	83,150	-
Governmental Activities					
Long-Term Liabilities	\$ 778,759	\$ 65,152	\$ 108,529	\$ 735,382	\$ 96,645

An analysis of debt service requirements to maturity on these obligations follows (with the exception of compensated absences):

Years Ended December 31:	Principal Requirements	Interest Requirements	Total Debt Service Requirements
2024	\$ 96,645	\$ 13,502	\$ 110,147
2025	85,066	10,467	95,533
2026	80,524	7,694	88,218
2027	66,048	5,855	71,903
2028	56,569	3,358	59,927
2024-2028	384,852	40,876	425,728
2029-2033	117,900	10,495	128,395
2034-2038	123,942	4,453	128,395
2039-2041	25,538	139	25,677
Total Requirements	\$ 652,232	\$ 55,963	\$ 708,195

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

## NOTE 8: LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of general obligation debt outstanding:

Amount of Original Issue	Purpose	Balance Outstanding December 31, 2023
\$ 42,252	Note payable to be paid in 36 monthly installments starting on July 30, 2021 through June 30, 2024, with an interest rate of 2.35%. Proceeds were to purchase a 2021 police vehicle, Dodge Charger, valued at \$42,252.	\$ 7,250
42,071	Note payable to be paid in 36 monthly installments starting on July 30, 2022 through June 30, 2025, with an interest rate of 2.75%. Proceeds were to purchase a 2022 truck, Chevrolet Silverado, valued at \$42,071.	21,472
243,500	Note payable to be paid in 72 monthly installments starting on October 28, 2022 through September 28, 2028, with an interest rate of 3.96%. Proceeds were to purchase a 2022 street sweeper valued at \$243,500.	197,410
477,783	Note payable to be paid over 18 years starting on February 21, 2019 through October 1, 2036, with a 1.00% interest rate. Proceeds are for the Stormwater Projects within the Borough.	379,533
46,537	Note payable for the purchase of a Police Vehicle in the amount of \$46,537 over 36 months starting on January 5, 2024 at an interest rate of 5.50%.	46,567
	Total Outstanding Debt as of December 31, 2023	\$ 652,232

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

## NOTE 9: INTERFUND OPERATING TRANSFERS

Interfund transfers are executed as a result of the requirements for the General Fund to match a portion of the expenditures or expenses of other funds. Interfund operating transfers are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
<u>Major Funds:</u>		
General Fund	\$ 150,000	\$ 263,260
Liquid Fuels Fund	-	14,629
Recreation Fund	52,996	-
Penn Vest Grant Fund	25,679	-
Capital Fund	150,000	175,679
<u>Non-Major Funds</u>		
Act 13 Fund	2,918	3,498
Recycling Fund	3,498	2,918
Debt Service Fund	74,893	-
	<u>                    </u>	<u>                    </u>
Total Governmental Funds	\$ 459,984	\$ 459,984
	<u>                    </u>	<u>                    </u>
Total Interfund Operating Transfers	\$ 459,984	\$ 459,984

## NOTE 10: INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of Interfund Receivables and Payables at December 31, 2023:

	<u>Due from</u>	<u>Due to</u>
<u>Governmental Fund Types</u>		
General Fund	\$ 152,340	\$ -
Capital Projects Fund	-	144,713
Total Governmental Fund Type	<u>152,340</u>	<u>144,713</u>
<u>Business Type Activity</u>		
Stormwater Authority	-	7,627
Total Business Type Activity	<u>-</u>	<u>7,627</u>
	<u>                    </u>	<u>                    </u>
Total Internal Balances	\$ 152,340	\$ 152,340

The proceeding interfund receivables and payables are the result of short-term borrowings or unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

## NOTE 11: FUND BALANCES / NET POSITION

Under GASB 54, Fund Balances/Net Position included in the fund governmental financial statements represent portions of Fund Balances/Net Position that are restricted for various purposes and are not available for payment of other subsequent expenditures. The following constraints included in the fund financial statements:

Governmental FundsGeneral Fund

Non-Spendable for prepaid expenditures		\$ 38,236
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Capital Project Fund

Restricted for capital projects		\$ 778,713
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Penn Vest Grant Fund

Restricted for Penn Vest projects		\$ 2,640
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Fire Equipment Fund

Restricted for the fire department usage		\$ 38,532
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Recreation Fund

Restricted for recreational program usage		\$ 172,355
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Liquid Fuels Fund

Restricted for Public Works and Highway projects		\$ 188,833
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Non-Major Funds

Restricted for Debt Service	\$ 1,000	
Restricted for Street Lighting	19,133	
Restricted for Library usage	7,883	
Restricted under Act 13	18,679	
Restricted for Recycling usage	8,986	
Restricted for Employee Pension	3,735	
Total Non-Major Funds		\$ 59,416

Fiduciary FundsGeneral Employee Pension Trust Fund

Restricted for the Police Pension	\$ 5,056,680	
Restricted for the General Employees' Defined Benefits Plan	2,061,073	
Restricted for the General Employees' Defined Contribution Plan	69,224	
Total Fiduciary Funds		\$ 7,186,977

## NOTE 12: LITIGATION

In the normal course of business, there are various claims and suits pending against the Borough and its elected officials. Management is of the opinion that these matters will not have a material adverse effect on the Borough's financial position at December 31, 2023.

## NOTE 13: LEGAL COMPLIANCE

For the year ended December 31, 2023, the Liquid Fuel Fund's total expenditures exceed total appropriations by \$6,296. Additional revenues earned and fund balance used in the current year provided the funds for those additional expenditures. Fire Equipment Fund's total expenditures exceed total appropriations by \$31,377. Additional revenues earned and fund balance used in the current year provided the funds for those additional expenditures.

BOROUGH OF CLARION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 14: CHANGES TO OR WITHIN THE FINANCIAL REPORTING ENTITY

Change in Accounting Estimate in Previously Issued Financial Statements (Column A)

During the 2023 fiscal year, it was determined there was a change in accounting estimate that was made in regards to the value of capital assets and depreciation compared to the appraisal, understating the capital asset balance by \$549,854. The effect of correcting this accounting estimate is shown in column (A) of the table below.

	12/31/2022 As Previously Reported	Change in Accounting Estimate (A)	12/31/2022 As Restated
<b>Government Wide</b>			
Governmental Activities	<u>\$ 4,438,652</u>	<u>\$ 549,854</u>	<u>\$ 4,988,506</u>

NOTE 15: SUBSEQUENT EVENTS

During January 2024, the Borough issued a Tax and Revenue Anticipation Note with a financial institution in the aggregate principal amount of \$300,000 if needed at the going interest rate.

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REQUIRED  
SUPPLEMENTARY  
INFORMATION

BOROUGH OF CLARION  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 GENERAL FUND - BUDGET TO ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Real Estate Taxes	\$ 710,580	\$ 710,580	\$ 689,523	\$ (21,057)
Act 511 Taxes	489,660	489,660	529,984	40,324
Licenses and Permits	218,635	218,635	204,115	(14,520)
Fines	93,695	93,695	68,175	(25,520)
Interest and Rents	1,475	1,475	1,462	(13)
Intergovernmental Revenues	151,783	151,783	89,379	(62,404)
Charges for Services	234,610	234,610	206,728	(27,882)
Miscellaneous	11,500	11,500	38,129	26,629
<b>Total Revenues</b>	<u>1,911,938</u>	<u>1,911,938</u>	<u>1,827,495</u>	<u>(84,443)</u>
Expenditures:				
Current:				
Administration	405,991	405,991	370,980	35,011
Public Safety	1,389,388	1,389,388	1,338,568	50,820
Public Works	378,970	378,970	367,830	11,140
Miscellaneous	1,725	1,725	1,179	546
Debt Service	325	325	300	25
<b>Total Expenditures</b>	<u>2,176,399</u>	<u>2,176,399</u>	<u>2,078,857</u>	<u>97,542</u>
Excess of Revenues Over (Under) Expenditures	(264,461)	(264,461)	(251,362)	13,099
Other Financing Sources (Uses)				
Proceeds from Long Term Debt	46,750	46,750	46,567	(183)
Tax Anticipation Note	300,000	300,000	-	(300,000)
Sale of Capital Assets	3,150	3,150	-	(3,150)
Tax Anticipation Note (Payment)	(300,000)	(300,000)	-	300,000
Operating Transfers In	36,435	36,435	150,000	113,565
Operating Transfers (Out)	(304,845)	(304,845)	(263,260)	41,585
<b>Total Other Financing Uses</b>	<u>(218,510)</u>	<u>(218,510)</u>	<u>(66,693)</u>	<u>151,817</u>
Excess of Revenues and Other Financing Uses Over (Under) Expenditures	<u>(482,971)</u>	<u>(482,971)</u>	<u>(318,055)</u>	<u>164,916</u>
Fund Balances - January 1, 2023	<u>783,509</u>	<u>783,509</u>	<u>783,509</u>	<u>-</u>
Fund Balances - December 31, 2023	<u>\$ 300,538</u>	<u>\$ 300,538</u>	<u>\$ 465,454</u>	<u>\$ 164,916</u>

BOROUGH OF CLARION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
LIQUID FUEL FUND ( HIGHWAY AID ) - BUDGET TO ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Intergovernmental Revenue	\$ 127,125	\$ 127,125	\$ 129,715	\$ 2,590
Miscellaneous	275	275	413	138
Interest and Rents	<u>125</u>	<u>125</u>	<u>3,235</u>	<u>3,110</u>
Total Revenues	<u>127,525</u>	<u>127,525</u>	<u>133,363</u>	<u>5,838</u>
Expenditures:				
Current:				
Public Works	<u>154,235</u>	<u>154,235</u>	<u>160,531</u>	<u>(6,296)</u>
Total Expenditures	<u>154,235</u>	<u>154,235</u>	<u>160,531</u>	<u>(6,296)</u>
Excess of Revenues Over Expenditures	(26,710)	(26,710)	(27,168)	(458)
Other Financing Sources (Uses)				
Operating Transfer (Out)	<u>(14,635)</u>	<u>(14,635)</u>	<u>(14,629)</u>	<u>6</u>
Total Other Financing Sources (Uses)	<u>(14,635)</u>	<u>(14,635)</u>	<u>(14,629)</u>	<u>6</u>
Excess of Revenues and Other Financing Sources Over Expenditures	<u>(41,345)</u>	<u>(41,345)</u>	<u>(41,797)</u>	<u>(452)</u>
Fund Balances - January 1, 2023	<u>230,630</u>	<u>230,630</u>	<u>230,630</u>	<u>-</u>
Fund Balances - December 31, 2023	<u>\$ 189,285</u>	<u>\$ 189,285</u>	<u>\$ 188,833</u>	<u>\$ (452)</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
RECREATION FUND - BUDGET TO ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Real Estate Taxes	\$ 16,305	\$ 16,305	\$ 16,506	\$ 201
Interest and Rents	175	175	3,143	2,968
Charges for Services	2,925	2,925	3,350	425
Miscellaneous	1,500	1,500	420	(1,080)
Contributions	250	250	500	250
<b>Total Revenues</b>	<u>21,155</u>	<u>21,155</u>	<u>23,919</u>	<u>2,764</u>
Expenditures:				
Current:				
Recreation	<u>131,310</u>	<u>131,310</u>	<u>69,123</u>	<u>62,187</u>
<b>Total Expenditures</b>	<u>131,310</u>	<u>131,310</u>	<u>69,123</u>	<u>62,187</u>
Excess of Revenues Under Expenditures	<u>(110,155)</u>	<u>(110,155)</u>	<u>(45,204)</u>	<u>64,951</u>
Other Financing Sources (Uses)				
Operating Transfers In	<u>75,000</u>	<u>75,000</u>	<u>52,996</u>	<u>(22,004)</u>
<b>Total Other Financing Uses</b>	<u>75,000</u>	<u>75,000</u>	<u>52,996</u>	<u>(22,004)</u>
Excess of Revenues and Other Financing Uses Over (Under) Expenditures	<u>(35,155)</u>	<u>(35,155)</u>	<u>7,792</u>	<u>42,947</u>
Fund Balances - January 1, 2023	<u>164,563</u>	<u>164,563</u>	<u>164,563</u>	<u>-</u>
Fund Balances - December 31, 2023	<u>\$ 129,408</u>	<u>\$ 129,408</u>	<u>\$ 172,355</u>	<u>\$ 42,947</u>

BOROUGH OF CLARION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
FIRE EQUIPMENT FUND - BUDGET TO ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Real Estate Tax	\$ 64,275	\$ 64,275	\$ 63,702	(573)
Charges for Services	12,700	12,700	12,700	-
Miscellaneous	125	125	28,462	28,337
Interest and Rents	75	75	817	742
Total Revenues	<u>77,175</u>	<u>77,175</u>	<u>105,681</u>	<u>28,506</u>
Expenditures:				
Current:				
Public Safety	<u>130,985</u>	<u>130,985</u>	<u>162,362</u>	<u>(31,377)</u>
Total Expenditures	<u>130,985</u>	<u>130,985</u>	<u>162,362</u>	<u>(31,377)</u>
Excess of Revenues Over Expenditures	<u>(53,810)</u>	<u>(53,810)</u>	<u>(56,681)</u>	<u>(2,871)</u>
Other Financing Sources (Uses)				
Transfer from General Fund	<u>63,000</u>	<u>63,000</u>	<u>-</u>	<u>(63,000)</u>
Total Other Financing Sources (Uses)	<u>63,000</u>	<u>63,000</u>	<u>-</u>	<u>(63,000)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	<u>9,190</u>	<u>9,190</u>	<u>(56,681)</u>	<u>(65,871)</u>
Fund Balances - January 1, 2023	<u>95,213</u>	<u>95,213</u>	<u>95,213</u>	<u>-</u>
Fund Balances - December 31, 2023	<u>\$ 104,403</u>	<u>\$ 104,403</u>	<u>\$ 38,532</u>	<u>\$ (65,871)</u>

BOROUGH OF CLARION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
PENN VEST GRANT FUND - BUDGET TO ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
Debt Service	\$ 25,685	\$ 25,685	\$ 25,679	\$ 6
Total Expenditures	<u>25,685</u>	<u>25,685</u>	<u>25,679</u>	<u>6</u>
Excess of Revenues Over Expenditures	(25,685)	(25,685)	(25,679)	6
Other Financing Sources (Uses)				
Operating Transfer In	<u>25,685</u>	<u>25,685</u>	<u>25,679</u>	<u>(6)</u>
Total Other Financing Sources (Uses)	<u>25,685</u>	<u>25,685</u>	<u>25,679</u>	<u>(6)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - January 1, 2023	<u>2,640</u>	<u>2,640</u>	<u>2,640</u>	<u>-</u>
Fund Balances - December 31, 2023	<u>\$ 2,640</u>	<u>\$ 2,640</u>	<u>\$ 2,640</u>	<u>\$ -</u>

Borough of Clarion  
Employees' Retirement Fund  
Schedule of Borough's Contributions and Investment Returns  
Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 74,483	\$ 60,450	\$ 66,743	\$ 59,463	\$ 17,917	\$ 16,331	\$ 40,112	\$ 40,578	\$ 49,066	\$ 53,447
Contribution in relation to the Actuarially determined contribution	79,442	68,201	66,743	62,379	28,896	16,571	40,112	40,578	49,066	53,447
Contribution deficiency (excess)	\$ (4,959)	\$ (7,751)	\$ -	\$ (2,916)	\$ (10,979)	\$ (240)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 420,817	\$ 360,979	\$ 369,697	\$ 353,535	\$ 348,844	\$ 160,859	\$ 145,890	\$ 141,227	\$ 139,832	\$ 136,349
Contributions as a percentage of covered - employee payroll	18.9%	18.9%	18.1%	17.6%	8.3%	10.3%	27.5%	28.7%	35.1%	39.2%

Employees' Retirement Fund  
Schedule of Investment Returns - Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return net of investment expense	13.60%	-13.70%	13.76%	12.65%	19.47%	-4.42%	16.54%	5.69%	0.66%	6.67%

This schedule is presented to illustrate the requirement to show information for 10 years.

**Notes to Schedule**

Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension liability	\$ 2,109,773	\$ 1,944,682	\$ 1,843,595	\$ 1,734,706	\$ 1,635,760	\$ 1,496,580	\$ 1,456,264	\$ 1,499,189	\$ 1,461,268	\$ 1,621,629
Plan fiduciary net position	(2,061,073)	(1,838,995)	(2,163,747)	(1,926,845)	(1,734,795)	(1,513,144)	(1,663,314)	(1,478,432)	(1,454,953)	(1,504,288)
Net pension liability	\$ 48,700	\$ 105,687	\$ (320,152)	\$ (192,139)	\$ (99,035)	\$ (16,564)	\$ (207,050)	\$ 20,757	\$ 6,315	\$ 117,341

Plan fiduciary net position, as a percentage of the total pension liability: 97.7% 94.6% 117.4% 111.1%

Methods and assumptions used to determine contributions rates:

Actuarial Cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	1 year aggregate
Assets valuation method	4-year smoothing
Inflation	2.50%
Salary Increases	4.25
Investment rate of return	6.75
Retirement Age	Normal: Age 60 and 15 years of services Early Retirement: Age 55 and 15 years of services

Mortality RP-2010 Combined Healthy Mortality Table. Mortality improvement based on the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report. Rates set forward 5 years of disabled members.

Borough of Clarion  
Employees' Retirement Fund  
Schedule of Changes in the Net Pension Liability and Related Ratios

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>										
Service cost	\$ 71,880	\$ 79,673	\$ 76,425	\$ 69,568	\$ 66,413	\$ 27,675	\$ 26,420	\$ 23,775	\$ 22,643	\$ 24,903
Interest	136,915	126,337	119,528	120,394	113,779	104,320	101,533	107,925	105,818	117,015
Changes of benefit terms	-	-	-	-	791	-	-	-	2,127	-
Differences between expected and actual experience	65,523	-	(54,961)	-	51,332	-	(145,148)	-	(182,004)	-
Changes in assumptions	-	-	59,830	-	-	-	64,153	-	-	-
Benefit payments and refunds	(109,227)	(104,923)	(91,933)	(91,016)	(93,135)	(91,679)	(89,883)	(93,779)	(108,945)	(109,212)
Net change in total pension liability	165,091	101,087	108,889	98,946	139,180	40,316	(42,925)	37,921	(160,361)	32,706
<b>Total Pension Liability - beginning</b>	1,944,682	1,843,595	1,734,706	1,635,760	1,496,580	1,456,264	1,499,189	1,461,268	1,621,629	1,588,923
<b>Total Pension Liability - ending (a)</b>	\$ 2,109,773	\$ 1,944,682	\$ 1,843,595	\$ 1,734,706	\$ 1,635,760	\$ 1,496,580	\$ 1,456,264	\$ 1,499,189	\$ 1,461,268	\$ 1,621,629
<b>Plan Fiduciary Net Position</b>										
Contributions - employer	\$ 79,442	\$ 68,201	\$ 66,743	\$ 62,379	\$ 28,896	\$ 16,571	\$ 40,112	\$ 40,578	\$ 48,956	\$ 53,447
Contributions - member	9,976	9,385	8,894	8,765	8,138	3,943	3,623	3,636	6,965	7,064
Net investment income	245,570	(291,845)	261,180	216,560	288,158	(71,705)	238,922	80,703	9,723	95,159
Benefit payments and refunds	(109,227)	(104,923)	(91,933)	(91,016)	(93,135)	(91,679)	(89,883)	(93,779)	(108,945)	(109,212)
Administrative expenses	(3,683)	(5,570)	(7,982)	(4,638)	(10,406)	(7,300)	(7,892)	(7,659)	(6,034)	(8,846)
Net change in plan fiduciary net position	222,078	(324,752)	236,902	192,050	221,651	(150,170)	184,882	23,479	(49,335)	37,612
<b>Plan Fiduciary Net Position - beginning</b>	1,838,995	2,163,747	1,926,845	1,734,795	1,513,144	1,663,314	1,478,432	1,454,953	1,504,288	1,466,676
<b>Plan Fiduciary Net Position - ending (b)</b>	\$ 2,061,073	\$ 1,838,995	\$ 2,163,747	\$ 1,926,845	\$ 1,734,795	\$ 1,513,144	\$ 1,663,314	\$ 1,478,432	\$ 1,454,953	\$ 1,504,288
<b>Net Pension Liability - ending (a) - (b)</b>	\$ 48,700	\$ 105,687	\$ (320,152)	\$ (192,139)	\$ (99,035)	\$ (16,564)	\$ (207,050)	\$ 20,757	\$ 6,315	\$ 117,341
Plan fiduciary net position as a percentage of the total pension liability	97.7%	94.6%	117.4%	111.1%	106.1%	101.1%	114.2%	99.6%	99.6%	92.8%
Covered-employee payroll	\$ 420,817	\$ 360,979	\$ 369,697	\$ 353,535	\$ 348,844	\$ 160,859	\$ 145,890	\$ 141,277	\$ 139,832	\$ 136,349
Net Pension Liability as percentage of covered-employee payroll	11.6%	29.3%	-86.6%	-54.3%	-28.4%	-10.3%	-141.9%	14.7%	4.5%	86.1%

This schedule is presented to illustrate the requirement to show information for 10 years.

Borough of Clarion  
Police Retirement Fund  
Schedule of Borough's Contributions and Investment Returns  
Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 31,413	\$ 27,116	\$ 58,673	\$ 55,793	\$ -	\$ -	\$ 36,864	\$ 41,178	\$ 83,324	\$ 85,102
Contribution in relation to the Actuarially determined contribution	36,372	34,867	58,673	55,793	-	239	36,864	41,178	83,324	85,102
Contribution deficiency (excess)	\$ (4,959)	\$ (7,751)	\$ -	\$ -	\$ -	\$ (239)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 712,271	\$ 609,927	\$ 491,360	\$ 554,914	\$ 543,921	\$ 527,003	\$ 447,232	\$ 319,645	\$ 444,246	\$ 476,004
Contributions as a percentage of covered - employee payroll	5.1%	5.7%	11.9%	10.1%	0.0%	0.0%	8.2%	12.9%	18.8%	17.9%

Police Retirement Fund  
Schedule of Investment Returns - Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return net of Investment expense	13.60%	-13.52%	13.72%	12.84%	19.48%	-4.52%	16.65%	5.83%	0.61%	6.66%

This schedule is presented to illustrate the requirement to show investment return information for 10 years.

**Notes to Schedule**

Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability	\$ 4,399,094	\$ 4,352,476	\$ 4,115,474	\$ 3,854,048	\$ 3,582,303	\$ 3,414,324	\$ 3,204,963	\$ 3,237,415	\$ 3,045,522	\$ 3,054,795
Plan fiduciary net position	(5,056,680)	(4,540,835)	(5,352,763)	(4,748,180)	(4,248,925)	(3,654,982)	(3,924,404)	(3,423,768)	(3,321,942)	(3,313,064)
Net pension liability	\$ (657,586)	\$ (188,359)	\$ (1,237,289)	\$ (894,132)	\$ (666,622)	\$ (240,658)	\$ (719,441)	\$ (186,353)	\$ (276,420)	\$ (258,269)
Plan fiduciary net position, as a percentage of the total pension liability:	114.9%	104.3%	130.1%	123.2%	118.6%	107.0%	122.4%	105.8%	109.1%	108.5%

Methods and assumptions used to determine contributions rates:

Actuarial Cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	17 years aggregate
Assets valuation method	4-year smoothing
Inflation	2.50%
Salary Increases	4.50% including Inflation
Investment rate of return	6.75% net of investment expenses not funded through the MMO, and including inflation
Retirement Age	Normal: Age 50 and 25 years of services Early Retirement: Completion of 20 years of Services

Mortality RP-2010 Combined Healthy Mortality Table. Mortality improvement based on the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report.

Borough of Clarion  
Police Retirement Fund  
Schedule of Changes in the Net Pension Liability and Related Ratios

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>										
Service cost	\$ 103,181	\$ 83,597	\$ 79,997	\$ 99,769	\$ 111,095	\$ 66,626	\$ 63,453	\$ 94,361	\$ 89,442	\$ 89,750
Interest	282,297	279,259	263,280	263,684	245,307	233,941	220,153	230,591	216,453	216,677
Changes of benefit terms	-	-	-	-	-	-	-	-	7,490	-
Differences between expected and actual experience:	(210,204)	-	(185,750)	-	(96,932)	-	(338,770)	-	(210,743)	-
Changes in assumptions	-	-	198,831	-	-	-	124,498	-	-	-
Benefit payments and refunds	(128,656)	(125,854)	(94,932)	(91,708)	(91,491)	(91,206)	(101,786)	(133,059)	(111,915)	(100,017)
Net change in total pension liability	46,618	237,002	261,426	271,745	167,979	209,361	(32,452)	191,893	(9,273)	206,410
<b>Total Pension Liability - beginning</b>	4,352,476	4,115,474	3,854,048	3,582,303	3,414,324	3,204,963	3,237,415	3,045,522	3,054,795	2,848,385
<b>Total Pension Liability - ending (a)</b>	\$ 4,399,094	\$ 4,352,476	\$ 4,115,474	\$ 3,854,048	\$ 3,582,303	\$ 3,414,324	\$ 3,204,963	\$ 3,237,415	\$ 3,045,522	\$ 3,054,795
<b>Plan Fiduciary Net Position</b>										
Contributions - employer	\$ 36,372	\$ 34,867	\$ 58,673	\$ 55,793	\$ -	\$ 239	\$ 36,864	\$ 41,178	\$ 83,324	\$ 85,102
Contributions - member	-	-	-	-	-	-	9,394	10,998	21,696	22,642
Net investment income	611,202	(716,521)	647,196	542,204	702,555	(175,630)	563,334	191,366	20,047	205,300
Benefit payments and refunds	(128,656)	(125,854)	(94,932)	(91,708)	(91,491)	(91,206)	(101,786)	(133,059)	(111,915)	(100,017)
Administrative expenses	(3,073)	(4,420)	(6,354)	(7,034)	(15,993)	(2,825)	(7,170)	(8,657)	(4,274)	(2,340)
Other	-	-	-	-	(1,128)	-	-	-	-	-
Net change in plan fiduciary net position	515,845	(811,928)	604,583	499,255	593,943	(269,422)	500,636	101,826	8,878	210,687
<b>Plan Fiduciary Net Position - beginning</b>	4,540,835	5,352,763	4,748,180	4,248,925	3,654,982	3,924,404	3,423,768	3,321,942	3,313,064	3,102,377
<b>Plan Fiduciary Net Position - ending (b)</b>	\$ 5,056,680	\$ 4,540,835	\$ 5,352,763	\$ 4,748,180	\$ 4,248,925	\$ 3,654,982	\$ 3,924,404	\$ 3,423,768	\$ 3,321,942	\$ 3,313,064
<b>Net Pension Liability - ending (a) - (b)</b>	\$ (657,586)	\$ (188,359)	\$ (1,237,289)	\$ (894,132)	\$ (666,622)	\$ (240,658)	\$ (719,441)	\$ (186,353)	\$ (276,420)	\$ (258,269)
Plan fiduciary net position as a percentage of the total pension liability	114.9%	104.3%	130.1%	123.2%	118.6%	107.0%	122.4%	105.8%	109.1%	108.5%
Covered-employee payroll	\$ 712,217	\$ 609,927	\$ 491,360	\$ 554,914	\$ 543,921	\$ 527,003	\$ 447,232	\$ 319,645	\$ 444,246	\$ 476,004
Net Pension Liability as percentage of covered-employee payroll	-92.3%	-30.9%	-251.8%	-161.1%	-122.6%	-45.7%	-160.9%	-58.3%	-62.2%	-54.3%

This schedule is presented to illustrate the requirement to show information for 10 years.

OTHER  
SUPPLEMENTARY  
INFORMATION

BOROUGH OF CLARION  
OTHER GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2023

Assets	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Cash and cash equivalents	\$ 60,155	\$ 1,000	\$ 61,155
Accounts receivable	2,493	-	2,493
Due from other governments	20,372	-	20,372
Taxes receivable	8,775	-	8,775
Total Assets	<u>\$ 91,795</u>	<u>\$ 1,000</u>	<u>\$ 92,795</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 26,301	\$ -	\$ 26,301
Total Liabilities	<u>26,301</u>	<u>-</u>	<u>26,301</u>
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	<u>7,078</u>	<u>-</u>	<u>7,078</u>
Fund Balances:			
Restricted			
Administration	22,414	-	22,414
Public Works	28,119	-	28,119
Culture and Recreation	7,883	-	7,883
Debt Service Fund	-	1,000	1,000
Total Fund Balance	<u>58,416</u>	<u>1,000</u>	<u>59,416</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 91,795</u>	<u>\$ 1,000</u>	<u>\$ 92,795</u>

BOROUGH OF CLARION  
OTHER GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Special Revenue Funds	Debt Service Fund	Total Other Governmental Funds
Revenue			
Real Estate Taxes	\$ 114,841	\$ -	\$ 114,841
Intergovernmental revenues	152,453	-	152,453
Charges for Services	13,584	-	13,584
Interest and rents	274		274
Miscellaneous	3,290	-	3,290
	<u>284,442</u>	<u>-</u>	<u>284,442</u>
Total Revenues			
Expenditures			
Current:			
General Government	23	-	23
Public Safety	53,490	-	53,490
Public Works	192,843	-	192,843
Culture and Recreation	36,950	-	36,950
Debt Services:			
Principal	-	65,128	65,128
Interest	-	9,765	9,765
Total Expenditures	<u>283,306</u>	<u>74,893</u>	<u>358,199</u>
Deficit of Revenues Under Expenditures	<u>1,136</u>	<u>(74,893)</u>	<u>(73,757)</u>
Other Financing Sources			
Operating Transfers In	6,416	74,893	81,309
Operating Transfer Out	<u>(6,416)</u>	<u>-</u>	<u>(6,416)</u>
Total Other Financing Sources	<u>-</u>	<u>74,893</u>	<u>74,893</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,136	-	1,136
Fund Balances-Beginning of Year	<u>57,280</u>	<u>1,000</u>	<u>58,280</u>
Fund Balances-End of Year	<u>\$ 58,416</u>	<u>\$ 1,000</u>	<u>\$ 59,416</u>

BOROUGH OF CLARION  
 COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2023

	Street Lighting Fund	Library Fund	ACT 13 Fund	Recycling Fund	Community Development Fund	Pension Fund	Total Nonmajor Governmental Funds
<u>Assets</u>							
Cash and cash equivalents	\$ 19,834	\$ 6,974	\$ 18,679	\$ 10,933	\$ -	\$ 3,735	\$ 60,155
Accounts receivable	1,790	703	-	-	-	-	2,493
Due from other governments	-	-	-	851	19,521	-	20,372
Taxes receivable	2,875	2,950	-	2,950	-	-	8,775
<b>Total Assets</b>	<b>\$ 24,499</b>	<b>\$ 10,627</b>	<b>\$ 18,679</b>	<b>\$ 14,734</b>	<b>\$ 19,521</b>	<b>\$ 3,735</b>	<b>\$ 91,795</b>
<u>Liabilities and Fund Balance</u>							
Liabilities:							
Accounts payable	\$ 3,507	\$ -	\$ -	\$ 3,273	\$ 19,521	\$ -	\$ 26,301
<b>Total Liabilities</b>	<b>3,507</b>	<b>-</b>	<b>-</b>	<b>3,273</b>	<b>19,521</b>	<b>-</b>	<b>26,301</b>
Deferred Inflows of Resources							
Unavailable Revenue - Property Taxes	1,859	2,744	-	2,475	-	-	7,078
Fund Balances:							
Restricted							
Administration	-	-	18,679	-	-	3,735	22,414
Public Works	19,133	-	-	8,986	-	-	28,119
Culture and Recreation	-	7,883	-	-	-	-	7,883
<b>Total Fund Balance</b>	<b>19,133</b>	<b>7,883</b>	<b>18,679</b>	<b>8,986</b>	<b>-</b>	<b>3,735</b>	<b>58,416</b>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 24,499</b>	<b>\$ 10,627</b>	<b>\$ 18,679</b>	<b>\$ 14,734</b>	<b>\$ 19,521</b>	<b>\$ 3,735</b>	<b>\$ 91,795</b>

BOROUGH OF CLARION  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Street Lighting Fund	Library Fund	ACT 13 Fund	Recycling Fund	Community Development Fund	Pension Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>							
Real estate taxes	\$ 37,804	\$ 38,799	\$ -	\$ 38,238	\$ -	\$ -	\$ 114,841
Intergovernmental revenues	-	-	-	-	19,521	132,932	152,453
Charges for Services	-	-	3,498	110	-	9,976	13,584
Interest and rents	143	73	2	1	-	55	274
Miscellaneous	-	-	-	3,290	-	-	3,290
<b>Total Revenues</b>	<b>37,947</b>	<b>38,872</b>	<b>3,500</b>	<b>41,639</b>	<b>19,521</b>	<b>142,963</b>	<b>284,442</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General Government	-	-	-	-	-	23	23
Public Safety	-	-	-	-	-	53,490	53,490
Public Works	41,894	-	-	42,010	19,521	89,418	192,843
Culture and Recreation	-	36,950	-	-	-	-	36,950
<b>Total Expenditures</b>	<b>41,894</b>	<b>36,950</b>	<b>-</b>	<b>42,010</b>	<b>19,521</b>	<b>142,931</b>	<b>283,306</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(3,947)</b>	<b>1,922</b>	<b>3,500</b>	<b>(371)</b>	<b>-</b>	<b>32</b>	<b>1,136</b>
<b>Other Financing Sources (Uses):</b>							
Operating transfers in	-	-	2,918	3,498	-	-	6,416
Operating transfer out	-	-	(3,498)	(2,918)	-	-	(6,416)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(580)</b>	<b>580</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(3,947)</b>	<b>1,922</b>	<b>2,920</b>	<b>209</b>	<b>-</b>	<b>32</b>	<b>1,136</b>
<b>Fund Balance</b>							
Beginning of year	23,080	5,961	15,759	8,777	-	3,703	57,280
<b>End of year</b>	<b>\$ 19,133</b>	<b>\$ 7,883</b>	<b>\$ 18,679</b>	<b>\$ 8,986</b>	<b>\$ -</b>	<b>\$ 3,735</b>	<b>\$ 58,416</b>