THE ESTATE OF STEPHEN GIRARD, DECEASED

Basic Financial Statements

June 30, 2022

(With Independent Auditors' Report Thereon)

THE ESTATE OF STEPHEN GIRARD, DECEASED

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KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditors' Report

The Members of the Board
The Estate of Stephen Girard, Deceased:

Opinion

We have audited the financial statements of the Estate of Stephen Girard, Deceased (the Estate) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Estate's basic financial statements for the year then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Estate as of June 30, 2022, and the changes in fiduciary net position for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Estate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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

In performing an audit in accordance with GAAS, we:

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

U.S. generally accepted accounting principles require that the management's discussion and analysis and the required supplementary information in schedules 1 through 4 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG LLP

Philadelphia, Pennsylvania
August 15, 2023

The following discussion and analysis of the Estate of Stephen Girard, Deceased (the Estate) provides an overview of the financial activities of the Estate for the year ended June 30, 2022.

The information contained within this Management's Discussion and Analysis is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the notes to the basic financial statements that are provided in addition to this Management's Discussion and Analysis. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Upon his death in 1831, Stephen Girard bequeathed cash and real estate to the City of Philadelphia for the primary purpose of establishing a boarding school for orphans (Girard College). Girard College, in continuous operation since 1848, is now a full scholarship boarding school for grades 1 through 12 situated on a 43-acre campus in Philadelphia for academically capable students from qualified families of limited financial resources, which is overseen by the Board of Directors of City Trusts (the Board). The Estate comprises personal property and real estate, principally acquired properties and improvements thereto in Philadelphia and throughout the Commonwealth of Pennsylvania (the Commonwealth) and anthracite coal lands in Schuylkill, Columbia, and Northumberland counties in the Commonwealth in the general vicinity of Girardville, Pennsylvania. The primary operations of the Estate include the funding and operation of Girard College. The funding is derived primarily from the Estate's investment portfolio, real estate assets, and anthracite coal assets.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction into the Estate's basic financial statements. The Estate is considered a fiduciary fund in accordance with governmental accounting standards. Fiduciary funds are used to account for resources held for the benefit of parties outside a government. The Estate's basic financial statements comprise the statement of fiduciary net position, statement of changes in fiduciary net position, and notes to the financial statements.

Statement of Fiduciary Net Position

This statement is used to account for resources held in a trustee or agency capacity for others and are not available for the support of any government programs. This statement presents the total assets held, less any liabilities to report the net position held in trust for the Estate. Investments and the interest rate swap are shown at fair value and all other assets and liabilities are determined on an accrual basis.

Statement of Changes in Fiduciary Net Position

This statement presents the results of activities during the year. Activities include additions of contributions to Girard College, lease income and other real estate activity, investment income, net appreciation of investments, and deductions, including expenses for Girard College, real estate activity expenses, and administrative expenses to determine the change in net position for the year.

Notes to the Financial Statements

The notes to the financial statements are an integral part of the financial statements providing additional detail that is essential to a full understanding of the financial statements.

Financial Highlights

The Estate's net position decreased approximately $18 million (4%) compared to an increase of approximately $93.1 million in fiscal year 2021. The change year over year is primarily due to changes in investment performance as a result of market conditions. Net investment income (loss) for the year ended June 30, 2022 was approximately ($360,000) compared to approximately $99 million for the prior fiscal year.

Additionally, effective July 1, 2021, the Estate adopted Governmental Accounting Standards Board Statement No. 87, *Leases* (GASB 87), which requires lessors to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease (or at adoption of the standard for the Estate) for all of lease payments expected to be received discounted back to present value. At July 1, 2021, the Estate recorded a lease receivable of approximately $111.6 million with an offsetting amount recorded to deferred inflows of resources.

Condensed Financial Information

The following schedule is a summary of the June 30, 2022 statement of fiduciary net position with comparative information as of June 30, 2021.

Fiduciary Net Position

		2022	2021
Assets:			
Cash and cash equivalents	$	2,772	2,874
Other assets		6,847	6,359
Investments		492,767	526,904
Lease receivable		105,037	111,574
Net pension asset		29,606	22,147
Capital assets, net		129,204	132,480
Total assets		766,233	802,338
Deferred outflows of resources		1,017	1,024
Total assets and deferred outflows of resources		767,250	803,362
Liabilities:			
Accounts payable and accrued expenses		4,997	4,510
Line of credit		11,497	11,537
Interest rate swap		14,784	24,082
Other liabilities		2,370	2,161
Long-term debt		113,213	114,200
Total liabilities		146,861	156,490
Deferred inflows of resources		179,824	190,661
Net position restricted	$	440,565	456,211

The Estate's investments are primarily invested in the Collective Legal Investment Fund (CLIF) and various real estate investments.

The CLIF is a pooled investment fund created for the collective investments managed by the Board. The CLIF is a balanced portfolio primarily comprising equity securities, fixed income funds, short-term investments, and alternative investments held in private equity investments. The real estate investments represent limited partnership interests in real estate assets. The Estate has no authority to operate or govern the assets of these investments, it is not the guarantor of any debt obligations, and does not have an ongoing financial responsibility. The Estate is entitled to preferred cumulative dividends and/or operational cash flow from net operating income.

The Estate's investments are reported at fair value and decreased by approximately $34 million primarily due to the sale of several real estate ventures during the year. During the year ended June 30, 2022, the Estate earned approximately $15 million in investment income, $2.2 million in interest related to its leases, $9.3 million for the change in fair value of the interest rate swap, and offset by approximately $25 million in net depreciation in fair value of investments.

The change of approximately $6.5 million in lease receivable represents the impact of one year of lease payments.

The net pension asset is measured as of December 31, 2021 and rolled forward to June 30, 2022. The various stock market indices all experienced increases that had a direct impact on the Plans' investments, which increased by approximately $7.5 million.

Depreciation on capital assets was approximately $9.5 million and was offset by new capital additions of approximately $6.2 million.

Accounts payable and accrued liabilities increased by approximately $487,000 due to fluctuations of liabilities at year-end.

The fair value of the interest rate swap liability decreased by approximately $9.3 million due to the changes in interest rates and market conditions.

Deferred inflows of resources decreased by approximately $10.8 million due to a decrease of $11.3 million relating to the recognition of lease income offset by an increase of $500 thousand for the difference between projected and actual earnings on pension plan investments.

The following schedule is a summary of the statement of changes in fiduciary net position for the year ended June 30, 2022 with comparative information for the year ended June 30, 2021.

Changes in Fiduciary Net Position

		2022	2021
Additions:			
Contributions to Girard College	$	1,797	1,256
Lease income		23,169	22,378
Net investment (loss) income		(360)	111,040
Other		2,657	2,434
Total additions		27,263	137,108
Deductions:			
Girard College		19,717	18,867
Real estate		18,439	17,835
Administrative and other		1,086	989
Interest		6,035	6,297
Total deductions		45,277	43,988
Change in net position	$	(18,014)	93,120

Contributions fluctuate from year to year and contributions to Girard College increased by approximately $540,000.

The Estate leases its properties to various tenants with various expiration dates ranging from fiscal 2023 through fiscal year 2036 and with monthly lease income ranging from $125 per month to $185,000 per month. None of the leases allow a lessee to terminate the lease or abate payments. The Estate did not enter into any new leases during the fiscal year ended June 30, 2022. Lease income increased by approximately $800,000 primarily due to the present value adjustment for the lease receivable and deferred inflows.

During the year ended June 30, 2022, net investment loss totaled approximately ($360,00) compared to net investment income of approximately $111 million from the year before. The change of $111 million was primarily due to a reversal of unrealized gains on the Estate's investments for the year ended June 30, 2021 offset by increase in the change in fair value of the interest rate swap due to changes in interest rates and gains from the change in fair value of the real estate investments.

The expenses for Girard College increased approximately 4% or $850,000 due to increases in contract services.

Real estate expenses increased approximately $600 thousand due to an increase in depreciation expense of approximately $337,000, an increase in contract expenses of approximately $495,000, and an increase in insurance expense of approximately $383,000, offset by reductions in real estate taxes and changes in allocation of expenses.

Interest expense decreased by approximately $262,000 due to the reduction in principal year over year.

DEBT

The Estate had no new debt obligations during the year ended June 30, 2022. The following is a summary of the Estate's existing debt obligations.

Mortgage Payable

In December 2018, an insurance company issued a $55,000,000, 4.51% fixed rate, 16-year term, 25-year amortization note relating to the fee and leasehold interest in the office building located at 1101 Market Street in Philadelphia, Pennsylvania. Interest only payments began in February 2019 for a period of 36 months with principal and interest payments due monthly for the remaining 13 years up to and including January 2035. Principal payments for the mortgage payable totaled approximately $987,000 for the year ended June 30, 2022.

Series 2014 Tax Exempt Revenue Refunding Bonds

On December 1, 2014, The Philadelphia Authority for Industrial Development issued $59,200,000 Series 2014 Tax Exempt Revenue Refunding Bonds. There are no principal payments due until 2031 ($23.2 million) and 2032 ($36 million).

In connection with the issuance of the Series 2014 Bonds, in order to address its interest rate risk, the Estate entered into an interest rate swap contract by converting the variable interest rate for the 2014 Bonds to a synthetic fixed rate plus the applicable credit spread. The terms of the swap contract have a notional amount of $59,200,000, the Estate pays an interest rate of 4.9035% plus 69% of the 30-day LIBOR and receives 69% of the 30-day LIBOR. The swap contract matures on June 1, 2032. The fair value of the rate interest rate swap was estimated by a third party and amounted to a liability of $14,784,000 at June 30, 2022. Changes in the fair value are reported as a component of investment income (loss) in the statement of changes of fiduciary net position.

For the year ended June 30, 2022, the change in the fair value of the interest rate swap was a gain of approximately $9,299,000.

Line of Credit

The Estate entered into a secured revolving line of credit agreement with a bank, which provides that the Estate may borrow up to $25,000,000. Amounts outstanding under this line bear interest at the daily BSBY plus 0.40%. The Estate is required to pledge as collateral certain marketable securities with an adjusted (as defined) market value at least equal to the monthly outstanding balance. Such collateral is held in the CLIF and presented as assets held under indenture agreements in the statement of fiduciary net position. In April 2022, the line was renewed by the bank for three years to April 2025 with a mutual option to renew by both parties. At June 30, 2022 and 2021, the Estate had outstanding borrowings of approximately $11.5 million.

CONTACTING THE ESTATE

This financial report is designed to provide families, supporters, investors, and creditors with a general overview of the Estate's finances and to demonstrate the Estate's accountability. Additional information is also available on the Estate's website at www.citytrusts.com. If you have any questions about this report or would like additional information, please contact:

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Estate of Stephen Girard, Deceased
c/o Board of City Trusts
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Suite 2600
Philadelphia, PA 19107
215-568-0440

THE ESTATE OF STEPHEN GIRARD, DECEASED

Statement of Fiduciary Net Position

June 30, 2022

(In thousands)

Assets:		
Cash and cash equivalents	$	2,772
Other receivables, net		2,796
Prepaid and other assets		4,051
Investments		492,767
Lease receivable		105,037
Net pension asset		29,606
Nondepreciable capital assets		29,138
Depreciable capital assets, net		100,066
Total assets		766,233
Deferred outflows of resources:		
Pension activities		1,017
Total assets and deferred outflows		767,250
Liabilities:		
Current portion of long-term debt		2,446
Accounts payable		2,264
Accrued expenses		2,733
Line of credit		11,497
Interest rate swap liability		14,784
Other liabilities		2,370
Long-term debt, net of current portion		110,767
Total Liabilities		146,861
Deferred inflows of resources:		
Pension activities		6,412
Lease income		173,412
		179,824
Net position restricted for Girard College	$	440,565

See accompanying notes to basic financial statements.

THE ESTATE OF STEPHEN GIRARD, DECEASED

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2022

(In thousands)

Additions:		
Contributions to Girard College	$	1,797
Reimbursements under government grants		687
Lease income		23,169
Other		1,970
Net investment income (loss):		
Investment income		14,758
Interest on lease income		2,227
Change in fair value of interest rate swap		9,299
Net depreciation in fair value of investments		(24,996)
Total investment income		1,288
Investment expenses		(1,648)
Net investment loss		(360)
Total additions		27,263
Deductions:		
Girard College expenses		19,717
Real estate and other expenses		18,439
Administrative expenses		1,086
Interest expense		6,035
Total deductions		45,277
Net decrease in net position		(18,014)
Net position restricted:		
Beginning of year		458,579
End of year	$	440,565

See accompanying notes to basic financial statements.

(1) Summary of Significant Accounting Policies

(a) Description of the Entity

Upon his death in 1831, Stephen Girard bequeathed cash and real estate to the City of Philadelphia for the primary purpose of establishing a boarding school for orphans (Girard College). Girard College, in continuous operation since 1848, is now a full scholarship boarding school for grades 1 through 12 situated on a 43-acre campus in Philadelphia for academically capable students from qualified families of limited financial resources, which is overseen by the Board of Directors of City Trusts (the Board). The Estate of Stephen Girard, deceased (Estate or Girard Estate) comprises personal property and real estate, principally acquired properties and improvements thereto in Philadelphia and throughout the Commonwealth of Pennsylvania (the Commonwealth) and anthracite coal lands in Schuylkill, Columbia, and Northumberland counties in the Commonwealth in the general vicinity of Girardville, Pennsylvania to support the funding and operation of Girard College. The funding is derived primarily from the Estate's investment portfolio, real estate assets, and anthracite coal assets.

(b) Basis of Accounting

The accompanying financial statements were prepared in accordance with U.S. generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB), which utilizes the accrual basis of accounting where the measurement focus is on the flow of economic resources. The Estate is classified as a Private-Purpose Trust Fund under the fiduciary fund designation of GASB.

(c) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates and assumptions.

(d) Adoption of New Accounting Pronouncement

Effective July 1, 2021, Girard Estate adopted GASB Statement No. 87, *Leases* (GASB 87), which establishes a uniform approach for lease accounting based on the principle that leases are financings of the right to use an underlying asset. In accordance with GASB 87, the lessee is required to recognize a lease liability and an intangible right to use lease asset, and the lessor is required to recognize a lease receivable and deferred inflows of resources. GASB 87 also requires enhanced disclosure, which includes a general description of the leasing arrangement, the aggregate amount of resource inflows and outflows recognized from lease contracts, including those not included in the measurement of the lease liability and receivable. At July 1, 2021, Girard Estate recognized a lease receivable of approximately $111.5 million with an offsetting amount recorded to deferred inflows of resources using a discount rate ranging from 0.84% to 2.23%, which was based on the Estate's incremental borrowing rate. See Note 7 for further information.

(e) Deposits

Cash and cash equivalents are defined as deposits with financial institutions, money market accounts and money market mutual funds and highly liquid investments, which are readily convertible into cash and have a maturity date when purchased of three months or less.

The Estate's deposits are insured by the Federal Deposit Insurance Corporation (FDIC) (subject to the FDIC limit or $250,000). However, the Estate's cash balances can exceed FDIC insured limits. As of June 30, 2022, cash in the bank amounted to approximately $2.9 million, of which, approximately $2.1 million was uninsured.

(f) Receivables

Receivables include investment income and other receivables, net of an allowance for bad debts, which is estimated based upon the Estate's assessment of factors related to the collectibility of such receivables. Actual losses may vary from current estimates. These estimates are reviewed periodically and if changes to such estimates are deemed necessary, they are recorded in the period in which they become reasonably estimable.

(g) Valuation of Investments

i) Collective Legal Investment Fund (CLIF)

The Estate's investments are primarily invested in the CLIF, which is a pooled investment fund created for the collective investments managed by the Board. The Estate has no restrictions on withdrawals from the CLIF. The CLIF is a balanced portfolio primarily comprising equity securities, fixed income funds, short-term investments, and alternative investments held in private equity investments. The Estate's investment in the CLIF is measured using net asset value (NAV) per share as a practical expedient to fair value. The CLIF issues separately available audited financial statements, which are available at www.citytrusts.com.

ii) Real Estate Investments

The Estate is a limited partner in several investments that own diversified real estate assets. The Estate has no authority to operate or govern the assets of these limited partnerships, it is not the guarantor of any debt obligations, and does not have an ongoing financial responsibility. The Estate is entitled to preferred cumulative dividends and/or operational cash flow from net operating income. Real estate investments are reported at fair value and considered Level 3 investments in the fair value hierarchy table.

iii) Money Market Funds

The Estate also invests in money market funds, which are valued at $1 per share and are considered Level I investments in the fair value hierarchy table.

(h) Interest Rate Swap

The Estate records its interest rate swap at fair value and is considered a Level 3 investment in the hierarchy table. The interest swap is ineffective and, accordingly, is classified as an investment derivative. The change in fair value is recognized as a component of investment income (loss) in the statement of changes in fiduciary net position.

(i) Capital Assets

Capital assets comprise land, equipment, real estate improved and acquired, Girard College real property and facilities, and construction in progress. The Estate capitalizes assets that exceed $5,000 and have a useful life greater than one year.

Expenditures for capital assets are recorded at cost. Improvements to buildings and Girard College capital assets are stated at cost less accumulated depreciation calculated on a straight-line basis over the estimated useful lives, ranging primarily from 5 to 35 years. Alterations for tenants are stated at cost less accumulated depreciation calculated on a straight-line basis over the terms of the respective leases. Equipment is stated at cost less accumulated depreciation calculated on a straight-line basis over the estimated useful lives, ranging primarily from 5 to 20 years.

(j) Fair Value

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

There are three levels of inputs that may be used to measure fair value:

Level 1: Quoted or published prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and money market funds that are traded in an active exchange market and U.S. Treasury securities.

Level 2: Observable inputs other than Level 1 prices, such as quoted or published prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments, as well as interest-rate swaps. This category generally includes certain U.S. government and agency mortgage-backed debt securities and corporate debt securities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

At June 30, 2022, the Estate’s investments held in the CLIF, are valued at NAV.

(k) Contributions and Grant Reimbursements

Contributions are typically made for the general purpose of Girard College, while reimbursements are typically related to federal programs. Contributions and grant reimbursements are recognized when all applicable eligibility requirements are met. Funds received before the eligibility requirements are met are reported as unearned revenue.

(l) Lease

The Estate is a lessor for various noncancellable leases of its buildings. A lease receivable and deferred inflows of resources are initially recognized at the commencement of the lease and discounted back to present value using the Estate's incremental borrowing rate. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflows of resources is subsequently amortized on a straight line basis and recognized as lease income over the lease term.

(i) Variable Lease Payments

Variable lease payments that are based on a Consumer Price Index and tenant's pay a pro-rata amount of common area maintenance costs are excluded from the measurement of the lease receivable. These amounts are recognized in the period in which the amounts are earned.

(ii) Short-Term Leases

For lease arrangements with a term less than 12 months at commencement, the Estate recognizes lease income based on the provisions of the lease.

(iii) Advanced Lease Payments

Lease payments received in advance of the commencement of the lease are reported as deferred inflows of resources and recognized as lease income on a straight-line basis over the term of the lease.

(iv) Key Estimates and Judgments

Key estimates and judgments include how the Estate determines the discount rate it uses to calculate the present value of the expected lease receivable, term, and payments.

- The Estate uses its estimated incremental borrowing rate as the discount rate, which is based on the rate of interest it would need to pay if it obtained debt to borrow an amount equal to the lease payments under similar terms at the commencement or remeasurement date.
- The lease term includes the noncancellable period of the lease plus any options that extend the term of the lease by either the Estate or tenant for which the option is reasonably certain to be exercised. Periods in which both the Estate and the tenant have a unilateral option to terminate are excluded from the lease.
- Payments are evaluated by the Estate to determine if they should be included in the measurement of the lease including those payments that require a determination of whether they are reasonably certain of being made.

(v) Remeasurement of Lease

The Estate monitors changes in circumstances that may require remeasurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease receivable, the receivable is remeasured and a corresponding adjustment is made to the deferred inflows of resources.

(m) Deferred Outflows/Inflows of Resources

Deferred outflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets, and deferred inflows of resources decrease net position, similar to liabilities.

(n) Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (benefit) have been determined on the same basis as they are reported by the Board of Directors of City Trusts Contributory and Non-Contributory Retirement plans (the Plans). See note 8 for further information.

(2) Investments

Investments consists of the following as of June 30, 2022 (in thousands):

Investment in CLIF	$	397,442	*
Real estate investments		95,107	
Money market funds		218	
Total investments	$	492,767	

* Amounts include $26,281,000 at June 30, 2022 that are segregated within the CLIF to comply with provisions under the Collateral Pledge and Security Agreement for the 2014 swap master agreement in which the Estate is required to pledge as collateral certain marketable securities with an adjusted (as defined) market value equal to the monthly net fair value loss of the Estate's rate swap. In addition, the counterparty has a priority secured position, in the event of default, against the Estate's marketable securities.

Net investment loss consists of the following for the year ended June 30, 2022 (in thousands):

Investment income	$	14,758
Investment expenses		(1,648)
		13,110
Change in fair value of interest rate swap		9,299
Net depreciation in fair value of investments		(24,996)
		(2,587)
Interest on lease income		2,227
Net investment loss	$	(360)

(3) Capital Assets, Net

Capital assets and related accumulated depreciation activity for the year ended June 30, 2022 is as follows (in thousands):

	Beginning	Increases	Decreases	Ending
Non-depreciable capital assets:				
Land	$ 26,563	—	—	26,563
Construction in progress	1,010	1,565	—	2,575
	27,573	1,565	—	29,138
Depreciable capital assets:				
Buildings and improvements	194,036	2,618	—	196,654
Tenant alterations	24,921	1,600	—	26,521
Equipment	3,923	407	—	4,330
	222,880	4,625	—	227,505
Accumulated depreciation:				
Buildings and improvements	110,983	7,254	—	118,237
Tenant alterations	4,418	1,852	—	6,270
Equipment	2,572	360	—	2,932
	117,973	9,466	—	127,439
Depreciable capital assets, net	104,907	(4,841)	—	100,066
Total capital assets, net	$ 132,480	(3,276)	—	129,204

Depreciation expense for the year ended June 30, 2022 was approximately $9,466,000.

(4) Line of Credit

The Estate entered into a secured revolving line of credit agreement with a bank, which provides that the Estate may borrow up to $25,000,000. Amounts outstanding under this line bear interest at the daily Bloomberg Short-Term Bank Yield Index (BSBY) plus 0.40% (1.89% at June 30, 2022). The agreement also allows the Estate to draw unsecured advances at its option under the line, which bear interest at the daily BSBY rate plus 0.50%. The Estate is required to pledge as collateral certain marketable securities with an adjusted (as defined) market value at least equal to the monthly outstanding balance. Such collateral is held in the CLIF. In April 2022, the line was renewed by the bank for three years to April 2025 with a mutual option to renew by both parties.

At June 30, 2022, the Estate had outstanding borrowings of $11,497,000 under this line of which all were secured.

(5) Long-Term Debt

(a) Mortgage Payable

In December 2018, an insurance company issued a $55,000,000, 4.51% fixed rate, 16-year term, 25-year amortization note relating to the fee and leasehold interest in the office building located at 1101 Market Street in Philadelphia, Pennsylvania. Interest-only payments began in February 2019 for a period of 36 months with principal and interest payments due monthly for the remaining 13 years up to and including January 2035.

(b) Series 2014 Tax-Exempt Revenue Refunding Bonds

On December 1, 2014, The Philadelphia Authority for Industrial Development issued $59,200,000 of Tax-Exempt Revenue Bonds (Girard Estate Project) Series 2014 Tax-Exempt Revenue Refunding Bonds (2014 Bonds) with a bank being the sole holder. All revenues of the Estate secure the 2014 Bonds.

There are no principal payments due until 2031 ($23.2 million) and 2032 ($36 million). As of June 30, 2022, the interest rate on the bonds was 1.66%. In January 2023, the interest rate was amended to change from London Interbank Offered Rate (LIBOR) to Secured Financing Overnight Rate (SOFR)

The bank, in its sole discretion, has the option within 90 days prior to and 90 days after the 10-year anniversary following the bond issuance date to declare the entire principal balance and accrued and unpaid interest of the 2014 Bonds payable in full. If exercised, payment on this call option would be due within 90 days of such written notification from the bank. The maturities table below assumes that this call option will not be exercised.

A summary of long-term debt activity for the year ended June 30, 2022 is as follows (in thousands):

	June 30, 2021	Additions	Reductions	June 30, 2022	Amounts due within 1 year
Mortgage payable	$ 55,000	—	(987)	54,013	2,446
2014 Bonds	59,200	—	—	59,200	—
Total	$ 114,200	—	(987)	113,213	2,446

Future principal and interest maturities of the long-term debt outstanding are as follows (in thousands):

		Principal	Interest	Total
Year ending June 30:				
2023	$	2,446	5,836	8,282
2024		2,559	5,724	8,283
2025		2,676	5,606	8,282
2026		2,800	5,483	8,283
2027		2,928	5,354	8,282
2028–2032		75,994	22,932	98,926
2033–2035		23,810	2,206	26,016
	$	113,213	53,141	166,354

(c) Debt Covenants

The bond and mortgage agreements require the Estate to maintain a ratio of market value cash and investments to funded debt equal to or greater than 1.50, and the Estate was in compliance. The bond and mortgage agreements also require the Estate to deliver its audited financial statements within 120 days of year-end. The Estate obtained a waiver for not providing its June 30, 2022 audited financial statements within 120 days of year-end.

(6) Interest Rate Swap

In connection with the issuance of the 2014 Bonds, in order to address its interest rate risk, the Estate entered into an interest rate swap contract by converting the variable interest rate for the 2014 Bonds to a synthetic fixed rate plus the applicable credit spread. The terms of the swap contract have a notional amount of $59,200,000, the Estate pays an interest rate of 4.9035% plus 69% of the 30-day LIBOR and receives 69% of the 30-day LIBOR. The swap contract matures on June 1, 2032. In December 2022, the interest rate on the swap contract was amended to change from LIBOR to SOFR.

The fair value of the interest rate swap amounted to a liability of $14,784,000 at June 30, 2022. Changes in the fair value are reported as increase or decrease in the statement of changes of fiduciary net position. For the year ended June 30, 2022, the change in the fair value of the interest rate swap was a gain of approximately $9,299,000.

(a) Counterparty Risk

Interest rate swaps are also subject to counterparty risk, which is the risk of loss of an amount expected to be delivered under an agreement in the event of the default or bankruptcy of the counterparty. Counterparty risk with swaps is limited by execution under the standardized International Swap and Derivatives Association Agreements. These contracts allow for the mutual exchange of collateral should an overall unsecured market value exceed a certain threshold.

(b) Credit Risk

As of June 30, 2022, the Estate was not exposed to credit risk on its interest rate swap contract since the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the Estate would be exposed to credit risk in the amount of the swap's fair value.

(c) Interest rate risk

The Estate will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

(7) Leases

The Estate leases its properties to various tenants with various expiration dates ranging from fiscal 2023 through fiscal year 2036 and with monthly lease income ranging from $125 per month to $185,000 per month. None of the leases allow a lessee to terminate the lease or abate payments.

In June 2007, the Estate entered into a long-term ground lease with a lessee, in the form of two leases, for the land and existing buildings located in the City of Philadelphia, between Market and Chestnut Streets and between 11th and 12th Streets and received an up-front payment of $90,000,000. In addition, the Estate will receive basic net rent, for each lease, of $1 per year.

The leases are triple net leases with all income, expenses, taxes, and liabilities transferring to the lessee for a term of 75 years. At the lessee's option, the lease term can be extended for an additional term of 75 years for the then current market rate to be determined by binding arbitration in either the 50th, 60th, or 74th year of the lease. Title to the property remains with the Estate. The $90,000,000 was paid prior to lease commencement and reported as deferred inflows of resources in the statement of fiduciary net position. The unamortized balance at June 30, 2022 were $71,937,000. The lessee has been granted the right to perform property improvements up to and including the demolishing of current structures and the development of new properties. Title to new properties and improvements passes to the Estate at the end of the lease term. The leases do not contain bargain purchase options.

For the year ended June 30, 2022, the components of lease income recognized on the statement of changes in fiduciary net position is as follows (in thousands):

Amortization of deferred inflows of resources	$	8,245
Short-term lease income		5,428
Variable lease income		9,496
		23,169
Interest on leases		2,227
Total lease income	$	25,396

As of June 30, 2022, the lease receivable and deferred inflows of resources related to the aforementioned leases amounted to approximately $105 million and $173.4 million, respectively.

A summary of principal and interest from the future payments that are included in the measurement of the lease receivable for the next five years and in subsequent five-year increments thereafter is as follows (in thousands):

		Principal	Interest	Total
Year ending June 30				
2023	$	8,792	2,112	10,904
2024		10,163	1,942	12,105
2025		9,664	1,762	11,426
2026		8,316	1,588	9,904
2027		7,901	1,416	9,317
2028–2032		42,050	4,322	46,372
2033–2037		18,151	651	18,802
Total	$	105,037	13,793	118,830

(8) Defined Benefit Pension Plans

(a) Description of the Plans

The Estate contributes to the following single-employer defined benefit pension plans:

1. Board of Directors of City Trusts Contributory Retirement Plan (Contributory Plan) – covers certain union employees, hired prior to December 20, 2019, who have completed one year of service regardless of age and whose union contract does not provide benefits under either a union pension plan or the Estate's noncontributory plans.
2. Board of Directors of City Trusts Non-Contributory Retirement Plan (Non-Contributory Plan) – covers certain employees of the Board of Directors of City Trusts and Girard Estate and Girard College non-union employees, hired prior to September 1, 2010, and certain union employees, hired prior to September 16, 2019, who have completed one year of service regardless of age and certain union employees under union contracts that provide for participation.

Both the Contributory and Non-Contributory Plans (the Plans) report on a calendar year-end (December 31) and issue separately available audited financial statements. Additional information for each plan is available at www.citytrusts.com.

Participants in the Plans who have attained age 65 are entitled to receive retirement benefits payable during their lifetime on the first day of each month following their retirement or termination of employment. Early retirement and survivor benefits are also available to participants.

The Estate's net pension asset for each plan was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset for each plan were determined by actuarial valuations as of January 1, 2021 rolled forward to June 30, 2022 (the measurement date).

(b) Benefits

The following is a summary of the benefits specific to each plan:

Contributory Plan

Benefits are based on cumulative employee contributions required by each plan determined on career salary levels. Benefits payable upon early retirement are computed in the same manner as normal retirement benefits; however, early retirement benefits are discounted by an early retirement factor.

(1) Normal Retirement Benefit:

(i) Service Benefit: Approximately 1.1% of the first $3,600 plus 2.75% of the excess over $3,600 of the annual rate of earnings on each January 1 according to salary class.

(ii) Minimum Benefit: $2,400 annually.

(2) Early Retirement Benefit: Retirement benefit accrued to early retirement date, as in (1) above, and reduced 4% for each year that retirement precedes age 65.

(3) Postponed (Late) Retirement Benefit: For active members, the retirement benefit accrued to Postponed Retirement Date. For inactive members, the retirement benefit as in (1) above, accrued to Normal Retirement Date is increased 1/3 of 1% for each month that benefit commencement exceeds Normal Retirement Date.

(4) Deferred Vested Benefit: Retirement benefit accrued to date of termination as in (1) above. Benefits commence at normal retirement date or, if member has 15 or more years of service, as early as age 50 with benefits reduced as described in (2) above. If member delays commencement beyond normal retirement date, the benefit shall be increased as described in (3) above.

Non-Contributory Plan

Benefits are based on salary and years of service. Early retirement benefits are calculated by discounting the normal retirement benefit by an early termination factor.

(1) Normal Retirement Benefit, with an effective date of May 1, 1975, includes:

(i) Accrued Benefit: The annual accrued benefit credited in the prior Contributory Plan as of the effective date of this plan, if any, plus

(ii) Past Service Benefit: 1% of annual pay on the effective date multiplied by years of service to the effective date, provided the members had not attained age 65 on the effective date, plus

(iii) Future Service Benefit: 1.5% (2% for non-union employees) of final 5-year average pay multiplied by years of service from date of participation to retirement.

Monthly retirement income shall not exceed 50% of final monthly base pay.

(2) Early Retirement Benefit: Income accrued to early retirement date as in (1) above, reduced 1/3 of 1% for each month by which the benefit commencement date preceded Normal Retirement Date.

(3) Deferred Vested Income: Income accrued to date of termination as in (1) above. Benefits commence at Normal Retirement Date or, if member has 15 or more years of service, as early as age 50 with benefits reduced as described in (2) above.

(c) Plan Members Covered by Benefit Terms

The following members were covered by the respective benefit terms of each plan:

Contributory Plan:	
Inactive members or beneficiaries currently receiving benefits	33
Inactive members entitled to, but not yet receiving, benefits	16
Active members	8
Total	57

Non-Contributory Plan:	
Inactive members or beneficiaries currently receiving benefits	135
Inactive members entitled to, but not yet receiving, benefits	137
Active members	58
Total	330

(d) Expected Rate of Return

The long-term expected rate of return on the Plans' investments were determined using a building block method in which the best estimate ranges of expected real rates of return (i.e., expected returns, net of investment expenses, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

	Target asset allocation	Long-term expected real rate of return
Domestic equity	50 %	6.5 %
International equity	10	6.5
Fixed income	30	3.5
Real estate/alternative	10	6.0
Total	100 %	

(e) Actuarial Assumptions

The total pension liability was determined by actuarial valuations for the Plans as of January 1, 2021 and rolled forward to the measurement date using the following actuarial assumptions applied to the period included in the measurement:

Projected salary increases	3.0% compounded annually
Investment rate of return	7.5% per annum, compounded annually, net of investment expenses
Inflation adjustment	3.0% compounded annually
Mortality	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale

(f) Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the rates applicable to each member and that employer contributions will be made at rates as determined by the actuary. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and non-active members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

(g) Sensitivity of Net Pension Asset to Change in the Discount Rate

The following presents the net pension asset for each plan as of June 30, 2022, calculated using the discount rate of 7.5%, as well as what the net pension asset would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current rate:

		1% Decrease (6.5%)	Discount rate (7.5%)	1% Increase (8.5%)
Contributory Plan – net pension asset	$	(3,765,583)	(4,413,100)	(4,980,920)
Non-Contributory Plan – net pension asset		(21,525,782)	(25,192,859)	(28,218,901)

Pension expense (benefit) for the year ended June 30, 2022 amounted to approximately ($476,000) and ($2.6 million) for the Contributory and Non-Contributory Plans, respectively.

(h) Deferred Outflows/Inflows of Resources

Contributory Plan

At June 30, 2022, the Estate reported deferred outflows and inflows of resources related to the Contributory Plan from the following sources:

		Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	$	—	80,251
Changes in assumptions		46,522	7,705
Net difference between projected and actual earnings on pension plan investments		—	900,987
Subtotal before post-measurement date contributions		46,522	988,943
Contributions subsequent to the measurement date		210,763	—
Total	$	257,285	988,943

Non-Contributory Plan

At June 30, 2022, the Estate reported deferred outflows and inflows of resources related to the Non-Contributory Plan from the following sources:

		Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	$	49,692	298
Changes in assumptions		140,321	—
Net difference between projected and actual earnings on pension plan investments		—	5,423,022
Subtotal before post-measurement date contributions		190,013	5,423,320
Contributions subsequent to the measurement date		570,000	—
Total	$	760,013	5,423,320

Deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as an increase to the net pension asset for the year ended June 30, 2023, but are not included in the table below. Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense (benefit) as follows:

		Contributory Plan	Non-Contributory Plan
Year ended June 30:			
2023	$	(237,929)	(1,013,833)
2024		(363,536)	(2,164,917)
2025		(205,929)	(1,239,247)
2026		(135,027)	(815,310)
	$	(942,421)	(5,233,307)

(i) *Changes in Net Pension Asset*

Changes in the net pension asset for the year ended June 30, 2022 are as follows:

Contributory Plan

		Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability/(asset) (a)-(b)
Balances as of June 30, 2021	$	4,662,223	7,841,427	(3,179,204)
Changes for the year:				
Service cost		69,764	—	69,764
Interest		341,443	—	341,443
Differences between expected and actual experience		(71,805)	—	(71,805)
Changes of assumptions		85,290	—	85,290
Contributions – employer		—	421,527	(421,527)
Contributions – member		—	24,857	(24,857)
Net investment income		—	1,263,337	(1,263,337)
Benefit payments, including refunds of member contributions		(392,897)	(392,897)	—
Plan administrative expense		—	(51,133)	51,133
Net changes		31,795	1,265,691	(1,233,896)
Balances as of June 30, 2022	$	4,694,018	9,107,118	(4,413,100)

Non-Contributory Plan

		Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability/(asset) (a)-(b)
Balances as of June 30, 2021	$	27,572,516	46,540,320	(18,967,804)
Changes for the year:				
Service cost		167,962	—	167,962
Interest		2,022,900	—	2,022,900
Differences between expected and actual experience		87,917	—	87,917
Changes of assumptions		114,890	—	114,890
Contributions – employer		—	1,140,000	(1,140,000)
Net investment income		—	7,542,470	(7,542,470)
Benefit payments, including refunds of member contributions		(1,744,323)	(1,744,323)	—
Plan administrative expense		—	(63,746)	63,746
Net changes		649,346	6,874,401	(6,225,055)
Balances as of June 30, 2022	$	28,221,862	53,414,721	(25,192,859)

(9) Defined-Contribution Plan

Girard Estate and Girard College nonunion employees hired after August 31, 2010 participate in the Girard Estate/Girard College Retirement Plan, a 403(b) defined-contribution retirement plan. Employees may choose to defer a portion of their compensation in accordance with Internal Revenue Services regulations. Employee contributions are immediately fully vested and are not subject to forfeiture for any reason.

Eligible participants receive a discretionary annual employer contribution, which is determined each year. The employer contributions for fiscal year 2022 were set at 3% of eligible compensation and in the aggregate were approximately $63,000.

(10) Commitments and Contingencies

The Estate is party to various claims and legal proceedings that arise in the normal course of business. Management, after consultation with legal counsel, does not believe that the resolution of these matters will have a material adverse effect on the Estate's financial condition or results of operations.

Commitments related to construction-in-progress projects were approximately $2,575,000 at June 30, 2022.

(11) Related-Party Transactions

The Estate has a written conflict of interest policy that requires, among other things, that no member of the Board can participate in any decision in which he or she (or an immediate family member) has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm’s length, for good and sufficient consideration, based on terms that are fair and reasonable and for the benefit of the Estate, and are in accordance with applicable conflict of interest laws.

Schedule 1

THE ESTATE OF STEPHEN GIRARD, DECEASED
CONTRIBUTORY RETIREMENT PLAN

Schedule of Changes in the Employer's Net Pension Asset and Related Ratios (Unaudited)

June 30, 2022

		2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:									
Service cost	$	69,764	89,282	86,038	83,001	71,894	67,782	59,390	54,903
Interest		341,443	349,689	356,009	356,110	347,575	338,252	323,854	304,616
Differences between expected and actual experience		(71,805)	(122,177)	(49,736)	72,023	84,417	25,517	225,972	—
Changes of assumptions		85,290	(17,390)	(16,901)	(18,990)	(14,589)	230,890	—	68,390
Benefit payments, including refunds of member contributions		(392,897)	(391,849)	(382,870)	(370,987)	(375,873)	(344,077)	(319,551)	(378,309)
Net change in total pension liability		31,795	(92,445)	(7,460)	121,157	113,424	318,364	289,665	49,600
Total pension liability – beginning		4,662,223	4,754,668	4,762,128	4,640,971	4,527,547	4,209,183	3,919,518	3,869,918
Total pension liability – ending		4,694,018	4,662,223	4,754,668	4,762,128	4,640,971	4,527,547	4,209,183	3,919,518
Plan fiduciary net position									
Contributions – employer		421,527	263,855	232,320	256,356	385,160	237,720	354,051	412,068
Contributions – member		24,857	30,768	36,390	40,026	35,117	36,306	37,527	45,497
Net investment income		1,263,337	898,459	1,253,875	(348,873)	831,003	344,926	(29,651)	310,254
Benefit payments, including refunds of member contributions		(392,897)	(391,849)	(382,870)	(370,987)	(375,873)	(344,077)	(319,551)	(378,309)
Administrative expense		(51,133)	(51,720)	(69,887)	(47,874)	(46,363)	(48,851)	(45,867)	(48,553)
Net change in plan fiduciary net position		1,265,691	749,513	1,069,828	(471,352)	829,044	226,024	(3,491)	340,957
Plan fiduciary net position – beginning		7,841,427	7,091,914	6,022,086	6,493,438	5,664,394	5,438,370	5,441,861	5,100,904
Plan fiduciary net position – ending		9,107,118	7,841,427	7,091,914	6,022,086	6,493,438	5,664,394	5,438,370	5,441,861
Net pension asset	$	(4,413,100)	(3,179,204)	(2,337,246)	(1,259,958)	(1,852,467)	(1,136,847)	(1,229,187)	(1,522,343)
Plan fiduciary net position as a percentage of the total pension liability		194.02%	168.19%	149.16%	126.46%	139.92%	125.11%	129.20%	138.84%
Covered employee payroll	$	643,969	815,357	908,334	946,203	897,132	993,694	1,241,350	1,319,441
Net pension asset as a percentage of covered employee payroll		-685.30%	-389.92%	-257.31%	-133.16%	-206.49%	-114.41%	-99.02%	-115.38%

The requirement for this schedule is to present 10 years of information. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

Schedule 2

THE ESTATE OF STEPHEN GIRARD, DECEASED
CONTRIBUTORY RETIREMENT PLAN

Schedule of Employer Contributions (Unaudited)

June 30, 2022

		2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$	142,971	263,855	232,320	256,356	385,160	237,720	354,051	412,068
Contributions in relation to the actuarially determined contribution		421,527	263,855	232,320	256,356	385,160	237,720	354,051	412,068
Contribution deficiency (excess)	$	(278,556)	—	—	—	—	—	—	—
Covered employee payroll	$	643,969	815,357	908,334	946,203	897,132	993,694	1,241,350	1,319,441
Contributions as a percentage of covered employee payroll		65.46%	32.36%	25.58%	27.09%	42.93%	23.92%	28.52%	31.23%

The requirement for this schedule is to present 10 years of information. Additional years will be displayed as they become available.

(1) Significant methods and assumptions used in calculating the actuarially determined contributions

The methods and assumptions used in calculating the actuarially determined contributions are as follows:

	2022	2021	2020	2019	2018	2017	2016	2015
Valuation date	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis
Remaining amortization period	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years
Actuarial assumptions:								
Investment rate of return (discount rate)	7.50 %	7.75 %	7.75 %	7.75 %	7.75 %	7.75 %	8.00 %	8.00 %
Projected salary increases	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Postretirement mortality	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale	RP-2014 with 2019 MP generational scale	RP-2014 with 2018 MP generational scale	RP-2014 with 2017 MP generational scale	RP-2014 with 2016 MP generational scale	RP-2014 with 2015 MP generational scale	RP-2000	RP-2000
Cost-of-living adjustments	3.00 %	3.00 %	2.75 %	2.50 %	2.50 %	2.50 %	2.50 %	2.50 %
Discount rate – actuarially accrued liability	2.79	2.79	3.49	4.14	3.79	3.48	4.20	4.06

See accompanying independent auditors' report.

Schedule 3

THE ESTATE OF STEPHEN GIRARD, DECEASED
NON-CONTRIBUTORY RETIREMENT PLAN

Schedule of Changes in the Employer's Net Pension Asset and Related Ratios (Unauditied)

June 30, 2022

		2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability									
Service cost	$	167,962	163,327	169,689	185,901	219,495	225,789	239,019	245,000
Interest		2,022,900	2,019,863	1,986,825	1,963,436	1,989,149	1,961,454	1,864,464	1,795,610
Differences between expected and actual experience		87,917	(1,494)	(51,111)	(822,615)	(293,763)	27,297	78,633	—
Changes of assumptions		114,890	376,911	(94,901)	(98,567)	(91,205)	1,225,000	—	367,911
Benefit payments, including refunds of member contributions		(1,744,323)	(1,741,520)	(1,703,893)	(1,667,431)	(1,506,874)	(1,372,869)	(1,306,149)	(1,201,062)
Net change in total pension liability		649,346	817,087	306,609	(439,276)	316,802	2,066,671	875,967	1,207,459
Total pension liability – beginning		27,572,516	26,755,429	26,448,820	26,888,096	26,571,294	24,504,623	23,628,656	22,421,197
Total pension liability – ending		28,221,862	27,572,516	26,755,429	26,448,820	26,888,096	26,571,294	24,504,623	23,628,656
Plan fiduciary net position									
Contributions – employer		1,140,000	790,000	520,000	1,475,616	1,927,488	1,927,488	1,927,488	1,927,488
Net investment income		7,542,470	5,351,887	7,499,404	(2,111,704)	4,588,022	2,017,683	(167,071)	1,722,310
Benefit payments, including refunds of member contributions		(1,744,323)	(1,741,520)	(1,703,893)	(1,667,431)	(1,506,874)	(1,372,869)	(1,306,149)	(1,201,062)
Administrative expense		(63,746)	(64,410)	(60,911)	(59,318)	(57,347)	(54,683)	(55,841)	(60,212)
Net change in plan fiduciary net position		6,874,401	4,335,957	6,254,600	(2,362,837)	4,951,289	2,517,619	398,427	2,388,524
Plan fiduciary net position – beginning		46,540,320	42,204,363	35,949,763	38,312,600	33,361,311	30,843,692	30,445,265	28,056,741
Plan fiduciary net position – ending		53,414,721	46,540,320	42,204,363	35,949,763	38,312,600	33,361,311	30,843,692	30,445,265
Net pension asset	$	(25,192,859)	(18,967,804)	(15,448,934)	(9,500,943)	(11,424,504)	(6,790,017)	(6,339,069)	(6,816,609)
Plan fiduciary net position as a percentage of the total pension liability		189.27%	168.79%	157.74%	135.92%	142.49%	125.55%	125.87%	128.85%
Covered employee payroll	$	3,586,030	3,667,840	3,799,354	4,565,227	4,865,493	4,607,230	4,940,396	5,719,484
Net pension asset as a percentage of covered employee payroll		-702.53%	-517.14%	-406.62%	-208.12%	-234.81%	-147.38%	-128.31%	-119.18%

The requirement for this schedule is to present 10 years of information. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

Schedule 4

THE ESTATE OF STEPHEN GIRARD, DECEASED
NON-CONTRIBUTORY RETIREMENT PLAN

Schedule of Employer Contributions (Unaudited)

June 30, 2022

		2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$	1,140,000	790,000	520,000	1,475,616	1,927,488	1,927,488	1,927,488	1,927,488
Contributions in relation to the actuarially determined contribution		1,140,000	790,000	520,000	1,475,616	1,927,488	1,927,488	1,927,488	1,927,488
Contribution deficiency (excess)	$	—	—	—	—	—	—	—	—
Covered employee payroll	$	3,586,030	3,667,840	3,799,354	4,565,227	4,865,493	4,607,230	4,940,396	5,719,484
Contributions as a percentage of covered employee payroll		31.79%	21.54%	13.69%	32.32%	39.62%	41.84%	39.01%	33.70%

The requirement for this schedule is to present 10 years of information. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

(1) Significant methods and assumptions used in calculating the actuarially determined contributions

The methods and assumptions used in calculating the actuarially determined contributions are as follows:

	2022	2021	2020	2019	2018	2017	2016	2015
Valuation date	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis	15 years with level payments on an open amortization basis
Remaining amortization period	15 years	15 years	15 years	15 years	15 years	15 years	15 years	15 years
Actuarial assumptions:								
Investment rate of return	7.50 %	7.75 %	7.75 %	7.75 %	7.75 %	7.75 %	8.00 %	8.00 %
Projected salary increases	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Postretirement mortality	PRI-2012 Amount Weighted Mortality Table with 2021 MP generational scale	PRI-2012 Amount Weighted Mortality Table with 2020 MP generational scale	RP-2014 with 2018 MP generational scale	RP-2014 with 2017 MP generational scale	RP-2014 with 2016 MP generational scale	RP-2014 with 2015 MP generational scale	RP-2000	RP-2000
Cost-of-living adjustments	3.00 %	3.00 %	2.75 %	2.50 %	2.50 %	2.50 %	2.50 %	2.50 %
Discount rate – actuarially accrued liability	2.73	2.64	3.46	4.14	3.77	3.51	4.27	4.16

See accompanying independent auditors' report.