

# **Town of McCandless**

## **Financial Statements and Required Supplementary and Supplementary Information**

**Year Ended December 31, 2021  
with Independent Auditor's Report**

**MaherDuessel**

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# TOWN OF MCCANDLESS

YEAR ENDED DECEMBER 31, 2021

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YEAR ENDED DECEMBER 31, 2021

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## **Independent Auditor's Report**

**Members of Council  
Town of McCandless**

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

#### **Opinion**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of McCandless (Town), Pennsylvania, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund, Transportation District Fund, Capital Improvements Fund, and the American Rescue Plan Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town 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 opinion.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's

ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 Town's ability to continue as a going concern for a reasonable period of time.

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

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents 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.

### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Maher Duessel*

Pittsburgh, Pennsylvania  
June 2, 2022

## **Management's Discussion and Analysis**

This section of the Town of McCandless' (Town) annual audited financial report presents a narrative overview and analysis of the Town's financial performance for the fiscal year ended December 31, 2021. Please consider this discussion and analysis in conjunction with the preceding Independent Auditor's Report and the financial statements and notes which follow in order to obtain a thorough understanding of the Town's financial condition at December 31, 2021.

### **Financial Highlights**

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$55,121,876 (net position) at December 31, 2021, an increase of \$2,025,833 from the net position on December 31, 2020.
- Restricted net position totaled \$3,470,417 as of December 31, 2021, an increase of \$1,243,120 from December 31, 2020. This balance includes the net pension asset and cash, investments, and assessments receivable to be collected through 2031. These assets must be used for pension payments, construction projects in the Transportation District or for general Town capital improvements. The Transportation District encompasses the McCandless Crossing development and the immediate surrounding area.
- Unrestricted net position totaled \$12,788,157, as of December 31, 2021, an increase of \$2,058,833 from December 31, 2020.
- The total governmental fund balance was \$15,530,228 as of December 31, 2021, an increase of \$2,522,764 from December 31, 2020. Of this 2021 fund balance, \$224,651 was for prepaid assets and was therefore classified as Nonspendable. The Transportation District fund balance of \$582,291 was for capital construction projects funded through special assessments and was therefore classified as restricted. Town Council, through formal action, set aside \$5,008,936 for future capital costs, and this portion of the fund balance was therefore classified as Committed. The specific makeup of the Committed Fund Balance was as follows: \$3,040,533 in the Capital Improvements Fund to help fund the Town's Five-Year Capital Improvement Plan (CIP); \$827,313 in the Street and Water Assessment Fund to provide financing for the creation of potential new sewer, water, or sidewalk districts; and \$1,141,090 in the General Fund for future capital loans to the Town's volunteer fire companies.
- The fund balance in the General Fund was \$11,078,173, of which \$9,712,432 was classified as Unassigned, at December 31, 2021. The Unassigned fund balance was 61.0% of General Fund revenues for 2021. The total fund balance in the General Fund increased \$2,212,038 from December 31, 2020 to December 31, 2021. Revenues plus other financing sources exceeded expenditures plus other financing uses (other than operating transfers to other funds) by \$2,682,038. The Town transferred \$1,200,000 from the General Fund to the Capital

Improvements Fund. The Town transferred \$730,000 from the American Rescue Plan Act Fund to the General Fund for revenue replacement for general government services in 2021.

- As of December 31, 2021, the Town's Police Defined Benefit Pension Plan was 114.71% funded.
- On December 31, 2021, the Town had no outstanding debt.
- The Town's real estate tax rate was 1.236 mills (\$123.60 per \$100,000 in assessed value) in 2021.

## **Overview of the Financial Statements**

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

**Government-wide Financial Statements.** The first two statements (pages 1 - 2) are government-wide financial statements. They provide a broad overview of the Town's finances in a manner similar to a private-sector business.

The *statement of net position* includes all of the Town's assets and deferred outflows of resources and liabilities and deferred inflows of resources, except fiduciary funds. The difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources, reported as net position, can be viewed as one way to measure the Town's financial health. Over time, increases or decreases in net position may serve as an indicator of whether the Town's financial position is improving or deteriorating.

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

The governmental activities of the Town include general government, public safety, public works, and culture and recreation. These functions are all supported principally by taxes and intergovernmental revenues. The Town has no business-type activities or legally separate entities (component units) included in these statements.

**Fund Financial Statements.** The fund financial statements provide detailed information about the Town's significant funds, not the Town as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required by State law. The basic fund financial statements can be found on pages 3 - 12.



The Town has two types of funds:

1. *Governmental funds.* All of the Town's basic services are included in the governmental funds. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information can be useful in evaluating the Town's financial requirements. The relationship between governmental activities (Statement of Net Position and Statement of Activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements (see pages 4 and 6).
2. *Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. They are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's programs. The Town is trustee for two defined benefit pension plans, one for police and one for non-uniformed employees who were hired before April 1, 1985. In addition, the Town has an agency fund for the collection and disbursement of taxes. The basic fiduciary fund statements can be found on pages 11 and 12.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 - 42.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 43 - 49 of this report.

**Additional Supplementary Information.** The Town also provides combining and individual fund financial statements to help present a more detailed picture of where the Town generates and utilizes its financial resources. These statements can be found on pages 50 - 57 of this report.

## Government-Wide Financial Analysis

A summary of the Town's net position at December 31, 2021 follows. A more detailed presentation of 2021 activity appears on page 1 of the financial statements.

### Summary of Statement of Net Position December 31, 2021 and December 31, 2020

	Governmental Activities		
	2021	2020	Variance
Current and other assets	\$ 23,077,258	\$ 18,721,455	\$ 4,355,803
Capital assets	38,863,302	40,139,070	(1,275,768)
Deferred pension and OPEB outflows	685,316	1,229,468	(544,152)
<b>Total assets and outflows</b>	<b>62,625,876</b>	<b>60,089,993</b>	<b>2,535,883</b>
Current and other liabilities	1,901,245	1,061,764	839,481
Non-current liabilities	2,649,099	2,502,099	147,000
Deferred pension and OPEB inflows	2,953,656	3,430,087	(476,431)
<b>Total liabilities</b>	<b>7,504,000</b>	<b>6,993,950</b>	<b>510,050</b>
Net investment in capital asests	38,863,302	40,139,070	(1,275,768)
Restricted	3,470,417	2,227,297	1,243,120
Unrestricted	12,788,157	10,729,676	2,058,481
<b>Total net position</b>	<b>\$ 55,121,876</b>	<b>\$ 53,096,043</b>	<b>\$ 2,025,833</b>

70.5% of the Town's total net position is classified as capital assets. Included is \$30,519,140 for infrastructure assets.

The unrestricted net position of \$12,788,157 includes \$3,568,702 in taxes, loans, and assessments receivable that will not be collected until the following year and therefore are not available to pay current year expenditures.

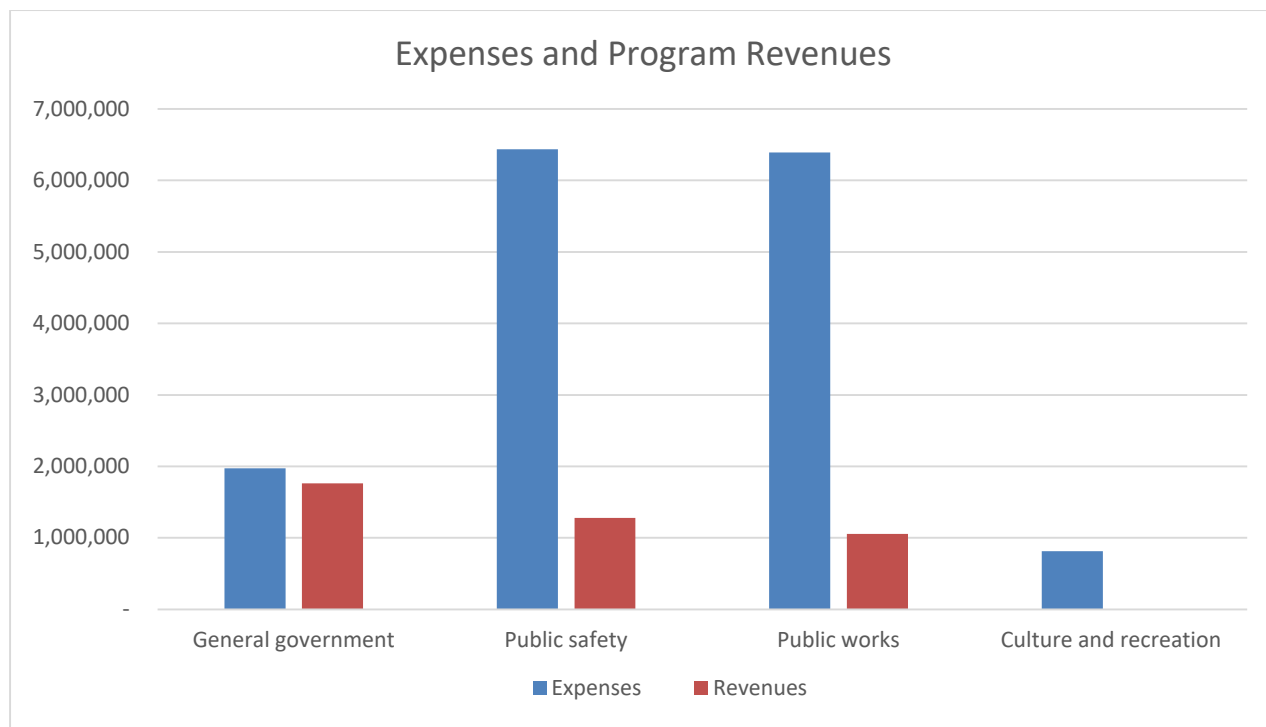
The Town's total net position increased \$2,025,833 in 2021. A summary of what contributes to this amount follows. Additional information regarding 2021 activity can be found on page 2 of the financial statements.

Summary of Statement of Activities  
Years Ended December 31, 2021 and December 31, 2020

	Governmental Activities		
	2021	2020	Variance
<b>Revenues</b>			
Program Revenues:			
Charges for services	\$ 940,354	\$ 898,468	\$ 41,886
Operating grants and contributions	3,110,970	2,570,322	540,648
Capital grants and contributions	49,016	59,711	(10,695)
General Revenues:			
Real estate	3,282,313	3,258,714	23,599
Earned income	6,465,717	5,966,689	499,028
Other taxes	3,657,133	3,771,696	(114,563)
Gain on disposal of capital assets	36,365	17,353	19,012
Other revenues	97,957	203,473	(105,516)
<b>Total revenues</b>	<u>17,639,825</u>	<u>16,746,426</u>	<u>893,399</u>
<b>Expenses</b>			
General government	1,971,493	1,834,537	136,956
Public safety	6,434,551	6,715,764	(281,213)
Public works	6,392,645	6,861,917	(469,272)
Culture and recreation	815,303	893,894	(78,591)
<b>Total expenses</b>	<u>15,613,992</u>	<u>16,306,112</u>	<u>(692,120)</u>
<b>Change in net position</b>	2,025,833	440,314	1,585,519
Net position - January 1	53,096,043	52,655,729	440,314
Net position - December 31	<u>\$ 55,121,876</u>	<u>\$ 53,096,043</u>	<u>\$ 2,025,833</u>

Total government-wide revenues were \$17,639,825 in 2021. The largest source of revenue was earned income taxes, which represented 36.7% of the total. Other major sources were real estate taxes at 18.6%, other taxes at 20.7%, and operating grants and contributions at 17.6%. Additional information can be found on page 2 of the financial statements.

Another feature of the government-wide financial statements is the comparison of program expenses to the revenues that are generated specifically to pay for those expenses. The following chart shows the relationship by program area. Additional information can be found on page 2 of the financial statements.



## Financial Analysis of the Town's Funds

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town actually utilizes six separate governmental funds to achieve this objective.

As of December 31, 2021, the Town's governmental funds had a combined fund balance of \$15,530,228. The specific makeup of this fund balance, by governmental fund type, is as follows:

Fund Balance by Fund  
December 31, 2021 and December 31, 2020

Fund	2021 Dollar Value	2021 Percent of Total	2020 Dollar Value	2020 Percent of Total
General	\$ 11,078,173	71.4%	\$ 8,866,135	68.2%
Capital Improvements	3,040,533	19.6%	2,742,754	21.1%
Transportation District	582,291	3.7%	573,748	4.4%
American Rescue Plan	1,918	0.0%	-	0.0%
State Highway Aid	-	0.0%	-	0.0%
Street and Water Assessment	827,313	5.3%	824,827	6.3%
<b>Total Fund Balance</b>	<b>\$ 15,530,228</b>	<b>100.0%</b>	<b>\$ 13,007,464</b>	<b>100.0%</b>

The Capital Improvements fund balance is Committed by Town Resolution to help fund the Town's Five-Year Capital Improvement Plan (CIP). The Town's Five-Year CIP, as adopted in conjunction with the Town's 2021 Operating Budget, shows projected capital project and improvement costs for the period 2021-2025 totaling \$19,182,220.

The General Fund is the chief operating fund of the Town. The Town amended its Fund Balance and Reserve Policy by Resolution No. 21 of 2015. This amended policy reflects Town Council's overall funding goals to (1) Maintain a minimum bond rating of AA, (2) Minimize interest expenses by funding capital projects using reserves to augment annual revenue rather than debt whenever possible, and (3) Maintain a consistently low tax rate that does not fluctuate from year to year. In addition, a minimum Unassigned Fund Balance level was set at two (2) months of the average monthly General Fund operating revenues or operating expenditures for the most recent three fiscal years, whichever is greater. At December 31, 2021, \$9,712,432 was Unassigned, and therefore available to meet the Town's current and future needs. The General Fund Committed fund balance of \$1,141,090 was Committed by Town Ordinance to be utilized as a revolving loan fund to help the Town's volunteer fire departments purchase new pieces of apparatus. The Town loans up to 50% of the cost of the item, and the fire department then pays back the fund over a ten-year period with no interest.

The Street and Water Assessment fund balance is Committed by Town Ordinance to front the cost for improvements to items such as private roads or the extension of water lines or sidewalks as requested

by property owners or required by the Town. Property owners that benefit from the project are then assessed a pro-rata fee, which is placed back into the fund.

The Transportation District fund balance is Restricted by Town Ordinance to the infrastructure improvements to be made along Duncan Avenue and Cumberland Road to the east and west of McKnight Road. Any excess funds can then be used for general Town infrastructure improvements.

The fund balance in the General Fund increased \$2,212,038 in 2021. Factors that contributed to this increase in 2021 included the following:

- Act 511 Taxes performed better than expected following the COVID-19 pandemic, specifically Earned Income Tax (9% over budget), Realty Transfer Tax (11% over budget) and Business Privilege Tax (11%). These items, specifically Business Privilege Tax given it's based on prior year's income, were expected to perform more conservatively; however, the economy in 2021 was more supportive of these items than anticipated.
- In addition to Realty Transfer Tax, which is based on real property sales, Building Permit income, reported within the Charges and Fees classification also performed better than expected.
- The Town transferred \$730,000 in American Rescue Plan Act funds into the General Fund for fiscal year 2021 which was not originally anticipated.

### **General Fund Budgetary Highlights**

A decrease of \$1,199,600 in General Fund fund balance was originally budgeted. The decrease in expenditures from the original budget to the final amended budget, as passed by Town Council, totaled \$1,681,985, and can be briefly summarized as follows:

- The Town's general government departments did not execute a contract for new software anticipated to begin in 2021.
- Vacant Positions were not filled within the Police and Public Works Department.
- Due to the uncertainty from the COVID-19 Pandemic the Town, along with its counterparts, disbanded the Joint Recreation Program and reduced the capacity for Community events within the Culture and Recreation departments.

More detailed information on each of these can be found on pages 50 - 51 of the financial statements.

Total revenues and other financing sources in 2021 were \$1,064,553 over the amended budget, and total expenditures and other financing uses were \$1,681,985 under the amended budget.

## Capital Asset and Debt Administration

**Capital Assets.** The Town's investment in capital assets at December 31, 2021 amounted to \$38,863,302, net of accumulated depreciation. Capital assets consist primarily of land, buildings and improvements, machinery and equipment, and infrastructure. The Town's investment in capital assets can be summarized as follows:

### Summary of Capital Assets (net of depreciation)

	Balance at December 31, 2021	Balance at December 31, 2020	Variance
<b>Capital Assets:</b>			
Land	\$ 3,907,401	\$ 3,907,401	\$ -
Infrastructure	53,284,046	52,992,255	291,791
Buildings and improvements	4,874,390	4,874,390	-
Furniture and equipment	369,861	369,861	-
Machinery and equipment	1,550,945	1,427,060	123,885
Vehicles	3,052,095	3,162,259	(110,164)
<b>Total capital assets</b>	<u>67,038,738</u>	<u>66,733,226</u>	<u>305,512</u>
<b>Less accumulated depreciation for:</b>			
Infrastructure	22,764,906	21,525,979	1,238,927
Buildings and improvements	2,186,360	2,063,880	122,480
Furniture and equipment	333,580	316,639	16,941
Machinery and equipment	1,031,663	964,069	67,594
Vehicles	1,858,927	1,723,589	135,338
<b>Total accumulated depreciation</b>	<u>28,175,436</u>	<u>26,594,156</u>	<u>1,581,280</u>
<b>Net capital assets</b>	<u>\$ 38,863,302</u>	<u>\$ 40,139,070</u>	<u>\$ (1,275,768)</u>

More detailed information can be found on page 26 of the financial statements.

Major capital asset events during 2021 included the following:

- The annual repaving and rebuilding of Town roads cost approximately \$974,570 of which \$661,622 qualified for capitalization under the capital assets policy.
- The continuing program to replace all metal storm sewer pipe with plastic and concrete pipe and the use of cured, in-place plastic lining of metal pipe resulted in an approximate cost of \$349,570.
- Machine and equipment purchases included a Rammer Hammer, Lift Truck, Mower and Playground Equipment of \$107,074.

**Debt Administration.** At December 31, 2021, the Town had no outstanding debt.

## **Economic Factors Affecting Budget and Rates for 2022**

To the extent possible and practical, the Town of McCandless utilizes zero-based budgeting when projecting future revenues and program expenditures. There are certain assumptions that must be made, even when using this approach. In preparing the 2022 budget, the Town assumed the following:

- The Town property tax rate was maintained at 1.236 mills.
- Taxable earnings for residents and businesses of the Town would increase slightly in 2022 from the amended 2021 budget during the COVID-19 Pandemic.
- There would be no tax increases or new sources of revenue in 2022.

The Town set its tax rates and fees for services for 2022 with the goal of maintaining a fund balance level at a minimum of approximately 17% of operating costs into the future. Included in this goal is the expectation the Town will continue to fund capital expenditures from the proceeds of continuing general operations. The 2022 budget passed by Town Council was balanced less the anticipated contribution to the Capital Improvements Project Fund established in the Town's fund balance policy described above. The Town's General Fund fund balance is anticipated to decrease by \$861,310 from the 2021 projected fund balance level of \$9,986,871 (projected as of November 2021, when the 2022 budget was prepared), to an anticipated 2022 year-end balance of \$9,125,561 or 55% of projected operating costs.

## **Requests for Information**

This financial report is designed to provide a general overview of the Town of McCandless' finances. If you have questions concerning any of the information provided in this report or would like additional information, please contact:

Trisha Greathouse  
Assistant Town Manager  
Town of McCandless  
9955 Grubbs Road  
Wexford, PA 15090



# TOWN OF McCANDLESS

## STATEMENT OF NET POSITION

DECEMBER 31, 2021

<b>Assets</b>	<b>Governmental Activities</b>
Cash and cash equivalents	\$ 13,950,760
Investments	2,445,020
Prepaid assets	224,651
Receivables:	
Taxes	1,945,574
Assessments	1,004,130
Loans	291,625
Other	327,372
Net pension asset	2,888,126
Capital assets not being depreciated	3,907,401
Capital assets, net of accumulated depreciation	4,436,761
Infrastructure assets, net of accumulated depreciation	30,519,140
<b>Total Assets</b>	<b>61,940,560</b>
<b>Deferred Outflows of Resources</b>	
Deferred outflows of resources related to pension	457,136
Deferred outflows of resources related to OPEBs	228,180
<b>Total Deferred Outflows of Resources</b>	<b>685,316</b>
<b>Liabilities</b>	
Accounts payable	240,379
Accrued payroll liabilities	327,670
Escrow deposits	420,650
Unearned revenue	822,702
OPEB liability, due within one year	89,844
Long-term liabilities due in more than one year:	
Compensated absences	99,224
OPEB liability	2,392,492
Net pension liability	157,383
<b>Total Liabilities</b>	<b>4,550,344</b>
<b>Deferred Inflows of Resources</b>	
Deferred inflows of resources related to pension	2,922,964
Deferred inflows of resources related to OPEBs	30,692
<b>Total Deferred Inflows of Resources</b>	<b>2,953,656</b>
<b>Net Position</b>	
Net investment in capital assets	38,863,302
Restricted:	
Transportation District	582,291
Pension	2,888,126
Unrestricted	12,788,157
<b>Total Net Position</b>	<b>\$ 55,121,876</b>

The notes to financial statements are an integral part of this statement.

# TOWN OF McCANDLESS

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 1,971,493	\$ 524,904	\$ 1,235,272	\$ -	\$ (211,317)
Public safety	6,434,551	404,470	875,655	-	(5,154,426)
Public works	6,392,645	7,995	1,000,043	49,016	(5,335,591)
Culture and recreation	815,303	2,985	-	-	(812,318)
Total governmental activities	<u>\$ 15,613,992</u>	<u>\$ 940,354</u>	<u>\$ 3,110,970</u>	<u>\$ 49,016</u>	<u>(11,513,652)</u>
General revenues:					
Taxes:					
Real estate					3,282,313
Earned income					6,465,717
Real estate transfer					1,673,222
Local service tax					677,005
Business privilege					1,302,331
Mechanical devices					4,575
Interest and rental income					28,511
Gain on disposal of capital assets					36,365
Refunds of prior year revenues (expenses), net					<u>69,446</u>
Total general revenues					<u>13,539,485</u>
<b>Change in Net Position</b>					<u>2,025,833</u>
Net position - beginning of year					<u>53,096,043</u>
Net position - end of year					<u>\$ 55,121,876</u>

The notes to financial statements are an integral part of this statement.

# TOWN OF McCANDLESS

## BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2021

	General Fund	Transportation District Fund	Capital Improvements Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 8,970,233	\$ 244,586	\$ 2,992,631	\$ 1,477,388	\$ 265,922	\$ 13,950,760
Investments	1,046,020	150,000	799,000	-	450,000	2,445,020
Prepaid assets	224,651	-	-	-	-	224,651
Receivables:						
Taxes	1,945,574	-	-	-	-	1,945,574
Assessments	-	965,673	-	-	38,457	1,004,130
Loans	291,625	-	-	-	-	291,625
Other	311,309	18	15,291	-	754	327,372
Due from other funds	1,555,270	252,824	65,144	-	110,644	1,983,882
<b>Total Assets</b>	<b>\$ 14,344,682</b>	<b>\$ 1,613,101</b>	<b>\$ 3,872,066</b>	<b>\$ 1,477,388</b>	<b>\$ 865,777</b>	<b>\$ 22,173,014</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 234,116	\$ -	\$ 6,263	\$ -	\$ -	\$ 240,379
Accrued payroll liabilities	327,670	-	-	-	-	327,670
Escrow deposits	420,650	-	-	-	-	420,650
Unearned revenue	77,232	-	-	745,470	-	822,702
Due to other funds	363,468	65,137	825,270	730,000	7	1,983,882
<b>Total Liabilities</b>	<b>1,423,136</b>	<b>65,137</b>	<b>831,533</b>	<b>1,475,470</b>	<b>7</b>	<b>3,795,283</b>
<b>Deferred Inflows of Resources:</b>						
Unavailable revenue:						
Taxes	1,551,748	-	-	-	-	1,551,748
Loans receivable	291,625	-	-	-	-	291,625
Assessments	-	965,673	-	-	38,457	1,004,130
<b>Total Deferred Inflows of Resources</b>	<b>1,843,373</b>	<b>965,673</b>	<b>-</b>	<b>-</b>	<b>38,457</b>	<b>2,847,503</b>
<b>Fund Balance:</b>						
Nonspendable:						
Prepaid	224,651	-	-	-	-	224,651
Restricted:						
Capital construction	-	582,291	-	-	-	582,291
Committed:						
Fire apparatus	1,141,090	-	-	-	-	1,141,090
Capital projects	-	-	3,040,533	-	827,313	3,867,846
Unassigned	9,712,432	-	-	1,918	-	9,714,350
<b>Total Fund Balance</b>	<b>11,078,173</b>	<b>582,291</b>	<b>3,040,533</b>	<b>1,918</b>	<b>827,313</b>	<b>15,530,228</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 14,344,682</b>	<b>\$ 1,613,101</b>	<b>\$ 3,872,066</b>	<b>\$ 1,477,388</b>	<b>\$ 865,777</b>	<b>\$ 22,173,014</b>

The notes to financial statements are an integral part of this statement.

# TOWN OF McCANDLESS

## RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

DECEMBER 31, 2021

<b>Total Fund Balance - Governmental Funds</b>	<b>\$ 15,530,228</b>
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	38,863,302
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Certain taxes are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	1,551,748
--	-----------

Loans receivable and assessments receivable will be collected in future years and are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.	1,295,755
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Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(99,224)
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The actuarially accrued net pension asset and liability, and deferred inflows and outflows of resources for pensions, are not recorded on the fund financial statements.	264,915
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The actuarially accrued OPEB liability, and deferred inflows and outflows of resources for OPEB, are not recorded on the fund financial statements.	<u>(2,284,848)</u>
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<b>Total Net Position - Governmental Activities</b>	<b><u>\$ 55,121,876</u></b>
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The notes to financial statements are an integral part of this statement.

# TOWN OF McCANDLESS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2021

	General Fund	Transportation District Fund	Capital Improvements Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 13,400,709	\$ -	\$ -	\$ -	\$ -	\$ 13,400,709
Licenses, permits, fines, and forfeits	419,984	-	-	-	-	419,984
Interest, rents, and royalties	18,173	2,163	3,548	1,918	2,709	28,511
Intergovernmental	1,529,819	-	-	730,000	846,272	3,106,091
Charges for services	520,370	-	-	-	-	520,370
Assessments	9,945	131,080	-	-	-	141,025
Contributions and donations	4,879	-	-	-	-	4,879
Total revenues	15,903,879	133,243	3,548	731,918	848,981	17,621,569
<b>Expenditures:</b>						
Current:						
General government	1,782,807	-	41,641	-	-	1,824,448
Public safety	7,254,532	-	-	-	-	7,254,532
Public works	3,451,520	-	752,406	-	-	4,203,926
Culture and recreation	714,908	-	71,725	-	-	786,633
Capital outlays	123,885	-	1,011,192	-	-	1,135,077
Total expenditures	13,327,652	-	1,876,964	-	-	15,204,616
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	2,576,227	133,243	(1,873,416)	731,918	848,981	2,416,953
<b>Other Financing Sources (Uses):</b>						
Sale of assets	36,365	-	-	-	-	36,365
Refunds of prior year revenues	(124,863)	-	-	-	-	(124,863)
Refunds of prior year expenditures	194,309	-	-	-	-	194,309
Operating transfers in	730,000	-	2,171,195	-	-	2,901,195
Operating transfers out	(1,200,000)	(124,700)	-	(730,000)	(846,495)	(2,901,195)
Total other financing sources (uses)	(364,189)	(124,700)	2,171,195	(730,000)	(846,495)	105,811
<b>Net Change in Fund Balance</b>	2,212,038	8,543	297,779	1,918	2,486	2,522,764
<b>Fund Balance:</b>						
Beginning of year	8,866,135	573,748	2,742,754	-	824,827	13,007,464
End of year	\$ 11,078,173	\$ 582,291	\$ 3,040,533	\$ 1,918	\$ 827,313	\$ 15,530,228

The notes to financial statements are an integral part of this statement.

# TOWN OF McCANDLESS

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

YEAR ENDED DECEMBER 31, 2021

**Net Change in Fund Balance - Governmental Funds** \$ 2,522,764

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

	Capital outlays	\$ 1,135,077	
	Less: Depreciation expense	<u>(2,292,976)</u>	(1,157,899)

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The net effect of the gain on sale and loss on the disposal of the assets is shown here.

(117,869)

Some taxes will not be collected for several months after the Town's year-end, and they are not considered "available" revenues in the governmental funds.

4,454

Loans receivable in the statement of activities differ from the amount reported in the governmental funds because the loan is recognized as a revenue in the funds when it is due. The remaining receivable balance is considered to be a deferred inflow of resources in the governmental fund statements. This is the amount recognized in the government-wide financial statements for loans due from the Town of McCandless volunteer fire companies less the amount recognized in the governmental fund statements during the current year.

(155,015)

Assessment amounts for the Transportation District Fund and the Street and Water Fund in the statement of activities differ from the amount reported in the governmental funds because the assessment is recognized as a revenue in the funds when it is due. The remaining receivable balance is considered to be a deferred inflow of resources in the governmental fund statements. This is the amount recognized in the government-wide financial statements for Phase III assessments and street, water, and sewer assessments less the amount recognized in the governmental fund statements during the current year.

(92,009)

Changes in the compensated absences liability are reflected as an adjustment to expense on the statement of activities, but not included in the fund statements.

(3,971)

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

(152,722)

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

1,178,100

**Change in Net Position of Governmental Activities**

\$ 2,025,833

The notes to financial statements are an integral part of this statement.

# TOWN OF McCANDLESS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

YEAR ENDED DECEMBER 31, 2021

	Original Budget	Amended Budget	Actual	Variance
<b>Revenues:</b>				
Taxes	\$ 12,453,500	\$ 12,453,500	\$ 13,400,709	\$ 947,209
Licenses, permits, fines, and forfeits	432,850	432,850	419,984	(12,866)
Interest, rents, and royalties	38,000	38,000	18,173	(19,827)
Intergovernmental	1,519,600	1,519,600	1,529,819	10,219
Charges and fees	405,150	405,150	520,370	115,220
Assessments	7,900	7,900	9,945	2,045
Contributions and donations	21,500	21,500	4,879	(16,621)
Total revenues	14,878,500	14,878,500	15,903,879	1,025,379
<b>Expenditures:</b>				
Current:				
General government	2,230,385	2,230,385	1,782,807	447,578
Public safety	7,946,725	8,011,625	7,254,532	757,093
Public works	3,802,360	3,802,360	3,505,405	296,955
Culture and recreation	979,530	979,530	784,908	194,622
Total expenditures	14,959,000	15,023,900	13,327,652	1,696,248
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(80,500)	(145,400)	2,576,227	2,721,627
<b>Other Financing Sources (Uses):</b>				
Sale of assets	5,000	5,000	36,365	31,365
Refunds of prior year revenues	(110,600)	(110,600)	(124,863)	(14,263)
Refunds of prior year expenditures	186,500	186,500	194,309	7,809
Operating transfers in	-	730,000	730,000	-
Operating transfers out	(1,200,000)	(1,200,000)	(1,200,000)	-
Total other financing sources (uses)	(1,119,100)	(389,100)	(364,189)	24,911
<b>Net Change in Fund Balance</b>	<u>\$ (1,199,600)</u>	<u>\$ (534,500)</u>	<u>\$ 2,212,038</u>	<u>\$ 2,746,538</u>

The notes to financial statements are an integral part of this statement.

# TOWN OF McCANDLESS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL TRANSPORTATION DISTRICT FUND

YEAR ENDED DECEMBER 31, 2021

	Original Budget	Amended Budget	Actual	Variance
<b>Revenues:</b>				
Interest, rents, and royalties	\$ 2,500	\$ 2,500	\$ 2,163	\$ (337)
Assessments	<u>124,650</u>	<u>124,650</u>	<u>131,080</u>	<u>6,430</u>
Total revenues	<u>127,150</u>	<u>127,150</u>	<u>133,243</u>	<u>6,093</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>127,150</u>	<u>127,150</u>	<u>133,243</u>	<u>6,093</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers out	<u>(124,700)</u>	<u>(124,700)</u>	<u>(124,700)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u><u>\$ 2,450</u></u>	<u><u>\$ 2,450</u></u>	<u><u>\$ 8,543</u></u>	<u><u>\$ 6,093</u></u>

The notes to financial statements are an integral part of this statement.



# TOWN OF McCANDLESS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL CAPITAL IMPROVEMENTS FUND

YEAR ENDED DECEMBER 31, 2021

	Original Budget	Amended Budget	Actual	Variance
<b>Revenues:</b>				
Interest, rents, and royalties	\$ 15,000	\$ 15,000	\$ 3,548	\$ (11,452)
Intergovernmental	797,800	797,800	-	(797,800)
Total revenues	812,800	812,800	3,548	(809,252)
<b>Expenditures:</b>				
General government	648,000	648,000	41,641	606,359
Public works	2,637,500	2,637,500	1,763,598	873,902
Culture and recreation	630,000	630,000	71,725	558,275
Total expenditures	3,915,500	3,915,500	1,876,964	2,038,536
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(3,102,700)	(3,102,700)	(1,873,416)	1,229,284
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	3,102,700	3,102,700	2,171,195	(931,505)
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 297,779</u>	<u>\$ 297,779</u>

The notes to financial statements are an integral part of this statement.

# TOWN OF McCANDLESS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL AMERICAN RESCUE PLAN FUND

YEAR ENDED DECEMBER 31, 2021

	Original Budget	Amended Budget	Actual	Variance
<b>Revenues:</b>				
Interest, rents, and royalties	\$ -	\$ 1,530	\$ 1,918	\$ 388
Intergovernmental	-	1,475,470	730,000	(745,470)
Total revenues	-	1,477,000	731,918	(745,082)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	1,477,000	731,918	(745,082)
<b>Other Financing Sources (Uses):</b>				
Operating transfers out	-	(730,000)	(730,000)	-
Total other financing sources (uses)	-	(730,000)	(730,000)	-
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ 747,000</u>	<u>\$ 1,918</u>	<u>\$ (745,082)</u>

The notes to financial statements are an integral part of this statement.

# TOWN OF McCANDLESS

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

DECEMBER 31, 2021

	Pension Trust Funds	Custodial Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 672,410	\$ 553,531
Investments:		
U.S. Treasury and agency obligations	4,198,034	-
Equities	11,357,817	-
Mutual funds	6,281,391	-
Corporate issues	44,251	-
Interest receivable	25,632	-
<b>Total Assets</b>	<b>22,579,535</b>	<b>553,531</b>
<b>Liabilities</b>		
Due to other governments	-	553,531
<b>Net Position</b>		
<b>Net Position Restricted for Fiduciary Funds</b>	<b>\$ 22,579,535</b>	<b>\$ -</b>

The notes to financial statements are an integral part of this statement.

# TOWN OF McCANDLESS

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Pension Trust Funds	Custodial Funds
<b>Additions:</b>		
Contributions:		
Commonwealth	\$ 485,415	\$ -
Employee	169,784	-
Total contributions	816,497	-
Investment income (loss):		
Interest and dividends	284,735	-
Net appreciation (depreciation) in fair value of investments	2,361,780	-
Investment expense	(195,498)	-
Net investment income (loss)	2,451,017	-
Receipts:		
Tax collections for other governments	-	54,009,570
Total additions	3,267,514	54,009,570
<b>Deductions:</b>		
Benefits	962,606	-
Administrative expense	5,331	-
Payments of tax collections to other governments	-	54,009,570
Total deductions	967,937	54,009,570
<b>Increase in Fiduciary Net Position</b>	2,299,577	-
<b>Net Position:</b>		
Beginning of year	20,279,958	-
End of year	\$ 22,579,535	\$ -

The notes to financial statements are an integral part of this statement.

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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### 1. Summary of Significant Accounting Policies

#### Reporting Entity

The Town of McCandless, Pennsylvania (Town), a home rule charter (charter) Town since January 1, 1975, is located in Allegheny County, Pennsylvania, approximately ten miles north of the City of Pittsburgh. The Town, governed by an elected Council, provides the following services as authorized by its charter: public safety, highways and streets, culture and recreation, planning and zoning, tax collection, and general administrative services.

In evaluating the Town as a primary government, management has addressed all potential component units. Component units are to be included within the financial reporting entity of the Town based upon the significance of their operational or financial relationships with the Town. No potential component units meet the criteria for inclusion in the Town reporting entity.

The Town is involved in a joint venture, as described in Note 13.

#### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town. As a general rule, any effect of interfund activity has been eliminated from the government-wide financial statements.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a particular function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from services or privileges provided by a given function or segment and 2) grants that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items properly excluded among program revenues are reported as general revenues.

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

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are prepared 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 a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and 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 collectible within a current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Property, earned income, and local services taxes 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 and available only when cash is received by the government. Expenditures are generally recorded when a liability is incurred, under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, OPEB expenditures, pension contributions, and claims and judgments, are recorded only when payment is due.

The Town presents the following major governmental funds:

The *General Fund* is the primary operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Transportation District Fund* is used to account for financial resources to be used for the acquisition or construction of new roadways, including signalization within a defined geographic area in the Town.

The *Capital Improvements Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The *American Rescue Plan Fund* is used to account for financial resources received as part of the American Rescue Plan Act.

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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The Town also reports two nonmajor funds, the State Highway Aid Fund and the Street and Water Assessment Fund.

Additionally, the Town reports the following fiduciary funds:

The *Pension Trust Funds* are used to account for assets held by the Town in a trustee capacity for future payment of retirement benefits to employees or former employees. The Town has two separate pension trust funds: the Police Plan and Non-Uniformed Employees' Pension Funds.

The *Custodial Funds* include various accounts maintained in the Tax Office.

### Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Town.

### Investments

The Town categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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.

### Capital Assets

Capital assets, which include land, buildings and improvements, furniture, machinery, equipment, and vehicles, are recorded at cost. In accordance with applicable governmental accounting standards, infrastructure has been capitalized. To the extent the Town's capitalization threshold of \$5,000 is met, capital outlays are recorded and depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 10 years
Machinery and equipment	7 - 15 years
Infrastructure	10 - 60 years
Vehicles	5 years

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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Maintenance and repairs are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized.

### Compensated Absences

A liability for compensated absences is determined by the appropriate vacation and personal day payments that would be made if employees were to leave or retire from the Town. Compensated absences accrue when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability for compensated absences has typically been liquidated by the General Fund in prior years.

The Town's vacation policy provides that employees are to take vacation within the year it is earned, with no carry forward provisions except for non-collective bargaining unit employees. The Town's personal day policy provides that employees are to take personal days within the year they are earned, with no carry forward provisions except for collective bargaining employees. Public Works union employees earn paid days off (PDOs) in lieu of vacation and sick leave and can accumulate up to 10 PDOs at the end of each year. Accumulated sick leave is capped at 130 days for administrative employees and 30 days for police officers, and there is no compensation for unused sick leave.

### Deferred Outflows / Inflows of Resources

In addition to assets/liabilities, the statement of net position and/or balance sheet will sometimes report separate sections for deferred outflows/inflows of resources. This separate financial statement element, deferred outflows/inflows of resources, represents a consumption of net position and/or fund balance that applies to a future period and so will not be recognized as an outflow/inflow of resources (expense/expenditure or revenue) until then. The Town has the following items that qualify for reporting in these categories:

Certain amounts determined in connection with pension and OPEB accounting requirements are reported as deferred/inflows outflows of resources on the government-wide financial statements. These amounts are determined based on the actuarial valuations performed for the plans. Notes 6 and 8 present additional information about the pension and OPEB plans.

Unavailable revenue is reported only on the balance sheet and represents taxes, loans receivable, and assessments, which will not be collected within the available period. These

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# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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amounts will be recognized as an inflow of resources in the period the amounts become available.

### Fund Balance

In the fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed upon the funds. These levels are as follows:

- Nonspendable – This category represents funds that are not in spendable form and includes prepaid assets.
- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties.
- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by Council. Such commitment is made via formal action by Council and must be made prior to the end of the year. A commitment can only be modified or removed by the same formal action.
- Assigned – This category represents intentions of Council to use the funds for specific purposes. Council has delegated the authority to assign amounts to be used for specific purposes to the Town Manager or his/her designee. There was no assigned fund balance at December 31, 2021.
- Unassigned – This category includes the residual classification for the Town's General Fund and includes all spendable amounts not contained in other classifications.

The Town's policy is to use funds in the order of the most restrictive to the least restrictive.

### Net Position

The government-wide statements are required to report three components of net position:

- Net investment in capital assets – This component of net position consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount. There are no outstanding borrowings for capital purchases at December 31, 2021.

- Restricted – This component of net position consists of constraints placed on net position use through external restrictions. Such amounts relate to pension benefits and capital construction in the Transportation District Fund as discussed in Note 12.
- Unrestricted – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

### Interfund Receivables, Payables, and Transfers

Interfund accounts receivable are considered to be available, expendable resources, and are reported as assets in the "due from other funds" account. Interfund accounts payable are considered to be committed expendable resources and are reported as liabilities in the "due to other funds" accounts. Interfund transactions occur for various reasons and are eliminated from the government-wide financial statements.

Transactions between funds that are not expected to be repaid are accounted for as transfers. In those cases when repayment is expected within the next fiscal year, the transactions are accounted for through the various due from and due to accounts.

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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The balances at December 31, 2021 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 1,555,270	\$ 363,468
Transportation District Fund	252,824	65,137
Capital Improvements Fund	65,144	825,270
American Rescue Plan Fund	-	730,000
Other Government Funds:		
State Highway Aid Fund	110,644	7
	<u>\$ 1,983,882</u>	<u>\$ 1,983,882</u>

	Transfers In	Transfers Out
General Fund	\$ 730,000	\$ 1,200,000
Transportation District Fund	-	124,700
Capital Improvements Fund	2,171,195	-
American Rescue Plan Fund	-	730,000
Other Government Fund:		
State Highway Aid Fund	-	846,495
	<u>\$ 2,901,195</u>	<u>\$ 2,901,195</u>

The transfer from the Transportation District Fund to the Capital Improvements Fund was to transfer the annual assessments to be used for future capital projects.

The transfer from the State Highway Aid Fund to the Capital Improvements Fund was used for the Town's paving program.

The transfer from the American Rescue Plan Fund to the General Fund was used for general government services.

The Town has a Fund Balance and Reserves Policy that sets the General Fund's unassigned fund balance level at two months of operating revenue or expenditures. The remainder is to be moved to the Capital Improvements Fund to fund capital improvements. A portion of the transfer in from the General Fund to the Capital Improvements Fund is due to this policy.

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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### 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 the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### Budgets and Budgetary Accounting

Annual appropriated budgets are adopted, on a modified accrual basis of accounting, for all funds except for Pension Trust Funds and Custodial Funds. Budgetary control for the Pension Trust Funds is maintained by the provisions of the funds as implemented by their respective governing boards.

The Town uses the following procedures in establishing the budgetary data reflected in the financial statements as prescribed in the Town's charter.

- a. On or before the 15th day of October of each year, the Town Manager shall submit to Council Members (Council) a budget for the ensuing fiscal year and an accompanying message.
- b. Council shall adopt the budget by ordinance prior to the commencement of each year.
- c. An ordinance shall be published in a newspaper of general circulation in the Town at least once, but not more than ninety days or less than two days prior to its final enactment. A public hearing shall be held not more than sixty days or less than six days prior to the enactment of any ordinance. Each ordinance shall be published, in a newspaper of general circulation in the Town, at least once as soon as is practicable after its final enactment. The effective date of any ordinance shall be ten days after the notice of the enactment thereof is published in a newspaper of general circulation in the Town.

The Town Manager is responsible for budget control. The Town Manager shall notify Council promptly whenever present and anticipated obligations under any budget item indicate an overrun that is both greater than \$5,000 and greater than 10% of the amount budgeted. Council may take immediate action to reduce the anticipated expenditure so as to be consistent with the budget item or to amend the budget. Based on this budget control, an ordinance was adopted during the year to increase General Fund revenues by \$730,000 and increase General Fund appropriations by \$64,900. The amended budget is reflected in the financial statements.

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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Any excess appropriations lapse at the end of the fiscal year. The budget, for all budgeted funds, is adopted by department. However, management may authorize expenditures in excess of appropriations within a fund without making formal budget transfers as long as expenditures do not exceed available resources. Therefore, the measurement level of control over expenditures for all budgeted funds is the surplus or deficit of the fund as a whole.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded, is employed as an extension of formal budgetary integration in all budgeted funds. Encumbered appropriations are reappropriated in the ensuing year's budget.

### Pending Pronouncements

The Governmental Accounting Standards Board (GASB) has issued statements that will become effective in future years, including Statement Nos. 87 (Leases), 91 (Conduit Debt Obligations), 92 (Omnibus 2020), 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), 97 (Deferred Compensation Plans), and 99 (Omnibus 2022). Management has not yet determined the impact of these statements on the financial statements.

## **2. Deposits and Investments**

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury Bills, other short-term U.S. and Pennsylvania government or agency obligations, short-term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. The deposit and investment policy of the Town adheres to state statutes and prudent business practice. Governmental funds are either maintained in demand deposits or invested with the Pennsylvania Local Government Investment Trust (PLGIT). Fiduciary fund investments may also be made in corporate stocks and bonds, real estate, and other investments consistent with sound business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the Town's policy.

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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### Deposits

The following is a description of the Town's deposit risk:

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk. As of December 31, 2021, \$12,217,576 of the Town's bank balance of \$12,717,576 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania State Legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. As of December 31, 2021, the carrying amounts of the Town's deposits were \$12,510,463.

### Cash Equivalent Investments

The fair value of the Town's position in the external investment pool is the same as the value of the pool shares. All investments in an external investment pool that is not SEC registered are subject to oversight by the Commonwealth of Pennsylvania.

The Town can withdraw funds from the external investment pools. However, there are certain limitations placed on these withdrawals. For PLGIT-Class accounts, there is a one-day holding period. For PLGIT/PRIME accounts, there is a one-day holding period and a penalty for more than two withdrawals in a calendar month. PLGIT is audited annually by independent auditors. PLGIT uses amortized cost to report net assets to compute share prices. It is PLGIT's policy to maintain a net asset value of \$1 per share. Accordingly, the fair value of the position of PLGIT is the same as the value of PLGIT shares.

As of December 31, 2021, the entire PLGIT book balance of \$1,440,297 is considered to be a cash equivalent for presentation on the statement of net position and governmental funds balance sheet.

The following is a description of the Town's investment risks:

*Credit Risk* – The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Town has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2021, investments in PLGIT have received an AAAM rating from Standard & Poor's.

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside entity. The Town does not have a formal investment policy for custodial credit risk. The Town's investments in PLGIT cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form.

*Concentration of Credit Risk* – The Town places no limit on the amount the Town may invest in any one issuer. The Town has no investments of greater than 5% with one issuer.

*Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of the Town's investments. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All investments have an average maturity of less than one year.

### Investments

At December 31, 2021, the Town has investments in money markets and certificates of deposit totaling \$20 and \$2,445,00, respectively. The certificates bear interest ranging from 0.10% to 0.45% and have maturities ranging from one to forty-two months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

### Pension Trust Funds

*Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's investment policy does not limit investment maturities as means of managing its exposure to fair value losses arising from increasing interest rates; however, all of the Town's investments have maturities of less than five years with the exception of the U.S. Treasury and agency obligations. The following lists the maturities of investments at December 31, 2021:

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

Deposit or Investment Type	Investment Maturities from December 31, 2021				
	Fair Value	Less Than 1 year	1-5 years	6-10 years	More than 10 years
U.S. Treasury and agency obligations	\$ 4,198,034	\$ -	\$ 3,426,832	\$ 209,621	\$ 561,581
Corporate issues	44,251	-	44,251	-	-
Total debt securities	4,242,285	\$ -	\$ 3,471,083	\$ 209,621	\$ 561,581
Cash and cash equivalents	672,410				
Equities	11,357,817				
Mutual funds	6,281,391				
Total cash, cash equivalents, and other investments	18,311,618				
Interest receivable	25,632				
<b>Total assets reported on the statement of fiduciary net position - fiduciary funds</b>	<b>\$ 22,579,535</b>				

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside entity. The Town does not have a formal investment policy for custodial credit risk.

*Concentration of Credit Risk* – The Town places no limit on the amount the Town may invest in any one issuer. The Town has no investments of greater than 5% with one issuer.

*Credit Risk* – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's investment policy limits its investment choices based on credit ratings by nationally recognized statistical rating organizations. The following lists the ratings of the Town's pension trust funds' investments at December 31, 2021:

Investment Type	Amount	Rating as of Year-End		
		Aaa	A1	Unrated
U.S. Treasury and agency obligations	\$ 4,198,034	\$ 3,512,933	\$ -	\$ 685,101
Corporate issues	44,251	-	44,251	-
Total debt securities	\$ 4,242,285	\$ 3,512,933	\$ 44,251	\$ 685,101

U.S. Treasury and agency obligations, equities, and mutual funds are valued using quoted market prices (Level 1 inputs). Corporate issues are valued using a matrix pricing model (Level 2 inputs).



# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

### Custodial Funds

The Town maintains bank accounts for real estate tax and earned income tax collections. The balance of these accounts is reflected in the statement of fiduciary net position. The carrying amount of deposits for these funds was \$553,531 and the bank balance was \$576,456. The bank balance was collateralized in accordance with Act 72 of the Pennsylvania State Legislature.

### 3. Property Taxes

The Town's property tax is levied based on assessed values provided by the Allegheny County, Pennsylvania (County) assessment office at January 1. The 2021 levy was based upon an assessed valuation of approximately \$2.7 billion, which is the estimated market value. For 2021, Town real estate taxes were levied at 1.236 mills (.001236%) on every dollar of taxable assessed valuation.

Taxes are billed July 1 and are due on or before November 2. The Town's Tax Office collects the real estate tax. Taxpayers making payments on or before September 1 are given a 2% discount. Payments made after November 2 are assessed a 10% penalty. The Town's Tax Office also collects the delinquent real estate taxes.

### 4. Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2021 was as follows:

	Balance at January 1, 2021	Additions	Reductions	Balance at December 31, 2021	Due Within One Year
Governmental activities:					
Compensated absences	\$ 95,253	\$ 3,971	\$ -	\$ 99,224	\$ -
OPEB liability	2,356,668	224,721	(99,053)	2,482,336	89,844
Net pension liability	141,573	43,015	(27,205)	157,383	-
Total long-term liabilities	<u>\$ 2,593,494</u>	<u>\$ 271,707</u>	<u>\$ (126,258)</u>	<u>\$ 2,738,943</u>	<u>\$ 89,844</u>

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

### 5. Capital Assets

A summary of changes in capital assets during 2021 is as follows:

	January 1, 2021	Additions/ Transfers	Disposals/ Transfers	December 31, 2021
Capital assets, not being depreciated:				
Land	\$ 3,907,401	\$ -	\$ -	\$ 3,907,401
Total capital assets, not being depreciated	<u>3,907,401</u>	<u>-</u>	<u>-</u>	<u>3,907,401</u>
Capital assets, being depreciated:				
Buildings and improvements	4,874,390	-	-	4,874,390
Furniture and equipment	369,861	-	-	369,861
Machinery and equipment	1,427,060	123,885	-	1,550,945
Vehicles	3,162,259	-	(110,164)	3,052,095
Infrastructure	<u>52,992,255</u>	<u>1,011,192</u>	<u>(719,401)</u>	<u>53,284,046</u>
Total capital assets, being depreciated	<u>62,825,825</u>	<u>1,135,077</u>	<u>(829,565)</u>	<u>63,131,337</u>
Less accumulated depreciation for:				
Buildings and improvements	2,063,880	122,480	-	2,186,360
Furniture and equipment	316,639	16,941	-	333,580
Machinery and equipment	964,069	67,594	-	1,031,663
Vehicles	1,723,589	225,005	(89,667)	1,858,927
Infrastructure	<u>21,525,979</u>	<u>1,860,956</u>	<u>(622,029)</u>	<u>22,764,906</u>
Total accumulated depreciation	<u>26,594,156</u>	<u>2,292,976</u>	<u>(711,696)</u>	<u>28,175,436</u>
Total capital assets, being depreciated, net	<u>36,231,669</u>	<u>(1,157,899)</u>	<u>(117,869)</u>	<u>34,955,901</u>
Total capital assets, net	<u>\$ 40,139,070</u>	<u>\$ (1,157,899)</u>	<u>\$ (117,869)</u>	<u>\$ 38,863,302</u>

Depreciation expense was charged to functions/programs of the Town as follows:

General government	\$ 138,192
Public safety	65,291
Public works	2,060,823
Culture and recreation	<u>28,670</u>
	<u>\$ 2,292,976</u>

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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### 6. Pension Plans

#### Summary of Significant Accounting Policies

Financial information of the Town's pension plans (Plans) is presented on the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans. Employer contributions to each Plan are recognized when due as required by Act 205 of the Commonwealth (Act).

Investments of the Plans are reported at fair value.

#### Plan Descriptions

The Town administers two single employer defined benefit pension plans for the Police and Non-Uniformed employees. These Plans cover all full-time police, and non-uniformed employees hired before May 1, 1985. The Plans provide retirement benefits to Plan members. Plan provisions are established by municipal ordinance with the authority for municipal contributions required by the Act. The activity of the Plan is reported as the Pension Trust Funds in the accompanying financial statements. The Plans do not issue separate reports.

The Council of the Town governs both Plans and is responsible for the administration. Council has delegated the authority to manage certain Plan assets to Manning and Napier with U.S. Bank acting as custodian. Annuities have been purchased for any individual who retired prior to January 1, 1991 to pay off future benefit obligations. These assets are no longer part of the Plans.

Non-Uniformed employees of the Town hired after May 1, 1985 are not eligible for participation in the Non-Uniformed Employees' Plan. All such employees participate in the defined contribution plan as described in Note 7.

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

As of December 31, 2021, participants in the Plans were as follows:

	Police	Non-Uniformed
Participants:		
Active plan members	29	-
Inactive plan members and beneficiaries currently receiving benefits	30	2
Inactive plan members entitled to benefits but not yet receiving	-	-
	<u>59</u>	<u>2</u>

### Benefits Provided – Non-Uniformed Employees’ Plan

Participants in the Non-Uniformed Employees’ Plan are 100% vested after 10 years of service. The Non-Uniformed Employees’ Plan provides the following benefits:

*Retirement Benefit* - For normal retirement, a participant is entitled to begin receiving retirement benefits at the earlier of the age 65 or the completion of 30 years of credited service. The scheduled monthly retirement benefit is equal to 25% of average compensation during the highest consecutive 36 months of the final 72 months preceding termination up to \$550, plus 50% of average compensation in excess of \$550 multiplied by total contributory service (not to exceed 15) and divided by 15. For early retirement, a participant is eligible at the age of 55. The scheduled monthly retirement benefit is the accrued benefit at the date of retirement, actuarially reduced for each month by which benefit commencement precedes normal retirement date.

*Disability Benefit* – A participant is eligible for disability benefits if there is a total and permanent disablement after the completion of 10 years of service. The accrued benefit at date of disablement is payable after a six-month waiting period until age 65 and life thereafter.

*Death Benefit* - If a participant’s death occurs, the participant’s surviving spouse receives a monthly benefit equal to the actuarially reduced joint and 50% survivor annuity that is available after age 55 and the completion of 10 years of service. If no surviving spouse, contributions plus interest less benefits already paid, will be paid to the participant’s estate, or to spouse’s estate.

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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### Benefits Provided – Police Plan

Participants in the Plan are 100% vested after the completion of ten years of service if hired prior to October 1, 1998. Participants are 100% vested after the completion of 12 years of service if hired after September 30, 1998. The Police Plan provides the following benefits:

*Retirement Benefit* – For normal retirement, a participant is entitled to begin receiving retirement benefits at the age 50 and the completion of 25 years of service. For participants hired prior to October 1, 1998, the scheduled monthly benefit is equal to 50% of final monthly average salary (average base pay over the highest 36 months of employment). For participants hired after September 30, 1998, the scheduled monthly benefit is equal to 50% of final monthly average salary (average base pay over the last 36 months of employment). For early retirement, a participant is eligible after 20 years of service. The scheduled monthly benefit is the accrued benefit at the date of retirement, actuarially reduced.

*Disability Benefit* – If a participant becomes totally and permanently disabled as a result of accident or sickness occurring in the line of duty, the participant is entitled to receive a monthly disability benefit. The scheduled benefit is 50% of the participant's salary at the time the disability was incurred, offset by Social Security disability benefits for the same condition. If a participant becomes totally and permanently disabled as a result of non-service related accident or sickness, the participant is entitled to receive a monthly disability benefit. The scheduled benefit is equal to 50% of final monthly average salary and is payable at age 65 (available only to participants hired before October 1, 1998).

*Death Benefit* – If a participant's death occurs before vesting and retirement eligibility, the participant's estate receives a refund of contributions made by the participant. If a participant's death occurs before retirement eligibility and after vesting, the participant's spouse receives 50% of the participant's accrued benefit at the date of death, payable for life, commencing at the date that would have been the participant's normal retirement date. If a participant's death occurs after the participant has qualified for retirement and the participant is survived by an eligible spouse, he/she will receive a monthly benefit equal to 50% of the pension the participant was receiving or was entitled to receive on the date of death. In the event of the spouse's death, the participant's dependent children will share the benefit until age 18 (age 23 if attending college).

*Deferred Retirement Option Program* – In 2007, the Police Plan was amended to offer eligible participants the opportunity to participate in a Deferred Retirement Option Program (DROP). The DROP Plan provides an alternative method of payment for retirement benefits

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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for a specified and limited period of time for members of the Police department. Under this Plan, employees stop earning service credit toward a future benefit and the calculated retirement benefit at the time the DROP Plan period begins, and the monthly calculated retirement benefit from that point forward is deposited into another investment vehicle that offers both substantial security and some level of guaranteed interest.

Employees are eligible to participate in the DROP program at the later of age 52 and completion of 26 years of service. The benefit is deposited into a separate account and credited with interest (the actual market value yield on the aggregate pension fund for a given calendar year, 2% less; however, no less than 1% nor greater than 4.5%) during DROP participation (maximum of three years). Within thirty days of employment separation, any DROP Plan participant will receive the monies in their DROP account in a single lump-sum payment. As of December 31, 2021, the Plan held no DROP balances.

### Contributions and Funding Policy

The Act requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). The MMO calculation is based upon the biennial actuarial valuation. The Commonwealth of Pennsylvania allocates certain funds to assist in pension funding. Any financial requirement established by the MMO that exceeds the Commonwealth of Pennsylvania allocation must be funded by the Town (and could include employee contributions).

The Town contributed the funds necessary to meet the MMO obligation for the Police Plan and the Non-Uniformed Employees' Plan in the amount of \$621,837 and \$24,876, respectively.

Under the terms of the Plans, Non-Uniformed and Police employees are required to contribute 5% of covered payroll. This contribution is governed by the Plan's governing ordinances and collective bargaining. Contributions to the Plan are currently waived for Non-Uniformed employees. Employee contributions to the Police Plan for 2021 were \$169,784.

Administrative costs, including investment, custodial trustee, and actuarial services are charged to the appropriate plan and funded from investment earnings.

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

### Net Pension Liability (Asset)

The Town's net pension liability (asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by actuarial valuations as of January 1, 2021.

The components of the net pension liability (asset) of the Plans at December 31, 2021 were as follows:

	Police	Non-Uniformed Employees
Total pension liability	\$ 19,632,456	\$ 216,336
Plan fiduciary net position	(22,520,582)	(58,953)
Net pension liability (asset)	<u>\$ (2,888,126)</u>	<u>\$ 157,383</u>
Plan fiduciary net positions as a percentage of total pension liability	<u>114.71%</u>	<u>27.25%</u>

The changes in the net pension liability (asset) of the Non-Uniformed Employees' Plan for the year ended December 31, 2021 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2020	\$ 212,396	\$ 70,823	\$ 141,573
Changes for the year:			
Interest	13,810	-	13,810
Differences between expected and actual experience	20,748	-	20,748
Changes of assumptions	5,703	-	5,703
Contributions - employer	-	24,876	(24,876)
Net investment income	-	2,329	(2,329)
Benefit payments, including refunds	(36,321)	(36,321)	-
Administrative expense	-	(2,754)	2,754
Net changes	<u>3,940</u>	<u>(11,870)</u>	<u>15,810</u>
Balances at December 31, 2021	<u>\$ 216,336</u>	<u>\$ 58,953</u>	<u>\$ 157,383</u>

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

The changes in the net pension liability (asset) of the Police Plan for the year ended December 31, 2021 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2020	\$ 18,555,586	\$ 20,209,135	\$ (1,653,549)
Changes for the year:			
Service cost	486,736	-	486,736
Interest	1,325,975	-	1,325,975
Differences between expected and actual experience	190,444	-	190,444
Contributions - employer	-	621,837	(621,837)
Contributions - employee	-	169,784	(169,784)
Net investment income	-	2,644,186	(2,644,186)
Benefit payments, including refunds	(926,285)	(926,285)	-
Administrative expense	-	(198,075)	198,075
Net changes	1,076,870	2,311,447	(1,234,577)
Balances at December 31, 2021	\$ 19,632,456	\$ 22,520,582	\$ (2,888,126)

**Actuarial Assumptions** – The total pension liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods in the measurement:

	Police	Non-Uniformed Employees
Actuarial valuation date	1/1/2021	1/1/2021
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial assumptions:		
Investment rate of return	7.00%	6.25%
Projected salary increases	4.25%	N/A
Underlying inflation rate	2.50%	2.50%
Mortality	2010 Public Plan - Public Safety mortality tables (PubS-2010). Rates projected from base year 2015 with rates derived from the Long-Range demographic assumptions for the 2018 Social Security Administration's Trustee Report.	2010 Public Plan - General Employees mortality tables (PubG-2010) with no mortality improvement assumed.



# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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### Changes in Actuarial Assumptions

For the Non-Uniformed Employees' Plan actuarial valuation dated January 1, 2021, the interest rate was lowered from 6.75% to 6.25%.

### Investment Policy

The Plan is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act.

The Plans' target asset allocation is as follows:

Asset Class	Target Allocation	
	Police	Non-Uniformed
Cash and Cash Equivalents	0 - 100%	0 - 100%
Fixed Income	0 - 100%	0 - 100%
Equities	0 - 70%	0 - 70%

*Long-Term Expected Rate of Return* – The long-term expected rate of return on Plan investments was determined using a building-block method in which 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. The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Plans' target asset allocation as of December 31, 2021:

Asset Class	Long-Term Expected Real Rate of Return
US Equity - Large Cap	4.09% - 7.34%
US Equity - Small/Mid Cap	5.01% - 9.06%
Non-US Equity - Developed	4.62% - 8.26%
Non-US Equity - Emerging	5.65% - 10.49%
US Corporate Bond - Core	0.88% - 2.02%
US Corporate Bond - High Yield	2.80% - 4.96%
Non-US Debt - Developed	0.44% - 1.89%
Non-US Debt - Emerging	2.69% - 4.76%
US Treasuries/Cash	0.07% - 0.53%

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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*Rate of Return* – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2021, the annual money-weighted rate of return on the Police Plan and Non-Uniformed Employees' Plan investments, net of investment expense, was 13.32% and 4.32%, respectively.

*Concentrations* – The Plans place no limit on the amount that may be invested in any one issuer. At December 31, 2021, the Plans had no investments (other than U.S. Government and U.S. Government guaranteed obligations, mutual funds, or other pooled investments) in any one issuer that represent 5% or more of fiduciary net position.

*Discount Rate* – The discount rate used to measure the total pension liability for the Police Plan and Non-Uniformed Employees' Plan was 7.00% and 6.25%, respectively. 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 the employer contributions will be made equal to the MMO. Based on those assumptions, the Plans' 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 payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate* – The following presents the net pension liability (asset) of the Plans calculated using the discount rates described above, as well as what the Plans' net pension liabilities (asset) would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

<u>Police Plan</u>	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability (Asset)	<u>\$ (695,157)</u>	<u>\$ (2,888,126)</u>	<u>\$ (4,735,515)</u>
<u>Non-Uniformed Employees' Plan</u>	1% Decrease Rate (5.25%)	Current Discount Rate (6.25%)	1% Increase Rate (7.25%)
Net Pension Liability	<u>\$ 168,050</u>	<u>\$ 157,383</u>	<u>\$ 147,635</u>

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

### Pension Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2021, the Town recognized pension expense of (\$531,387). At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police	Non-Uniformed
<u>Deferred Outflows of Resources:</u>		
Differences between expected and actual experience	\$ 157,033	\$ -
Changes of assumption	299,901	-
Net difference between projected and actual earnings on pension plan investments	-	202
Total deferred outflows of resources	<u>\$ 456,934</u>	<u>\$ 202</u>
	Police	Non-Uniformed
<u>Deferred Inflows of Resources:</u>		
Differences between expected and actual experience	\$ 77,058	\$ -
Net difference between projected and actual earnings on pension plan investments	2,845,906	-
Total deferred inflows of resources	<u>\$ 2,922,964</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31,	Police	Non-Uniformed
2022	\$ (735,000)	\$ 795
2023	(955,334)	(775)
2024	(581,714)	(23)
2025	(217,371)	205
2026	23,389	-
	<u>\$ (2,466,030)</u>	<u>\$ 202</u>

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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### 7. Defined Contribution Plan

The Town also provides pension benefits for its non-uniformed employees hired after May 1, 1985 through a defined contribution pension plan (plan). This plan is a money purchase plan maintained in accordance with Internal Revenue Code Section 414(H). Benefits to retired employees depend on amounts contributed plus investment earnings. Employee contributions to the plan as specified in the plan document are 5% of base compensation for all Administration employees and 6% for all Public Works employees. The Town contribution, which is a match of the employee contribution, vests 50% with the participants after five years and 10% each year thereafter up to 100%. Employee and required employer contributions during 2021 were \$148,104 each. The employer contribution was funded from the General Fund.

### 8. Other Post-Employment Benefits

#### Plan Description

In addition to the pension benefits described in Notes 6 and 7, the Town provides post-retirement health care insurance benefits in accordance with the police bargaining agreement. The Town funds all Town contributions on a pay-as-you-go method. Such benefits are primarily funded through annual appropriations from the Town's General Fund. The Town provides the following to substantially all full-time police officers who retire after attaining age 50 and completing 25 years of service, or after 20 years of service, or due to disability. No assets are accumulated in a trust to pay related benefits.

At December 31, 2021, Plan membership consisted of the following:

Active plan members	30
Retired participants	<u>4</u>
Total plan members	<u><u>34</u></u>

#### Benefits Provided

Covered individuals receive a reimbursement from the Town for their cost of health insurance benefits until the retiree attains the age of 65. Reimbursements are paid up to a maximum of the applicable rate in effect at the time of retirement. If the retiree is married and both are under age 65, the applicable maximum rate will be the husband/wife rate; if

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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the retiree is single or if the retiree is married and one of the two is over 65, the applicable maximum rate will be the single rate. If marital status changes, the applicable maximum rate will be adjusted. Those eligible police officers retiring early (after 20 years of service) will have their maximum medical reimbursement prorated in the same manner as their actuarially reduced pension benefit.

### Funding Policy

The Town's contribution is based on projected pay-as-you-go financing requirements. As such, no actuarially determined contribution is calculated. For 2021, the Town contributed approximately \$65,000 to the plan. Employees contribute to health care costs at a flat rate based on wages and family size.

### OPEB Liability

The Town's OPEB liability was measured as of December 31, 2021 and was determined by an actuarial valuation as of January 1, 2020. There were no plan changes between the January 1, 2020 valuation date and the December 31, 2021 liability measurement date. Standard actuarial techniques were used to roll forward the total OPEB liability from the valuation date to the measurement date.

### Actuarial Assumptions

The methods and assumptions are as follows:

- Discount rate, using index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher: 3.00%
- Actuarial cost method: Entry Age Normal
- Mortality: 2010 Public Plan – Public Safety mortality tables
- Retirement:
  - Age 55 with 25 years of service if hired before October 1, 1998; Age 52 with 26 years of service for all others
- Health Care Cost Trend Rate: 5.50% for 2020-2024, 5.25% for 2025-2027, and 5.00% for 2028 and later.

*Changes in Actuarial Assumptions.* For the January 1, 2020 actuarial valuation, the discount rate was lowered from 3.25% to 3.00%, the retirement assumption for those hired after October 1, 1998 used in the previous valuation (age 53 after completion of 26 years of

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

service) has been updated to age 52 after completion of 26 years of service, and the health care cost trend rates were updated.

*Changes in the Total OPEB Liability.* The changes in the total OPEB liability of the Town for the year ended December 31, 2021 were as follows:

	OPEB Liability
Balance at January 1, 2021	\$ 2,356,668
Changes for the year:	
Differences between expected and actual experience	-
Changes in assumption or other inputs	-
Service cost	150,967
Interest	73,754
Benefit payments	(99,053)
Net changes	125,668
Balance at December 31, 2021	\$ 2,482,336

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following represents the total OPEB liability calculated using the stated discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
\$ 2,680,284	\$ 2,482,336	\$ 2,300,725

*Sensitivity of the Total OPEB Liability to Changes in the Medical Trend Rate* – The following presents the total OPEB liability calculated using the stated medical trend assumption, as well as what the total OPEB liability would be if it were calculated using a medical trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

1% Decrease	Current Rate	1% Increase
\$ 2,293,893	\$ 2,482,336	\$ 2,694,477

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

*OPEB Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to OPEBs.* For the year ended December 31, 2021, the Town recognized OPEB expense of \$251,775. At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Deferred Outflows of Resources:	
Changes of assumption	<u>\$ 228,180</u>
Deferred Inflows of Resources:	
Differences between expected and actual experience	<u>\$ 30,692</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31,	
2022	\$ 27,054
2023	27,054
2024	27,054
2025	27,054
2026	27,054
Thereafter	<u>62,218</u>
	<u>\$ 197,488</u>

### 9. Deferred Compensation Plan

The Town provides all full-time employees an option to participate in a deferred compensation plan (Plan) created in accordance with Internal Revenue Code Section 457 (Section 457). The Plan permits participants to defer a portion of their salary until future years. Participation in the Plan is optional. The deferred compensation is not available to the employee until termination, retirement, or death. At December 31, 2021, all amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, are held in trust solely for the benefit of the participants. Deferred compensation assets at December 31, 2021 totaled approximately \$5.2 million. During 2021, the employer and employee contributions were approximately \$225,000. The Plan is not required to be included in the Town's financial statements.

# **TOWN OF MCCANDLESS**

## **NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2021

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### **10. Contingent Liabilities**

Various claims and lawsuits are pending against the Town. The ultimate outcome of these claims and lawsuits cannot presently be determined and, accordingly, no provision for amounts arising from these potential settlements has been made in these financial statements. In the opinion of management and legal counsel, the effect on the financial statements of the potential losses on any claim and/or lawsuit should not be material.

### **11. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There have been no significant changes in insurance coverage since the prior year.

For its dental insurance coverage, the Town is a member of Delta Dental Insurance Group (Delta). The Town pays a monthly premium to Delta and subsequently, on a quarterly basis, receives a credit/refund or is assessed additional premiums plus administrative fees based on the actual experience of Town employees.

For its workers' compensation insurance coverage, the Town participates in the Municipal Risk Management Worker's Compensation Pooled Trust (Trust), a public entity risk pool operated for the benefit of 239 cities, municipalities, towns, and municipal authorities. Trust underwriting and rate-setting policies are established after consultation with an independent actuary and certain approvals of the Pennsylvania Department of Labor and Industry as mandated by Act 44 of 1993 (Act 44). All Trust participants may be subject to a supplemental assessment/dividend based on the overall experience of the participants, pursuant to Act 44. Each participant of the Trust agrees to jointly and severally assume and discharge the liabilities arising under the Workers' Compensation Act and Occupational Disease Act of each and every participant of the Trust. The Trust purchases excess insurance coverage with statutory limits. The retention for this excess coverage is \$750,000 per occurrence. Political subdivisions joining the Trust must remain members for a minimum of four years; a member may withdraw from the Trust after that time by giving ninety days' notice, subject to approval by the Trust actuary under specified circumstances related to the continued fiscal stability of the pool. At the time of withdrawal, the participant is responsible for their share of assessments but has no claim on any other assets of the Trust.



# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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The Town participates as a member in Municipal Employers Insurance Trust (d/b/a Municipal Benefit Services (MBS)), a public entity risk pool. MBS provides certain benefits including but not limited to, the following coverages: health benefits, short-term accident and sickness disability benefits, long-term accident and sickness disability benefits, dental benefits, vision care, prescription drugs, and life insurance for those eligible employers. All participants of MBS may be subject to supplemental premiums based on the overall experience of the participating members. Reserves generated by MBS for self-insured health premiums paid by members exceeding claims and expenses are held by MBS for the benefit of all participating members. Beginning in 2015, a portion of the excess reserves was deposited in eligible clients' Rate Mitigation Accounts (RMA) as determined by MBS's actuary. RMA funds are held by MBS and are available to the Town reduce future costs associated with participating coverage. RMA fund are forfeited if the member terminates participation in the MBS medical insurance program.

### **12. Transportation District**

Traffic engineering studies were performed by the Town to determine a capital project improvement program. The boundaries of these project improvements were set to establish the Transportation District on McKnight Road (District). Any property (commercial or residential) in the proximity or adjacent to the transportation development District boundaries are imposed an assessment since they are to benefit from the improvement project.

Phases I and II of District projects ended with the connection of Duncan Avenue at McKnight Road in 2004. During 2012, Phase III ended with completion of Duncan Avenue's western extension. Under the Town's Transportation District Ordinance and general obligation bond issues, any funds remaining in the Transportation District Fund after all projects are complete may be applied to capital projects undertaken by the Town for general purposes. Current annual assessments under Phases II and III (\$118,250) are billed semi-annually over a 20-year period. The 20-year assessment begins when a property receives access and benefits of District projects. Total assessments yet to be billed and collected are approximately \$920,000 as of December 31, 2021.

Bonds were issued in 1992 to fund the capital project, subsequently refunded with General Obligation Bonds Series 1996, which were then refunded with General Obligation Notes, Series 2004. The assessments noted above were to cover the costs of the debt service, with any shortfalls being covered by the General Fund. The Transportation District Fund hopes to be able to repay the General Fund for any funds transferred.

# TOWN OF MCCANDLESS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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### 13. Joint Venture

#### Northland Public Library

Northland Public Library (Library) is a public library that is considered to be a municipal authority by the Commonwealth of Pennsylvania. The governing body of the Library is its Board of Trustees, which is comprised of seven members appointed by the elected officials of its five supporting municipalities (one of which is the Town). Since no individual municipality has control, the Library is not considered a component unit of any one-member community.

The Library meets the criteria for a joint venture as it is an organization that results from a contractual arrangement that is owned by two or more participants as a separate and specific activity subject to joint control, in which participants retain an ongoing financial responsibility.

The Town, per contractual agreement, is responsible on a per capita basis for financing expenses of the Library, and to that end, is obligated to pay a share of the budgeted expenses of operation annually. Such payments amounted to \$641,905 for the year ended December 31, 2021.

The Town has no equity interest in the Library. The Library issues separate financial statements, which are available at the Northland Public Library, 300 Cumberland Road, Pittsburgh, PA 15237.

### 14. Subsequent Event

In February 2022, the Town authorized the loan of funds to the Highland Firemen's Association for the purchase of a new Pierce "Enforcer" Custom Pumper Truck in the amount of \$300,000.

**REQUIRED SUPPLEMENTARY INFORMATION –  
PENSION PLAN DISCLOSURES**

# TOWN OF McCANDLESS

## SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

### NON-UNIFORMED EMPLOYEES PLAN

YEAR ENDED DECEMBER 31, \*

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability:</b>								
Interest	\$ 13,810	\$ 14,596	\$ 15,972	\$ 15,410	\$ 16,778	\$ 16,882	\$ 18,154	\$ 19,032
Differences between expected and actual experience	20,748	-	20,635	-	-	-	-	-
Changes of assumptions	5,703	-	16,746	-	17,952	-	7,662	-
Benefit payments, including refunds of member contributions	(36,321)	(36,321)	(36,321)	(36,321)	(36,321)	(36,321)	(36,321)	(36,321)
<b>Net Changes in Total Pension Liability</b>	3,940	(21,725)	17,032	(20,911)	(1,591)	(19,439)	(10,505)	(17,289)
<b>Total Pension Liability - Beginning</b>	212,396	234,121	217,089	238,000	239,591	259,030	269,535	286,824
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 216,336</u>	<u>\$ 212,396</u>	<u>\$ 234,121</u>	<u>\$ 217,089</u>	<u>\$ 238,000</u>	<u>\$ 239,591</u>	<u>\$ 259,030</u>	<u>\$ 269,535</u>
<b>Plan Fiduciary Net Position:</b>								
Contributions - employer	\$ 24,876	\$ 22,188	\$ 22,188	\$ 22,188	\$ 21,221	\$ 21,221	\$ 19,162	\$ 19,162
Net investment income	2,329	5,668	8,580	(1,440)	7,661	4,515	(3,483)	6,133
Benefit payments, including refunds of member contributions	(36,321)	(36,321)	(36,321)	(36,321)	(36,321)	(36,321)	(36,321)	(36,321)
Administrative expense	(2,754)	(555)	(939)	(4,082)	(916)	(987)	(5,279)	(1,040)
<b>Net Change in Plan Fiduciary Net Position</b>	(11,870)	(9,020)	(6,492)	(19,655)	(8,355)	(11,572)	(25,921)	(12,066)
<b>Plan Fiduciary Net Position - Beginning</b>	70,823	79,843	86,335	105,990	114,345	125,917	151,838	163,904
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 58,953</u>	<u>\$ 70,823</u>	<u>\$ 79,843</u>	<u>\$ 86,335</u>	<u>\$ 105,990</u>	<u>\$ 114,345</u>	<u>\$ 125,917</u>	<u>\$ 151,838</u>
<b>Net Pension Liability (Asset) - Ending (a-b)</b>	<u>\$ 157,383</u>	<u>\$ 141,573</u>	<u>\$ 154,278</u>	<u>\$ 130,754</u>	<u>\$ 132,010</u>	<u>\$ 125,246</u>	<u>\$ 133,113</u>	<u>\$ 117,697</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	27.25%	33.34%	34.10%	39.77%	44.53%	47.73%	48.61%	56.33%
<b>Covered Employee Payroll</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\* Until a full 10-year trend is completed, the required information for the plan is presented for as many years as are available.

See accompanying notes to schedules of required supplementary information - pension plans.

# TOWN OF McCANDLESS

## SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

### POLICE PLAN

YEAR ENDED DECEMBER 31, \*

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability:</b>								
Service cost	\$ 486,736	\$ 434,925	\$ 417,195	\$ 348,730	\$ 334,513	\$ 379,374	\$ 357,562	\$ 360,093
Interest	1,325,975	1,238,898	1,204,690	1,151,316	1,101,945	1,104,653	1,044,050	998,403
Changes of benefit terms	-	-	66,639	-	-	-	-	-
Differences between expected and actual experience	190,444	-	(39,748)	-	(772,025)	-	(446,859)	-
Changes of assumptions	-	-	599,802	-	-	-	731,339	-
Benefit payments, including refunds of member contributions	(926,285)	(1,054,376)	(940,893)	(792,296)	(747,872)	(662,602)	(515,029)	(586,941)
<b>Net Changes in Total Pension Liability</b>	<b>1,076,870</b>	<b>619,447</b>	<b>1,307,685</b>	<b>707,750</b>	<b>(83,439)</b>	<b>821,425</b>	<b>1,171,063</b>	<b>771,555</b>
<b>Total Pension Liability - Beginning</b>	<b>18,555,586</b>	<b>17,936,139</b>	<b>16,628,454</b>	<b>15,920,704</b>	<b>16,004,143</b>	<b>15,182,718</b>	<b>14,011,655</b>	<b>13,240,100</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 19,632,456</b>	<b>\$ 18,555,586</b>	<b>\$ 17,936,139</b>	<b>\$ 16,628,454</b>	<b>\$ 15,920,704</b>	<b>\$ 16,004,143</b>	<b>\$ 15,182,718</b>	<b>\$ 14,011,655</b>
<b>Plan Fiduciary Net Position:</b>								
Contributions - state aid	\$ 460,539	\$ 356,166	\$ 414,547	\$ 379,446	\$ 415,774	\$ 400,886	\$ 357,410	\$ 357,854
Contributions - employer	161,298	-	-	-	43,690	54,294	75,562	83,447
Contributions - member	169,784	125,274	172,672	120,784	108,288	114,507	114,474	111,327
Net investment income	2,644,186	3,478,580	2,892,546	(271,952)	2,023,061	558,912	(447,584)	806,982
Benefit payments, including refunds of member contributions	(926,285)	(1,054,376)	(940,893)	(792,296)	(751,467)	(659,007)	(515,029)	(586,941)
Administrative expense	(198,075)	(124,318)	(118,672)	(106,167)	(98,715)	(93,017)	(101,513)	(98,970)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>2,311,447</b>	<b>2,781,326</b>	<b>2,420,200</b>	<b>(670,185)</b>	<b>1,740,631</b>	<b>376,575</b>	<b>(516,680)</b>	<b>673,699</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>20,209,135</b>	<b>17,427,809</b>	<b>15,007,609</b>	<b>15,677,794</b>	<b>13,937,163</b>	<b>13,560,588</b>	<b>14,077,268</b>	<b>13,403,569</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 22,520,582</b>	<b>\$ 20,209,135</b>	<b>\$ 17,427,809</b>	<b>\$ 15,007,609</b>	<b>\$ 15,677,794</b>	<b>\$ 13,937,163</b>	<b>\$ 13,560,588</b>	<b>\$ 14,077,268</b>
<b>Net Pension Liability (Asset) - Ending (a-b)</b>	<b>\$ (2,888,126)</b>	<b>\$ (1,653,549)</b>	<b>\$ 508,330</b>	<b>\$ 1,620,845</b>	<b>\$ 242,910</b>	<b>\$ 2,066,980</b>	<b>\$ 1,622,130</b>	<b>\$ (65,613)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>114.71%</b>	<b>108.91%</b>	<b>97.17%</b>	<b>90.25%</b>	<b>98.47%</b>	<b>87.08%</b>	<b>89.32%</b>	<b>100.47%</b>
<b>Covered Employee Payroll</b>	<b>\$ 3,310,281</b>	<b>\$ 3,093,860</b>	<b>\$ 3,053,155</b>	<b>\$ 2,877,364</b>	<b>\$ 2,223,520</b>	<b>\$ 2,104,018</b>	<b>\$ 2,829,195</b>	<b>\$ 2,566,037</b>
<b>Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll</b>	<b>-87.25%</b>	<b>-53.45%</b>	<b>16.65%</b>	<b>56.33%</b>	<b>10.92%</b>	<b>98.24%</b>	<b>57.34%</b>	<b>-2.56%</b>

\* Until a full 10-year trend is completed, the required information for the plan is presented for as many years as are available.

See accompanying notes to schedules of required supplementary information - pension plans.

# TOWN OF McCANDLESS

## SCHEDULES OF TOWN CONTRIBUTIONS AND INVESTMENT RETURNS

YEAR ENDED DECEMBER 31, \*

### NON-UNIFORMED EMPLOYEES PLAN:

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Schedule of Town's Contributions</b>								
Actuarially determined contribution	\$ 24,666	\$ 22,188	\$ 22,188	\$ 22,188	\$ 21,221	\$ 21,221	\$ 19,162	\$ 19,162
Contributions in relation to the actuarially determined contribution	24,876	22,188	22,188	22,188	21,221	21,221	19,162	19,162
Contribution deficiency (excess)	<u>\$ (210)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Investment Returns</b>								
Annual money-weighted rate of return, net of investment expense	4.32%	8.49%	12.03%	-1.61%	7.85%	4.13%	-2.61%	4.17%

### POLICE PLAN:

<b>Schedule of Town's Contributions</b>								
Actuarially determined contribution	\$ 618,177	\$ 356,166	\$ 414,547	\$ 379,446	\$ 459,464	\$ 455,181	\$ 432,973	\$ 441,301
Contributions in relation to the actuarially determined contribution	621,837	356,166	414,547	379,446	459,464	455,181	432,973	441,301
Contribution deficiency (excess)	<u>\$ (3,660)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	<u>\$ 3,310,281</u>	<u>\$ 3,093,860</u>	<u>\$ 3,053,155</u>	<u>\$ 2,877,364</u>	<u>\$ 2,223,520</u>	<u>\$ 2,104,018</u>	<u>\$ 2,829,195</u>	<u>\$ 2,566,037</u>
Contributions as a percentage of covered employee payroll	18.79%	11.51%	13.58%	13.19%	20.66%	21.63%	15.30%	17.20%
<b>Investment Returns</b>								
Annual money-weighted rate of return, net of investment expense	13.32%	20.37%	19.81%	-1.77%	14.77%	4.16%	-3.22%	6.12%

\* Until a full 10-year trend is completed, the required information for the plan is presented for as many years as are available.

See accompanying notes to schedules of required supplementary information - pension plans.

# TOWN OF MCCANDLESS

## NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLANS

YEAR ENDED DECEMBER 31, 2021

### Actuarial Methods and Assumptions Used in Determining the Contribution Rate

	Non-Uniformed Employees Plan	Police Plan
Actuarial valuation date	1/1/2019	1/1/2019
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar Open	Level Dollar Closed
Asset valuation method	Fair Value	4-Year Smoothing
Amortization period	10 years	8 years
Actuarial assumptions:		
Investment rate of return	6.75%	7.00%
Projected salary increases	N/A	4.25%
Underlying inflation rate	2.75%	2.75%
Mortality Table	2010 Public Plan General Employees mortality tables (PubG-2010)	PubS-2010 with rates projected from base year 2015 with rates derived from the Long-Range Demographic Assumptions for the 2018 SSA Trustee Report

### Changes in Benefits

Police Plan: In the January 1, 2019 valuation, the DROP eligibility requirements were reduced to age 52 with 26 years of service. In the January 1, 2011 valuation, the killed-in-service benefit was eliminated. In the January 1, 2009 valuation, an early retirement benefit (twenty years of service) was added. A deferred retirement option plan (DROP) was added.

# TOWN OF MCCANDLESS

## NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLANS

YEAR ENDED DECEMBER 31, 2021

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### Changes in Actuarial Assumptions

Non-Uniformed Plan: In the January 1, 2019 valuation, the interest rate was reduced from 7.00% to 6.75%. In the January 1, 2015 valuation, the interest rate was reduced from 7.50% to 7.00%.

Police Plan: In the January 1, 2019 valuation, the interest rate decreased from 7.25% to 7.00%. The mortality assumption was updated to PubS-2010 with SSA/2018 improvements projected from 2015. The retirement age was reduced to age 52 and 26 years of service for all others hired after October 1, 1998, due to the DROP eligibility change. In the January 1, 2015 valuation, the interest rate decreased to 7.25%. The mortality assumption was updated to eliminate blue collar adjustment and increase the improvement to 100% of scale AA. Salary increases were flattened to match CBA. In the January 1, 2013 valuation, the mortality assumption was updated to include an adjustment for blue collar mortality and to include a projection of mortality rates into the future using 75% of scale AA. In the January 1, 2009 valuation, the mortality assumption was updated to the RP-2000 Mortality Table projected to 2005 with scale AA, set forward five years for disabled lives.



**REQUIRED SUPPLEMENTARY INFORMATION –  
OPEB DISCLOSURES**

# TOWN OF MCCANDLESS

## SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS

YEAR ENDED DECEMBER 31,  
LAST TEN YEARS\*

	2021	2020	2019	2018
<b>Total OPEB Liability:</b>				
Service cost	\$ 150,967	\$ 146,927	\$ 103,349	\$ 100,583
Interest	73,754	70,188	64,573	63,045
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	-	(39,100)	-	-
Changes in assumptions or other inputs	-	290,696	-	-
Benefit payments	(99,053)	(105,482)	(115,052)	(123,649)
<b>Net Changes in Total OPEB Liability</b>	125,668	363,229	52,870	39,979
<b>Total OPEB Liability - Beginning</b>	2,356,668	1,993,439	1,940,569	1,900,590
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 2,482,336</u>	<u>\$ 2,356,668</u>	<u>\$ 1,993,439</u>	<u>\$ 1,940,569</u>

\* Until a full 10-year trend is compiled, the required information for the Plan is presented for as many years as are available.

See accompanying note to schedule of required supplementary information - OPEB.

# TOWN OF MCCANDLESS

## NOTE TO SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION – OPEB

YEAR ENDED DECEMBER 31, 2021

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### Actuarial Methods and Assumptions

The methods and assumptions used to determine contribution rates are as follows:

- Actuarial valuation date: January 1, 2020
- Discount rate, using the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher: 3.00%
- Actuarial cost method: Entry Age Normal
- Mortality: 2010 Public Plan – Public Safety mortality tables
- Retirement:
  - Age 55 with 25 years of service if hired before October 1, 1998; Age 52 with 26 years of service for all others
- Health Care Cost Trend Rate: 5.50% for 2020-2024, 5.25% for 2025-2027, and 5.00% for 2028 and later.

### Benefit Changes

No benefit terms were modified.

### Changes in Actuarial Assumptions

For the January 1, 2020 valuation: The discount rate was lowered from 3.25% to 3.00%, the retirement assumption for those hired after October 1, 1998 used in the previous valuation (age 53 after completion of 26 years of service) has been updated to age 52 after completion of 26 years of service, and the health care cost trend rates were updated.

For the January 1, 2018 valuation: The assumed discount rate of 3.50% as of the beginning of the measurement period was changed to 3.25% as of the end of the measurement period. The assumed mortality assumption has been changed from the RP-2000 Combined Healthy Mortality table with rates projected to improve at 100% of scale AA to the 2010 Public Plan – Public Safety mortality tables. An update to the retirement assumption was made to reflect plan experience.

## **SUPPLEMENTARY INFORMATION**

**TOWN OF McCANDLESS**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Amended Budget	Actual	Variance
<b>Revenues:</b>				
Taxes:				
Real estate	\$ 3,335,000	\$ 3,335,000	\$ 3,311,102	\$ (23,898)
Act 511	9,100,000	9,100,000	10,062,624	962,624
Penalties, interest and lien filing costs	18,500	18,500	26,983	8,483
Total taxes	12,453,500	12,453,500	13,400,709	947,209
Licenses, permits, fines, and forfeits	432,850	432,850	419,984	(12,866)
Interest, rents, and royalties	38,000	38,000	18,173	(19,827)
Intergovernmental	1,519,600	1,519,600	1,529,819	10,219
Charges for services	405,150	405,150	520,370	115,220
Assessments	7,900	7,900	9,945	2,045
Contributions and donations	21,500	21,500	4,879	(16,621)
Total revenues	14,878,500	14,878,500	15,903,879	1,025,379
Other financing sources:				
Sale of assets	5,000	5,000	36,365	31,365
Transfers in	-	730,000	730,000	-
Refunds of prior year expenditures	186,500	186,500	194,309	7,809
Total other financing sources	191,500	921,500	960,674	39,174
Total revenues and other financing sources	15,070,000	15,800,000	16,864,553	1,064,553
<b>Expenditures:</b>				
General government:				
Town council	69,800	69,800	42,618	27,182
Town administration	570,905	570,905	425,465	145,440
Financial administration	742,945	742,945	557,412	185,533
Tax collection	356,510	356,510	304,585	51,925
Citizen information	148,825	148,825	131,523	17,302
Buildings and plant	341,400	341,400	321,204	20,196
Total general government	2,230,385	2,230,385	1,782,807	447,578
Public safety:				
Police protection	6,039,630	6,104,530	5,536,243	568,287
Fire protection and prevention	1,146,310	1,146,310	1,119,525	26,785
Ambulance	64,200	64,200	48,863	15,337
Code enforcement	277,425	277,425	232,031	45,394
Planning and zoning	330,480	330,480	255,483	74,997
School crossing guards	88,680	88,680	62,387	26,293
Total public safety	7,946,725	8,011,625	7,254,532	757,093

(Continued)

# TOWN OF McCANDLESS

## SCHEDULE OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL GENERAL FUND (Continued)

YEAR ENDED DECEMBER 31, 2021

	Original Budget	Amended Budget	Actual	Variance
Public works:				
Recycling	63,400	63,400	50,022	13,378
Public works administration	2,032,575	2,032,575	2,040,502	(7,927)
Street cleaning	6,300	6,300	2,474	3,826
Snow and ice control	587,350	587,350	479,536	107,814
Traffic control devices	367,730	367,730	271,851	95,879
Street lighting	-	-	343	(343)
Storm sewers and drains	68,300	68,300	25,661	42,639
Repair of vehicles and machinery	535,955	535,955	524,322	11,633
Maintenance repair of roads and bridges	52,250	52,250	19,085	33,165
Storm water management and flood control	88,500	88,500	91,609	(3,109)
Total public works	<u>3,802,360</u>	<u>3,802,360</u>	<u>3,505,405</u>	<u>296,955</u>
Culture and recreation:				
Culture	18,125	18,125	5,153	12,972
Participant recreation	57,850	57,850	587	57,263
Parks	181,050	181,050	106,612	74,438
Library	641,905	641,905	641,905	-
Community celebration	80,600	80,600	30,651	49,949
Total culture and recreation	<u>979,530</u>	<u>979,530</u>	<u>784,908</u>	<u>194,622</u>
Other financing uses:				
Refunds of prior year revenues	110,600	110,600	124,863	(14,263)
Operating transfers out	1,200,000	1,200,000	1,200,000	-
Total other financing uses	<u>1,310,600</u>	<u>1,310,600</u>	<u>1,324,863</u>	<u>(14,263)</u>
Total expenditures and other financing uses	<u>16,269,600</u>	<u>16,334,500</u>	<u>14,652,515</u>	<u>1,681,985</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,199,600)</u>	<u>\$ (534,500)</u>	<u>\$ 2,212,038</u>	<u>\$ 2,746,538</u>

(Concluded)

# TOWN OF McCANDLESS

## COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2021

	Special Revenue Fund <u>State Highway Aid Fund</u>	Capital Projects Fund <u>Street and Water Assessment Fund</u>	Total Other Governmental Funds <u>Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 7	\$ 265,915	\$ 265,922
Investments	-	450,000	450,000
Receivables:			
Assessments	-	38,457	38,457
Other	-	754	754
Due from other funds	-	110,644	110,644
<b>Total Assets</b>	<u>\$ 7</u>	<u>\$ 865,770</u>	<u>\$ 865,777</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>			
Liabilities:			
Due to other funds	\$ 7	\$ -	\$ 7
Deferred Inflows of Resources:			
Unavailable revenue:			
Assessments	-	38,457	38,457
Fund Balance:			
Committed:			
Capital projects	-	827,313	827,313
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<u>\$ 7</u>	<u>\$ 865,770</u>	<u>\$ 865,777</u>

# TOWN OF McCANDLESS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OTHER GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2021

	Special Revenue Fund State Highway Aid Fund	Capital Projects Fund Street and Water Assessment Fund	Total Other Governmental Funds
<b>Revenues:</b>			
Interest, rents, and royalties	\$ 223	\$ 2,486	\$ 2,709
Intergovernmental	846,272	-	846,272
Total revenues	846,495	2,486	848,981
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	846,495	2,486	848,981
<b>Other Financing Sources (Uses):</b>			
Operating transfers out	(846,495)	-	(846,495)
<b>Net Change in Fund Balance</b>	-	2,486	2,486
<b>Fund Balance:</b>			
Beginning of year	-	824,827	824,827
End of year	\$ -	\$ 827,313	\$ 827,313



# TOWN OF McCANDLESS

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL STATE HIGHWAY AID FUND

YEAR ENDED DECEMBER 31, 2021

	Original Budget	Amended Budget	Actual	Variance
<b>Revenues:</b>				
Interest, rents, and royalties	\$ 2,000	\$ 2,000	\$ 223	\$ (1,777)
Intergovernmental	824,715	824,715	846,272	21,557
Total revenues	826,715	826,715	846,495	19,780
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	826,715	826,715	846,495	19,780
<b>Other Financing Sources (Uses):</b>				
Operating transfers out	(826,715)	(826,715)	(846,495)	(19,780)
Total other financing sources	(826,715)	(826,715)	(846,495)	(19,780)
<b>Net Change in Fund Balance</b>	\$ -	\$ -	\$ -	\$ -

# TOWN OF McCANDLESS

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL STREET AND WATER ASSESSMENT FUND

YEAR ENDED DECEMBER 31, 2021

	Original Budget	Amended Budget	Actual	Variance
<b>Revenues:</b>				
Interest, rents, and royalties	\$ 2,000	\$ 2,000	\$ 2,486	\$ 486
Assessments	38,500	38,500	-	(38,500)
Total revenues	40,500	40,500	2,486	(38,014)
<b>Expenditures:</b>				
Capital improvements	391,000	391,000	-	391,000
Total expenditures	391,000	391,000	-	391,000
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>\$ (350,500)</u>	<u>\$ (350,500)</u>	<u>\$ 2,486</u>	<u>\$ 352,986</u>

# TOWN OF McCANDLESS

## COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS

DECEMBER 31, 2021

	Police	Non-Uniformed	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 649,155	\$ 23,255	\$ 672,410
Investments:			
U.S. Treasury and agency obligations	4,198,034	-	4,198,034
Equities	11,357,817	-	11,357,817
Mutual funds	6,245,693	35,698	6,281,391
Corporate issues	44,251	-	44,251
Interest receivable	25,632	-	25,632
<b>Total Assets</b>	<b>22,520,582</b>	<b>58,953</b>	<b>22,579,535</b>
<b>Net Position</b>			
<b>Net Position Restricted for Fiduciary Funds</b>	<b>\$ 22,520,582</b>	<b>\$ 58,953</b>	<b>\$ 22,579,535</b>

# TOWN OF McCANDLESS

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2021

	Police	Non- Uniformed	Total
<b>Additions:</b>			
Contributions:			
Commonwealth	\$ 460,539	\$ 24,876	\$ 485,415
Employer	161,298	-	161,298
Employee	169,784	-	169,784
Total contributions	791,621	24,876	816,497
Investment income (loss):			
Interest and dividends	284,395	340	284,735
Net appreciation (depreciation) in fair value of investments	2,359,791	1,989	2,361,780
Investment expense	(194,819)	(679)	(195,498)
Net investment income (loss)	2,449,367	1,650	2,451,017
Total additions	3,240,988	26,526	3,267,514
<b>Deductions:</b>			
Benefits	926,285	36,321	962,606
Administrative expense	3,256	2,075	5,331
Total deductions	929,541	38,396	967,937
<b>Increase (Decrease) in Fiduciary Net Position</b>	2,311,447	(11,870)	2,299,577
<b>Net Position:</b>			
Beginning of year	20,209,135	70,823	20,279,958
End of year	\$ 22,520,582	\$ 58,953	\$ 22,579,535