

**ANNUAL REPORT
OF THE
THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN**

FOR THE YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Redevelopment Authority of the City of Johnstown
416 Main Street, 2nd Floor
Johnstown, Pennsylvania 15901

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Redevelopment Authority of the City of Johnstown, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Redevelopment Authority of the City of Johnstown's basic financial statements as listed in the contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Redevelopment Authority of the City of Johnstown'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 Redevelopment Authority of the City of Johnstown'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 Schedule of Changes in Authority's Net Pension Liability and Related Ratios, Schedule of Contributions, and Schedule of Investment Return 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

Required Supplementary Information (Continued)

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.

Management has omitted the management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Redevelopment Authority of the City of Johnstown's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2024, on our consideration of the Redevelopment Authority of the City of Johnstown's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Redevelopment Authority of the City of Johnstown's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Redevelopment Authority of the City of Johnstown's internal control over financial reporting and compliance.



Altoona, Pennsylvania
June 24, 2024

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 858,275	\$ 6,749,031	\$ 7,607,306
Investments	67,587	0	67,587
Accounts Receivable, Net	16,651	3,264,452	3,281,103
Due from Other Funds	1,870	(1,870)	0
Grant Receivable	0	79,104	79,104
Prepaid Expenses	26,858	40,615	67,473
Lease Receivable	<u>152,847</u>	<u>25,144</u>	<u>177,991</u>
Total Current Assets	<u>\$1,124,088</u>	<u>\$10,156,476</u>	<u>\$11,280,564</u>
<u>Non-Current Assets</u>			
Fixed Assets, Net	\$2,807,152	\$63,893,447	\$66,700,599
Restricted Investments	0	2,663,181	2,663,181
Net Pension Asset	28,535	0	28,535
Lease Receivable, Less Current Portion	<u>1,434,716</u>	<u>808,484</u>	<u>2,243,200</u>
Total Non-Current Assets	<u>\$4,270,403</u>	<u>\$67,365,112</u>	<u>\$71,635,515</u>
<u>Deferred Outflows</u>			
Deceased Loss on Bonds, Net	\$ 0	\$ 193,028	\$ 193,028
Deferred Pension Outflow	<u>43,668</u>	<u>0</u>	<u>43,668</u>
Total Deferred Outflows	<u>\$ 43,668</u>	<u>\$ 193,028</u>	<u>\$ 236,696</u>
Total Assets and Deferred Outflows	<u>\$5,438,159</u>	<u>\$77,714,616</u>	<u>\$83,152,775</u>
Liabilities and Net Position			
<u>Current Liabilities</u>			
Accounts Payable and Accrued Liabilities	\$ 33,223	\$ 417,914	\$ 451,137
Accrued Benefits	79,790	0	79,790
Notes Payable	79,627	2,267,921	2,347,548
Bonds Payable	0	748,363	748,363
Accrued Interest	0	93,891	93,891
Unearned Revenues	<u>564,839</u>	<u>65,934</u>	<u>630,773</u>
Total Current Liabilities	<u>\$ 757,479</u>	<u>\$ 3,594,023</u>	<u>\$ 4,351,502</u>
<u>Non-Current Liabilities</u>			
Notes Payable	\$ 638,201	\$30,407,754	\$31,045,955
Bonds Payable	<u>0</u>	<u>8,390,397</u>	<u>8,390,397</u>
Total Non-Current Liabilities	<u>\$ 638,201</u>	<u>\$38,798,151</u>	<u>\$39,436,352</u>
<u>Deferred Inflows</u>			
Leases	\$1,587,563	\$ 833,628	\$ 2,421,191
<u>Net Position</u>			
Investments in Capital Assets, Net of Related Debt	\$2,089,324	\$23,178,491	\$25,267,815
Unrestricted	365,592	8,647,142	9,012,734
Restricted	<u>0</u>	<u>2,663,181</u>	<u>2,663,181</u>
Total Net Position	<u>\$2,454,916</u>	<u>\$34,488,814</u>	<u>\$36,943,730</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$5,438,159</u>	<u>\$77,714,616</u>	<u>\$83,152,775</u>

See Accompanying Notes and Independent Auditor's Report

**THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>
<u>Primary Government</u>	
<u>Governmental Activities</u>	
Community Development	\$ 2,550,341
Employer Paid Benefits	146,153
Insurance	72,917
Interest on Long-Term Debt	20,060
Unallocated Depreciation	<u>50,415</u>
Total Governmental Activities	<u>\$ 2,839,886</u>
<u>Business-Type Activities</u>	
Regional Sewage	\$ 9,137,079
Center Town	82,489
Cambria Iron Works	<u>229,552</u>
Total Business-Type Activities	<u>\$ 9,449,120</u>
Total Primary Government	<u><u>\$12,289,006</u></u>
<u>General Revenues</u>	
Transfers In (Out)	
Unrestricted Investment Earnings	
Other Revenues	
Refund of Prior Year Expenditures	
Gain from Sale of Assets	
Total General Revenues and Transfers	
Change in Net Position	
<u>Net Position</u> - Beginning of Year	
Prior Period Adjustment	
<u>Net Position</u> - Beginning of Year (Restated)	
<u>Net Position</u> - End of Year	

See Accompanying Notes and Independent Auditor's Report

**THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Net (Expense) Revenue and
Changes in Net Position**

<u>Program Revenues</u>			<u>Primary Government</u>		
<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ 609,173	\$2,015,151	\$ 0	\$ 73,983	\$ 0	\$ 73,983
62,294	0	0	(83,859)	0	(83,859)
0	0	0	(72,917)	0	(72,917)
0	0	0	(20,060)	0	(20,060)
<u>0</u>	<u>0</u>	<u>0</u>	<u>(50,415)</u>	<u>0</u>	<u>(50,415)</u>
<u>\$ 671,467</u>	<u>\$2,015,151</u>	<u>\$ 0</u>	<u>(\$ 153,268)</u>	<u>\$ 0</u>	<u>(\$ 153,268)</u>
\$11,690,872	\$ 164,481	\$ 0	\$ 0	\$ 2,718,274	\$ 2,718,274
53,475	0	0	0	(29,014)	(29,014)
<u>56,696</u>	<u>0</u>	<u>65,281</u>	<u>0</u>	<u>(107,575)</u>	<u>(107,575)</u>
<u>\$11,801,043</u>	<u>\$ 164,481</u>	<u>\$ 65,281</u>	<u>\$ 0</u>	<u>\$ 2,581,685</u>	<u>\$ 2,581,685</u>
<u>\$12,472,510</u>	<u>\$2,179,632</u>	<u>\$ 65,281</u>	<u>(\$ 153,268)</u>	<u>\$ 2,581,685</u>	<u>\$ 2,428,417</u>
			(\$ 117,148)	\$ 117,148	\$ 0
			37,890	356,881	394,771
			803	310	1,113
			12,856	0	12,856
			<u>44,868</u>	<u>0</u>	<u>44,868</u>
			(\$ 20,731)	\$ 474,339	\$ 453,608
			(\$ 173,999)	\$ 3,056,024	\$ 2,882,025
			\$2,628,915	\$31,276,401	\$33,905,316
			<u>0</u>	<u>156,389</u>	<u>156,389</u>
			\$2,628,915	\$31,432,790	\$34,061,705
			<u>\$2,454,916</u>	<u>\$34,488,814</u>	<u>\$36,943,730</u>

See Accompanying Notes and Independent Auditor's Report

**THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
BALANCE SHEET
GOVERNMENTAL FUNDS
(INCLUDING THE RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION)
DECEMBER 31, 2023**

	Governmental Fund Types		
	General	Special Projects	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 584,596	\$273,679	\$ 858,275
Investments	67,587	0	67,587
Accounts Receivable	16,651	0	16,651
Due from Other Funds	1,870	0	1,870
Prepaid Expenses	<u>26,858</u>	<u>0</u>	<u>26,858</u>
TOTAL ASSETS	\$ 697,562	\$273,679	\$ 971,241
<u>LIABILITIES</u>			
Accounts Payable	\$ 16,204	\$ 17,019	\$ 33,223
Accrued Benefits	79,790	0	79,790
Deferred Revenue	<u>412,001</u>	<u>152,838</u>	<u>564,839</u>
Total Liabilities	\$ 507,995	\$169,857	\$ 677,852
<u>FUND BALANCE</u>			
Nonspendable	\$ 26,858	\$ 0	\$ 26,858
Unassigned	162,709	0	162,709
Assigned	<u>0</u>	<u>103,822</u>	<u>103,822</u>
Total Fund Balance	\$ 189,567	\$103,822	\$ 293,389
TOTAL LIABILITIES AND FUND BALANCE	\$ 697,562	\$273,679	

Amounts reported for governmental activities in the statement of net position are different due to the following:

Capital assets in governmental activities are not financial resources and, therefore, are not reported in the funds	2,807,152
Long-term pension asset and related deferred outflows/inflows of resources are not available in the current period and, therefore, are not reported as a fund asset.	72,203
Long-term notes payable are not due and payable in the current period and, therefore, are not recorded as a fund liability.	(717,828)
Lease receivable are not available to pay for current period expenditures and, are therefore, deferred or not recorded as a fund asset.	1,587,563
Deferred inflows of resources related to unearned revenues from leases are not reflected in the funds because they are not measured on the accrual basis.	(<u>1,587,563</u>)
Net Position of Governmental Activities	<u>\$2,454,916</u>

See Accompanying Notes and Independent Auditor's Report

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Projects</u>	<u>Total</u>
<u>Revenues</u>			
Charges for Services	\$ 474,350	\$ 0	\$ 474,350
Grants and Joint Projects	1,776,985	238,166	2,015,151
Rental Income	194,797	0	194,797
Interest and Investment Income	37,890	2,320	40,210
Other Income	<u>803</u>	<u>0</u>	<u>803</u>
Total Revenues	<u>\$2,484,825</u>	<u>\$240,486</u>	<u>\$2,725,311</u>
<u>Expenditures</u>			
Current:			
Administration	\$ 574,520	\$ 0	\$ 574,520
Community Development	1,732,806	243,015	1,975,821
Employer Paid Benefits	137,419	0	137,419
Insurance	72,917	0	72,917
Capital Expenditures:			
Administration	114,899	0	114,899
Community Development	4,650	0	4,650
Debt Service:			
Debt Service – Principal	77,317	0	77,317
Debt Service – Interest	<u>20,060</u>	<u>0</u>	<u>20,060</u>
Total Expenditures	<u>\$2,734,588</u>	<u>\$243,015</u>	<u>\$2,977,603</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(\$ 249,763)</u>	<u>(\$ 2,529)</u>	<u>(\$ 252,292)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers (Out)	(\$ 117,148)	\$ 0	(\$ 117,148)
Refund of Prior Year Expenditures	12,856	0	12,856
Proceeds from Sale of Assets	<u>44,868</u>	<u>0</u>	<u>44,868</u>
Total Other Financing Sources (Uses)	<u>(\$ 59,424)</u>	<u>\$ 0</u>	<u>(\$ 59,424)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(\$ 309,187)</u>	<u>(\$ 2,529)</u>	<u>(\$ 311,716)</u>
<u>Fund Balance</u> - Beginning of Year	<u>498,754</u>	<u>106,351</u>	<u>605,105</u>
<u>Fund Balance</u> - End of Year	<u>\$ 189,567</u>	<u>\$103,822</u>	<u>\$ 293,389</u>

See Accompanying Notes and Independent Auditor's Report

**THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

Net Change in Fund Balance - Total Governmental Funds	(\$311,716)
Contributions to the pension plan are recognized as an expenditure in the governmental funds when they are due, and thus requires the use of current financial resources. The net pension liability and deferred inflows and outflows related to participation in the PMRS pension plan in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(8,734)
The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of the differences in the treatment of long-term debt on the statement of activities.	77,317
The net effect of various transactions involving capital assets, (i.e. purchases, disposals, depreciation, etc.) is to increase net position.	<u>69,134</u>
Change in Net Position of Governmental Activities	<u><u>(\$173,999)</u></u>

See Accompanying Notes and Independent Auditor's Report

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

	<u>Regional Sewage</u>	<u>Center Town</u>	<u>Cambria Iron Works</u>	<u>Total</u>
<u>Assets</u>				
<u>Current Assets</u>				
Cash and Cash Equivalents	\$ 6,463,631	\$ 24,930	\$ 260,470	\$ 6,749,031
Accounts Receivable, Net of Allowance	3,260,758	1,444	2,250	3,264,452
Lease Receivable - Current Portion	0	0	25,144	25,144
Grant Receivable	29,322	0	49,782	79,104
Prepaid Expenses	<u>13,652</u>	<u>12,365</u>	<u>14,598</u>	<u>40,615</u>
Total Current Assets	<u>\$ 9,767,363</u>	<u>\$ 38,739</u>	<u>\$ 352,244</u>	<u>\$10,158,346</u>
<u>Non-Current Assets</u>				
Fixed Assets, (Net of Accumulated Depreciation)	\$62,081,292	\$302,801	\$1,509,354	\$63,893,447
Lease Receivable, Less Current Portion	<u>0</u>	<u>0</u>	<u>808,484</u>	<u>808,484</u>
Total Non-Current Assets	<u>\$62,081,292</u>	<u>\$302,801</u>	<u>\$2,317,838</u>	<u>\$64,701,931</u>
<u>Other Assets</u>				
Restricted Cash and Cash Equivalents	\$ 2,663,181	\$ 0	\$ 0	\$ 2,663,181
<u>Deferred Outflows</u>				
Deceased Loss on Bond, Net	\$ 193,028	\$ 0	\$ 0	\$ 193,028
Total Assets and Deferred Outflows	<u>\$74,704,864</u>	<u>\$341,540</u>	<u>\$2,670,082</u>	<u>\$77,716,486</u>
<u>Liabilities and Net Position</u>				
<u>Current Liabilities</u>				
Accounts Payable and Accrued Liabilities	\$ 404,064	\$ 5,862	\$ 7,988	\$ 417,914
Unearned Revenue	0	40	65,894	65,934
Due to Other Funds	1,870	0	0	1,870
Accrued Interest	93,549	342	0	93,891
Notes Payable	2,251,036	16,885	0	2,267,921
Bonds Payable	<u>748,363</u>	<u>0</u>	<u>0</u>	<u>748,363</u>
Total Current Liabilities	<u>\$ 3,498,882</u>	<u>\$ 23,129</u>	<u>\$ 73,882</u>	<u>\$ 3,595,893</u>
<u>Non-Current Liabilities</u>				
Notes Payable	\$30,253,538	\$154,216	\$ 0	\$30,407,754
Bonds Payable	<u>8,390,397</u>	<u>0</u>	<u>0</u>	<u>8,390,397</u>
Total Non-Current Liabilities	<u>\$38,643,935</u>	<u>\$154,216</u>	<u>\$ 0</u>	<u>\$38,798,151</u>
<u>Deferred Inflows</u>				
Leases	\$ 0	\$ 0	\$ 833,628	\$ 833,628
<u>Net Position</u>				
Investments in Capital Assets, Net of Related Debt	\$21,537,437	\$131,700	\$1,509,354	\$23,178,491
Unrestricted	8,361,429	32,495	253,218	8,647,142
Restricted	<u>2,663,181</u>	<u>0</u>	<u>0</u>	<u>2,663,181</u>
Total Net Position	<u>\$32,562,047</u>	<u>\$164,195</u>	<u>\$1,762,572</u>	<u>\$34,488,814</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$74,704,864</u>	<u>\$341,540</u>	<u>\$2,670,082</u>	<u>\$77,716,486</u>

See Accompanying Notes and Independent Auditor's Report

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	<u>Regional Sewage</u>	<u>Center Town</u>	<u>Cambria Iron Works</u>	<u>Total</u>
<u>Operating Revenues</u>				
Charges for Service	\$ 11,690,872	\$ 0	\$ 0	\$ 11,690,872
Rental Income	0	53,475	56,696	110,171
Other	<u>310</u>	<u>0</u>	<u>0</u>	<u>310</u>
Total Operating Revenues	<u>\$ 11,691,182</u>	<u>\$ 53,475</u>	<u>\$ 56,696</u>	<u>\$ 11,801,353</u>
<u>Operating Expenses</u>				
Administrative Expense	\$ 1,329,139	\$ 0	\$ 0	\$ 1,329,139
Bank Fees	6,208	128	0	6,336
Insurance Expense	47,010	8,107	33,635	88,752
Utilities	237,311	6,641	7,215	251,167
Real Estate Tax	0	22,859	0	22,859
Other Taxes	0	407	0	407
Subcontracted Labor	2,502,790	0	0	2,502,790
Professional Fees	222,997	18,455	31,065	272,517
Amortization	28,538	0	0	28,538
Materials and Supplies	182,169	0	0	182,169
Chemicals	1,580,293	0	0	1,580,293
Hauling and Pumping Fees	12,143	0	0	12,143
Repairs and Maintenance	0	9,352	7,739	17,091
Depreciation Expense	1,712,225	11,097	129,860	1,853,182
Bad Debt Expense	215,509	0	0	215,509
Other	<u>302,677</u>	<u>0</u>	<u>8,150</u>	<u>310,827</u>
Total Operating Expenses	<u>\$ 8,379,009</u>	<u>\$ 77,046</u>	<u>\$ 217,664</u>	<u>\$ 8,673,719</u>
Operating Income (Loss)	<u>\$ 3,312,173</u>	<u>(\$ 23,571)</u>	<u>(\$ 160,968)</u>	<u>\$ 3,127,634</u>
<u>Non-Operating Revenues (Expenses)</u>				
Grant Proceeds	\$ 164,481	\$ 0	\$ 65,281	\$ 229,762
Grant Expenses	(164,481)	0	(11,888)	(176,369)
Interest Income	355,858	366	657	356,881
Interest Expense	<u>(593,589)</u>	<u>(5,443)</u>	<u>0</u>	<u>(599,032)</u>
Total Non-Operating Revenues (Expenses)	<u>(\$ 237,731)</u>	<u>(\$ 5,077)</u>	<u>\$ 54,050</u>	<u>(\$ 188,758)</u>
Income (Loss) Before Transfers	\$ 3,074,442	(\$ 28,648)	(\$ 106,918)	\$ 2,938,876
Transfers In	<u>0</u>	<u>0</u>	<u>117,148</u>	<u>117,148</u>
Change in Net Position	<u>\$ 3,074,442</u>	<u>(\$ 28,648)</u>	<u>\$ 10,230</u>	<u>\$ 3,056,024</u>
<u>Net Position</u> - Beginning of Year	\$ 29,487,605	\$ 192,843	\$ 1,595,953	\$ 31,276,401
Prior Period Adjustment	<u>0</u>	<u>0</u>	<u>156,389</u>	<u>156,389</u>
<u>Net Position</u> - Beginning of Year (Restated)	<u>\$ 29,487,605</u>	<u>\$ 192,843</u>	<u>\$ 1,752,342</u>	<u>\$ 31,432,790</u>
<u>Net Position</u> - End of Year	<u>\$ 32,562,047</u>	<u>\$ 164,195</u>	<u>\$ 1,762,572</u>	<u>\$ 34,488,814</u>

See Accompanying Notes and Independent Auditor's Report

**THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023**

	<u>Regional Sewage</u>	<u>Center Town Mall</u>	<u>Cambria Iron Works</u>	<u>Total</u>
<u>Cash Flows from Operating Activities</u>				
Cash Received from Customers	\$11,255,157	\$52,031	\$ 55,431	\$11,362,619
Cash Received from Other Sources	310	0	0	310
Cash Payments to Subcontractors	(2,502,790)	0	0	(2,502,790)
Cash Payments to Suppliers for Goods and Services	(3,973,363)	0	0	(3,973,363)
Cash Payments for Other Operating Expenses	<u>0</u>	<u>(63,514)</u>	<u>(97,520)</u>	<u>(161,034)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 4,779,314</u>	<u>(\$11,483)</u>	<u>(\$ 42,089)</u>	<u>\$ 4,725,742</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
Grant Proceeds	\$ 166,088	\$ 0	\$ 0	\$ 166,088
Grant Expenditures	(164,481)	0	0	(164,481)
Transfers In (Out)	<u>0</u>	<u>0</u>	<u>117,148</u>	<u>117,148</u>
Net Cash Provided by Noncapital Financing Activities	<u>\$ 1,607</u>	<u>\$ 0</u>	<u>\$ 117,148</u>	<u>\$ 118,755</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Proceeds from Notes Payable	\$ 5,475	\$ 0	\$ 0	\$ 5,475
Grant Proceeds	0	0	160,000	160,000
Unearned Revenue	0	(5,960)	(11,888)	(17,848)
Purchase of Property and Equipment	(409,975)	0	(53,392)	(463,367)
Payment on Debt	(3,041,191)	(16,282)	0	(3,057,473)
Interest Paid	<u>(635,201)</u>	<u>(5,476)</u>	<u>0</u>	<u>(640,677)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(\$ 4,080,892)</u>	<u>(\$27,718)</u>	<u>\$ 94,720</u>	<u>(\$ 4,013,890)</u>
<u>Cash Flows from Investing Activities</u>				
Interest on Cash Equivalents and Accounts Receivable	<u>\$ 355,858</u>	<u>\$ 366</u>	<u>\$ 657</u>	<u>\$ 356,881</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 1,055,887</u>	<u>(\$38,835)</u>	<u>\$ 170,436</u>	<u>\$ 1,187,488</u>
<u>Cash and Cash Equivalents</u> (Including \$2,471,014 for Regional Sewage, Reported as Restricted Cash) - Beginning of Year	<u>8,070,925</u>	<u>63,765</u>	<u>90,034</u>	<u>8,224,724</u>
<u>Cash and Cash Equivalents</u> (Including \$2,663,181 for Regional Sewage, Reported as Restricted Cash) - End of Year	<u>\$ 9,126,812</u>	<u>\$24,930</u>	<u>\$ 260,470</u>	<u>\$ 9,412,212</u>

See Accompanying Notes and Independent Auditor's Report

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

	<u>Regional Sewage</u>	<u>Center Town Mall</u>	<u>Cambria Iron Works</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ 3,312,173	(\$23,571)	(\$ 160,968)	\$ 3,127,634
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization	\$ 1,740,763	\$11,097	\$ 129,860	\$ 1,881,720
Changes in Assets and Liabilities:				
Accounts Receivable	(220,206)	(1,444)	(1,265)	(222,915)
Accounts Payable and Other Liabilities	(50,699)	3,636	(3,030)	(50,093)
Prepaid Expense	(1,520)	(1,201)	(6,897)	(9,618)
Due from Other Funds	0	0	211	211
Due to Other Funds	(1,197)	0	0	(1,197)
Total Adjustments	\$ 1,467,141	\$12,088	\$ 118,879	\$ 1,598,108
Net Cash Provided by (Used for) Operating Activities	\$ 4,779,314	(\$11,483)	(\$ 42,089)	\$ 4,725,742

See Accompanying Notes and Independent Auditor's Report

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1: Summary of Significant Accounting Policies

The Redevelopment Authority of the City of Johnstown (the "Authority") was incorporated in 1949 by the City of Johnstown under the Pennsylvania Urban Redevelopment Law of 1945. The Authority assists the City of Johnstown's Department of Community and Economic Development and other local economic development partners including state and federal agencies to maintain a vital downtown business center and attract new businesses into blighted and abandoned industrial properties. The Authority also owns the Regional Sewage Plant which provides sewage treatment to residents of the City and surrounding municipalities.

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority has elected to apply Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989 to its business-type activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements.

The following is a summary of significant accounting policies of the Authority:

A. Financial Reporting Entity

The Authority implemented the Statement of Governmental Accounting Standards Board (GASB) No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statement No. 14 and 34*. The Authority's combined financial statements include the accounts of all the Authority's operations. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The Authority holds the corporate powers of the organization
- The Authority appoints a voting majority of the organization's board
- The Authority is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Authority
- There is fiscal dependency by the organization on the Authority

Based on the aforementioned criteria, it was determined that the Authority is a legally separate entity. In addition, it was determined that XENA Corporation is a blended component unit of the Authority.

B. Basis of Presentation

The Authority's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Authority as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Authority that are governmental in nature and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Authority at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Authority's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Authority, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the Authority.

Fund Financial Statements

During the year, the Authority segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Authority at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column.

C. Fund Accounting

The Authority uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds: governmental and proprietary.

Governmental Funds

Governmental funds are those through which most governmental functions of the Authority are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

Governmental Funds (Continued)

The Authority maintains the following governmental funds:

General Fund

The General Fund is the general operating fund of the Authority used to account for all financial resources, except those required to be accounted for in another fund. General revenues of the Authority, as well as other resources received and not designated for a specific purpose, are accounted for in the General Fund.

Special Projects Fund

To account for the Authority's share of proceeds obtained from the sale of Johnstown Regional Energy in 2008. These funds are used to support other projects for the Authority.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The Authority's proprietary funds may be used to account for any activity for which a fee is charged to external users for goods or services.

The following are the Authority's major proprietary funds:

Center Town Mall

The Center Town Mall fund is used to account for maintaining and operating the purchased land of the Center Town Mall with the intent of controlling the surrounding open vacant land to support the Renaissance Expansion Project.

Cambria Iron Works

In prior years, the Redevelopment Authority of the City of Johnstown received donated land and buildings in the Cambria Iron Works Complex. In 2004, the Authority established this fund to account for all activities related to operating the Cambria Iron Works Complex.

Regional Sewage

The Regional Sewage fund is used to account for the provision of sewage treatment to residents of the City and surrounding municipalities. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, billing, and collection.

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements, and fund financial statements for proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the balance sheet and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, if measurable, and expenses are recognized as incurred, regardless of timing of related cash flows.

In accordance with GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority applies all GASB pronouncements and all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Proprietary Fund Financial Statements

Like the government-wide financial statements, proprietary or enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows reflects how the Authority finances and meets the cash flow needs of its enterprise activities.

Proprietary funds separate all activity into two categories: operating and non-operating revenues and expenses. Operating revenues and expenses result from providing services and producing and delivering goods. Non-operating revenues and expenses entail all other activity not included in operating revenues and expenses. Non-operating revenues and expenses include capital and non-capital financing activities and investing activities. The Authority's proprietary funds may be used to account for any activity for which a fee is charged to external users for goods or services.

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

E. Deposits and Investments

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

Investments of all funds are stated at fair value.

F. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds."

Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position. The only interfund balances which remain on the government-wide statement of net position are those between governmental and business-type activities. These amounts are reflected as "Internal Balances."

G. Accounts Receivable

Receivables at December 31, 2023 consist of the following:

- - - - Proprietary Funds - - - -

	<u>Regional Sewage</u>	<u>Center Town Mall</u>	<u>Cambria Iron Works</u>	<u>Total</u>
Accounts Receivable	\$5,343,322	\$1,444	\$2,250	\$5,347,016
Less: Allowance for Uncollectibles	(2,082,564)	0	0	(2,082,564)
Accounts Receivable, Net	<u>\$3,260,758</u>	<u>\$1,444</u>	<u>\$2,250</u>	<u>\$3,264,452</u>

The Regional Sewage accounts receivable balance includes charges for treatment and loans provided to property owners served by the Johnstown Regional Sewage System at the Dornick Point Sewage Treatment Plan. The loans provide funds to property owners for the mandated remediation of underground privately owner sewer laterals in order to remove infiltration and inflow to the sanitary sewer collection system. Participants are charged \$6.00 per month per \$1,000 borrowed for a period of 20 years. As of December 31, 2023, the balance of the loans receivable was \$1,850,575.

The Authority periodically reviews its accounts receivable for past due accounts and collection history to determine if an allowance for doubtful accounts is required. The Authority has provided an allowance for estimated uncollectible accounts for sewage treatment fees based upon the Authority's collection history and the judgment of management. The allowance for doubtful accounts for Regional Sewage amounted to \$2,082,564 at December 31, 2023.

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023
 (CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

H. Fixed Assets

Fixed assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Fixed assets are defined by the Authority as assets with an estimated useful life in excess of one year. Assets are recorded at historical cost or estimated historical cost if historical cost is not available. Donated fixed assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

The Authority depreciates assets on a straight line basis using the following estimated useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Building and Permanent Fixtures	39 years
Building Improvements	10 - 15 years
Machinery and Equipment	5 - 7 years
Sewer Collection/Interceptors	50 years (average)

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has four items that qualify for reporting in this category. The loss on bond defeasance is reported in the government-wide and proprietary fund statement of net position and amortized over the life of the debt. The difference between the expected and actual experience, changes in assumptions, and difference between projected and actual earnings related to the net pension plan are reported in the government-wide statement of net position and are amortized over the next nine years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two items that qualify for reporting in this category. Leases receivable for Governmental Activities on the Statement of Net Position are being amortized through 2047 and are not reported in the governmental funds balance sheet. Lease receivable is reported in the government-wide and proprietary fund statement of net position is being amortized through 2072.

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

J. Compensated Absences

Authority employees may accumulate unused sick and vacation days and earn the right to receive payment for certain of these days. Per the Authority's policy, upon retirement, which requires at least 20 years of service or age 55, or disability, employees are paid for up to 55 accumulated sick days at the rate applying when the sick leave was earned. In addition, employees are paid for a maximum of 30 vacation days that employees are permitted to carry over plus any unused days earned in the current calendar year. Accrued compensated absences recorded in the General Fund amounted to \$79,790 at December 31, 2023.

K. Restricted Net Position

The Regional Sewage Fund maintains a restricted net position balance in the amount equal to restricted cash and cash equivalents held for the purpose of debt service on the outstanding bonds, as well as resources derived from the sanitary sewer upgrade surcharges which were assessed for the purpose of future upgrades to the sewer collection system. The Regional Sewage Fund maintains a restricted net position balance of \$2,663,181.

L. Fund Balance

On January 1, 2010, the Authority early implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement required the governmental funds' fund balances to be reclassified into the following five new categories.

Nonspendable - fund balance permanently restricted and unavailable for current operations. The General Fund maintained a nonspendable fund balance of \$26,858 for prepaid expense.

Restricted - fund balance temporarily restricted for specified purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed - fund balance temporarily restricted for specified purposes established by a formal action by the Board of Directors. Formal action by the Board of Directors is also necessary to modify or rescind a fund balance commitment.

Assigned - fund balance intended for a specific purpose that does not meet the criteria to be classified as restricted or committed. The Board of Directors has authorized the Executive Director as the official authorized to assign fund balance to a specific purpose.

Unassigned - fund balance available for operations without any restriction. The General Fund maintained an unassigned fund balance of \$162,709 for operations.

The Board of Directors will spend the most restricted dollars before less restricted in the order as defined above.

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

M. Use of Estimates

Preparation of the Authority's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

N. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from/due to other funds". Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position.

O. Budgetary Data

Administrative budgets are prepared; however, they are not legally required and therefore are not presented. Each grant budget is prepared on a fiscal year basis that corresponds to the fiscal year of the individual grant or activity.

Budgets are adopted on a basis consistent with generally accepted accounting principles. The Authority's Board of Directors approves all budgets and revisions. The level of budgetary responsibility varies, i.e. some on an object basis (salaries, fringes, etc.), some on a functional basis (training, administration, etc.), and some in total. Unused appropriations lapse at the end of the contract.

The Authority's primary funding source is federal and state grants, which have grant periods that may or may not coincide with the Authority's fiscal year. These grants normally are for a twelve-month period; however, they can be awarded for periods shorter or longer than twelve months.

Because of the Authority's dependency on federal and state grant revenues, revenue estimates are based upon the best available information as to potential sources of funding.

The Authority's annual budget differs from that of most local governments in two respects: (1) the uncertain nature of grant awards from other entities and (2) conversion of grant budgets to a fiscal year basis.

The resulting annual budget is subject to constant change within the fiscal year due to:

- Increases/decreases in actual grant awards from those estimated;
- Changes in grant periods;
- Unanticipated grant awards not included in the budget; and
- Expected grant awards, which fail to materialize.

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

O. Budgetary Data (Continued)

The Board of Directors formally approves the annual budget but, greater emphasis is placed on complying with the individual grant budget, terms and conditions on a grant-by-grant basis. These terms and conditions usually specify the period during which costs may be incurred and outline budget restrictions or allowances.

P. Pending Changes in Accounting Principles

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The Authority is required to adopt Statement No. 101 for its 2024 financial statements.

The Authority has not completed the various analysis required to estimate the financial statement impact of this new pronouncement.

Q. Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for recognition through June 24, 2024, the date the financial statements were available to be issued.

Note 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 obligations, and insured and collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of Governmental Funds, Fiduciary Fund investments may also be made in corporate stocks and bonds, real estate and other investments consistent with sound business practice. The deposits and investments of the Fiduciary Funds are administered by trustees and are held separately from those of other Authority funds. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Authority.

Cash and investments as of December 31, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Cash Equivalents	\$ 7,607,306
Investments	<u>2,730,768</u>
Total Cash and Investments	<u>\$10,338,074</u>

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 2: Deposits and Investments (Continued)

Cash and investments as of December 31, 2023 consist of the following:

Cash on Hand	\$ 50
Interest Bearing Cash	7,607,256
Certificates of Deposit (3 month maturity)	67,587
Investments	<u>2,663,181</u>
 Total Cash and Investments	 \$10,338,074

Investments in the amount of are restricted for the Regional Sewage fund as follows:

Construction Fund	\$ 743,296
Debt Service Reserve Fund	1,000,973
Debt Service Fund	<u>918,912</u>
	 \$2,663,181

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority manages its exposure to interest rate risk by investing in short-term highly-liquid investments.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority is not exposed to this credit risk due to investment in highly-liquid cash investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

As of December 31, 2023, the Authority's bank balance was \$8,228,965 and \$6,978,965 of that amount was not insured by the FDIC. The Pennsylvania Government code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Pennsylvania Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool equals at least 110% of the total amount deposited by the public agencies.

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 2: Deposits and Investments (Continued)

Custodial Credit Risk (Continued)

As of December 31, 2023, Authority investments by the following investment types were invested primarily in short-term U.S. Treasury Securities backed by the Federal Government. No other collateral is provided for these investments.

<u>Investment Type</u>	<u>Book Amount</u>	<u>Bank Amount</u>
Regional Sewage - Unrated Treasury Trust Obligation through Local Financial Institution	\$2,663,181	\$2,663,181

Note 3: Capital Assets

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>					
Capital Assets, not being depreciated:					
Land	\$ 1,277,215	\$ 4,650	\$ 0	\$ 0	\$ 1,281,865
Other Non-Depreciable Assets	<u>0</u>	<u>84,335</u>	<u>0</u>	<u>0</u>	<u>84,335</u>
Total Capital Assets, not being depreciated	<u>\$ 1,277,215</u>	<u>\$ 88,985</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,366,200</u>
Capital Assets, being depreciated:					
Buildings	\$ 1,744,685	\$ 26,765	\$ 0	\$ 0	\$ 1,771,450
Site Improvements	40,460	0	0	0	40,460
Machinery and Equipment	<u>0</u>	<u>3,799</u>	<u>0</u>	<u>0</u>	<u>3,799</u>
Total Capital Assets, being depreciated	<u>\$ 1,785,145</u>	<u>\$ 30,564</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,815,709</u>
Less Accumulated Depreciation for:					
Buildings	(\$ 311,798)	(\$ 47,274)	\$ 0	\$ 0	(\$ 359,072)
Site Improvements	(12,544)	(2,698)	0	0	(15,242)
Machinery and Equipment	<u>0</u>	<u>(443)</u>	<u>0</u>	<u>0</u>	<u>(443)</u>
Total Accumulated Depreciation	<u>(\$ 324,342)</u>	<u>(\$ 50,415)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(\$ 374,757)</u>
Total Capital Assets, being depreciated, net	<u>\$ 1,460,803</u>	<u>(\$ 19,851)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,440,952</u>
Governmental Activities Capital Assets, net	<u>\$ 2,738,018</u>	<u>\$ 69,134</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,807,152</u>
<u>Business-Type Activities</u>					
Capital Assets, not being depreciated:					
Cambria Iron Works:					
Land	\$ 59,500	\$ 0	\$ 0	\$ 0	\$ 59,500
Other Non-Depreciable Assets	674,460	53,392	0	0	727,852
Center Town Mall:					
Land	239,312	0	0	0	239,312
Regional Sewer:					
Land	18,559	0	0	0	18,559
Other Non-Depreciable Assets	<u>8,905,095</u>	<u>379,451</u>	<u>0</u>	<u>(2,134,151)</u>	<u>7,150,395</u>
Total Capital Assets, not being depreciated	<u>\$ 9,896,926</u>	<u>\$ 432,843</u>	<u>\$ 0</u>	<u>(\$2,134,151)</u>	<u>\$ 8,195,618</u>

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 3: Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u> (Continued)					
Capital Assets, being depreciated:					
Cambria Iron Works:					
Buildings	\$ 2,045,979	\$ 0	\$ 0	\$ 0	\$ 2,045,979
Center Town Mall:					
Buildings	244,726	0	0	0	244,726
Regional Sewer:					
Buildings	9,125,156	21,884	0	0	9,147,040
Machinery and Equipment	1,854,083	8,640	0	0	1,862,723
Interceptor Lines	<u>59,884,248</u>	<u>0</u>	<u>0</u>	<u>2,134,151</u>	<u>62,018,399</u>
Total Capital Assets, being depreciated	<u>\$73,154,192</u>	<u>\$ 30,524</u>	<u>\$ 0</u>	<u>\$2,134,151</u>	<u>\$75,318,867</u>
Less Accumulated Depreciation for:					
Buildings	(\$ 5,028,335)	(\$ 445,902)	\$ 0	\$ 0	(\$ 5,474,237)
Machinery and Equipment	(2,665,676)	(67,893)	0	0	(2,733,569)
Interceptor Lines	<u>(10,073,845)</u>	<u>(1,339,387)</u>	<u>0</u>	<u>0</u>	<u>(11,413,232)</u>
Total Accumulated Depreciation	<u>(\$17,767,856)</u>	<u>(\$1,853,182)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(\$19,621,038)</u>
Total Capital Assets, being depreciated, net	<u>\$55,386,336</u>	<u>(\$1,822,658)</u>	<u>\$ 0</u>	<u>\$2,134,151</u>	<u>\$55,697,829</u>
Business-Type Activities Capital Assets, net	<u>\$65,283,262</u>	<u>(\$1,389,815)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$63,893,447</u>

Depreciation expense was charged to the unallocated depreciation function of the primary government for Governmental Activities.

Note 4: Long-Term Obligations

Long-term liability activity for the year ended December 31, 2023, was as follows:

	<u>Balance 12/31/22</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/23</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Cambria Rowe Building Loan AmeriServ Financial Bank Loan - 4598000100	\$ 92,136	\$ 0	(\$ 6,345)	\$ 85,791	\$ 6,605
AmeriServ Financial Bank Loan - 4598100100	579,768	0	(39,632)	540,136	40,849
	<u>123,241</u>	<u>0</u>	<u>(31,340)</u>	<u>91,901</u>	<u>32,173</u>
Governmental Activities Long-Term Liabilities	<u>\$ 795,145</u>	<u>\$ 0</u>	<u>(\$ 77,317)</u>	<u>\$ 717,828</u>	<u>\$ 79,627</u>
<u>Business-Type Activities</u>					
2018 Sewer Revenue Bonds	\$ 4,520,000	\$ 0	(\$ 15,000)	\$ 4,505,000	\$ 15,000
2020 Sewer Revenue Bonds	5,205,000	0	(690,000)	4,515,000	710,000
2009 Pennworks Loan	775,347	0	(188,066)	587,281	175,727
2010 PENNVEST Loan	4,051,686	0	(301,864)	3,749,822	306,331
2012 PENNVEST Loan	2,990,879	0	(240,073)	2,750,806	242,672
2014 PENNVEST Loan	1,667,333	0	(117,139)	1,550,194	119,029
2015 PENNVEST Loan	3,446,596	0	(224,767)	3,221,829	227,025
2016 PENNVEST Loan	13,830,120	0	(783,409)	13,046,711	791,279
2017 PENNVEST Loan	2,674,337	5,475	(239,751)	2,440,061	145,428
2020 PENNVEST Loan	4,398,992	0	(241,122)	4,157,870	243,545
Center Town Mall Loan	187,383	0	(16,282)	171,101	16,885
Sewer Lateral Assistance Loan	1,000,000	0	0	1,000,000	0
Bond Discount	(83,329)	10,991	0	(72,338)	(10,360)
Bond Premium	<u>224,821</u>	<u>0</u>	<u>(33,723)</u>	<u>191,098</u>	<u>33,723</u>
Business-Type Activities Long-Term Liabilities	<u>\$44,889,165</u>	<u>\$16,466</u>	<u>(\$3,091,196)</u>	<u>\$41,814,435</u>	<u>\$3,016,284</u>

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 4: Long-Term Obligations (Continued)

Description of Debt

Pertinent information regarding general obligation debt outstanding is presented below:

Bonds Payable

Sewer Revenue Bonds, Series of 2018

During 2018, the Authority issued \$4,585,000 in Sewer Revenue Bonds with an average interest rate of 2.675% to refund, on a current basis, all of the outstanding principal and interest on the Authority's Sewer Revenue Bonds, Series of 2007 and pay all costs and expenses related to the issuance and sale of the Bonds. The security for the bonds is the pledged revenues, rentals and moneys of the Authority derived from or in connection with the Sewer System. The difference between the cash flows required to service old debt and the cash flows required to service the new debt amounts to \$558,345. The cumulative economic gain resulting from this transaction amounts to \$460,087.

Sewer Revenue Bonds, Series of 2020

During 2020, the Authority issued \$6,220,000 in Sewer Revenue Bonds with an average interest rate of 2.278% to refund, on a current basis, all of the outstanding principal and interest on the Authority's Sewer Revenue Bonds, Series of 2014 and pay all costs and expenses related to the issuance and sale of the Bonds. The security for the bonds is the pledged revenues, rentals, and moneys of the Authority derived from or in connection with the Sewer System. The difference between the cash flows required to service old debt and the cash flows required to service the new debt amounts to \$389,871. The cumulative economic gain resulting from this transaction amounts to \$388,642.

Notes Payable

Center Town Mall

In December 2012, the Authority, with Xena Corporation as a co-borrower, entered into a loan agreement with Somerset Trust Company to refinance the 1998 Center Town Mall Loan. The total loan amount was \$325,000. The loan bore an interest at 2.99% for three (3) years, with a balloon payment of \$289,665 due on December 19, 2015. The collateral for this loan was the first mortgage on Center Town Mall.

On December 23, 2015, the Authority refinanced this loan with a commercial mortgage totaling \$289,845, with an interest rate of 2.99% fixed for three years and reset every three years thereafter based on a three-year treasury plus 2.05% until maturity. The interest rate has a floor of 2.99% and a ceiling rate of 6.99%. The loan has a seventeen year term and a monthly payment of \$1,820, which will adjust with the rate. The collateral for this loan is a first lien position on 339 Walnut Street and a lot at 316 Vine Street, Johnstown, Pennsylvania, as well as an assignment of leases and rent.

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 4: Long-Term Obligations (Continued)

Notes Payable (Continued)

Regional Sewage

In September 2006, the Authority entered into an agreement with the Commonwealth of Pennsylvania Department of Community and Economic Development's Water Supply and Wastewater Infrastructure Program (PennWorks). The \$3,600,000 agreement consists of a grant in the amount of \$1,080,000 and a loan in the amount of \$2,520,000. The annual interest rate of the loan is 2% and must be repaid over 20 years. The proceeds from the Department of Community and Economic Development were used to purchase a plant clarifier and its related costs. All grant funds were utilized. The balance due on the loan as of December 31, 2023 was \$587,281.

2010 PENNVEST Loan - Regional Sewer Improvement Project

The Redevelopment Authority of the City of Johnstown was awarded a \$7.5 million loan from Pennsylvania Infrastructure Investment Authority. The terms of the loan are 40 months of principal and interest at a rate of 1%, and the remaining term of the loan is 180 months of principal and interest at a rate of 1.47%. The proceeds of the loan are to be used for the construction of 50 permanent flow meter manhole stations throughout the Authority's interceptor system, along with 3,900 linear feet of sanitary interceptor sewers in the Sell Street area of the City of Johnstown. The balance due on the loan as of December 31, 2023 was \$3,749,822.

2012 PENNVEST Loan - Interceptor Rehabilitation and Storm Sewer Separation Project

In July 2012, the Redevelopment Authority of the City of Johnstown was awarded a \$5.9 million loan from the Pennsylvania Infrastructure Investment Authority. The terms of the loan are 45 months of principal and interest at a rate of 1%, and the remaining term of the loan is 180 months of principal and interest at a rate of 1.077%. The proceeds of the loan are to be used for construction of 19,200 linear feet of replacement interceptor's sewers in the Roxbury, Moxham, Hornerstown, and Walnut Grove areas of the Authority's interceptor system in the City of Johnstown. The balance due on the loan as of December 31, 2023 was \$2,750,806.

2014 PENNVEST Loan - Franklin Street Interceptor Rehabilitation and Storm Water Separation Project

In July 2014, the Redevelopment Authority of the City of Johnstown was awarded a \$2.5 million loan from the Pennsylvania Infrastructure Investment Authority. The terms of the loan are 47 months of principal and interest at a rate of 1% and the remaining term of the loan is 180 months of principal and interest at a rate of 1.601%. The proceeds of the loan are to be used for construction of 5,700 feet of replacement interceptor sewer for the Franklin Street interceptor in the Roxbury area of the City of Johnstown. The balance due on the loan as of December 31, 2023 was \$1,550,194.

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 4: Long-Term Obligations (Continued)

Notes Payable (Continued)

2015 PENNVEST Loan - Woodvale/Oakhurst Interceptor Rehabilitation and Storm Water Separation Project

In April 2015, the Redevelopment Authority of the City of Johnstown was awarded project for a \$5.0 million loan from the Pennsylvania Infrastructure Investment Authority. The proceeds of the loan are to be used for construction of approximately 8,000 linear feet of sanitary sewers, 1,550 linear feet of slip liner along with related manhole rehabilitation, correct excessive infiltration and reduce sanitary sewer overflows in the Woodvale and Oakhurst areas of the City. The balance due on the loan as of December 31, 2023 was \$3,221,829.

2016 PENNVEST Loan - Hornerstown/Industrial Park Interceptor Rehab and Storm Water Separation Project

In January 2016, the Redevelopment Authority of the City of Johnstown was awarded a \$18.3 million loan from the Pennsylvania Infrastructure Investment Authority. The proceeds of the loan are to be used for the construction of approximately 6,900 feet of replacement, 30 inch and 36 inch interceptor sewers in the Hornerstown area of the City of Johnstown. The balance due on the loan as of December 31, 2023 was \$13,046,711.

2017 PENNVEST Loan - Hornerstown Street and Ohio Street Interceptor Rehab and Storm Water Separation Project

In April 2018, the Redevelopment Authority of the City of Johnstown was awarded a PENNVEST loan in the amount of \$6,049,158 with a maturity date of July 1, 2039 for the Hornerstown Street and Ohio Street Interceptor Rehab and Storm Water Separation Project. The balance due on the loan as of December 31, 2023 was \$2,440,061.

2020 PENNVEST Loan - Fairfield Avenue Sewer Remediation Project

In March 2020, the Redevelopment Authority of the City of Johnstown was awarded a PENNVEST loan in the amount of \$5,146,282 with a maturity date of November 1, 2039 for the Fairfield Avenue Sewer Remediation Project. The balance due on the loan as of December 31, 2023 was \$4,157,870.

Cambria Rowe Building Loan

In December 2019, the Redevelopment Authority of the City of Johnstown entered into a loan agreement with Somerset Trust to finance the purchase of the Cambria Rowe Building located at 221 Central Avenue, Johnstown, PA. The total loan amount was \$110,000 with an interest rate of 3.30% and matures in December 2034. The balance due on the loan as of December 31, 2023 was \$85,791.

416 Main Street Building Buildout Loan

In October 2019, the Redevelopment Authority of the City of Johnstown entered into a loan agreement with AmeriServ Financial Bank to finance the renovations and build out of the 416 Main Street building. The total loan amount was \$630,000 with a fixed interest rate of 4.25% until October 3, 2024.

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 4: Long-Term Obligations (Continued)

Notes Payable (Continued)

416 Main Street Building Buildout Loan (Continued)

In July 2020, the Redevelopment Authority of the City of Johnstown entered into two (2) loan agreements with AmeriServ Financial Bank to finance the renovations and build out of the 416 Main Street Building. The loan agreements were agreed upon to refinance the loan that was obtained to finance the build out of the 416 Main Street building in October 2019. The total loan amount for the first loan was \$671,500 with a fixed interest rate of 2.5% until July 7, 2025. There is a 2.5% interest rate floor. After July 7, 2025, the rate will readjust to 75% of the daily yield on U.S. Treasury Securities, adjusted to a constant maturity of five years, plus 300 basis points. In addition, the rate will readjust on July 7, 2030 in the same fashion. The total amount for the second loan was \$218,500 with a fixed interest rate of 2.5% until July 7, 2025. There is a 2.5% interest rate floor. After July 7, 2025, the rate will readjust to 75% of the daily yield on U.S. Treasury Securities, adjusted to a constant maturity of five years, plus 300 basis points. As of December 31, 2023, the balances due on the loans are \$540,136 and \$91,901, respectively.

Sewer Lateral Assistance Program

During 2022, the Redevelopment Authority and the City of Johnstown entered into an agreement where the Authority would be the program manager for the City of Johnstown's Residential Sewer Lateral Assistance Loan Program. Under the agreement, the City of Johnstown provided the Authority \$1,000,000 in funding to support the program, of which, the authority may retain up to \$30,000 for administrative purposes. Under the program, City of Johnstown homeowners are provided a loan for the purpose of improving their sewer lateral to the required standard set by the Johnstown Water Authority and the Pennsylvania Department of Environmental Protection. The term of the loan program is 20 years with the intention that the Authority will return all funds back to the City after the program ends.

Debt Maturity

An analysis of debt service requirements to maturity on these obligations follows:

2018 Sewer Revenue Bonds

<u>Years Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 15,000	\$ 144,764	\$ 159,764
2026	15,000	144,370	159,370
2026	15,000	143,976	158,976
2027	15,000	143,545	158,545
2028	15,000	143,114	158,114
2029 - 2033	3,495,000	548,773	4,043,773
2034	<u>935,000</u>	<u>30,388</u>	<u>965,388</u>
	<u>\$4,505,000</u>	<u>\$1,298,930</u>	<u>\$5,803,930</u>

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 4: Long-Term Obligations (Continued)

Debt Maturity (Continued)

2020 Sewer Revenue Bonds

<u>Years Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 710,000	\$ 104,700	\$ 814,700
2025	730,000	83,400	813,400
2026	745,000	61,500	806,500
2027	765,000	46,600	811,600
2028	775,000	31,300	806,300
2029	<u>790,000</u>	<u>15,800</u>	<u>805,800</u>
	\$4,515,000	\$ 343,300	\$4,858,300

2009 Penn Works Loan

<u>Years Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 175,727	\$ 9,307	\$ 185,034
2025	195,409	6,446	201,855
2026	199,353	2,502	201,855
2027	<u>16,792</u>	<u>28</u>	<u>16,820</u>
	\$ 587,281	\$ 18,283	\$ 605,564

Center Town Mall Loan

<u>Years Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 16,885	\$ 4,873	\$ 21,758
2025	17,399	4,359	21,758
2026	17,928	3,830	21,758
2027	18,473	3,285	21,758
2028	19,035	2,723	21,758
2029 - 2032	<u>81,381</u>	<u>1,231</u>	<u>82,612</u>
	\$ 171,101	\$ 20,301	\$ 191,402

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 4: Long-Term Obligations (Continued)

Debt Maturity (Continued)

2010 PENNVEST Loan

<u>Years Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 306,331	\$ 53,064	\$ 359,395
2025	310,865	48,530	359,395
2026	315,465	43,930	359,395
2027	320,134	39,261	359,395
2028	324,872	34,523	359,395
2029 - 2033	1,697,916	99,059	1,796,975
2034 - 2035	<u>474,239</u>	<u>4,953</u>	<u>479,192</u>
	<u>\$3,749,822</u>	<u>\$ 323,320</u>	<u>\$4,073,142</u>

2012 PENNVEST Loan

<u>Years Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 242,672	\$ 28,430	\$ 271,102
2025	245,298	25,804	271,102
2026	247,953	23,149	271,102
2027	250,637	20,465	271,102
2028	253,350	17,752	271,102
2029 - 2033	1,308,478	47,032	1,355,510
2034	<u>202,418</u>	<u>909</u>	<u>203,327</u>
	<u>\$2,750,806</u>	<u>\$ 163,541</u>	<u>\$2,914,347</u>

2014 PENNVEST Loan

<u>Years Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 119,029	\$ 23,947	\$ 142,976
2025	120,948	22,028	142,976
2026	122,899	20,077	142,976
2027	124,881	18,095	142,976
2028	126,895	16,081	142,976
2029 - 2033	665,843	49,037	714,880
2034 - 2035	<u>269,699</u>	<u>4,339</u>	<u>274,038</u>
	<u>\$1,550,194</u>	<u>\$ 153,604</u>	<u>\$1,703,798</u>

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 4: Long-Term Obligations (Continued)

Debt Maturity (Continued)

2015 PENNVEST Loan

<u>Years Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 227,025	\$ 31,180	\$ 258,205
2025	229,306	28,899	258,205
2026	231,609	26,596	258,205
2027	233,936	24,269	258,205
2028	236,286	21,919	258,205
2029 - 2033	1,217,518	73,507	1,291,025
2034 - 2037	<u>846,149</u>	<u>14,533</u>	<u>860,682</u>
	<u>\$3,221,829</u>	<u>\$ 220,903</u>	<u>\$3,442,732</u>

2016 PENNVEST Loan

<u>Years Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 791,279	\$ 126,847	\$ 918,126
2025	799,228	118,898	918,126
2026	807,257	110,869	918,126
2027	815,367	102,759	918,126
2028	823,558	94,568	918,126
2029 - 2033	4,243,568	347,062	4,590,630
2034 - 2038	4,461,047	129,583	4,590,630
2039	<u>305,407</u>	<u>637</u>	<u>306,044</u>
	<u>\$13,046,711</u>	<u>\$1,031,223</u>	<u>\$14,077,934</u>

2017 PENNVEST Loan

<u>Years Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 145,428	\$ 23,736	\$ 169,164
2025	146,889	22,275	169,164
2026	148,365	20,799	169,164
2027	149,855	19,309	169,164
2028	151,361	17,803	169,164
2029 - 2033	779,921	65,899	845,820
2034 - 2038	819,891	25,929	845,820
2039	<u>98,351</u>	<u>328</u>	<u>98,679</u>
	<u>\$2,400,061</u>	<u>\$ 196,078</u>	<u>\$2,636,139</u>

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 4: Long-Term Obligations (Continued)

Debt Maturity (Continued)

2020 PENNVEST Loan

<u>Years Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 243,545	\$ 40,465	\$ 284,010
2025	245,992	38,018	284,010
2026	248,463	35,547	284,010
2027	250,959	33,051	284,010
2028	253,480	30,530	284,010
2029 - 2033	1,306,113	113,937	1,420,050
2034 - 2038	1,373,050	47,000	1,420,050
2039	<u>236,268</u>	<u>1,087</u>	<u>237,355</u>
	<u>\$4,157,870</u>	<u>\$ 339,635</u>	<u>\$4,497,505</u>

AmeriServ Loan - 4598000100

<u>Years Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 40,849	\$ 13,019	\$ 53,868
2025	41,882	11,986	53,868
2026	42,941	10,927	53,868
2027	44,027	9,841	53,868
2028	45,141	8,727	53,868
2029 - 2033	243,414	25,926	269,340
2034 - 2035	<u>81,882</u>	<u>1,654</u>	<u>83,536</u>
	<u>\$ 540,136</u>	<u>\$ 82,080</u>	<u>\$ 622,216</u>

AmeriServ Loan - 4598100100

<u>Years Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 32,173	\$ 1,927	\$ 34,100
2025	32,987	1,113	34,100
2026	<u>26,741</u>	<u>291</u>	<u>27,032</u>
	<u>\$ 91,901</u>	<u>\$ 3,331</u>	<u>\$ 95,232</u>

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 4: Long-Term Obligations (Continued)

Debt Maturity (Continued)

Cambria Rowe Building

<u>Years Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 6,605	\$ 2,727	\$ 9,332
2025	6,827	2,505	9,332
2026	7,055	2,277	9,332
2027	7,292	2,040	9,332
2028	7,536	1,796	9,332
2029 - 2033	41,640	5,020	46,660
2034	<u>8,836</u>	<u>149</u>	<u>8,985</u>
	<u>\$ 85,791</u>	<u>\$ 16,514</u>	<u>\$ 102,305</u>

Note 5: Letters of Credit

Letters of credit represent conditional obligations of First National Bank which guarantees the performance of the Authority to the Pennsylvania Department of Transportation. As of December 31, 2023, the Authority was party to one (1) \$20,000 irrevocable letter of credit that expires May 17, 2025. The Authority is also party to one (1) \$10,000 irrevocable letter of credit that renews annually on December 7 for successive one-year periods, unless notified by the bank of its intention not to renew.

The Authority has a letter of credit with First National Bank which guarantees the performance of the Authority to Brush Valley Township. As of December 31, 2023, the letter of credit was \$10,000 and is set to expire on February 4, 2024. The letter of credit will automatically extend for additional one-year periods unless notified by the bank of its intention not to renew.

The Authority has a letter of credit with First National Bank which guarantees the performance of the Authority to Conemaugh Township. As of December 31, 2023, the letter of credit was \$3,750 and is set to expire on July 27, 2024. This letter of credit will automatically extend for additional one-year periods unless notified by the bank of its intention not to renew.

Note 6: Retirement Plan

Plan Description

The Redevelopment Authority of the City of Johnstown contributes to a single-employer defined benefit pension plan. The plan was established by Resolution No. 4230, effective April 1, 2016. The plan was administered through the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). The CAFR is available on the PMRS Website. A copy can be obtained by contacting the PMRS accounting office.

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023
 (CONTINUED)

Note 6: Retirement Plan (Continued)

Method Used to Value Investments

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Plan Membership

The plan covers all full-time employees. As of January 1, 2023, pension plan membership consisted of the following:

Active employees	4
Inactive employees and beneficiaries currently receiving benefits	1
Inactive employees entitled to benefits but not yet receiving them	<u>0</u>
Total	5
	=

Benefits Provided

Membership for full-time employees is mandatory. Original members receive credited service for all years of prior service for determining the member's eligibility for benefits. Members are eligible for unreduced basic benefits upon attainment of age 62, and members vest at 20% per year through the first five years or credited service at which time members are fully vested. The basic benefits equals a single life annuity starting on the effective date of retirement with a present value of the member's deduction (required contribution is 0%, but voluntary contributions may be up to 20% of compensation) and the Authority's contribution (currently 9% of compensation) on behalf of the member.

Contributions

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for municipal pension plans. Act 205 requires that annual contributions to the pension plan be based upon the minimum municipal obligation (MMO). The MMO is determined from the plan's latest actuarial valuation report along with estimates of payroll, employee contributions, and administrative costs. For the year ended December 31, 2023, the Authority's required contribution was \$28,129.

Employees are required to contribute to the plan in an amount to be determined from time to time. This contribution is governed by the plan's governing ordinances and collective bargaining. Employers contributions are currently 9.0% of covered payroll.

Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the plan and funded through the MMO and/or plan earnings.

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 6: Retirement Plan (Continued)

Investments

The plan is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act. The plan's target asset allocation according to the PMRS investment policy adopted May 15, 2014, is as follows:

<u>Asset Class</u>	<u>Range</u>
Cash and Cash Equivalents	0%
Domestic Equities	47.5%
International Equities	25%
Real Estate	12.5%
Fixed Income	15%

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit ratings of the plan's investments (excluding obligations explicitly guaranteed by the U.S. government) are included on the table below.

Net Pension Asset/Liability

The Authority's net pension liability (asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) is based upon the January 1, 2023 actuarial valuation with liabilities measured at December 31, 2021. The tables show the changes in the Total Pension Liability, the Plan Fiduciary Net Position (i.e., fair value of the Plan assets), and the Net Pension Liability (Asset) as of the Measurement Date.

	Change in Net Pension Liability (Asset)		
	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<u>Balances</u> - 12/31/2021	\$374,734	\$452,102	(\$77,368)
Changes for the Year:			
Service Cost	\$ 27,978	\$ 0	\$27,978
Interest	19,583	0	19,583
Difference Between Expected and Actual Experience	3,756	0	3,756
Contributions - Employer	0	27,978	(27,978)
Contributions - PMRS Assessment	0	100	(100)
PMRS Investment Income	0	19,561	(19,561)
Market Value Investment Income	0	(72,150)	72,150
Benefit Payments	(23,455)	(23,455)	0
PMRS Administrative Expense	0	(100)	100
Additional Administrative Expense	0	(1,034)	1,034
Net Changes	\$ 27,862	(\$ 49,100)	\$76,962
<u>Balances</u> - 12/31/2022	\$402,596	\$403,002	(\$ 406)

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 6: Retirement Plan (Continued)

Net Pension Asset/Liability (Continued)

As of December 31, 2023, the net pension asset was increased by \$28,129, representing contributions made subsequent to December 31, 2022.

The components of the net pension asset of the Authority's plan at December 31, 2022, were as follows:

Total Pension Plan Liability	\$402,596
Plan Fiduciary Net Position	<u>403,002</u>
Net Pension Asset	(\$ 406)

Plan Fiduciary Net Position as a percentage of the total pension liability is 100.10%.

Actuarial Assumptions

According to the Governmental Accounting Standards Board (GASB) Statements No. 67 and 68, PMRS is required to allocate/distribute all funds to the respective participating employers for financing reporting purposes, to determine the respective employer "plan fiduciary net position." PMRS has determined that net investment income or loss and administrative expenses will be allocated to the employer/municipality accounts pro-rata based on their beginning Fiduciary Net Position balance adjusted for cash flows throughout the year. The "Additional administrative expenses" are the expense in excess of the "PMRS administrative expense" (i.e. \$20 per participant expense paid by each plan). The "PMRS investment income" is based upon the regular and excess interest used to credit accounts annually. The "Market value investment income" reflects the investment income/loss during the year net of PMRS investment income and income/loss due to the difference between expected and actual asset values, including the impact from allocation of assets in support of the underlying retiree liabilities.

The actuarial assumptions used in the December 31, 2022 measurement date valuation were based on the PMRS Experience Study for the period covering January 1, 2014 through December 31, 2018 issued by the actuary in September 2020, covering the defined benefit plan participants and all retirees, as well as subsequent Board approved assumption changes. This assumption changes from the Experience Study were first being used for the December 31, 2020 measurement date. Effective with the December 31, 2016 measurement date, the Investment Return Assumption for municipal assets decreased from 5.5% to 5.25%. Other significant assumptions used in the valuation include:

Post-Retirement Cost-of-Living Adjustments	2.2% per year, subject to plan limitations
Salary Increases	Inflation rate of 2.2%, plus merit based increases
Investment Rate of Return	5.25% compounded annually, net of expenses
Retirement Age	Age and service-based tables of rates that are specific to the type of eligibility condition.

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 6: Retirement Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.25 percent. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made equal to the Minimum Municipal Obligation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of the Authority, calculated using the discount rate of 5.25 percent, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.25 percent) or 1-percentage-point higher (6.25 percent) than the current rate:

	<u>-1% (4.25%)</u>	<u>Current Discount Rate (5.25%)</u>	<u>+1% (6.25%)</u>
Net Pension Liability (Asset)	\$49,684	(\$ 406)	(\$47,988)
	<hr style="width: 50%; margin: auto;"/>	<hr style="width: 50%; margin: auto;"/>	<hr style="width: 50%; margin: auto;"/>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

<u>Components of Pension Expense</u>	<u>12/31/22</u>
Service Cost	\$27,978
Interest on Total Pension Liability	19,583
Expected Return on Assets	(19,561)
Recognition of Changes in Assumptions	1,578
Recognition of Investment Gains and Losses	(9,075)
Recognition of Liability Gains and Losses	1,944
Pension Plan Administrative Expense	<u>1,134</u>
 Total Pension Expense	 \$23,581
	<hr style="width: 50%; margin: auto;"/>

At December 31, 2023, the Plan reported deferred outflows of resources and deferred inflows of resources related to pension expense from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between the Expected and Actual Experience	\$15,375	\$ 0
Changes of Assumptions	9,463	0
Net Difference Between Projected and Actual Earnings on Plan Investments	<u>18,830</u>	<u>0</u>
 Total	 \$43,668	 \$ 0
	<hr style="width: 50%; margin: auto;"/>	<hr style="width: 50%; margin: auto;"/>

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 6: Retirement Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

<u>Year Ended</u>	<u>Amount</u>
2024	\$ 1,813
2025	9,631
2026	17,952
2027	3,522
2028	3,522
Thereafter	7,228

Note 7: Deferred Compensation Plan

The Authority established a deferred compensation plan, which was adopted under the provisions of the Internal Revenue Code Section 457 (Deferred Compensation Plan with Respect to Service for State and Local Governments.) A third-party firm administers the plan under a trust agreement.

The plan covers certain management employees of the Authority. The amounts required to be contributed are based on contractual amounts or percentages of compensation as provided in their employment contracts. All amounts of compensation deferred under the Plan and all income attributable to those amounts (until paid or made available to the employee or beneficiary) are solely the property and rights of the Authority; but are restricted for employees that participate in the Plan. The Authority must exercise due care as required of any ordinary prudent investor.

The plan is for eligible employees completing one year of service. Participants may defer income on a pre-tax basis through an elective contribution to the Plan, subject to limitations prescribed by the Internal Revenue Code. The Authority will match a percentage of each participant's contribution up to a maximum of 4% of gross compensation. Participants become immediately vested in the matching contribution. During the year ended December 31, 2023, the Authority's matching contribution to the Plan was \$13,599.

Note 8: Commitments and Contingencies

Grant Programs

The Authority participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Authority is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs.

PA DEP - Consent Order

In August 2009, the Pennsylvania Department of Environmental Protections (PA DEP) imposed the final Consent Order on the Authority involving violations of NPDES permit

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 8: Commitments and Contingencies (Continued)

PA DEP - Consent Order (Continued)

limits. The consent order also contained a timetable for general improvements in the system for removal of wet weather overflows with the interceptor system. In conjunction with the final Consent Order, the Authority agreed to pay \$45,000 in penalties to PA DEP over an 18 month period, in addition the timetable set to accomplish the required improvements ends December 31, 2024.

Given the scope of the Order, the size of the Authority's sewer system, and the various conditions and/or deficiencies that may be discovered by the assessment, it is difficult to predict the total cost of compliance with the order. Moreover, it is difficult to predict what, if any, large scale and/or regional capital improvements may be required after the completion of the assessment to address wet weather sewer overflows. The Authority has hired an engineering firm to assist in the development of its plans to comply with the order. Costs associated with the order are capitalized as the improvements will improve the life and increase the operating effectiveness of the sewer system.

Litigation and Investigation

In the normal course of operations, the Authority is involved in various disputes and grievances. Management is of the opinion that any outcome resulting from these actions would not have a material effect on the Authority's financial position.

Note 9: Risk Management

The Authority is exposed to various risks or loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority utilizes commercial insurance policies for selected exposures.

Note 10: Leases

Governmental Activities

The Authority, as a lessor, has entered into lease agreements involving building space. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, initially recognized during 2022 was \$1,944,080.

Future expected payments as of December 31, 2023:

<u>Years Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 152,847	\$ 16,931	\$ 169,778
2025	121,371	20,880	142,251
2026	112,336	25,905	138,241
2027	110,048	32,164	142,212
2028	107,806	38,490	146,296
2029 - 2033	384,824	213,702	598,526
2034 - 2038	297,159	299,868	597,027
2039 - 2043	259,133	403,941	663,074
2044 - 2047	<u>42,039</u>	<u>87,640</u>	<u>129,679</u>
	<u>\$1,587,563</u>	<u>\$1,139,521</u>	<u>\$2,727,084</u>

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

Note 10: Leases (Continued)

Business-Type Activities

The Authority, as a lessor, has entered into a lease agreement involving building space. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, initially recognized during the year was \$860,032.

Future expected payments as of December 31, 2023:

<u>Years Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 25,144	\$ 1,856	\$ 27,000
2025	23,944	3,056	27,000
2026	22,801	4,199	27,000
2027	21,713	5,287	27,000
2028	20,677	6,323	27,000
2029 - 2033	125,138	64,091	189,229
2034 - 2038	110,872	103,223	214,095
2039 - 2043	98,233	143,996	242,229
2044 - 2048	87,035	187,026	274,061
2049 - 2053	77,113	232,962	310,075
2054 - 2058	68,322	282,500	350,822
2059 - 2063	60,533	336,389	396,922
2064 - 2068	53,633	395,448	449,081
2069 - 2072	<u>38,470</u>	<u>362,925</u>	<u>401,395</u>
	<u>\$ 833,628</u>	<u>\$2,129,281</u>	<u>\$2,962,909</u>

Note 11: Prior Period Adjustment

A prior period adjustment of \$156,389 was reported for Cambria Iron Works. The adjustment was the result of understating grant receivable related to the multi-modal grant reimbursement of Tran Systems.

REQUIRED SUPPLEMENTARY INFORMATION

**THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	<u>2022</u>
<u>Total Pension Liability</u>	
Service Cost	\$ 27,978
Interest	19,583
Differences Between Expected and Actual Experience	3,756
Changes of Assumptions	0
Benefit Payments, including refunds of member contributions	(23,455)
Net Change in Pension Liability	\$ 27,862
<u>Total Pension Liability (Asset) - Beginning</u>	<u>374,734</u>
<u>Total Pension Liability (Asset) - Ending (A)</u>	<u>\$402,596</u>
<u>Plan Fiduciary Net Position</u>	
Contributions - Employer	\$ 27,978
Contributions - PMRS Assessment	100
Net Investment Income	(52,589)
Benefit Payments, including refunds of member contributions	(23,455)
Administrative Expenses	(1,134)
Net Change in Plan Fiduciary Net Position	(\$ 49,100)
<u>Plan Fiduciary Net Position - Beginning</u>	<u>452,102</u>
<u>Plan Fiduciary Net Position - Ending (B)</u>	<u>\$403,002</u>
<u>Authority's Net Pension Liability (Asset) - Ending (A-B)</u>	<u>(\$ 406)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.10%
Covered Employee Payroll	\$310,865
Authority's Net Pension Liability as a Percentage of Covered Employee Payroll	(.13%)

**THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
(CONTINUED)**

	<u>2021</u>	<u>2020</u>
<u>Total Pension Liability</u>		
Service Cost	\$ 27,244	\$ 25,870
Interest	18,349	16,326
Differences Between Expected and Actual Experience	0	4,334
Changes of Assumptions	0	15,775
Benefit Payments, including refunds of member contributions	(23,455)	(23,455)
Net Change in Pension Liability	\$ 22,138	\$ 38,850
<u>Total Pension Liability (Asset)</u> - Beginning	<u>352,596</u>	<u>313,746</u>
<u>Total Pension Liability (Asset)</u> - Ending (A)	\$374,734	\$352,596
	=====	=====
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	\$ 27,244	\$ 25,870
Contributions - PMRS Assessment	100	120
Net Investment Income	59,933	55,336
Benefit Payments, including refunds of member contributions	(23,455)	(23,455)
Administrative Expenses	(1,138)	(827)
Net Change in Plan Fiduciary Net Position	\$ 62,684	\$ 57,044
<u>Plan Fiduciary Net Position</u> - Beginning	<u>389,418</u>	<u>332,374</u>
<u>Plan Fiduciary Net Position</u> - Ending (B)	\$452,102	\$389,418
	=====	=====
<u>Authority's Net Pension Liability (Asset)</u> - Ending (A-B)	(\$ 77,368)	(\$ 36,822)
	=====	=====
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	120.65%	110.44%
Covered Employee Payroll	\$302,716	\$287,449
Authority's Net Pension Liability as a Percentage of Covered Employee Payroll	(25.56%)	(12.81%)

**THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
(CONTINUED)**

	<u>2019</u>	<u>2018</u>
<u>Total Pension Liability</u>		
Service Cost	\$ 18,662	\$ 16,821
Interest	15,623	14,195
Change in Benefit Terms	0	3,108
Differences Between Expected and Actual Experience	0	16,415
Changes of Assumptions	0	0
Transfers	0	0
Benefit Payments, including refunds of member contributions	(23,455)	(23,196)
Net Change in Pension Liability	\$ 10,830	\$ 27,343
<u>Total Pension Liability (Asset) - Beginning</u>	<u>302,916</u>	<u>275,573</u>
<u>Total Pension Liability (Asset) - Ending (A)</u>	<u>\$313,746</u>	<u>\$302,916</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	\$ 18,662	\$ 16,826
Contributions - PMRS Assessment	100	80
Net Investment Income	59,575	6,014
Transfers	0	0
Benefit Payments, including refunds of member contributions	(23,455)	(23,196)
Administrative Expenses	(633)	(675)
Net Change in Plan Fiduciary Net Position	\$ 54,249	(\$ 951)
<u>Plan Fiduciary Net Position - Beginning</u>	<u>278,125</u>	<u>279,076</u>
<u>Plan Fiduciary Net Position - Ending (B)</u>	<u>\$332,374</u>	<u>\$278,125</u>
<u>Authority's Net Pension Liability (Asset) - Ending (A-B)</u>	<u>(\$ 18,628)</u>	<u>\$ 24,791</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	105.94%	91.82%
Covered Employee Payroll	\$207,360	\$186,904
Authority's Net Pension Liability as a Percentage of Covered Employee Payroll	(8.98%)	13.26%

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
 REQUIRED SUPPLEMENTARY INFORMATION
 PENSION PLAN
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 (CONTINUED)

	<u>2017</u>	<u>2016</u>
<u>Total Pension Liability</u>		
Service Cost	\$ 12,382	\$ 7,808
Interest	7,071	9,705
Change in Benefit Terms	0	0
Differences Between Expected and Actual Experience	0	(1)
Changes of Assumptions	0	0
Transfers	0	261,804
Benefit Payments, including refunds of member contributions	(23,196)	0
Net Change in Pension Liability	(\$ 3,743)	\$279,316
<u>Total Pension Liability (Asset) - Beginning</u>	<u>279,316</u>	<u>0</u>
<u>Total Pension Liability (Asset) - Ending (A)</u>	<u>\$275,573</u>	<u>\$279,316</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	\$ 12,382	\$ 7,808
Contributions - PMRS Assessment	80	40
Net Investment Income	24,752	(3,754)
Transfers	0	261,804
Benefit Payments, including refunds of member contributions	(23,196)	0
Administrative Expenses	(363)	(477)
Net Change in Plan Fiduciary Net Position	\$ 13,655	\$265,421
<u>Plan Fiduciary Net Position - Beginning</u>	<u>265,421</u>	<u>0</u>
<u>Plan Fiduciary Net Position - Ending (B)</u>	<u>\$279,076</u>	<u>\$265,421</u>
<u>Authority's Net Pension Liability (Asset) - Ending (A-B)</u>	<u>(\$ 3,503)</u>	<u>\$ 13,895</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101.27%	95.03%
Covered Employee Payroll	\$107,000	\$ 86,754
Authority's Net Pension Liability as a Percentage of Covered Employee Payroll	(3.27%)	16.02%

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
 REQUIRED SUPPLEMENTARY INFORMATION
 PENSION PLAN
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 (CONTINUED)

	<u>2015</u>	<u>2014</u>
<u>Total Pension Liability</u>		
Service Cost	\$0	\$0
Interest	0	0
Change in Benefit Terms	0	0
Differences Between Expected and Actual Experience	0	0
Changes of Assumptions	0	0
Transfers	0	0
Benefit Payments, including refunds of member contributions	<u>0</u>	<u>0</u>
Net Change in Pension Liability	\$0	\$0
<u>Total Pension Liability (Asset)</u> - Beginning	<u>0</u>	<u>0</u>
<u>Total Pension Liability (Asset)</u> - Ending (A)	\$0	\$0
	=	=
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	\$0	\$0
Contributions - PMRS Assessment	0	0
Net Investment Income	0	0
Transfers	0	0
Benefit Payments, including refunds of member contributions	0	0
Administrative Expenses	<u>0</u>	<u>0</u>
Net Change in Plan Fiduciary Net Position	\$0	\$0
<u>Plan Fiduciary Net Position</u> - Beginning	<u>0</u>	<u>0</u>
<u>Plan Fiduciary Net Position</u> - Ending (B)	\$0	\$0
	=	=
<u>Authority's Net Pension Liability (Asset)</u> - Ending (A-B)	\$0	\$0
	=	=
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	N/A	N/A
Covered Employee Payroll	\$0	\$0
Authority's Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A

**THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN
SCHEDULE OF CONTRIBUTIONS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Statutorily Required Contribution	\$ 28,078	\$ 27,344	\$ 25,990
Contributions in Relation to the Statutorily Required Contribution	<u>28,078</u>	<u>27,344</u>	<u>25,990</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	<u>\$310,865</u>	<u>\$302,716</u>	<u>\$287,449</u>
Authority's Contributions as a Percentage of Covered Employee Payroll	<u>9.03%</u>	<u>9.03%</u>	<u>9.04%</u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily Required Contribution	\$ 18,762	\$ 16,901	\$ 12,422
Contributions in Relation to the Statutorily Required Contribution	<u>18,762</u>	<u>16,906</u>	<u>12,462</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>(\$ 5)</u>	<u>(\$ 40)</u>
Covered Employee Payroll	<u>\$207,360</u>	<u>\$186,904</u>	<u>\$107,000</u>
Authority's Contributions as a Percentage of Covered Employee Payroll	<u>9.05%</u>	<u>9.05%</u>	<u>11.65%</u>
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily Required Contribution	\$ 7,808	\$ 0	\$ 0
Contributions in Relation to the Statutorily Required Contribution	<u>7,848</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>(\$ 40)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	<u>\$ 86,754</u>	<u>\$ 0</u>	<u>\$ 0</u>
Authority's Contributions as a Percentage of Covered Employee Payroll	<u>9.05%</u>	<u>N/A</u>	<u>N/A</u>

**THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
 REQUIRED SUPPLEMENTARY INFORMATION
 PENSION PLAN
 SCHEDULE OF INVESTMENT RETURN**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	NOT PROVIDED	NOT PROVIDED	NOT PROVIDED
	=====	=====	=====
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	NOT PROVIDED	(4.57%)	17.84%
	=====	=====	=====
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	8.23%	N/A	N/A
	=====	=====	=====

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Valuation Date

Statutorily Required Contributions is a contribution based upon the payroll and the contribution rate under the terms of the cash balance pension plan. Therefore, the Statutorily Required Contributions for calendar year 2023 is based upon the January 1, 2023 actuarial valuation.

Actuarial Assumptions

Actuarial Cost Method:	Entry Age Normal
Amortization Period:	Level dollar based upon the amortization periods in Act 205
Asset Valuation Method:	Based upon the municipal reserves
Discount Rate:	5.25%
Inflation:	2.2%
Salary Scale:	Age related scale with merit and inflation component of 2.2%
Post-Retirement COLA Increases:	2.2% per year, subject to plan limitations
Pre-Retirement Mortality:	Males - PUB-2010 General Employees Male Table Females - PUB-2010 General Employees Female Table 20% of pre-retirement deaths are assumed to be service related
Post-Retirement Mortality:	Males: RP 2006 Annuitant Male Table Females: RP 2006 Annuitant Female Table
Disabled Life Mortality Base Tables:	Male: RP 2006 Disabled Annuitant Male Table Female: RP 2006 Disabled Annuitant Female Table
Mortality Improvement:	All base mortality tables are projected from the applicable table's base year to 2023 using Mortality Improvement Scale MP-2018

**THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Direct/ Indirect D/I</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period</u>
<u>U.S. Environmental Protection Agency</u> (Passed Through Pennsylvania Infrastructure Investment Authority)				
Capitalization Grants for Clean Water State Revolving Funds	66.458	I	N/A	2023
<u>U.S. Department of Housing and Urban Development</u> (Passed Through Cambria County)				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	I	N/A	2021-2023
<u>U.S. Department of Treasury</u> (Passed Through City of Johnstown)				
Coronavirus State and Local Fiscal Recovery Funds	21.027	I	N/A	2022-2024
(Passed Through Redevelopment Authority of Cambria County)				
Coronavirus State and Local Fiscal Recovery Funds	21.027	I	N/A	2023-2024
Subtotal - Coronavirus State and Local Fiscal Recovery Funds				
Total Federal Awards				

Source Codes

N/A = Information Not Available
D - Direct Federal Funding
I - Indirect Federal Funding

**THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>Total Received for Year</u>	<u>Accrued or (Deferred) Revenue at 12/31/22</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue at 12/31/23</u>	<u>Expenditures to Subrecipients</u>
\$ 5,475	\$ 0	\$ 5,475	\$ 5,475	\$ 0	\$0
<u>175,878</u>	<u>30,929</u>	<u>174,271</u>	<u>174,271</u>	<u>29,322</u>	<u>0</u>
\$ 336,467	(\$ 827,120)	\$1,066,564	\$1,066,564	(\$ 97,023)	\$0
<u>1,000,000</u>	<u>0</u>	<u>700,632</u>	<u>700,632</u>	(<u>299,368</u>)	<u>0</u>
<u>\$1,336,467</u>	(<u>\$ 827,120</u>)	<u>\$1,767,196</u>	<u>\$1,767,196</u>	(<u>\$396,391</u>)	<u>\$0</u>
<u>\$1,517,820</u>	(<u>\$ 796,191</u>)	<u>\$1,946,942</u>	<u>\$1,946,942</u>	(<u>\$367,069</u>)	<u>\$0</u>

**THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2023**

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Redevelopment Authority of the City of Johnstown under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Redevelopment Authority of the City of Johnstown, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Redevelopment Authority of the City of Johnstown.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Subrecipients

The Redevelopment Authority of the City of Johnstown did not provide federal awards to subrecipients during the year ended December 31, 2023.

Note 4: Identification of Major Federal Award Program

An extensive compliance test, as required by the Uniform Guidance, was performed on the Coronavirus State and Local Fiscal Recovery Funds, which represents 91% of the total expenditures reflected on the Schedule of Expenditures of Federal Awards.

The 40% test was satisfied as follows:

<u>Project Title</u>	<u>Assistance Listing Number</u>	<u>Expenditures</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027	\$1,767,196
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	174,271
Capitalization Grant for Clean Water State Revolving Funds	66.458	<u>5,475</u>
		\$1,946,942
		x <u>20%</u>
Minimum Amount Which Must Be Tested		<u>\$ 389,388</u>

The Coronavirus State and Local Fiscal Recovery Funds program exceeds \$389,388 and, therefore, represents the program which the specific compliance requirements must be applied.

Note 5: Indirect Cost Reimbursement

The Authority did not elect to use the de minimis 10% indirect cost rate.

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

Board of Directors
The Redevelopment Authority of the City of Johnstown
416 Main Street, 2nd Floor
Johnstown, Pennsylvania 15901

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Redevelopment Authority of the City of Johnstown, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Redevelopment Authority of the City of Johnstown's basic financial statements, and have issued our report thereon dated June 24, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Young, Decker, Brown & Company, P.C.

**AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
The Redevelopment Authority of the City of Johnstown
416 Main Street, 2nd Floor
Johnstown, Pennsylvania 15901

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Redevelopment Authority of the City of Johnstown's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Redevelopment Authority of the City of Johnstown's major federal programs for the year ended December 31, 2023. The Redevelopment Authority of the City of Johnstown's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Redevelopment Authority of the City of Johnstown complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Redevelopment Authority of the City of Johnstown and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Redevelopment Authority of the City of Johnstown's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Redevelopment Authority of the City of Johnstown's federal programs.

**AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Redevelopment Authority of the City of Johnstown's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Redevelopment Authority of the City of Johnstown's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Redevelopment Authority of the City of Johnstown's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Redevelopment Authority of the City of Johnstown's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Redevelopment Authority of the City of Johnstown's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

**AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

Report on Internal Control Over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Young, DeWitt, Brown & Company, P.C.

**THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? None Reported

Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major Federal program:

Material weakness(es) identified? None Reported

Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major Federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? No

Identification of major Federal program:

CFDA Number: 21.027	Name of Federal Program or Cluster: Coronavirus State and Local Fiscal Recovery Funds
------------------------	---

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low risk auditee? Yes

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

Findings and Questioned Costs

Financial Statement Findings

None

Uniform Guidance Findings

None

THE REDEVELOPMENT AUTHORITY OF THE CITY OF JOHNSTOWN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2023

Findings - Financial Statement Audit

None

Financial - Major Federal Awards Program

None