

**CITY OF ALLENTOWN**  
**PENNSYLVANIA**

**ANNUAL COMPREHENSIVE**  
**FINANCIAL REPORT**



**MATT TUERK**  
**MAYOR**

**BINA PATEL**  
**DIRECTOR OF FINANCE**

**ERIKA STROHLER**  
**TREASURY & ACCOUNTING MANAGER**

**Michael Sinclair – Accountant**  
**Sheri Young – Accountant**

**Melody Sajeski – Accountant**  
**Xuemei Lu – Accountant**

**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024**

**CITY OF ALLENTOWN, PENNSYLVANIA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2024**



**MAYOR**

Matt Tuerk

**CITY COUNCIL**

Cynthia Y. Mota, President  
Santo Napoli, Vice President  
Candida Affa  
Ce Ce Gerlach  
Daryl Hendricks  
Natalie Santos  
Ed Zucal

**CITY CONTROLLER**

Jeff Glazier

**CITY SOLICITOR**

Jack Gross

Bina Patel, Director of Finance  
Erika Stroehler, Treasury and Accounting Manager

Maher Duessel, Certified Public Accountants

**This Report was prepared by  
The Department of Finance  
Erika Stroehler, Treasury and Accounting Manager**

## PERTINENT FACTS ABOUT THE CITY OF ALLENTOWN

### GENERAL

The City of Allentown is the county seat of Lehigh County and, with 125,845 residents, according to the U. S. Census Bureau 2020 estimate, ranks as Pennsylvania's third largest fastest growing major city. The Allentown-Bethlehem Metropolitan Statistical Area, comprised of Carbon, Lehigh and Northampton counties is the third largest urbanized area in the Commonwealth, with population estimated at 821,623. The City is strategically located within a 300-mile radius of the larger metropolitan areas on the eastern seaboard of the United States.

### CITY GOVERNMENT

On April 23, 1996, the voters of the City of Allentown adopted a Home Rule Charter pursuant to the Home Rule Charter and Optional Plans Law, Act of April 13, 1972, P.L. 184, as amended, 53 P.S. Sections 2901 et seq. The City's Home Rule Charter took effect on the first Monday of January 1997. An elected Mayor with a four-year term serves as the chief executive of the City. A seven-member part-time City Council elected at large for four-year staggered terms, forms the legislative branch of the City government. The other elected City official is the City Controller who serves a four-year term. The City Council holds regular public meetings, at least twice a month, usually the first and third Wednesday of each month, in order to enact legislation in the form of ordinances and resolutions.

### INDUSTRIES/LABOR FORCE

The Allentown area remains an attractive location for new and existing businesses. Several major corporations, including, ADP, Air Products and Chemicals, Inc., PPL and Mack Trucks have selected Lehigh County as their headquarters or as the location of significant operations. Other major industries include health care services, apparel, electrical and electronic equipment, and fabricated metal products. Investments have remained strong in Allentown and the Lehigh Valley area relative to the state and northeast as a whole.

### TRANSPORTATION

Interstate 78, U.S. Routes 22, 222 and 309 and several state highways radiate from the City and the Lehigh Valley and provide access to the major markets and ports of the East. The Northeast Extension of the Pennsylvania Turnpike is located approximately three miles west of the City. Railroads serving the Lehigh Valley area include the Consolidated Rail Corporation and the Canadian Pacific Railroad. Allentown is a regional center for commercial freight rail traffic, currently from Norfolk Southern Railway and R.J. Corman Railroad Group.

### AMENITIES

The City of Allentown is home to a variety of cultural, recreational and educational facilities including two colleges, satellite locations on Hamilton Street for three more universities, a AAA minor league baseball stadium, multiple museums, theater companies, orchestras, and bands. The 10,000 seat PPL Arena serves as home to the Lehigh Valley Phantoms of the American Hockey League. It is also a popular concert venue. The City continues to maintain 2,000 acres of park land, well above the national average.

# CITY OF ALLENTOWN

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YEAR ENDED DECEMBER 31, 2024

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# INTRODUCTORY SECTION



**Bina Patel**

Director of Finance  
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Allentown PA 18101-1699  
610-437-7500 x2221

Bina.Patel@allentownpa.gov  
www.AllentownPA.gov

August 28, 2025

Honorable Mayor, Members of City Council,  
and citizens of Allentown, Pennsylvania

Herewith, the Finance Department submits the City of Allentown's Annual Comprehensive Financial Report (ACFR) for the year ending December 31, 2024. As it is the City's responsibility to ensure accuracy of the data, the disclosures, and fairness of the overall financial picture presented here, the data presented is accurate in all material respects. The report is presented in a manner befitting the actual financial position of the City, its operations, and the net position of its funds. The report is the clearest and most accurate resource for any elected or appointed official, employee, creditor, and any other party interested in the fiscal situation of the City.

The Annual Comprehensive Financial Report is presented in four sections: Introductory, Financial, Statistical, and Appendix. The introductory section includes this transmittal letter and the government's organizational chart listing principal officials. The financial section includes the management's discussion and analysis, basic financial statements, combined and individual fund financial statements and schedules, the financial statements of component units, including the Allentown Parking Authority and the Allentown Redevelopment Authority. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The City provides a full range of municipal services including public safety, sanitation, the construction and maintenance of streets, traffic signals, storm sewers and other infrastructure. The City is well known for its first-rate parks and recreation, municipal swimming pools, and a golf course. The City offers a host of community and economic development programs, including special events planning, like Lights in the Parkway and Blues Brews and Barbecues, as well as business attraction and retention, planning, zoning, inspections, and the preservation of historic architecture. The City is also unique among similar cities of the third class in Pennsylvania, in that it staffs its own full-service health bureau, which offers a myriad of public health services to the community.

This report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) for governments as promulgated by the Government Accounting Standards Board (GASB).

The financial statements of the reporting entity include those of the City of Allentown, Pennsylvania (the primary government) as well as its Component Units. The Component Units are included in the City's reporting entity because of the significance of their operational or financial relationships with

the City. The Component Units, in accordance with GAAP, have been included in the financial reporting entity as discretely presented Component Units.

## FINANCIAL INFORMATION

Internal Controls: Management of the City is responsible for establishing and maintaining an internal control designed to protect the City's assets from loss, theft, or misuse, and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. This report includes a Management Discussion and Analysis (MD&A) section that provides an analysis of the City's financial condition for 2024.

Budgetary Controls: The City also maintains budgetary controls intended to ensure compliance with legal provisions embodied in the annual appropriated budget as approved by City Council. Activities of the General Fund, certain Special Revenue Funds, and the Debt Service Fund are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Projects Funds. The City Charter requires the City's legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) to be established at the fund level. As a management control, the Finance Director has the power to authorize the transfer of any unexpended balance up to \$10,000 between accounts within a fund, thereby lowering the practical level of budgetary control to the account level. As an additional level of control, transfer amounts from \$5,001 to \$9,999.99 are reviewed and approved by the City Controller. Transfers exceeding \$10,000 must be approved by the City Council.

Encumbrance Accounting: The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Estimated purchase amounts are encumbered prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of approved appropriation balances are not released unless sufficient unencumbered funds are available for transfer in accordance with the City's Administrative Code or, in the absence of such available funds, until a supplemental appropriation is approved by City Council from the respective unappropriated fund balance.

## OTHER INFORMATION

The City's Administrative Code requires that an annual audit of the books of accounts, financial records, and transactions of the City be performed by independent certified public accountants. The accounting firm of Maher Duessel was selected by the City Council to perform the annual audit for fiscal years 2022 through 2024. In addition, various bond indentures also require such an audit. The City has complied with this requirement, and the auditor's opinion has been included in this report.

In 2024, the City continued to amass free cash flow in the General Fund and the Golf Fund. The receipt of the federal stimulus funds of \$57,132,604 through the American Recovery Plan Act has contributed to the financial strength. The General Fund revenues were stronger than budgeted due to contributions from the City's Earned Income Tax, Business Privilege Tax, Local Services Tax,

Permits & Licenses, Charges for Services, Inter-governmental Revenues and Investment Income. Despite increase in costs to do the City business, the City department heads have effectively managed expenses with their dedication and strategic focus, resulting in General Fund expenditure savings. Our long-standing practice of monitoring performance of budgeted versus actual expenditures and revenues on a monthly basis has helped in adjusting current year expenditures to preserve cash for the future years. We have taken steps to achieve a more structurally balanced budget.

In November 2024, the City was awarded \$20 million grant from the U.S. Economic Development Administration to help City residents enter the labor force and find good-paying jobs.

Also, in 2024 the City adopted a Fund Balance Policy to establish guidelines for the management of the fiscal affairs of the City for the City's General and Risk Fund. This is an important measure of economic stability and is essential to ensure that the City maintains adequate levels of unassigned fund balance to mitigate financial risks arising from unforeseen revenue fluctuations, unexpected expenditures, and other similar challenges.

As of December 31, 2024, the City's bond rating with Moody's Investors Services upgraded the City's bond rating from A3 to A2. The City received a revised rating outlook from A (negative) to A (stable) on its General Obligation bonds from S&P Global Ratings.

Acknowledgments: The City is more than admirably served by the professionals in the Finance Department, who perform such services as budgeting, administration, accounting, reporting, payroll, accounts payable, fixed assets, procurement, contract management, risk, employee benefits, safety, workman's comp, property taxes, solid waste and stormwater utility fee collection, accounts receivable, pension management, business regulation and taxation, cashiering, delinquent collections, property levies, municipal liens, bankruptcy processing, capital planning, and others not mentioned.

We would also like to thank the Mayor, City Council, and the City Controller for their continued support in planning and conducting the financial operations of the City in a responsible, progressive, and professional manner.

Sincerely,



Bina Patel  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Allentown  
Pennsylvania**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

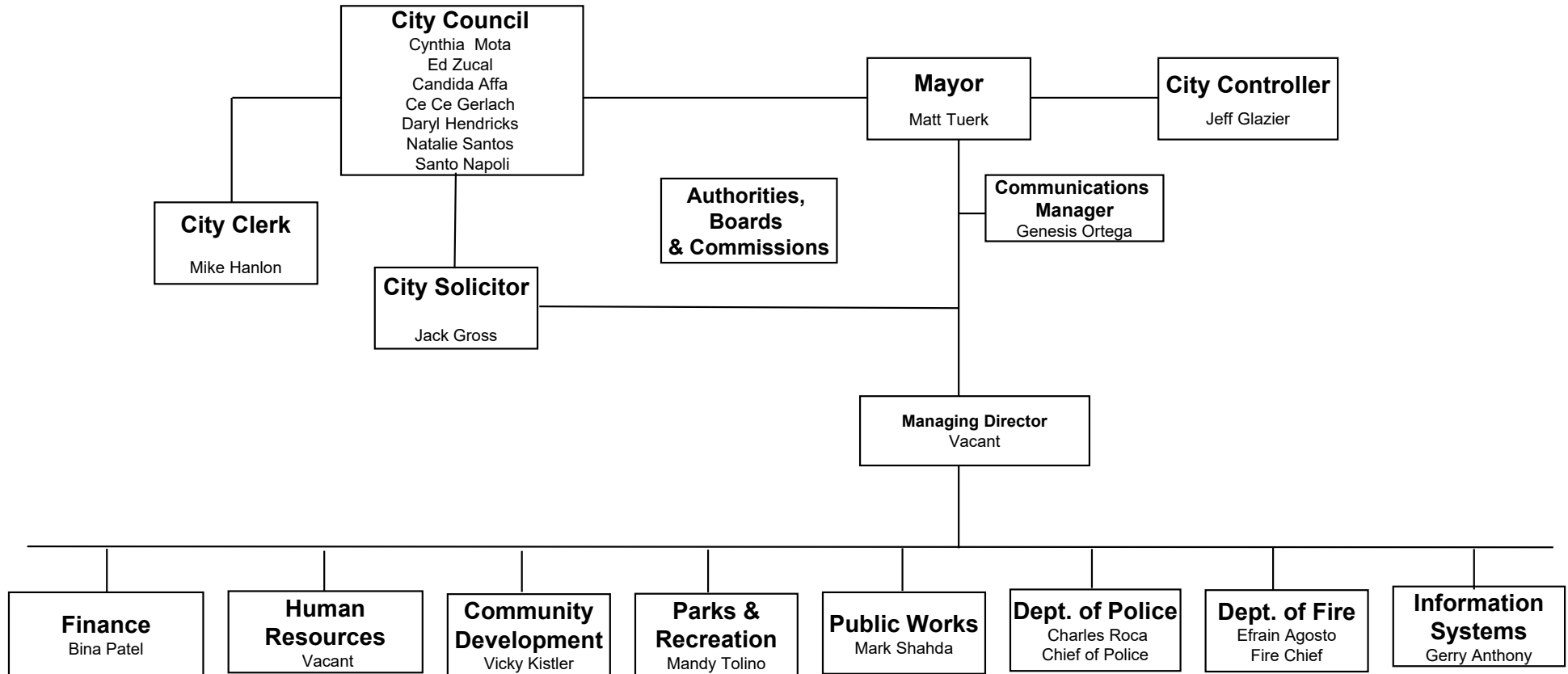
December 31, 2023

*Christopher P. Morill*

Executive Director/CEO

# City of Allentown

## 2024 Organizational Chart



## **Independent Auditor's Report**

**The Honorable Matt Tuerk, Mayor and Honorable Members of City Council  
City of Allentown, Pennsylvania**

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

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Allentown, Pennsylvania (City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2024, 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.

We did not audit the financial statements of the Allentown Parking Authority, which represent 98 percent, 91 percent, and 97 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Allentown Parking Authority is based solely on the report of the other auditors.

#### **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 City 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.

The financial statements of the Redevelopment Authority of the City of Allentown and the Allentown Parking Authority were not audited in accordance with *Government Auditing Standards*.



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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

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

### **Supplementary Information**

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

## Other Information

Management is responsible for the other information listed in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2025 on our consideration of the City'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 City'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 the City's internal control over financial reporting and compliance.

*Maher Duessel*

Harrisburg, Pennsylvania  
August 28, 2025

**CITY OF ALLENTOWN, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

**INTRODUCTION**

This Management Discussion and Analysis (MD&A) presents a narrative overview and analysis of the financial activities of the City of Allentown (City) for the year ended December 31, 2024. We recommend that it be read in conjunction with the accompanying basic financial statements and notes to financial statements to obtain a thorough understanding of the City's financial condition on December 31, 2024. Additional information is provided in the Transmittal Letter preceding this MD&A. This discussion focuses on the City's primary government. Component units, unless otherwise noted, are not included in this discussion.

**FINANCIAL HIGHLIGHTS**

In November 2024, the City was awarded \$20 million grant from the U.S. Economic Development Administration to help City residents enter the labor force and find good-paying jobs. In December of 2024, \$32K of this grant has been recognized.

Also, in 2024 the City adopted a Fund Balance Policy to establish guidelines for the management of the fiscal affairs of the City for the City's General and Risk Fund. This is an important measure of economic stability and is essential to ensure that the City maintains adequate levels of unassigned fund balance to mitigate financial risks arising from unforeseen revenue fluctuations, unexpected expenditures, and other similar challenges.

The City continued to post solid budget surpluses across several funds in 2024, and to add to its cash reserves. The City was aided by better-than-expected revenue inflows. Aided by strong tax collections, charges for services, Investment Income and receipt of operating and capital grants.

The Real estate property tax rates remained the same in 2024. The City's assessed land value for property taxes at the close of 2024 was \$797,925,900 taxable at a rate of 23.5376 mills. The assessed building value was \$4,695,492,400 taxable at a rate of 4.4528 mills. The gross tax levy entering 2024 was, therefore, 7.22 mills on real property in the City. We billed 33,069 properties.

The resident EIT rate for 2024 was 1.975%, with 0.5% going to the Allentown School District and 1.475% retained by the City. The non-resident EIT rate was 1.28%, of which the City retains 0.28% in most instances, and transfers 1% to the employee's resident municipality.

The City again demonstrated an ability to provide governmental services at a cost lower than budgeted for. While debt service and the minimum municipal obligation for our pension funds remained predictable, costs for services, rates, materials, and supplies came in well under budget. The City's governmental revenues finalized at \$206,626,710 while governmental expenses were \$173,502,104 to close 2024. This surplus increased governmental activities net position by \$33 million.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report consists of four parts:

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

Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand City government. The basic financial statements include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. Required supplementary information is provided on the City's pension and other postemployment benefit plans and budget-to-actual figures for the General Fund. In addition to these required elements, an optional supplementary section is included with other statements that provide particulars about nonmajor funds.

The basic financial statements present two different views of the City.

- *Government-wide financial statements*, the first two statements, provide a broad overview of the City's overall financial status, as well as the financial status of the City's component units, in a manner similar to private-sector business.
- *Fund financial statements*, the remaining statements, focus on individual parts of City government. They provide more detail on operations than the government-wide statements. There are three types of fund financial statements:
  - *Governmental fund statements* show how general government services, such as public safety, were financed in the short term, as well as what remains for future spending.
  - *Proprietary fund statements* offer short-term and long-term financial information about the activities the City operates like a business, such as the Solid Waste Fund.
  - *Fiduciary fund statements* reflect activities involving resources that are held by the City as a trustee or agent for the benefit of others, including the City's retirement plans. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support the City's programs.

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

**Table A-1: Annual comprehensive financial report arrangement and relationship flowchart**

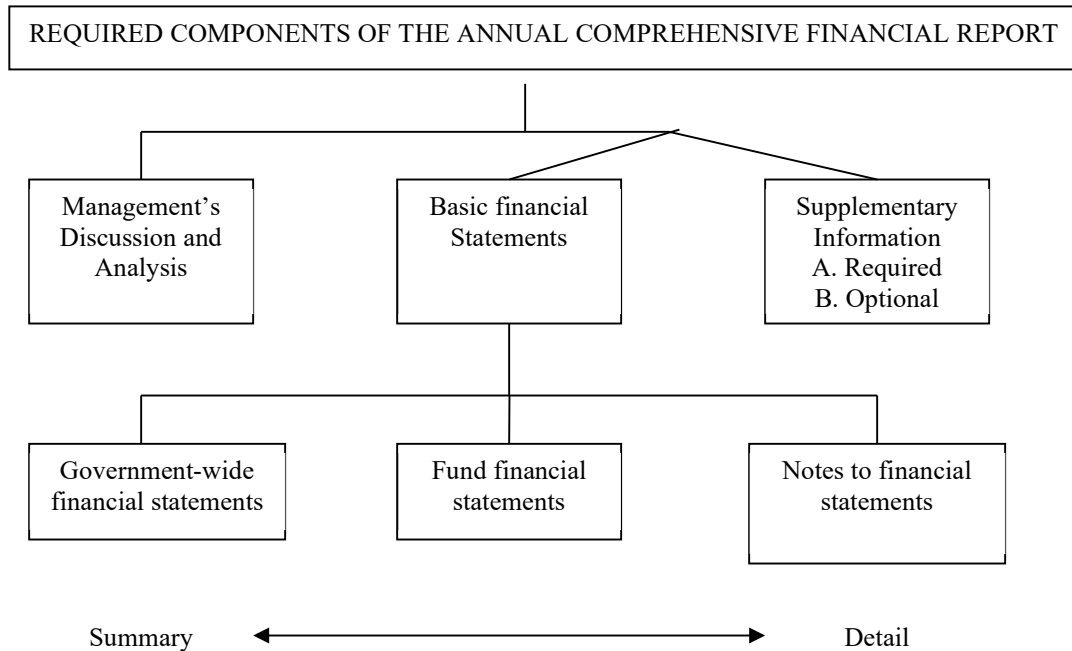


Table A-2 summarizes the major features of the City's financial statements, including the area of the City's activities they cover and the types of information they contain.

**Table A-2: Major features of the government-wide and fund financial statements**

	Government-wide statements	Fund financial statements		
		Governmental	Business-Type	Fiduciary
<b>Scope</b>	Entire entity and component units (except fiduciary funds)	The day-to-day operating activities of the City, such as public safety and public works	The business-type activities of the City, such as the Solid Waste Fund	Instances in which the City administers resources on behalf of others, such as the employee pension plans

City of Allentown, Pennsylvania  
Management's Discussion and Analysis

<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement revenues, expenditures, and changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources measurement focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<b>Type of asset and liability information</b>	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both financial and capital, short-term and long-term; funds do not contain capital assets, although they can
<b>Type of inflow and outflow information</b>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

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

### Government-wide financial statements

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

- The statement of net position includes all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, except fiduciary funds, with the difference reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business.
- The statement of activities focuses on how the City's net position changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by

taxes and other sources not related to a particular program), it shows to what extent each program has had to rely on local taxes for funding.

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

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

The primary government and its component units are included in the government-wide financial statements. Component units reflect the activities of legally separate government entities over which the City can exercise influence and/or be obligated to provide financial support. The City has two discretely presented component units: the Allentown Parking Authority and the Redevelopment Authority of the City of Allentown.

There are two categories of activities for the primary government.

- *Governmental activities* include the City's basic services such as general government, public safety, community development, public works, health and sanitation, and parks and recreation. Property taxes and operating grants and revenues finance most of these activities.
- *Business-type activities* such as the solid waste fund and the municipal golf course fund charge a fee to customers to help cover the cost of services.

Net position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Capital assets are reported as expenditures when financial resources (monies) are expended to purchase or build assets in the fund financial statements. Likewise, the financial resources that may have been borrowed are considered other financing sources when they are received in the fund financial statements. Principal and interest payments are both considered expenditures when paid in the fund financial statements. Depreciation is not calculated, as it does not provide or reduce current financial resources in the fund financial statements.

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

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper program/activities.
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting.



- Allocate net position balances as follows:
  - Net investment in capital assets
  - Restricted net position includes items with constraints placed on their use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation.
  - Unrestricted net position is net position that does not meet any of the above criteria.

### **Fund financial statements**

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

The City has three kinds of funds:

- *Governmental funds* include most of the City's basic services and focus on: (1) the flow in and out of cash and other financial assets that can be readily converted to cash, and (2) the balances left at year-end that are available for spending. The governmental funds that the City maintains (General, Liquid Fuels, Community Development Block Grant, Revolving Loan, Debt Service, Capital Projects, Trexler, Lease A.O., Stormwater, ARPA) are reported using the modified accrual accounting basis and a current financial resources measurement focus. Consequently, the governmental fund financial statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the City's programs.

The relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in reconciliations that follow the governmental fund financial statements.

The City adopts an annual budget for the General, Liquid Fuels, Debt Service, Community Development Block Grant, Trexler, Capital Projects, Lease A.O., Stormwater, Rental Unit, Housing, ARPA, Hamilton Street Dam Maintenance and Grants funds, as required by Pennsylvania law. Budgetary comparisons for the general fund are presented as required supplementary information. Budgetary comparisons for the Capital Projects, Liquid Fuels, Community Development Block Grant, Trexler, Debt Service, Lease A.O., Stormwater and Grants funds are presented as supplementary information.

- *Proprietary funds* report business-type programs and activities that charge fees designed to cover the cost of providing services (Golf Fund, Solid Waste Fund). They report using the full accrual basis of accounting.

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- *Fiduciary funds* are funds for which the City is the trustee or fiduciary. These include the Officers and Employees Pension Fund, the Police Pension Fund, the Firemen Pension Fund, and certain agency funds or clearing accounts for assets held by the City in its role as custodian until the funds are allocated to the private parties, organizations, or government agencies to which they belong. The City is responsible to ensure that the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These funds are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

### Net Position

The City's total assets were \$460,134,733 on December 31, 2024. Of this amount, \$279,749,483 were capital assets, including infrastructure and construction in progress.

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

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 143,397,893	\$ 146,467,889	\$ 5,678,718	\$ 5,925,587	\$ 149,076,611	\$ 152,393,476
Capital assets, net	275,525,802	274,196,650	4,013,007	5,552,833	279,538,809	279,749,483
Other non-current assets	30,384,554	31,091,914	1,134,759	48,266	31,519,313	31,140,180
<b>Total Assets</b>	<b>449,308,249</b>	<b>451,756,453</b>	<b>10,826,484</b>	<b>11,526,686</b>	<b>460,134,733</b>	<b>463,283,139</b>
Deferred Outflows of Resources:						
Deferred outflows of resources for pensions	11,336,771	35,211,788	1,035,731	1,630,151	12,372,502	36,841,939
Deferred outflows of resources for OPEB	24,931,572	11,966,942	1,440,206	648,083	26,371,778	12,615,025
Deferred charge on refunding	220,862	240,938	-	-	220,862	240,938
<b>Total Deferred Outflows of Resources</b>	<b>36,489,205</b>	<b>47,419,668</b>	<b>2,475,937</b>	<b>2,278,234</b>	<b>38,965,142</b>	<b>49,697,902</b>
Current and other liabilities	37,318,457	33,141,329	1,665,540	1,789,707	38,983,997	34,931,036
Long-term liabilities	238,279,779	290,641,863	4,092,073	7,194,105	242,371,852	297,835,968
<b>Total Liabilities</b>	<b>275,598,236</b>	<b>323,783,192</b>	<b>5,757,613</b>	<b>8,983,812</b>	<b>281,355,849</b>	<b>332,767,004</b>
Deferred Inflows of Resources:						
Utility system concession lease	199,531,748	204,373,531	-	-	199,531,748	204,373,531
Deferred inflows of resources for OPEB	16,908,191	15,033,440	976,724	814,153	17,884,915	15,847,593
Deferred inflows of resources for pensions	5,867,202	2,796,699	-	-	5,867,202	2,796,699
Deferred inflows of resources for leases	-	-	41,533	82,966	41,533	82,966
<b>Total Deferred Inflows of Resources</b>	<b>222,307,141</b>	<b>222,203,670</b>	<b>1,018,257</b>	<b>897,119</b>	<b>223,325,398</b>	<b>223,100,789</b>
Net position:						
Net investment in capital assets	225,384,802	222,864,048	4,536,760	4,663,515	229,921,562	227,527,563
Restricted	20,258,521	19,587,992	-	-	20,258,521	19,587,992
Unrestricted	(257,751,246)	(289,262,781)	(1,010,209)	(739,526)	(258,761,455)	(290,002,307)
<b>Total Net Position (Deficit)</b>	<b>\$ (12,107,923)</b>	<b>\$ (46,810,741)</b>	<b>\$ 3,526,551</b>	<b>\$ 3,923,989</b>	<b>\$ (8,581,372)</b>	<b>\$ (42,886,752)</b>

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The following statement of activities represents changes in net position for the years ended December 31, 2024 and 2023. It shows revenues by source and expenses by function for governmental activities, business-type activities, and the government as a whole:

**Table A-4: Condensed Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program revenues:						
Charges for services	\$ 32,010,673	\$ 29,922,499	\$ 18,823,503	\$ 17,082,134	\$ 50,834,176	\$ 47,004,633
Operating grants and contributions	47,633,076	28,948,677	640,094	586,378	48,273,170	29,535,055
Capital grants	6,548,715	9,077,019	-	-	6,548,715	9,077,019
General revenues:						
Taxes	102,395,309	104,887,074	-	-	102,395,309	104,887,074
Investment earnings	5,235,537	5,340,044	237,318	251,556	5,472,855	5,591,600
Gain on sale of asset	30,554	-	-	7,285	30,554	7,285
Unrestricted grants/contributions	12,772,846	12,640,045	-	-	12,772,846	12,640,045
Total revenues	<u>206,626,710</u>	<u>190,815,358</u>	<u>19,700,915</u>	<u>17,927,353</u>	<u>226,327,625</u>	<u>208,742,711</u>
Expenses:						
General government	27,118,733	19,774,490	-	-	27,118,733	19,774,490
Public safety	84,267,111	75,340,455	-	-	84,267,111	75,340,455
Community development	13,342,011	12,105,757	-	-	13,342,011	12,105,757
Public works	28,392,246	27,886,830	-	-	28,392,246	27,886,830
Health and sanitation	5,736,491	5,390,518	-	-	5,736,491	5,390,518
Parks and recreation	9,934,677	8,804,127	-	-	9,934,677	8,804,127
Water and sewer	-	-	-	-	-	-
Interest on long-term debt	4,710,835	4,893,201	-	-	4,710,835	4,893,201
Municipal golf course	-	-	1,728,964	1,624,036	1,728,964	1,624,036
Solid waste fund	-	-	16,791,177	15,705,233	16,791,177	15,705,233
Total expenses	<u>173,502,104</u>	<u>154,195,378</u>	<u>18,520,141</u>	<u>17,329,269</u>	<u>192,022,245</u>	<u>171,524,647</u>
Change in net position before transfers	33,124,606	36,619,980	1,180,774	598,084	34,305,380	37,218,064
Transfers	<u>1,578,212</u>	<u>1,503,059</u>	<u>(1,578,212)</u>	<u>(1,503,059)</u>	<u>-</u>	<u>-</u>
Change in net position	34,702,818	38,123,039	(397,438)	(904,975)	34,305,380	37,218,064
Net position (deficit) beginning	<u>(46,810,741)</u>	<u>(84,933,780)</u>	<u>3,923,989</u>	<u>4,828,964</u>	<u>(42,886,752)</u>	<u>(80,104,816)</u>
Net position (deficit) ending	<u>\$ (12,107,923)</u>	<u>\$ (46,810,741)</u>	<u>\$ 3,526,551</u>	<u>\$ 3,923,989</u>	<u>\$ (8,581,372)</u>	<u>\$ (42,886,752)</u>

Total government-wide revenues in 2024 were \$226.3 million, an increase of 8.4 percent from 2023. The primary source of revenue was from taxes of \$102.4 million, representing 45.2 percent of the total which was a result of better in house collection for current year tax billing. The City now collects roughly 96% of current year taxes in the year they are due. The operating grants and contributions totaled \$48.3 million, increased from 2023, which is mostly due to an increase in ARPA and public safety grants.

Total expenses for all programs in 2024 were \$192 million, an increase of 12 percent from 2023. The expenses cover a range of services, with the largest being public safety at \$84.3 million or 43.9 percent. The next largest program areas were public works at \$28.4 million or 14.8 percent, the general government at \$27.1 million or 14.1 percent and the solid waste fund at \$16.8 million or 8.7 percent. The most significant increase in expenses came from general government expenditures which was due to an increased investment in human capital.

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**Net cost of services**

**Table A-5: Net cost of governmental and business-type activities**

	Total cost of services		Net cost of services	
	2024	2023	2024	2023
Program:				
General government	\$ 27,118,733	\$ 19,774,490	\$ (17,268,028)	\$ (13,212,963)
Public safety	84,267,111	75,340,455	(76,781,561)	(68,350,674)
Community development	13,342,011	12,105,757	6,884,480	4,387,255
Public works	28,392,246	27,886,830	4,278,583	(4,825,594)
Health and sanitation	5,736,491	5,390,518	(1,084,255)	(1,712,302)
Parks and recreation	9,934,677	8,804,127	(4,404,660)	(3,190,974)
Water and sewer	-	-	5,776,636	5,551,270
Interest on long-term debt	4,710,835	4,893,201	(4,710,835)	(4,893,201)
Municipal golf course	1,728,964	1,624,036	196,624	(491,173)
Solid waste fund	16,791,177	15,705,233	746,832	830,416
Total expenses	\$ <u>192,022,245</u>	\$ <u>171,524,647</u>	\$ <u>(86,366,184)</u>	\$ <u>(85,907,940)</u>

Net cost of services indicates the amount of support required from taxes and other general revenues for programs of the government. Table A-5 depicts the net program expenses for the years ended December 31, 2024 and 2023.

The City relied on real estate tax, Act 511 taxes such as earned income tax and business privilege tax, and other general revenues to fund 45 percent of its governmental and business-type activities in 2024. These revenues covered 15.1 percent of public works spending with the remainder coming from grants and fees for specific services. These revenues also covered 91.1 percent of public safety spending with the remainder coming from grants, fines, and court costs. The solid waste fund and golf fund were fully funded through grants and charges for services.

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## Capital assets

**Table A-6: Capital assets, net at December 31, 2024 and 2023**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 9,809,945	\$ 9,809,945	\$ 1,134,759	\$ 1,134,759	\$ 10,944,704	\$ 10,944,704
Assets under concession lease - LCA	101,142,184	100,666,867	-	-	101,142,184	100,666,867
Assets under concession lease - COA	11,763,064	11,504,675	-	-	11,763,064	11,504,675
Right-to-use leased asset	1,985,170	1,985,170			1,985,170	1,985,170
Construction in progress	1,217,665	4,743,269	-	-	1,217,665	4,743,269
Buildings	6,524,469	5,306,764	699,739	641,376	7,224,208	5,948,140
Land and building improvements	23,430,281	21,885,652	338,727	392,953	23,769,008	22,278,605
Machinery and equipment	8,969,320	10,250,727	2,163,209	2,495,524	11,132,529	12,746,251
Vehicles	9,730,122	9,477,847	785,786	862,296	10,515,908	10,340,143
Infrastructure	100,953,582	98,565,734	-	-	100,953,582	98,565,734
Distribution and collection systems	-	-	25,546	25,925	25,546	25,925
Total	\$ 275,525,802	\$ 274,196,650	\$ 5,147,766	\$ 5,552,833	\$ 280,673,568	\$ 279,749,483

The City's investment in capital assets at December 31, 2024, net of accumulated depreciation, was \$280.7 million. Capital assets consist primarily of land, buildings, equipment, and infrastructure. Detailed information about the City's capital assets can be found in Note 6, Notes to Financial Statements. Table A-6 is a summary of capital assets at December 31, 2024 and 2023.

## Debt administration

### Long-term debt:

On December 31, 2024, the City had \$96.9 million of debt outstanding, including bonds, notes, financed purchases, and leases. This was a net decrease of \$6 million from the end of 2023 due to the City not issuing new debt in 2024. Detailed information about the City's Long-term Debt can be found in Note 11, Notes to Financial Statements. Table A-7 provides a summary of outstanding debt.

**Table A-7: Summary of outstanding debt**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Financed purchases payable	\$ 2,519,428	\$ 3,518,048	\$ 611,006	\$ 889,318	\$ 3,130,434	\$ 4,407,366
Bonds and notes	94,389,896	99,399,529	-	-	94,389,896	99,399,529
Total	\$ 96,909,324	\$ 102,917,577	\$ 611,006	\$ 889,318	\$ 97,520,330	\$ 103,806,895

The amount of indebtedness a city may incur is limited by Pennsylvania law to 250 percent (non-electoral) of a three-year average of the total revenue received, exclusive of governmental grants for a specific purpose. The City's debt limit, based on the Local Government Unit Debt Act was \$367.6 million, which is 250% of its borrowing base of \$147 million. The total debt outstanding was \$97.5 million, which leaves the City with \$270.1 million in debt capacity.

### Bond rating

In 2024 Moody's Investors Service upgraded the City's rating from A3 to A2 and in 2022 S&P Global Rating had revised its rating outlook on the City's General Obligation bonds from A (negative) to A (stable).

## GOVERNMENTAL FUNDS

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

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year. Governmental fund accounting was not affected by the adoption of GASB No. 34. Therefore, schedules are presented to reconcile the fund statements to the government-wide statements.

The City's governmental funds include the General Fund, special revenue funds, Debt Service Fund, and Capital Projects Fund. The General Fund is the chief operating fund for the City. Special revenue funds are restricted to specific legislated uses. The Debt Service Fund is used to record the funding and payment of principal and interest on the issuance of debt in the governmental funds. The Capital Projects Fund accounts for the proceeds of bond issues to be used for capital projects. The major funds are shown on the statement of revenues, expenditures, and changes in fund balance in the financial statements.

### Governmental fund revenues

Governmental fund revenues by source for the years ended December 31, 2024 and 2023 are as follows as shown in Table A-8.

**Table A-8: Revenues by source, governmental funds**

	2024	2023	Changes from 2023 to 2024	Percent change
Revenues:				
Taxes	\$ 102,558,626	\$ 101,321,033	\$ 1,237,593	1.2%
Licenses and permits	7,631,906	7,378,906	253,000	3.4%
Charges for services	14,254,698	13,428,939	825,759	6.1%
Fines and forfeits	207,837	210,630	(2,793)	-1.3%
Investment earnings	5,092,730	5,182,524	(89,794)	-1.7%
Intergovernmental revenues	66,462,506	49,712,067	16,750,439	33.7%
Other	5,687,715	5,343,960	343,755	6.4%
Total revenues	\$ 201,896,018	\$ 182,578,059	\$ 19,317,959	10.6%

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Governmental fund revenues totaled \$201.9 million for the year ended December 31, 2024. This is an increase of \$19.3 million from 2023, primarily due to an increase in intergovernmental revenues and grants.

### Governmental fund expenditures

Governmental fund expenditures by function for the years ended December 31, 2024 and 2023 are as follows as shown in Table A-9.

**Table A-9: Expenditures by function, governmental funds**

	2024	2023	Changes from 2023 to 2024	Percent change
Expenditures:				
General government	\$ 28,427,386	\$ 18,050,272	\$ 10,377,114	57.5%
Public safety	85,183,647	76,225,600	8,958,047	11.8%
Community development	13,366,998	14,201,932	(834,934)	-5.9%
Public works	21,912,945	20,856,287	1,056,658	5.1%
Health and sanitation	5,561,210	5,172,189	389,021	7.5%
Parks and recreation	8,641,168	7,348,832	1,292,336	17.6%
Debt service:				
Principal	7,293,860	7,123,106	170,754	2.4%
Interest	2,502,877	2,640,107	(137,230)	-5.2%
Capital outlay	11,544,527	16,659,975	(5,115,448)	-30.7%
Total expenditures	<u>\$ 184,434,618</u>	<u>\$ 168,278,300</u>	<u>\$ 16,156,318</u>	<u>9.6%</u>

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Projects Fund, the Debt Service Fund, Community Development Block Grant Fund and the American Rescue Plan Fund which are all considered major funds. Nonmajor funds which are presented separately in the combining balance sheet - other nonmajor governmental funds and in the combining statement of revenues, expenditures, and changes in fund balance – other nonmajor governmental funds.

Governmental fund expenditures totaled \$184.4 million for the year ended December 31, 2024, an increase of 9.6 percent from 2023.

## Governmental fund balances and net position of enterprise funds

Table A-10 reflects ending fund balances for governmental funds and the net position for the enterprise funds at December 31, 2024 and 2023.

**Table A-10: Ending fund balances, governmental funds, and net position, enterprise funds**

	2024		2023	
	Governmental Funds	Enterprise Funds	Governmental Funds	Enterprise Funds
General	\$ 77,940,612	\$ -	\$ 60,337,795	\$ -
Liquid Fuels Fund	3,782,456	-	3,057,089	-
Community Development				
Block Grant	5,578,678	-	5,584,647	-
Trexler	1,991,653	-	1,429,585	-
Capital Projects	5,008,177	-	5,368,807	-
American Rescue Plan	3,290,714	-	2,183,420	-
Grants	50,000	-	-	-
Revolving Loan	1,811,169	-	1,375,758	-
Debt Service Fund	-	-	-	-
Stormwater Fund	3,843,947	-	4,460,306	-
Lease A.O. Fund	724,509	-	921,063	-
Municipal Golf Course	-	3,141,856	-	2,695,505
Solid Waste Fund	-	384,695	-	1,228,484
Total	\$ 104,021,915	\$ 3,526,551	\$ 84,718,470	\$ 3,923,989

The City's governmental funds reported a combined fund balance of \$104 million on December 31, 2024, up \$19.3 million from the previous year. The General Fund balance increased by \$17.6 million due to an increase in transfers in stemming from ARPA reimbursing for general government services under the revenue loss provision, an increase in intergovernmental revenues and investment earnings staying high due to higher interest rates. The American Rescue Plan fund balance increased by \$1.1 million due to increased investment earnings. The Solid Waste Fund had a decrease of \$844 thousand due to an increase in cost for recycling services. \$5.6 million is restricted for Community Development Block Grant projects, \$5 million is restricted for capital acquisitions, \$3.8 million is restricted for the Liquid Fuels Fund, \$1.8 million is restricted for the Revolving Loan Fund, \$.7 million is restricted for the Lease A.O. Fund and \$2 million is restricted for the Trexler fund.



### **Budgetary considerations**

The Allentown City Council may revise the budget through transfers or ordinance. There are two kinds of revisions:

- Allocations made to specific line items from other line items (internal transfers) or from contingency funds established in the budget.
- New revenues are budgeted when received, and the anticipated related expenditure is budgeted at the same time.

Because the City's fiscal year differs from those of the Commonwealth and the federal government, it is difficult to know what grants will be forthcoming in the City's fiscal year. Also, the City budgets are based on an estimated current year outcome and beginning cash balance. Care is taken in the budgeting process to eliminate budgeted expenditures in the current year that will not be spent. This allows the Finance Department to better forecast the City's position going into the subsequent year.

### **Economic Condition and Outlook**

#### **LOCATION & DEMOGRAPHIC ADVANTAGES**

Allentown was founded in 1762 by William Allen, a former mayor of Philadelphia, and became a city in 1867. It is the largest city in the four-county Allentown-Bethlehem-Easton Metropolitan Statistical Area and serves as the seat of Lehigh County, which has over 850,000 people. Allentown is home to 125,944 residents, per recent United States Census estimates, thus making it the third-largest city in Pennsylvania after Philadelphia and Pittsburgh. Allentown recorded one of the fastest rates of growth of any municipality in the Commonwealth between the 2010 and 2020 Censuses and the City's rapidly growing Hispanic population now comprises 54.3% of total City population, according to the 2020 U.S. Census.

Allentown is strategically located within a 300-mile radius of the largest metropolitan areas on the eastern seaboard of the United States, enabling the greater Lehigh Valley to become a major regional logistics and distribution center for several large corporations. Excellent transportation systems and close proximity to both New York and Philadelphia make Allentown attractive to businesses and families desiring to live in a community that offers clean air, good water, diverse neighborhoods and more than 2,000 acres of the best municipal parks and recreation systems in the country.

#### **ECONOMIC DEVELOPMENT ACHIEVEMENTS**

Allentown has long served as the economic engine for the Lehigh Valley. Historically a manufacturing city; now diversified into healthcare, education, finance, and logistics. Allentown is home to the corporate headquarters of utility firms PPL Corporation (a Fortune 500 company) and Talen Energy. The City's large employment concentration includes the Allentown School District, the government of Lehigh County, Muhlenberg College, Cedar Crest College, and a branch campus of Lehigh Carbon Community College. Major regional health care institutions also employ thousands of people within Allentown. The merger of Jefferson Health and Lehigh Valley Health Network (LVHN) was finalized on August 1, 2024 and St. Luke's University Health Network each

maintain various acute-care facilities across the City. Finally, banking, and financial service industries, including ADP, continue to have a strong presence as well as other business service firms.

Allentown also hosts the one-of-a-kind Neighborhood Improvement Zone, which has fostered what many years ago would have been an unimaginable amount of capital investment in downtown. Centered around the PPL Center Sports entertainment arena that hosts concerts and the Lehigh Valley Phantoms (AHL hockey), developers continue to add to office space and considerable residential units to the neighborhood. Allentown expects Waterfront Development to continue to grow, which will create positive long-term impacts on our real estate tax base.

Manufacturing employment in the Allentown-Bethlehem-Easton Metropolitan Statistical Area in the apparel, food, electrical/electronic equipment, industrial machinery and printing and publishing areas are strong components of the overall employment picture. In the greater Lehigh Valley region, Air Products, B. Braun, Lutron, Amazon.com, Lehigh Portland Cement, Nestle, Olympus, Dun & Bradstreet, FedEx, Uline and LSI are just a few of the companies that have selected the area as either headquarters or the location of major regional facilities.

## **SUMMARY**

The City closed 2024 in a strong financial position. There were no increased rates for property taxes, nor in any of our governmental funds to get there. Expenditures were contained in 2024, with no need to balance expenditures on the back of cash reserves. One main reason for a strong financial year was due to a deliberate investment strategy and higher interest rates.

The City did not incur any additional indebtedness in 2024 and its revenues were sufficient to cover its expenditures without any draw-down on cash.

City Administration, working with the Council and the City Controller, will lead the way to ensure that the successes of recent years will be preserved and capitalized in the years to come.

Finally, the administration and the Mayor would like to extend its appreciation to our accounting staff, Michael Sinclair, Melody Sajeski, Sheri Young, and Xuemei Lu for their excellent work on these financial statements, as well as Erika Strohler, Treasury and Accounting Manager.

## **REQUESTS FOR INFORMATION**

Questions concerning any of the information provided in this report or requests for additional financial information and complete financial statements for the discretely presented component units should be addressed to the Director of Finance, City of Allentown, 435 Hamilton Street, Allentown, Pennsylvania 18101.

**CITY OF ALLENTOWN**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activities		
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 115,383,673	\$ 3,703,584	\$ 119,087,257	\$ 2,790,337
Cash - restricted	732,173	-	732,173	56,588
Investments	-	-	-	254,869
Receivables (net of allowance for uncollectible):				
Due from primary government	-	-	-	181,322
Taxes	17,228,949	-	17,228,949	-
Accounts	3,082,459	1,578,106	4,660,565	563,730
Grants	6,828,939	334,099	7,163,038	-
Lease receivable	-	48,266	48,266	62,394
Inventory	-	14,663	14,663	-
Prepaid expenses	-	-	-	495,288
Other current assets	-	-	-	29,929
Prepaid debt insurance	141,700	-	141,700	-
Internal balances	-	-	-	-
<b>Total current assets</b>	<b>143,397,893</b>	<b>5,678,718</b>	<b>149,076,611</b>	<b>4,434,457</b>
Noncurrent assets:				
Capital assets, not being depreciated	112,169,794	1,134,759	113,304,553	9,547,775
Capital assets, net of depreciation	163,356,008	4,013,007	167,369,015	78,987,952
Loans and notes receivable	11,981,281	-	11,981,281	290,119
Lease receivable, net	-	-	-	3,723,636
Utility system concession lease receivable	18,403,273	-	18,403,273	-
Property held for development	-	-	-	637,894
Net OPEB asset	-	-	-	90,714
Net pension asset	-	-	-	440,240
<b>Total noncurrent assets</b>	<b>305,910,356</b>	<b>5,147,766</b>	<b>311,058,122</b>	<b>93,718,330</b>
<b>Total Assets</b>	<b>449,308,249</b>	<b>10,826,484</b>	<b>460,134,733</b>	<b>98,152,787</b>
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources - pensions	11,336,771	1,035,731	12,372,502	89,787
Deferred outflows of resources - OPEB	24,931,572	1,440,206	26,371,778	-
Deferred charge of refunding	220,862	-	220,862	356,158
<b>Total Deferred Outflows of Resources</b>	<b>36,489,205</b>	<b>2,475,937</b>	<b>38,965,142</b>	<b>445,945</b>

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

	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activities		
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and other current liabilities	6,508,470	1,190,277	7,698,747	730,588
Wages payable	1,789,460	68,582	1,858,042	-
Accrued interest payable	461,268	-	461,268	-
Claims liability	642,553	-	642,553	-
Other liabilities	4,785,309	638	4,785,947	56,173
Due to other governments	3,981,723	-	3,981,723	-
Unearned revenue	-	-	-	203,352
Compensated absences	6,649,305	181,682	6,830,987	-
Facility contractual obligation	121,398	-	121,398	-
Financed purchases payable	889,444	224,361	1,113,805	8,049
Notes and bonds payable, current maturities	7,395,622	-	7,395,622	1,835,508
Other postemployment benefit liability, current	4,013,771	-	4,013,771	-
Lease payable	80,134	-	80,134	-
Total current liabilities	37,318,457	1,665,540	38,983,997	2,833,670
Noncurrent liabilities:				
Unearned revenue - grants	12,298,652	-	12,298,652	-
Unearned revenue	-	-	-	222,300
Other non current liabilities	-	-	-	5,000,000
Financed purchase payable	1,629,984	386,645	2,016,629	-
Compensated absences	577,646	8,241	585,887	-
Net pension liability	31,895,292	544,137	32,439,429	-
Other postemployment benefit liability	102,502,356	6,153,050	108,655,406	-
Notes and bonds payable, net	86,994,274	-	86,994,274	56,201,143
Lease payable	2,381,575	-	2,381,575	-
Total noncurrent liabilities	238,279,779	7,092,073	245,371,852	61,423,443
<b>Total Liabilities</b>	275,598,236	8,757,613	284,355,849	64,257,113
<b>Deferred Inflows of Resources</b>				
Utility system concession lease	199,531,748	-	199,531,748	-
Deferred inflows of resources - pensions	5,867,202	-	5,867,202	-
Deferred inflows of resources - OPEB	16,908,191	976,724	17,884,915	3,779
Deferred inflows of resources - leases	-	41,533	41,533	10,040,548
<b>Total Deferred Inflows of Resources</b>	222,307,141	1,018,257	223,325,398	10,044,327
<b>Net Position</b>				
Net investment in capital assets	225,384,802	4,536,760	229,921,562	25,852,185
Restricted for:				
Capital projects	1,340,205	-	1,340,205	-
Public works	9,536,815	-	9,536,815	-
Community development	7,389,847	-	7,389,847	-
Parks and recreation	1,991,654	-	1,991,654	-
Net pension and OPEB assets	-	-	-	530,954
Unrestricted	(257,751,246)	(1,010,209)	(258,761,455)	(2,085,847)
<b>Total Net Position</b>	<u>\$ (12,107,923)</u>	<u>\$ 3,526,551</u>	<u>\$ (8,581,372)</u>	<u>\$ 24,297,292</u>

(Concluded)

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

# CITY OF ALLENTOWN

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 27,118,733	\$ 9,768,584	\$ 82,121	\$ -
Public safety	84,267,111	2,453,980	4,963,602	67,968
Community development	13,342,011	6,057,853	14,168,638	-
Public works	28,392,246	6,880,916	22,425,043	3,364,870
Health and sanitation	5,736,491	375,968	4,276,268	-
Parks and recreation	9,934,677	696,736	1,717,404	3,115,877
Water and sewer	-	5,776,636	-	-
Interest on long-term debt	4,710,835	-	-	-
Total governmental activities	173,502,104	32,010,673	47,633,076	6,548,715
Business-type activities:				
Solid Waste Fund	16,791,177	16,379,165	608,636	-
Municipal Golf Course	1,728,964	2,444,338	31,458	-
Total business-type activities	18,520,141	18,823,503	640,094	-
Total Primary Government	<u>\$ 192,022,245</u>	<u>\$ 50,834,176</u>	<u>\$ 48,273,170</u>	<u>\$ 6,548,715</u>
Component units:				
Redevelopment Authority of the City of Allentown	\$ 361,627	\$ 35,011	\$ 325,713	\$ -
Allentown Parking Authority	13,665,100	13,643,327	-	-
Total Component Units	<u>\$ 14,026,727</u>	<u>\$ 13,678,338</u>	<u>\$ 325,713</u>	<u>\$ -</u>
		General Revenues:		
		Property taxes		
		Act 511		
		Utility realty		
		Deed transfer tax		
		Grants and contributions not restricted to specific purposes		
		Investment earnings		
		Gain (loss) on sale of assets		
		Transfers - internal activities		
		Total general revenues and transfers		
		<b>Change in Net Position</b>		
		<b>Net Position:</b>		
		Beginning of year		
		End of year		

Net (Expenses) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (17,268,028)	\$ -	\$ (17,268,028)	\$ -
(76,781,561)	-	(76,781,561)	-
6,884,480	-	6,884,480	-
4,278,583	-	4,278,583	-
(1,084,255)	-	(1,084,255)	-
(4,404,660)	-	(4,404,660)	-
5,776,636	-	5,776,636	-
(4,710,835)	-	(4,710,835)	-
(87,309,640)	-	(87,309,640)	-
-	196,624	196,624	-
-	746,832	746,832	-
-	943,456	943,456	-
(87,309,640)	943,456	(86,366,184)	-
-	-	-	(903)
-	-	-	(21,773)
-	-	-	(22,676)
39,782,120	-	39,782,120	-
59,228,829	-	59,228,829	-
86,529	-	86,529	-
3,297,831	-	3,297,831	-
12,772,846	-	12,772,846	-
5,235,537	237,318	5,472,855	155,064
30,554	-	30,554	(38,172)
1,578,212	(1,578,212)	-	-
122,012,458	(1,340,894)	120,671,564	116,892
34,702,818	(397,438)	34,305,380	94,216
(46,810,741)	3,923,989	(42,886,752)	24,203,076
\$ (12,107,923)	\$ 3,526,551	\$ (8,581,372)	\$ 24,297,292

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

# CITY OF ALLENTOWN

## BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2024

	General Fund	Capital Projects	Community Development Block Grant	American Rescue Plan	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 59,560,297	\$ 12,031,393	\$ 2,872,350	\$ 22,400,109	\$ 11,299,519	\$ 108,163,668
Restricted cash	-	-	-	-	732,173	732,173
Receivable, net:						
Taxes	17,228,949	-	-	-	-	17,228,949
Loans	93,070	-	2,963,211	-	-	3,056,281
Accounts	1,902,110	-	-	-	977,793	2,879,903
Grants	3,733,213	574,122	2,107,352	-	414,252	6,828,939
Utility system concession lease	18,403,273	-	-	-	-	18,403,273
Due from other funds	14,619,606	296,541	-	-	-	14,916,147
<b>Total Assets</b>	<b>\$ 115,540,518</b>	<b>\$ 12,902,056</b>	<b>\$ 7,942,913</b>	<b>\$ 22,400,109</b>	<b>\$ 13,423,737</b>	<b>\$ 172,209,333</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 1,415,263	\$ 3,561,673	\$ 329,753	31,355	\$ 179,602	\$ 5,517,646
Wages payable	1,642,917	-	-	-	141,586	1,784,503
Due to other funds	-	66,814	1,827,042	12,312,349	898,724	15,104,929
Due to other governments	3,981,723	-	-	-	-	3,981,723
Unearned revenues - grants	1,359,509	4,043,768	129,684	6,765,691	-	12,298,652
Other liabilities	4,485,839	221,624	77,756	-	90	4,785,309
<b>Total Liabilities</b>	<b>12,885,251</b>	<b>7,893,879</b>	<b>2,364,235</b>	<b>19,109,395</b>	<b>1,220,002</b>	<b>43,472,762</b>
<b>Deferred Inflows of Resources:</b>						
Unavailable revenue - taxes	6,311,382	-	-	-	-	6,311,382
Unavailable revenue - utility system concession lease	18,403,273	-	-	-	-	18,403,273
<b>Total Deferred Inflows of Resources</b>	<b>24,714,655</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,714,655</b>
<b>Fund Balance:</b>						
Restricted	1,135,903	5,008,177	5,578,678	-	12,203,735	23,926,493
Assigned	7,829,375	-	-	3,290,714	-	11,120,089
Unassigned	68,975,334	-	-	-	-	68,975,334
<b>Total Fund Balance</b>	<b>77,940,612</b>	<b>5,008,177</b>	<b>5,578,678</b>	<b>3,290,714</b>	<b>12,203,735</b>	<b>104,021,916</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 115,540,518</b>	<b>\$ 12,902,056</b>	<b>\$ 7,942,913</b>	<b>\$ 22,400,109</b>	<b>\$ 13,423,737</b>	<b>\$ 172,209,333</b>

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

# CITY OF ALLENTOWN

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

DECEMBER 31, 2024

**Total Fund Balance - Governmental Funds** \$ 104,021,916

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. 275,525,802

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in governmental funds. 24,714,655

Certain loans receivable are not reported as assets in the governmental funds, but are reported on the statement of net position. 8,925,000

Prepaid debt insurance is reported as an asset and amortized on the statement of net position. 141,700

Utility system concession lease is required to be amortized over the life of the lease for the governmental activities. (199,531,748)

Certain liabilities, including general obligation debt, compensated absences, accrued interest payable, are not reported as liabilities in governmental funds, but are reported on the statement of net position. Those items consist of:

Accrued interest payable on general obligation debt	\$ (461,268)	
Facility contractual obligation	(121,398)	
Notes and bonds payable, net	(94,389,896)	
Less: deferred charge on refunding	220,862	
Financed purchases payable	(2,519,428)	
Compensated absences	(7,187,387)	
Lease payable	(2,461,709)	
Other postemployment benefits liability, net of related deferred inflows and outflows of resources	(98,492,746)	
Net pension asset/liability, net of related deferred inflows and outflows of resources	(26,425,723)	(231,838,693)

Assets and liabilities of the internal service fund reported in the statement of net position are used to charge the costs of insurance to individual funds and are not reported in the government funds. 5,933,445

**Total Net Position - Governmental Activities** \$ (12,107,923)

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



# CITY OF ALLENTOWN

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

YEAR ENDED DECEMBER 31, 2024

	General Fund	Capital Projects	Community Development Block Grant	American Rescue Plan	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 102,558,626	\$ -	\$ -	\$ -	\$ -	\$ 102,558,626
Licenses and permits	7,631,906	-	-	-	-	7,631,906
Charges for services	8,294,456	91,524	-	-	5,868,718	14,254,698
Fines and forfeits	207,837	-	-	-	-	207,837
Investment earnings	3,221,152	213,102	91,595	1,203,554	363,327	5,092,730
Intergovernmental revenues	21,021,551	3,115,877	3,056,421	22,680,691	16,587,966	66,462,506
Other	4,339,462	7,421	339,659	-	1,001,173	5,687,715
<b>Total revenues</b>	<b>147,274,990</b>	<b>3,427,924</b>	<b>3,487,675</b>	<b>23,884,245</b>	<b>23,821,184</b>	<b>201,896,018</b>
<b>Expenditures:</b>						
Current:						
General government	15,253,732	-	-	2,407,183	10,766,471	28,427,386
Public safety	85,183,647	-	-	-	-	85,183,647
Community development	9,998,292	-	3,256,835	111,871	-	13,366,998
Public works	12,687,962	413,242	-	448,100	8,363,641	21,912,945
Health and sanitation	5,561,210	-	-	-	-	5,561,210
Parks and recreation	7,215,925	-	-	202,880	1,222,363	8,641,168
Debt service:						
Principal	73,860	-	-	-	7,220,000	7,293,860
Interest	75,065	-	314,091	-	2,113,721	2,502,877
Capital outlay	2,264,681	7,979,925	-	-	1,299,921	11,544,527
<b>Total expenditures</b>	<b>138,314,374</b>	<b>8,393,167</b>	<b>3,570,926</b>	<b>3,170,034</b>	<b>30,986,117</b>	<b>184,434,618</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>8,960,616</b>	<b>(4,965,243)</b>	<b>(83,251)</b>	<b>20,714,211</b>	<b>(7,164,933)</b>	<b>17,461,400</b>
<b>Other Financing Sources (Uses):</b>						
Sale of capital assets	30,554	-	-	-	-	30,554
Transfers in	17,036,943	4,604,613	77,282	-	9,378,201	31,097,039
Transfers out	(8,425,296)	-	-	(19,606,917)	(1,253,334)	(29,285,547)
<b>Total other financing sources (uses)</b>	<b>8,642,201</b>	<b>4,604,613</b>	<b>77,282</b>	<b>(19,606,917)</b>	<b>8,124,867</b>	<b>1,842,046</b>
<b>Net Change in Fund Balance</b>	<b>17,602,817</b>	<b>(360,630)</b>	<b>(5,969)</b>	<b>1,107,294</b>	<b>959,934</b>	<b>19,303,446</b>
<b>Fund Balance:</b>						
Beginning of year	60,337,795	5,368,807	5,584,647	2,183,420	11,243,801	84,718,470
End of year	<u>\$ 77,940,612</u>	<u>\$ 5,008,177</u>	<u>\$ 5,578,678</u>	<u>\$ 3,290,714</u>	<u>\$ 12,203,735</u>	<u>\$ 104,021,916</u>

# CITY OF ALLENTOWN

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

YEAR ENDED DECEMBER 31, 2024

<b>Net Change in Fund Balances - Governmental Funds</b>	\$	19,303,446
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Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.		11,544,527
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources; therefore, depreciation expense is not reported as expenditures in governmental funds.		(10,690,692)
Revenues related to grants, real estate and other taxes are revenue in the statement of activities. Those that do not provide current financial resources are not reported as revenues in governmental funds.		(163,317)
Compensated absence expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(316,795)
Activities of the internal service fund are reported as net revenue in the statement of activities.		1,783,031
The issuance of long-term debt (e.g. bonds, notes, leases, and financed purchases) provides current financial resources to the governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of those differences in the treatment of long-term debt:		
Principal payments on financed purchases		998,620
Principal of long-term debt		7,220,000
Accretion of capital appreciation bonds		(2,395,989)
Principal payments on leases payable		73,860
Governmental funds report the effect of debt issuance premiums, discounts, insurance premiums, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.		152,798
Accrued interest expense on long-term debt is reported in the statement of activities but does not require the use of current financial resources.		35,233
The net pension asset/liability is recorded as an asset/liability in the government wide financial statements, but not in the fund financial statements. This amount represents the change in the net pension asset/liability, net of related deferred inflows and outflows of resources.		5,209,132
The total other postemployment liability is recorded as a liability in the government wide financial statements, but not in the fund financial statements. This amount represents the change in the total OPEB liability, net of related deferred inflows and outflows of resources.		(2,752,809)
The deferred inflow of resources from the utility system concession lease is amortized over the life of the lease in the statement of activities.		4,701,773
<b>Change in Net Position - Governmental Activities</b>	<b>\$</b>	<b>34,702,818</b>

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

# CITY OF ALLENTOWN

## STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS

DECEMBER 31, 2024

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Fund	Non-Major Municipal Golf Course	Total	Internal Service Fund
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,926,941	\$ 1,776,643	\$ 3,703,584	\$ 7,220,005
Receivables:				
Accounts	1,594,046	-	1,594,046	202,556
Grants	334,099	-	334,099	-
Total accounts receivable	1,928,145	-	1,928,145	202,556
Allowance for doubtful accounts	15,940	-	15,940	-
Net accounts receivable	1,912,205	-	1,912,205	202,556
Lease receivable	-	48,266	48,266	-
Due from other funds	-	-	-	188,782
Inventories	-	14,663	14,663	-
Total current assets	3,839,146	1,839,572	5,678,718	7,611,343
Noncurrent assets:				
Capital assets, not being depreciated	-	1,134,759	1,134,759	-
Capital assets, net of depreciation	2,975,611	1,037,396	4,013,007	-
Total noncurrent assets	2,975,611	2,172,155	5,147,766	-
<b>Total Assets</b>	6,814,757	4,011,727	10,826,484	7,611,343
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources - pension	927,842	107,889	1,035,731	-
Deferred outflows of resources - OPEB	1,280,183	160,023	1,440,206	-
<b>Total Deferred Outflows of Resources</b>	2,208,025	267,912	2,475,937	-

(Continued)

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Fund	Non-Major Municipal Golf Course	Total	Internal Service Fund
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$ 1,174,532	\$ 15,745	\$ 1,190,277	\$ 990,824
Wages payable	59,289	9,293	68,582	4,957
Claims liability	-	-	-	642,553
Other liabilities	-	638	638	-
Compensated absences	153,292	28,390	181,682	36,402
Financed purchase	133,378	90,983	224,361	-
Total current liabilities	1,520,491	145,049	1,665,540	1,674,736
Noncurrent liabilities:				
Financed purchase, net	285,609	101,036	386,645	-
Compensated absences	6,953	1,288	8,241	3,162
Net pension liability	487,456	56,681	544,137	-
Other postemployment benefit liability	5,469,378	683,672	6,153,050	-
Total noncurrent liabilities	6,249,396	842,677	7,092,073	3,162
<b>Total Liabilities</b>	<b>7,769,887</b>	<b>987,726</b>	<b>8,757,613</b>	<b>1,677,898</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources - OPEB	868,200	108,524	976,724	-
Deferred inflows of resources - leases	-	41,533	41,533	-
<b>Total Deferred Inflows of Resources</b>	<b>868,200</b>	<b>150,057</b>	<b>1,018,257</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	2,556,624	1,980,136	4,536,760	-
Unrestricted	(2,171,929)	1,161,720	(1,010,209)	5,933,445
<b>Total Net Position</b>	<b>\$ 384,695</b>	<b>\$ 3,141,856</b>	<b>\$ 3,526,551</b>	<b>\$ 5,933,445</b> (Concluded)

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

# CITY OF ALLENTOWN

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2024

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Fund	Non-Major Municipal Golf Course	Total	Internal Service Fund
<b>Operating Revenues:</b>				
Charges for services:				
Refuse collections	\$ 15,641,784	\$ -	\$15,641,784	\$ -
Recycling	140,552	-	140,552	-
Miscellaneous	596,829	2,397,094	2,993,923	35,650,337
Total operating revenues	16,379,165	2,397,094	18,776,259	35,650,337
<b>Operating Expenses:</b>				
Personnel services	4,614,147	922,251	5,536,398	-
Utility services	5,312	95	5,407	-
Contracted services	11,182,348	162,892	11,345,240	-
Materials and supplies	400,822	380,289	781,111	-
Claims and benefits	-	-	-	33,795,708
Depreciation expense	480,509	171,671	652,180	-
Miscellaneous	108,039	91,766	199,805	-
Total operating expenses	16,791,177	1,728,964	18,520,141	33,795,708
<b>Operating Income (Loss)</b>	<b>(412,012)</b>	<b>668,130</b>	<b>256,118</b>	<b>1,854,629</b>
<b>Non-Operating Revenues (Expenses):</b>				
Lease principal revenue	-	44,827	44,827	-
Lease interest revenue	-	2,417	2,417	-
Grants	608,636	31,458	640,094	18,875
Investment income	190,436	46,882	237,318	142,807
Total non-operating revenues (expenses)	799,072	125,584	924,656	161,682
Change in net position before transfers	387,060	793,714	1,180,774	2,016,311
Transfers out	(1,230,849)	(347,363)	(1,578,212)	(233,280)
<b>Change in Net Position</b>	<b>(843,789)</b>	<b>446,351</b>	<b>(397,438)</b>	<b>1,783,031</b>
<b>Net Position:</b>				
Beginning of year	1,228,484	2,695,505	3,923,989	4,150,414
End of year	\$ 384,695	\$ 3,141,856	\$ 3,526,551	\$ 5,933,445

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

**CITY OF ALLENTOWN**  
**STATEMENT OF CASH FLOWS -**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2024**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Fund	Non-Major Municipal Golf Course	Total	Internal Service Fund
<b>Cash Flows From Operating Activities:</b>				
Receipts from customers and users	\$16,302,307	\$ 2,401,637	\$18,703,944	\$ 35,521,384
Payments to suppliers for services	(11,783,992)	(651,441)	(12,435,433)	(33,587,304)
Payments to employees	(4,476,015)	(943,631)	(5,419,646)	-
Net cash provided by (used in) operating activities	42,300	806,565	848,865	1,934,080
<b>Cash Flows From Non-Capital Financing Activities:</b>				
Operating grants received	593,790	31,458	625,248	18,875
Advance from/to other funds	-	-	-	17,720
Net transfers in (out)	(1,230,849)	(347,363)	(1,578,212)	(233,280)
Net cash provided by (used in) non-capital financing activities	(637,059)	(315,905)	(952,964)	(196,685)
<b>Cash Flows From Investing Activities</b>				
Investment income	190,436	52,693	243,129	142,807
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(203,192)	(43,921)	(247,113)	-
Payments received on lease receivable	-	44,827	44,827	-
Payments of financed purchase	(186,494)	(91,818)	(278,312)	-
Net cash provided by (used in) capital and related financing activities	(389,686)	(90,912)	(480,598)	-
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(794,009)	452,441	(341,568)	1,880,202
<b>Cash and Cash Equivalents:</b>				
Beginning of year	2,720,950	1,324,202	4,045,152	5,339,803
End of year	<u>\$ 1,926,941</u>	<u>\$ 1,776,643</u>	<u>\$ 3,703,584</u>	<u>\$ 7,220,005</u>

(Continued)

**CITY OF ALLENTOWN**  
**STATEMENT OF CASH FLOWS -**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2024**  
(Continued)

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Fund	Non-Major Municipal Golf Course	Total	Internal Service Fund
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>				
Operating income (loss)	\$ (412,012)	\$ 668,130	\$ 256,118	\$ 1,854,629
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	480,509	171,671	652,180	-
Changes in:				
Receivables	(76,858)	4,543	(72,315)	(128,953)
Inventories	-	(4,099)	(4,099)	-
Deferred outflows of resources for pension and OPEB	(195,466)	(2,237)	(197,703)	-
Accounts payable	(87,471)	(11,247)	(98,718)	208,710
Wages payable	17,768	1,601	19,369	1,186
Other liabilities	-	(1,053)	(1,053)	-
Compensated absences	5,115	(1,658)	3,457	(1,492)
Net pension liability	(872,125)	(133,028)	(1,005,153)	-
Other postemployment benefit liability	1,034,125	100,086	1,134,211	-
Deferred inflows of resources for pension and OPEB	148,715	13,856	162,571	-
Total adjustments	454,312	138,435	592,747	79,451
Net cash provided by (used in) operating activities	\$ 42,300	\$ 806,565	\$ 848,865	\$ 1,934,080

(Concluded)

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

# CITY OF ALLENTOWN

## STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

DECEMBER 31, 2024

	Component Unit Pension Trust Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 12,042,024
Interest receivable	240,910
Other receivables	386
Investments, at fair value:	
Equity mutual funds	260,052,112
Fixed income mutual funds	63,394,467
Real estate investment fund	30,215,483
Corporate bonds	8,831,379
U.S. government obligations	20,845,596
U.S. government agency obligations	284,347
Total investments	383,623,384
<b>Total Assets</b>	<b>395,906,704</b>
<b>Liabilities</b>	
Accounts payable	60,386
<b>Total Liabilities</b>	<b>60,386</b>
<b>Net Position</b>	
Restricted for pension benefits	395,846,318
<b>Total Net Position</b>	<b>\$ 395,846,318</b>

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



# CITY OF ALLENTOWN

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2024

	<u>Component Unit</u> <u>Pension</u> <u>Trust Funds</u>
<b>Additions:</b>	
Contributions:	
Employer	\$ 12,559,100
Plan members	<u>2,061,996</u>
Total contributions	<u>14,621,096</u>
Investment income (loss):	
Net appreciation in fair value of investments	35,125,754
Interest and dividends	9,281,733
Less investment expenses	<u>(183,467)</u>
Net investment income (loss)	<u>44,224,020</u>
Total additions	<u>58,845,116</u>
<b>Deductions:</b>	
Benefits paid to recipients	25,133,649
Administrative and other fees	<u>21,774</u>
Total deductions	<u>25,155,423</u>
<b>Change in Net Position</b>	33,689,693
<b>Net Position:</b>	
Beginning of year	<u>362,156,625</u>
End of year	<u><u>\$ 395,846,318</u></u>

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

# CITY OF ALLENTOWN

## COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS

DECEMBER 31, 2024

<b>Assets</b>	Redevelopment Authority of the City of Allentown	Allentown Parking Authority	Total
<b>Current assets:</b>			
Cash and cash equivalents	\$ 1,091,437	\$ 1,698,900	\$ 2,790,337
Restricted cash	56,588	-	56,588
Investments	-	254,869	254,869
Due from City of Allentown	181,322	-	181,322
Accounts receivables	2,437	561,293	563,730
Prepaid expenses	1,007	494,281	495,288
Other current assets	-	29,929	29,929
Lease receivable, current	-	62,394	62,394
<b>Total current assets</b>	<b>1,332,791</b>	<b>3,101,666</b>	<b>4,434,457</b>
<b>Noncurrent assets, net:</b>			
Construction in progress	-	67,450	67,450
Land	-	9,480,325	9,480,325
Building and improvements	-	54,225	54,225
Machinery and equipment	-	78,742,744	78,742,744
Vehicles	-	190,983	190,983
<b>Total capital assets, net</b>	<b>-</b>	<b>88,535,727</b>	<b>88,535,727</b>
Loans receivable	290,119	-	290,119
Property held for development	637,894	-	637,894
Net pension asset	-	440,240	440,240
Net OPEB asset	-	90,714	90,714
Lease receivable, net	-	3,723,636	3,723,636
<b>Total noncurrent assets</b>	<b>928,013</b>	<b>92,790,317</b>	<b>93,718,330</b>
<b>Total Assets</b>	<b>2,260,804</b>	<b>95,891,983</b>	<b>98,152,787</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources - pension/OPEB	-	89,787	89,787
Deferred charge on refunding	-	356,158	356,158
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>445,945</b>	<b>445,945</b>

	Redevelopment Authority of the City of Allentown	Allentown Parking Authority	Total
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and other current liabilities	\$ 20,332	\$ 710,256	\$ 730,588
Other liabilities	55,588	585	56,173
Unearned revenue	150	203,202	203,352
Line of credit	-	5,000	5,000
Financed purchases	-	8,049	8,049
Notes and bonds payable, current maturities	-	1,830,508	1,830,508
Total current liabilities	76,070	2,757,600	2,833,670
Noncurrent liabilities:			
Unearned revenue, net	-	222,300	222,300
Construction loan payable	-	-	-
Other postemployment benefit liability	-	-	-
Other long term liabilities	-	5,000,000	5,000,000
Financed purchases, net	-	-	-
Bonds payable, net	-	56,201,143	56,201,143
Total noncurrent liabilities	-	61,423,443	61,423,443
<b>Total Liabilities</b>	76,070	64,181,043	64,257,113
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources - OPEB	-	3,779	3,779
Deferred inflows of resources - leases	-	10,040,548	10,040,548
<b>Total Deferred Outflows of Resources</b>	-	10,044,327	10,044,327
<b>Net Position</b>			
Net investment in capital assets	-	25,852,185	25,852,185
Restricted - net pension and OPEB assets	-	530,954	530,954
Unrestricted	2,184,734	(4,270,581)	(2,085,847)
<b>Total Net Position</b>	\$ 2,184,734	\$22,112,558	\$24,297,292

# CITY OF ALLENTOWN

## COMBINING STATEMENT OF ACTIVITIES - COMPONENT UNITS

YEAR ENDED DECEMBER 31, 2024

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Redevelopment Authority of the City of Allentown	Allentown Parking Authority	Total Component Units
Component Units:						
Redevelopment Authority of the City of Allentown	\$ 361,627	\$ 35,011	\$ 325,713	\$ (903)	\$ -	\$ (903)
Allentown Parking Authority	13,665,100	13,643,327	-	-	(21,773)	(21,773)
Total component units	<u>\$14,026,727</u>	<u>\$13,678,338</u>	<u>\$ 325,713</u>	<u>(903)</u>	<u>(21,773)</u>	<u>(22,676)</u>
General revenues:						
Investment earning				52	155,012	155,064
Gain (loss) on sale of asset				-	(38,172)	(38,172)
Total general revenues				<u>52</u>	<u>116,840</u>	<u>116,892</u>
Change in Net Position				(851)	95,067	94,216
Net Position:						
Beginning of year				<u>2,185,585</u>	<u>22,017,491</u>	<u>24,203,076</u>
End of year				<u>\$ 2,184,734</u>	<u>\$22,112,558</u>	<u>\$24,297,292</u>

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 1. Nature of Operations and Summary of Significant Accounting Policies

The accounting methods and procedures adopted by the City of Allentown, Pennsylvania (City) conform to accounting principles generally accepted in the United States of America, as applied to governmental entities. The following notes to financial statements are an integral part of the City's financial statements.

#### Reporting Entity

The City was incorporated in 1762 under the provisions of the constitution and general statutes of the Commonwealth of Pennsylvania. The City is a second-class city, as defined by state statutes. The City operates under a Home Rule Charter form of government and provides a full range of services, including public safety, roads, sanitation, health, stormwater, culture and recreation, and general government services to its approximately 118,000 residents. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City (the primary government) and its component units.

The City has evaluated all related entities (authorities, commissions, and affiliates) for possible inclusion in the financial reporting entity.

The component units discussed below are included in the City's reporting entity because of the significance of financial and operational relationships within the City. These component units have been included in the financial reporting entity as discretely presented component units:

#### Redevelopment Authority of the City of Allentown

The Redevelopment Authority of the City of Allentown (Redevelopment Authority), an entity legally separate from the City, is governed by a board appointed by the Mayor of the City. The Redevelopment Authority, in collaboration with the City's Department of Community and Economic Development, addresses urban revitalization. The Redevelopment Authority is financially dependent on the City. The City is the pass-through entity for the Redevelopment Authority's grant funding that is received from the U.S. Department of Housing and Urban Development (HUD) and the Pennsylvania Redevelopment Assistance Capital Program (RACP).

In May 2024 and with an effective date of December 21, 2023, the City and Redevelopment Authority entered into an Intergovernmental Agreement for the City to provide staffing and administrative assistance services to the Redevelopment Authority. The Redevelopment Authority will reimburse the City for administrative assistance services based upon the hourly

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

rates and associated benefit and indirect costs for the employee time, not to exceed \$100,000 per calendar year. Such reimbursements are expected to be covered under Community Development Block Grants available to the Redevelopment Authority by the City. There were no expenditures incurred under this agreement with the City during the year ended December 31, 2024.

During the year ended December 31, 2024, the Redevelopment Authority recognized total intergovernmental grant revenue of \$325,713 under a Community Development Block Grant agreement with the City, with \$181,322 due from the City as of December 31, 2024.

#### Allentown Parking Authority

The Allentown Parking Authority (Parking Authority), a tax-exempt organization, was incorporated on November 30, 1984 by the City Council of the City of Allentown. The Parking Authority is governed by a five-member board appointed by the Mayor of the City of Allentown. The Parking Authority's purpose is to administer, supervise, and enforce an efficient system of off-street and on-street parking including the power and right:

- To conduct research and maintain data related to off-street and on-street parking programs;
- To enforce parking regulations by the distribution, issuance, and processing of parking tickets and by booting, towing, and impounding of vehicles as provided by law;
- To acquire, locate, install and maintain parking meters and related supplies;
- To administer a program of residential permit parking as provided by law; and
- To collect, on behalf of the City of Allentown, all revenue, subject to certain return provisions, derived from on-street parking programs.

Separately published financial statements of the above component units are available for public inspection at the City.

#### Related Organizations

The City Council and Mayor are also responsible for appointing the members of several boards, but the City's accountability for these entities does not extend beyond making appointments. These boards include the Allentown Commercial and Industrial Development Authority

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

(ACIDA), the Allentown Housing Authority, Allentown Neighborhood Improvement Zone Development Authority (ANIZDA), and Allentown Economic Development Corporation (AEDC).

The amounts the City appropriated to these entities during the year ended December 31, 2024 were immaterial to the basic financial statements.

#### Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and pension trust funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property and other taxes are recognized as revenues in the year for which they are levied or

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# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

the underlying transaction has taken place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service including lease liabilities, pension, other postemployment benefits, and compensated absences expenditures are recorded only when payment is due.

Property and other taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period to the extent that they meet the available criteria. All other revenue items are considered to be measurable and available only when cash is received by the government and eligibility/allowability requirements have been met.

General capital asset expenditures, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

The City reports the following major governmental funds:

General Fund – is used to account for all financial transactions applicable to the general operations of the City except for those accounted for in another fund.

Capital Projects Fund – is used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlay including the acquisition or construction of capital facilities and other capital assets.

Community Development Block Grant Fund (CDBG) – is used to account for the financial activity of the City's CDBG Program and other urban renewal and improvement grants.

American Rescue Plan Fund – is used to account for the financial activity of the City's American Rescue Plan federal grants.



# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

The City reports the following nonmajor governmental funds:

Liquid Fuels Fund – is used to account for the financial activity of the City’s liquid fuels tax allocation from the Commonwealth of Pennsylvania.

Revolving Loan Fund – is used to account for loans for community and economic development activities that are eligible under the Housing and Redevelopment Assistance grant program.

Trexler Fund – is used for maintenance, development, and extension of the City’s park system. The Trexler Fund is a special revenue fund and the use of funds is specified by the grantor.

Grants Fund – is used to account for the pass-through grants the City is responsible for administering.

Lease/Administrative Order (A.O.) – is used to account for charges pursuant to Pennsylvania Department of Environmental Protection administrative order.

Stormwater Fund – is used to account for fees collected from residents for stormwater improvements.

Debt Service Fund – is used to account for the accumulation of resources for, and the payment of, general long-term bonds and other debt principal, interest, and related costs.

The City reports the following major proprietary fund:

Solid Waste Fund – is used to account for the administration of the collection and disposal of municipal waste and recyclables in the City.

The City reports the following nonmajor proprietary fund:

The Municipal Golf Course Fund, a non-major proprietary fund, is used to account for the activities of the City’s golf course.

Internal Service Fund – is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit on a

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

cost- reimbursement basis. This fund is used to account for the City's self-insured programs for workers' compensation, property, casualty, automobile, and general liability claim losses.

The City's fiduciary funds consist of the Pension Trust Funds, which are considered component units of the City:

Pension Trust Funds – are used to account for pension benefits for employees. The principal revenue sources for these funds are employer and employee contributions. The Pension Trust Funds are accounted for in essentially the same manner as proprietary funds, since capital maintenance is critical. The Pension Trust Funds account for the City's three defined benefit pension plans: Police, Firemen, and Officers and Employees Plans.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the rule are payments to the internal service fund for risk management activities where the amounts charged are reasonably equivalent in value to services provided. Elimination of these charges would distort the direct costs of various functions.

Amounts reported as program revenues include charges to customers or applicants for goods, services or privileges provided, and operating and capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes and grants and contributions not restricted to a specific purpose as well as investment earnings.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Sometimes a government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts reported as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the City

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

and the Parking Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

#### Cash and Cash Equivalents and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash of all funds, except pension trust funds and certain special revenue funds, is maintained in a cash and investment pool. Interest earnings, as well as gains and losses, are allocated to funds based on the average daily balances of funds invested in the pool. The balance recorded as cash and cash equivalents in each fund type is principally the allocation of the pooled cash balance. Substantially, all investments are held in the pension trust fund. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

For purposes of the statement of cash flows, the City considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly-liquid investment purchases with an original maturity of three months or less to be cash equivalents.

The City is authorized to make investments as defined in the Pennsylvania Second Class City Code and the Home Rule Charter. Authorized types of investments include the following:

- a. United States Treasury Bills.
- b. Short-term obligations of the United States Government or its agencies or instrumentalities.
- c. Deposits in savings accounts or time deposits. Other than certificates of deposit, or share accounts of institutions insured by the Federal Deposit Insurance Corporation or similar agencies to the extent that such accounts are insured, and for any amounts above the insured maximum, provided that approved collateral as provided by law therefore is pledged by the depository.
- d. Obligations of the United States Government or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

- e. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the only investments of that company are in the authorized investments for City funds listed above.
- f. Certificates of deposit purchased from institutions insured by the Federal Deposit Insurance Corporation or similar agencies to the extent that such accounts are so insured.

Investments of pension trust funds are placed pursuant to guidelines established by the respective pension boards.

#### **Component Units**

##### **Parking Authority**

The deposit and investment activity of the Parking Authority adheres to state statutes, prudent business practices, and applicable trust indentures, which are more restrictive than existing state statutes.

Pennsylvania law stipulates the investment and deposit types the Parking Authority may purchase as follows:

- a. U.S. Treasury bills.
- b. Short-term obligations of the U.S. government or its agencies.
- c. Demand, savings, and time deposits with institutions insured by Federal insurance or collateralized with securities as provided by law.
- d. Obligations of the United States or any of its agencies, the Commonwealth of Pennsylvania or any of its agencies, or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies, providing the obligations are backed by the full faith and credit of the political subdivisions.

The City and Parking Authority had no deposit or investment transactions during the year ended December 31, 2024, which were in violation of state statutes or applicable trust indentures.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

#### Restricted Assets

Cash and investments of the City received from the issuance of long-term debt and not spent have been presented as restricted assets because the usage of such assets is limited to that set forth in the bond documents.

#### Internal Balances

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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advanced to/from other funds” (i.e., the noncurrent portion of interfund loans).

#### Allowance for Uncollectible Receivables

All property tax, per capita tax, curb and sidewalk and solid waste charges for service receivables are shown net of an allowance for uncollectible amounts. All allowances have been calculated based on historical collections. The allowance for property tax and per capita tax, presented in the General Fund, was approximately \$24,000 at December 31, 2024. The allowance for curb and sidewalk charges for services, presented in the Capital Projects Fund, was approximately \$951,000 at December 31, 2024. The allowance for accounts receivable presented in the Stormwater Fund was approximately \$8,800 at December 31, 2024. The allowance for doubtful accounts, presented in the Solid Waste Fund, was approximately \$15,900 at December 31, 2024.

#### Component Units

##### Redevelopment Authority

The Redevelopment Authority loans funds to private developers in connection with redevelopment projects in the City. The collectability of the loans is evaluated and an allowance is recorded for amounts which may not be collected by the Redevelopment Authority. The loans are under a revolving loan fund program financed by the Commonwealth

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

of Pennsylvania, Department of Community and Economic Development. Management has determined that no allowance is necessary at December 31, 2024.

#### Parking Authority

The Parking Authority's estimate of the allowance for doubtful accounts receivable is based on an analysis of specific receivables taking into account the age of the past due receivable and the assessment of the ultimate collectability. Management has determined that no allowance is necessary at December 31, 2024.

#### Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. The City has determined that any unused materials and supplies on hand at December 31, 2024 are immaterial.

Inventories at the Allentown Municipal Golf Course are valued at average cost.

#### Capital Assets

The City value capital assets at historical cost or estimated historical cost if actual historical cost is not available. The City maintains a capitalization threshold of \$5,000 for all capital assets, except for the intangible right-to-use lease assets, the measurement of which is discussed under leases below.

General infrastructure assets of the City consist of bridges, traffic lights and signals, streets and streetlights, and storm sewers and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value at the date of donation.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

The City's capital assets, including the right-to-use lease assets, are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	35-50
Machinery and equipment	5-25
Vehicles	2-10
Infrastructure	10-99
Right-to-use leased equipment	25

#### **Component Units**

##### **Parking Authority**

The Parking Authority capitalizes all assets with an estimated useful life in excess of one year in excess of \$5,000. Property and equipment are stated at cost, net of accumulated depreciation. Donated or contributed assets are stated at the estimated fair market value as of the date of donation. The Parking Authority's capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and building improvements	10-44
Leasehold improvements	5-15
Parking garages and components	10-50
Furniture and equipment	5-20
Vehicles	5-7

Normal maintenance and repairs to operations as incurred. Renewals and betterments are capitalized and depreciated based upon the expected lives of such improvements. Amortization of assets under financed purchases has been included as part of depreciation expense.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

#### Property Held for Development

##### **Component Units**

##### Redevelopment Authority

At times, the Redevelopment Authority acquires properties in the City for future development which are recorded at cost, or estimated net realizable value, if less than cost. Since the intent is to hold these properties for resale, there is no depreciation associated with the properties held for development.

##### Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental and proprietary fund types. Encumbrances are recorded when purchase orders are issued, but are not considered expenditures until liabilities for payment are incurred. Encumbrances outstanding at year-end for unfilled obligations of the current year budget are reappropriated in the succeeding year. The City reports encumbrances in its governmental funds as assigned fund balances, if the individual fund's fund balance is not presented as restricted. Encumbrances in the table below relate to contract services, operating materials, supplies, repairs and maintenance, uniforms, equipment, and property loss.

General Fund	\$ 7,833,223	Golf Course	\$ 435,188
Capital Fund	6,459,103	CDBG Fund	1,033,875
Liquid Fuels Fund	370,545	Solid Waste Fund	198,927
Stormwater Fund	78,170	Internal Service Fund	452,597

##### Fund Balance

In the fund financial statements, fund balances of governmental funds are classified in five separate categories. The components of fund balance are as follows:

- Nonspendable – This category represents funds that are not in spendable form and includes such items as prepaid expenditures and inventory.



# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties.
- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by City Council. Such a commitment is made via a resolution by City Council and must be made prior to the end of the year. Removal of this commitment requires a resolution by City Council.
- Assigned – This category represents the intentions of an individual or group designated by City Council to use the funds for specific purposes. Through a resolution of City Council, the designee would have to be delegated the responsibility to assign funds. Through the approval of the City's Administrative Order, City Council has provided that the Finance Director serves as the designee for assignments.
- Unassigned – This category represents all other funds not otherwise defined. The only fund that will report a positive unassigned balance is the General Fund. However, other governmental funds may report a negative unassigned balance (or deficit). The City has a formal policy to ensure this balance does not fall below 17%.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balances in the government fund financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any component of unrestricted fund balance. Further, when two components of unrestricted fund balance can be used for the same purpose, committed fund balance is applied first and assigned fund balance is applied second. Unassigned fund balance is applied last.

#### Net Position

Net position is classified into three components: net investment in capital assets and restricted and unrestricted net position. Net investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt, net of unspent bond proceeds, that are attributable to the acquisition, construction and improvement of those assets. Unrestricted net position consists of all other net position not included in the above categories.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

#### Compensated Absences

City employees are granted vacation and sick leave in varying amounts based on their length of employment. Vacation leave carried by employees varies depending upon collective bargaining agreements and City policy. Upon retirement, accumulated sick leave may be compensated to employees at the rate of \$10 to \$20 per day up to 100 or 180 days, depending upon employees' classification. Vacation and sick are accrued based upon amounts paid upon retirement as well as expected amounts used prior to leaving the City.

#### Component Units

##### Parking Authority

For the Parking Authority, vacation pay for both salaried and union employees is based on length of service and accrues as of each employee's anniversary date. Paid time off (PTO) for both salaried and hourly employees accrued five PTO hours per pay period with a max of ten hours per month (not accrued in the third pay period of the month). Employees may carry over 160 hours to the PTO bank. The entire balance of the employee's PTO hours multiplied by the hourly rate is accrued in the statement of net position.

#### Unavailable/Unearned Revenues

Unavailable/unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. In governmental funds, unavailable revenues represent amounts that are measurable, but are not available. Unearned revenues may result from revenues being collected in advance of the fiscal year to which they apply or in advance of their legal due date.

#### Bond Discounts/Premiums

Bond discounts/premiums are amortized over the term of the bonds using the bond outstanding method, which approximates the interest method. Unamortized bond discounts/premiums are included in the balance of bonds payable.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

#### Deferred Inflows and Outflows of Resources for Pensions and Other Postemployment Benefit Plans (OPEB)

In conjunction with pension and OPEB accounting requirements, the effects of the differences in the City's expected and actual experience, the change in assumptions, the City contributions subsequent to the measurement date, and the difference between projected and actual earnings on pension plans investments are recorded as deferred inflows or outflows of resources related to pensions and OPEB on the government-wide and proprietary fund financial statements. These amounts are determined based on the actuarial valuations performed for the pension and OPEB plans. Notes 10 and 14 present additional information about the pension and OPEB plans.

#### **Component Units**

##### Parking Authority

For the Parking Authority, deferred outflows and inflows of resources for pensions that represents the net difference expected and actual experience, the changes in assumptions, differences between the projected and actual investment earnings on the investments in its pension plan, and contributions subsequent to the measurement date. These amounts are determined based on the actuarial valuation performed for the pension plan.

#### Deferred Charge on Refunding

Deferred charge on refunding is amortized over the term of the new or refunded bonds, whichever is shorter, using the bond outstanding method, which approximates the interest method.

#### **Component Units**

##### Parking Authority

The Parking Authority has deferred the difference between the reacquisition price (the amount deposited into escrow to pay off the bonds) and the net carrying amount of previously refunded debt. This deferred amount on refunding is being amortized into interest expense on a straight-line basis over the shorter of the life of the new or old bonds. During the year ended December 31, 2024, such amortization amounted to \$35,915. The unamortized deferred

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

amounts on refunding are reported as a deferred outflow of resources in the statement of net position.

Significant dates on the City's property tax calendar are as follows:

Levy date:	January 1
Due dates:	Net by April 5
	Gross by July 15 or by installments due April 15, May 15, June 15 and July 15
Lien date:	January 1 of subsequent year following levy date

Property taxes become delinquent on July 16. The City continues to collect delinquent property taxes through December 31 of the current year. At that time, all unpaid City real estate taxes are certified to an outside agency for further collection and possible tax sales over an additional 30-month period.

The 2024 tax levy was 23.5376 mills on land and 4.4528 mills on improvements.

#### Tax Abatement Programs

In accordance with Pennsylvania Act 50 of 2009 and Act 26 of 2011, the City has established a Neighborhood Improvement Zone (NIZ) within the City of Allentown whereby state and local taxes collected from eligible businesses located in and individuals working within the NIZ are collected and remitted to the Commonwealth of Pennsylvania. The taxes collected from business and individuals within the NIZ are used to fund the various economic development projects within the NIZ. All potential NIZ projects must be geographically located within the NIZ and must go through a pre-qualification, application and, if approved, closing process. Once in operation, the payment of taxes associated with the project can go toward payment of the debt service on the project. The types of taxes include earned income, local services, and business privilege along with the business privilege license fees. The total amount collected within the NIZ and remitted to the Commonwealth during the year ended December 31, 2024 was \$5.24 million.

#### Leases

The City is a lessor for a noncancellable lease of a building at the Allentown Municipal Golf Course and the lessee for certain hangar facility space with the Lehigh-Northampton Airport

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Authority. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and proprietary fund financial statements for the lease of the building and a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements for the hangar facility space.

At the commencement of a lease, the City initially measures the lease receivable/lease liability at the present value of payments expected to be received/paid during the lease term. Subsequently, the lease receivable/lease payable is reduced by the principal portion of lease payments received/paid. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources and lease asset and lease liability if certain changes occur that are expected to significantly affect the amount of the lease receivable and lease liability.

#### Component Unit

##### Parking Authority

The Parking Authority is the lessor for three noncancellable leases of building space. The Parking Authority recognizes a lease receivable and a deferred inflow of resources.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

#### Interfund Transactions

As a result of its operations, the City affects a variety of transactions between funds to finance operations. Accordingly, to the extent that certain interfund transactions have not been paid or received as of December 31, 2024, appropriate interfund receivables or payables have been established.

#### Self-Insurance

The City is self-insured for workers' compensation, property, casualty, automobile, and general liability claim losses. At December 31, 2024, the City carries excess loss insurance policies, which limited its liability to \$1,000,000 per occurrence for workers' compensation, \$500,000 per occurrence for property and flood loss, \$1,000,000 for cyber liability, and \$1,000,000 per occurrence for employee theft. Governmental and proprietary funds are charged based on historical loss patterns. These charges are reimbursed through the various funds. The City's funds reported loss claims based upon the evaluation of an independent claims manager. The City maintains the integrity of funds so provided, together with earnings thereon, in the Risk Management Internal Service Fund solely for the purpose of liquidating claims incurred. Under its self-insurance plan, the City accrues the estimated expense of workers' compensation, property, casualty, and general liability claim costs based on claims filed subsequent to year-end, and an additional amount for incurred but not yet reported claims based on prior experience. An accrual for such costs of \$642,553 is included in the accompanying financial statements. Claim payments based on actual claims ultimately filed could differ materially from these estimates. Settled claims from these risks have not exceeded commercial insurance coverage for the past five years.

#### Budgets

Annual budgets as required by the City Charter are adopted by City Council on a cash basis for revenues and modified accrual basis for expenditures, including appropriations to cover prior and anticipated current encumbrances. Appropriations not reserved for encumbrances lapse at year-end. Budgets are legally adopted for the General Fund, Capital Projects Fund, Community Development Block Grant Fund, American Rescue Plan Fund, and the following nonmajor funds: Liquid Fuels Fund, Trexler Fund, Risk Management Fund, Solid Waste Fund, Grants Fund, Stormwater Fund, Lease A.O. Fund, and Debt Service Fund.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

The City Administration, 60 days prior to the beginning of the new fiscal year, presents the proposed budgets to City Council. A series of public hearings and discussions occur related to the budgets and on or before December 15, City Council approves the budgets. At the time of the budget adoptions, City Council adopts various ordinances related to tax rates and other rates and fees.

The City Charter requires the City's legal level of budgetary control to be at the fund level. As a management control, the Finance Director has the power to authorize the transfer of any unexpended balance within a department and up to \$5,000 between departments. Transfers exceeding \$5,000 must be approved by City Council.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

#### Adoption of Governmental Accounting Standards Board (GASB) Statements

The requirements of the following Governmental Accounting Standards Board (GASB) Statements were adopted for the financial statements:

The following GASB Statements were adopted for the year ended December 31, 2024: Statement Nos. 100 (Accounting Changes and Error Corrections) and 101 (Compensated Absences). These statements had no significant impact on the City, Redevelopment Authority, or Parking Authority's December 31, 2024 financial statements.

#### Pending Changes in Accounting Principles

GASB has issued statements that will become effective in future years including Statement Nos. 102 (Certain Risk Disclosures), 103 (Financial Reporting Model Improvements), and 104 (Disclosure of Certain Capital Assets). Management has not yet determined the impact of these statements on the financial statements.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 2. Utility System Concession Lease

On May 1, 2013, the City entered into an Agreement with Lehigh County Authority. The terms of the Agreement provide that the Lehigh County Authority pay the City \$220,000,000 and the City lease the system to the Lehigh County Authority to operate and provide utility services. In addition, beginning January 1, 2016, the Lehigh County Authority shall pay the City an annual installment of \$500,000 over the lease term. The lease term began on August 7, 2013 for a term of 50 years. The proceeds of the lease were used to extinguish or defease the debt of the Water and Sewer Funds and provide resources to loan funds and to the City's pension plans.

The proceeds and annual installments due under the Agreement are reported as a deferred inflow of resources, net of the effect of the disposable equipment (those capital assets transferred, but not expected to be returned at the termination of the lease).

The deferred inflow of resources resulting from the Agreement, in the amount of \$174,351,096, is being amortized over the lease term. The deferred inflow of resources resulting from capital construction completed on the utility system, in the amount of \$30,022,435 is being amortized over the estimated useful life of the constructed asset. The total deferred inflow of resources on the governmental activities statement of net position is being amortized as follows:

Year Ending	Total
2025	\$ 5,211,318
2026	5,211,318
2027	5,211,318
2028	5,211,318
2029	5,211,318
Thereafter	173,475,158
Total	<u>\$ 199,531,748</u>

For the year ended December 31, 2024, the City recognized \$4,701,773 in charges for services – water and sewer related to the lease.



# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 3. Lease Receivable

The City leases the restaurant and bar facility at the Allentown Municipal Golf Course to a third party. The lease is a two-year lease beginning on January 1, 2021 through December 31, 2023, with an option to extend the lease for two additional two-year terms. The City records this lease transaction in the business-type activities and Non-Major Municipal Golf Course Fund. The City recognized \$41,433 in lease revenue and \$2,417 in interest revenue during the year ended December 31, 2024 related to this lease. As of December 31, 2024, the City's receivable for lease payments is \$48,266. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$41,33.

As of December 31, 2024, future principal and interest payment to be received under the lease are as follows:

Year	Principal	Interest	Total
2025	\$ 48,266	\$ 874	\$ 49,140

### Component Units

#### Parking Authority

On January 1, 2005, the Parking Authority entered into a 288-month lease with the Montessori School as lessor for the use of building space. The lease ends on December 31, 2028. As of January 1, 2022, an initial lease receivable was recorded in the amount of \$136,682. The lease receivable is discounted at its present value over the life of the lease using the Parking Authority's incremental borrowing rate as of January 1, 2022 of 3.25%. As of December 31, 2024, the present value of the lease receivable is \$83,106. The Parking Authority recognized lease related revenue of \$22,124 during 2024.

On December 14, 2012, the Parking Authority entered into a 359 - month lease as Lessor with Two City Center for the use of building space. The lease ends on June 30, 2043. As of January 1, 2022, an initial lease receivable was recorded in the amount of \$3,772,515. The lease receivable is discounted at its present value over the life of the lease using the Parking Authority's incremental borrowing rate as of January 1, 2022 of 3.25%. As of December 31, 2024, the present value of the lease receivable is \$3,702,925. For the first five years of the lease, the annual rent was \$120,000. Beginning in Year 6, the annual rent increases based on

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 3. Lease Receivable (Continued)

the Consumer Price Index published by the US Bureau of Labor Statistics for the Northeast Urban Area. All future annual rental payments were based on the CPI increase as of January 1, 2022, which was 5.90%. The Parking Authority recognized lease related revenue of \$261,291 during 2024.

On September 1, 2007, the Parking Authority entered into a 99 - year lease term as Lessor with LANTA for the use of building space. The Parking Authority received \$8,000,000 upfront from the Lessee at the initial lease term and therefore no lease receivable is reported on the Statement of Net Position for this lease. Annual lease payments in the amount of \$80,808 are amortized each year and recognized as lease revenue. As of December 31, 2024, the Parking Authority had a deferred inflow of future lease payments in the amount of \$6,606,062 related to this lease for payments already made but not recognized.

As of December 31, 2024, future principal and interest payments to be received under the leases are as follows:

Year	Principal	Interest	Total
2025	\$ 62,394	\$ 121,624	\$ 184,018
2026	74,176	119,365	193,541
2027	86,921	116,769	203,690
2028	100,694	113,711	214,405
2029	93,047	110,581	203,628
2030-2034	720,551	492,674	1,213,225
2035-2039	1,283,816	332,227	1,616,043
2040-2043	1,364,431	79,706	1,444,137
	<u>\$ 3,786,030</u>	<u>\$ 1,486,657</u>	<u>\$ 5,272,687</u>

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 4. Deposits and Investments

The carrying amounts of cash and investments at December 31, 2024 consist of the following:

Deposits	\$ 131,861,454
Investments	<u>383,623,384</u>
	<u>\$ 515,484,838</u>

#### Reconciliation to Statement of Net Position

Cash and cash equivalents:	
Governmental activities	\$ 116,115,846
Business-type activities	3,703,584
Fiduciary funds	<u>12,042,024</u>
	<u>131,861,454</u>
Investments:	
Fiduciary funds	<u>383,623,384</u>
	<u>383,623,384</u>
	<u>\$ 515,484,838</u>

#### Cash and Cash Equivalents

The City's available cash and cash equivalents are invested in demand deposit accounts.

The City is exposed to custodial credit risk on cash deposits. This is the risk that in the event of a financial institution failure, the City's deposits may not be returned. The City has a deposit policy for custodial risk that requires depository institutions to pledge securities as collateral for deposits that exceed depository insurance.

At December 31, 2024, the City's book balance was \$131,861,454 and the bank balance was \$132,022,872. Of the bank balance, \$1,000,000 was covered by federal depository insurance, \$199,694 was covered by National Credit Union Administration deposit insurance, \$67,471,030 was held in an external investment pool, and \$51,310,124 was collateralized under Act No. 72 of the 1971 Session of the Pennsylvania General Assembly (Act), in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal depository insurance

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 4. Deposits and Investments (Continued)

limits. The remaining \$12,042,024 held in the fiduciary funds is invested in money market funds.

As of December 31, 2024, the City's investments were comprised of the following:

Equity mutual funds	\$ 260,052,112
Fixed Income mutual funds	63,394,467
Real estate investment fund	30,215,483
Corporate bonds	8,831,379
U.S. government obligations	20,845,596
U.S. government agency obligations	284,347
Total	<u>\$ 383,623,384</u>

### Component Units

#### Redevelopment Authority

#### Custodial Credit Risk

The Redevelopment Authority has custodial credit risk on cash deposits. This is the risk that in the event of a financial institution failure, the Redevelopment Authority's deposits may not be returned. The Redevelopment Authority has a deposit policy for custodial risk that requires depository institutions to pledge securities as collateral for deposits that exceed depository insurance.

The Redevelopment Authority's available cash is invested in demand deposit accounts. At December 31, 2024, the carrying amount of the Redevelopment Authority's bank deposits was \$1,148,025. The corresponding bank balance at December 31, 2024 was \$1,148,025, of which \$250,000 is covered by federal deposit insurance. The remaining deposits are exposed to custodial risk because they are uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Redevelopment Authority's name. The Redevelopment Authority is covered by a collateral pool consisting of acceptable securities as outlined under Act No. 72, 1971 Session of Pennsylvania Legislature.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 4. Deposits and Investments (Continued)

#### Parking Authority

##### Custodial Credit Risk – Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Parking Authority's deposits may not be returned to it. The Parking Authority does not have a deposit policy for custodial credit risk. As of December 31, 2024, \$500,000 of the Parking Authority's bank balance was insured by the FDIC and \$1,254,998 was uninsured and collateralized with collateral held by the pledging banks trust department not in the Parking Authority's name.

For the Parking Authority, deposits are included in the statement of net position as cash and cash equivalents and certificates of deposit. Amounts invested in external investment pools are not categorized because securities are not used as evidence of the investment.

##### Investments

##### Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

Corporate bonds are valued utilizing several points for price calculation, including quantity, bid/ask spread, historical comparisons, pricing models, and matrices. The valuation techniques used reflect market participants' assumptions and maximize the use of relevant observable inputs including quoted prices for similar assets, the issuer, credit rating, coupon rate, time left until maturity, and special redemption features. Due to the valuation process used, corporate bonds are within Level 2 of the fair value hierarchy.

Regarding the real estate investment fund, the values of the underlying real estate properties are prepared giving consideration to the income, cost and sales comparison approaches of estimating property value. The income approach estimates an income stream for a property (typically 10 years) and discounts this income plus a reversion (presumed sale) into a present value at a risk adjusted rate. Yield rates and growth assumptions utilized in this approach are derived from market transactions as well as other financial and industry data.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 4. Deposits and Investments (Continued)

The cost approach estimates the replaced cost of the building less physical depreciation plus the land value. Generally, this approach provides a check on the value derived using the income approach. The sales comparison approach compares recent transactions to the appraised property. Adjustments are made for dissimilarities which typically provide a range of value, generally the income approach carries the most weight in the value reconciliation. Investment values are determined from limited restricted independent appraisals. In these appraisals, a full discounted cash flow analysis, which is the basis of an income approach, is the primary focus. Interim monthly valuations are determined by considering material investment transactions. Full appraisal reports are prepared on a rotating basis for all properties, so each property receives a full appraisal report at least every three years. The values of real estate properties and partnership equities undergoing development have been prepared giving consideration to costs incurred to date and to key development risk factors, including entitlement risk, construction risk, leasing/sales risk, operation expense risk, credit risk, partnership risk (if applicable), capital market risk, pricing risk, event risk and valuation risk. The fair value of properties undergoing development includes the timely recognition of estimated entrepreneurial profit after such consideration. The values for operating companies have been prepared giving consideration to market capitalization rates and projected income streams. Due to this valuation process used, real estate investment fund is within Level 3 of the fair value hierarchy.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 4. Deposits and Investments (Continued)

As of December 31, 2024, the City had the following investments in money market funds, and debt and equity securities:

	12/31/2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 12,042,024	\$ 12,042,024	\$ -	\$ -
Investments by fair value level				
Debt securities				
Corporate bonds	\$ 8,831,379	\$ -	\$ 8,831,379	\$ -
U.S. government obligations	20,845,596	20,845,596	-	-
U.S. government agency obligations	284,347	284,347	-	-
Total debt securities	29,961,322	21,129,943	8,831,379	-
Equity securities				
Equity mutual funds	260,052,112	260,052,112	-	-
Fixed Income mutual funds	63,394,467	63,394,467	-	-
Real estate investment fund	30,215,483	-	-	30,215,483
Total equity securities	353,662,062	323,446,579	-	30,215,483
Total investments at fair value	\$ 383,623,384	\$ 344,576,522	\$ 8,831,379	\$ 30,215,483

### Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment in money market funds, equity mutual funds, and fixed income mutual funds are not exposed to custodial credit risk, because the investments are not evidenced by securities in book entry or paper form. The City's investments in corporate bonds, real estate investment funds, U.S. government obligations, and U.S. government agency obligations are held in the name of the City's multiple Pension Plans. The City does not have a formal policy limiting the amount of investments that can be held by counterparties.

The City's pension plans have a formal investment policy that seeks to minimize the risk of investment losses by requiring diversification of the investment portfolio targeted at 52% domestic equities, 18% international equities, 28% fixed income, and 2% cash for the Police

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 4. Deposits and Investments (Continued)

and Firemen pension plans and 51% domestic equities, 17% international equities, 30% fixed income and 2% cash for the Officers and Employees pension plan.

#### Interest Rate Risk

The City does not have a formal investment policy for its funds that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The City has the following recurring fair value measurements as of December 31, 2024:

Investment Type	Fair Value	Investment Maturities			Rating
		2025	2026-2030	2031-2035	
Money Market	\$ 12,042,024	\$ 12,042,024	\$ -	\$ -	AAAm
Fixed income mutual fund	63,394,467	-	-	63,394,467	N/A
Corporate bonds	2,642,685	754,587	1,888,098	-	A1
Corporate bonds	2,709,268	700,333	2,008,935	-	A2
Corporate bonds	2,043,107	84,824	1,958,283	-	A3
Corporate bonds	1,046,850	549,492	497,358	-	Aa3
Corporate bonds	39,822	39,822	-	-	Aaa
Corporate bonds	349,647	349,647	-	-	WR
Real estate investment fund	30,215,483	-	-	30,215,483	N/A
U.S. government obligations	20,311,206	7,542,453	12,768,753	-	Aaa
U.S. government obligations	534,390	534,390	-	-	WR
U.S. government agency obligations	284,347	284,347	-	-	Aaa
Total	<u>\$ 135,613,296</u>	<u>\$ 22,881,919</u>	<u>\$ 19,121,427</u>	<u>\$ 93,609,950</u>	

#### Participation in External Investment Pools

The City uses Pennsylvania Local Government Investment Trust (PLGIT), an external investment pool, to ensure safety and maximize efficiency, liquidity, and yield for City funds. PLGIT was created to meet the investment needs of local governments, school districts, municipal authorities, and other types of governments in the Commonwealth. PLGIT's investment objective is to seek high current income, consistent with preservation of capital and maintenance of liquidity. PLGIT issues separately audited financial statements that are



# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 4. Deposits and Investments (Continued)

available to the public. Further information regarding PLGIT, and its investment strategies can be found at [www.plgit.com](http://www.plgit.com). The fair value of the City's position in the external investment pool is equivalent to the value of the pool shares. The City's investment is reported at amortized cost, which approximates fair value. The Commonwealth provides external regulatory oversight for the external investment pool.

At December 31, 2024, the City held PLGIT/PRIME shares in the amount of \$16,471,550. PLGIT/PRIME is a variable rate investment portfolio, requires no minimum balance and no minimum initial investment, and limits redemptions or exchanges to two per calendar month. At December 31, 2024, the City held PLGIT Class shares in the amount of \$634. PLGIT-Class requires no minimum balance, no minimum initial investment, and a one-day minimum investment period. At December 31, 2024, the City held PLGIT/Reserve-Class shares of \$1,851. PLGIT/Reserve-Class shares require a minimum investment of \$50,000, a one-day minimum investment period, and limits redemptions or exchanged to two per calendar month. At December 31, 2024, the City held PLGIT/Term shares of \$50,996,995. PLGIT/Term is a fixed term investment portfolio with maturity up to one year depending upon the termination date of any particular series within the PLGIT/Term portfolio. PLGIT/Term requires a minimum investment of \$100,000, a minimum investment period of sixty days, and has a premature withdrawal penalty. PLGIT/PRIME, PLGIT-Class, and PLGIT/Reserve-Class carried an AAA rating and had an average maturity of less than one year.

### **Component Units**

#### **Parking Authority**

The Parking Authority invests its idle funds in various instruments, including external investment pools, which invest in government secured instruments, certificates of deposit with federally insured financial institutions, and money market funds. The investments are valued at fair value, except for those that have a remaining maturity at the time of purchase of one year or less, which are valued at amortized cost. The Parking Authority's investment in external investment pools and money market funds are stated at fair value, which approximates cost. The Parking Authority's investments in certificates of deposit in federally-insured financial institutions are valued at cost because they are considered non-negotiable, non-participating contracts for which redemption terms do not consider market rates.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 4. Deposits and Investments (Continued)

#### Concentration of Credit Risk

The Parking Authority places no limit on the amount the Parking Authority may invest in any one issuer. 100% of the Authority's investments are in Pennsylvania School District Liquid Asset Fund (PSDLAF) GTS accounts at December 31, 2024.

#### Credit Risk

The Parking Authority does not have a formal policy that would limit its investment choices with regard to credit risk. The Parking Authority's investment in PSDLAF has been rated AAAM, the highest rating available, by Standard and Poor's, an independent investment rating.

#### Interest Rate Risk

The Parking Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

#### Participation in External Investment Pools

The Parking Authority invests in the PSDLAF, a customized cash management program created in 1982 by the Pennsylvania School Boards Association and the Pennsylvania Association of School Business Officials to provide a unique set of benefits and enhancements for investing public funds. The general objective of the PSDLAF is to provide its investors with current income while preserving capital in a manner compatible with the needs and requirements of public school and local government entities in Pennsylvania. The pool is not SEC regulated. The investment policy of PSDLAF is guided by Section 440.1 of the Pennsylvania School Code, which governs the temporary investment of funds by school entities.

The fund is managed by a Board of Trustees (Trustees), who oversees, reviews, and supervises the activities of all consultants and professional advisers to PSDLAF. The Trustees also retain an Executive Director of the fund who acts as a consultant to PSDLAF and performs such consulting and advisory services with respect to matters concerning the operations and activities of PSDLAF as may from time to time be reasonably requested by the Trustees. An independent investment company has been appointed by the Trustees to act as PSDLAF's investment adviser.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 4. Deposits and Investments (Continued)

As of December 31, 2024, the carrying amount of external investment pool assets was \$254,869. The fair value of external investment pool assets approximates their carrying values as of December 31, 2024. As required by the GASB, investments in external investment pools are uncategorized. However, the certificates of deposit with PSDLAF are FDIC insured.

The Parking Authority has the following fair value measurements as of December 31, 2024:

Investment	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Maturity
PSDLAF GTS series	\$ 254,869	\$ 254,869	\$ -	\$ -	N/A
	\$ 254,869	\$ 254,869	\$ -	\$ -	

Money market and governmental securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Certificates of deposit are classified in Level 2 of the fair value hierarchy and are valued using inputs other than quoted prices that are observable.

### 5. Loans and Notes Receivable

Loans and notes receivable comprise loan programs under the City's Community Development Block Grant and Revolving Loan federal loan programs. The collectability of the loans is evaluated and an allowance is recorded for amounts which may not be collected by the City. Management has determined that no allowance is necessary at December 31, 2024.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 5. Loans and Notes Receivable (Continued)

#### **Component Units**

##### **Redevelopment Authority**

Loans receivable as of December 31, 2024 consist of the following:

In November 2014, the Redevelopment Authority conveyed a property to the Community Action Committee of Lehigh Valley (CACLV). In consideration of the transfer, the CACLV entered into a noninterest-bearing promissory note for \$314,999. Principal payments of the greater of (a) 50% of the excess of operating proceeds for the related property for the year ended June 30 or (b) \$700 are due annually commencing August 1, 2015 through 2029. After the initial 15-year term, no additional payments are due if the property remains in the ownership of the owner or another organization as approved by the Redevelopment Authority. If at the end of the 15-year term, certain conditions, as defined in the loan agreement, are not met, the remaining balance of the loan will be due upon the sale or transfer of the property over an additional 15-year term, unless the sale price is less than the remaining balance owed to the Redevelopment Authority, then, the remaining balance owed shall follow the ownership of the property for an additional 15 years or until August 1, 2044, whichever is sooner. If the property remains in the ownership of the CACLV as of August 1, 2044, the remaining balance of the loan will be forgiven. As of the year ended December 31, 2024, the remaining balance of the loan is \$290,119.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 6. Capital Assets

Capital asset activity for the year ended December 31, 2024, was as follows:

	January 1, 2024	Additions/ Transfers in	Disposals/ Transfers out	December 31, 2024
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 9,809,945	\$ -	\$ -	\$ 9,809,945
Assets under concession lease - LCA*	100,666,867	475,317	-	101,142,184
Construction in progress	4,743,269	7,504,608	(11,030,212)	1,217,665
Total capital assets, not being depreciated	115,220,081	7,979,925	(11,030,212)	112,169,794
Capital assets, being depreciated:				
Right-to-use leased asset	2,948,272	-	-	2,948,272
Assets under concession lease - City	13,341,427	703,601	-	14,045,028
Buildings	27,511,480	1,499,850	-	29,011,330
Land and building improvements	52,134,078	3,473,586	-	55,607,664
Machinery and equipment	44,887,647	611,993	(49,830)	45,449,810
Vehicles	31,435,083	2,449,032	(407,012)	33,477,103
Infrastructure	163,845,791	6,332,413	-	170,178,204
Total capital assets, being depreciated	336,103,778	15,070,475	(456,842)	350,717,411
Less accumulated depreciation for:				
Right-to-use leased asset	963,102	117,931	-	1,081,033
Assets under concession lease - City	1,836,751	445,213	-	2,281,964
Buildings	22,204,716	282,145	-	22,486,861
Land and building improvements	30,248,426	1,928,957	-	32,177,383
Machinery and equipment	34,636,920	1,797,890	(49,830)	36,384,980
Vehicles	21,957,236	2,196,758	(407,012)	23,746,982
Infrastructure	65,280,058	3,922,142	-	69,202,200
Total accumulated depreciation	177,127,209	10,691,036	(456,842)	187,361,403
Total capital assets, being depreciated, net	158,976,569	4,379,439	-	163,356,008
Governmental activities, capital assets, net	\$ 274,196,650	\$ 12,359,364	\$ (11,030,212)	\$ 275,525,802

\* During the year ended December 31, 2013, certain assets associated with the Utility System Concession Lease Agreement were transferred from the Water and Sewer funds to Governmental Activities. As required under GASB Statement No 60, *Accounting and Financial*

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 6. Capital Assets (Continued)

*Reporting for Service Concession Arrangements*, capital assets retained as part of a concession lease agreement should not be depreciated if the arrangement requires the operator to return the facility to the transferor in its original or enhanced condition. As such, no depreciation will be taken on these assets during the term of the Agreement.

	January 1, 2024	Additions/ Transfers in	Disposals/ Transfers out	December 31, 2024
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,134,759	\$ -	\$ -	\$ 1,134,759
Total capital assets, not being depreciated	1,134,759	-	-	1,134,759
Capital assets, being depreciated:				
Buildings	1,392,322	82,066	-	1,474,388
Land and building improvements	4,891,218	-	-	4,891,218
Machinery and equipment	7,328,460	60,035	-	7,388,495
Vehicles	4,434,090	105,011	(66,242)	4,472,859
Distribution and collection systems	37,465	-	-	37,465
Total capital assets, being depreciated	18,083,555	247,112	(66,242)	18,264,425
Less accumulated depreciation for:				
Buildings	750,946	23,701	-	774,647
Land and building improvements	4,498,265	53,884	-	4,552,149
Machinery and equipment	4,832,936	392,695	-	5,225,631
Vehicles	3,571,794	181,521	(66,242)	3,687,073
Distribution and collection systems	11,540	378	-	11,918
Total accumulated depreciation	13,665,481	652,179	(66,242)	14,251,418
Total capital assets, being depreciated, net	4,418,074	(405,067)	-	4,013,007
Business-type activities, capital assets, net	\$ 5,552,833	\$ (405,067)	\$ -	\$ 5,147,766

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 6. Capital Assets (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 1,778,477
Public safety	964,372
Community development	228,563
Public works	6,558,660
Parks and recreation	<u>1,160,964</u>
Total	<u>\$ 10,691,036</u>

Depreciation expense was charged to business-type activities as follows:

Solid Waste Fund	\$ 480,509
Municipal Golf Course Fund	<u>171,671</u>
Total	<u>\$ 652,180</u>

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 6. Capital Assets (Continued)

#### Component Units

#### Parking Authority

Activity in the Parking Authority's capital assets for the year ended December 31, 2024 is as follows:

	January 1, 2024	Additions/ Transfers in	Disposals/ Transfers out	December 31, 2024
<b>Parking Authority</b>				
Capital assets, not being depreciated:				
Land	\$ 9,480,325	\$ -	\$ -	\$ 9,480,325
Construction in progress	54,846	12,604	-	67,450
Total capital assets, not being depreciated	9,535,171	12,604	-	9,547,775
Capital assets, being depreciated:				
Buildings and improvements	1,693,911	-	-	1,693,911
Leasehold improvements	507,650	-	-	507,650
Parking garages and lots	89,990,297	13,796,776	-	103,787,073
Furniture and equipment	4,946,056	167,806	-	5,113,862
Vehicles	873,891	-	(77,151)	796,740
Total capital assets, being depreciated	98,011,805	13,964,582	(77,151)	111,899,236
Less accumulated depreciation for:				
Buildings and improvements	1,573,418	66,268	-	1,639,686
Leasehold improvements	507,650	-	-	507,650
Parking garages and lots	25,160,079	2,030,564	-	27,190,643
Furniture and equipment	2,541,985	425,563	-	2,967,548
Vehicles	526,141	109,050	(29,434)	605,757
Total accumulated depreciation	30,309,273	2,631,445	(29,434)	32,911,284
Total capital assets, being depreciated, net	67,702,532	11,333,137	(47,717)	78,987,952
Parking Authority activities, capital assets, net	\$ 77,237,703	\$ 11,345,741	\$ (47,717)	\$ 88,535,727



# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 7. Interfund Receivable and Payable Balances

A summary of the total amounts due from and due to other funds, by fund, at December 31, 2024 is as follows:

	Due From Other Funds	Due To Other Funds
Governmental funds:		
General Fund	\$ 14,619,606	\$ -
Capital Projects Fund	296,541	66,814
Community Development Block Grant	-	1,827,042
American Rescue Plan	-	12,312,349
Other Non-Major Governmental Funds	-	898,724
Proprietary funds:		
Internal Services Fund	188,782	-
Total	<u>\$ 15,104,929</u>	<u>\$ 15,104,929</u>

Interfund balances are primarily for reimbursement of expenses paid on behalf of another fund, with the exception of the amount due to/from between the CDBG and General funds in the amount of \$1,827,042 of which is a short-term loan for cash flow purposes.

### 8. Individual and Fund Interfund Transfers

Interfund transfers for the year ended December 31, 2024 consisted of the following:

	Transfers In	Transfers Out
Governmental funds:		
General Fund	\$ 17,036,943	\$ 8,425,296
Capital Projects Fund	4,604,613	-
Community Development Block Grant	77,282	-
American Rescue Plan	-	19,606,917
Other Non-Major Governmental Funds	9,378,201	1,253,334
Proprietary funds:		
Solid Waste Fund	-	1,230,849
Non-Major Municipal Golf Course Fund	-	347,363
Internal Service Fund	-	233,280
Total	<u>\$ 31,097,039</u>	<u>\$ 31,097,039</u>

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 8. Individual and Fund Interfund Transfers (Continued)

Transfers from the General Fund and Liquid Fuels (other non-major governmental fund) to the Debt Service Fund (other non-major governmental fund) were made to cover Debt Service requirements.

Transfers to the Capital Projects Fund and Trexler Fund (other non-major governmental fund) were for construction and other capital projects.

The remaining transfers were initiated to fulfill budgetary transfer requirements.

### 9. Lease Payable

The City entered into a noncancelable lease agreement for a hangar facility on November 1, 2015 with a 10-year term expiring on October 31, 2025. The lease has an option to extend for three additional 5-year terms. An initial lease liability was recorded in the amount of \$2,948,272 in governmental activities during the year ended December 31, 2022 due to GASB 87 implementation. As of December 31, 2024, the lease liability was \$2,461,709. The City is required to make annual payments ranging from \$148,925 in 2024 to \$158,252 in 2026 and ranging from \$157,335 to \$254,677 during the optional extension terms. The lease has an interest rate of 3%. The hangar facility has a 25-year estimated useful life. The net value of the right-to-use leased asset as of December 31, 2024 is \$1,867,239, net of accumulated amortization of \$1,081,033.

The future principal and interest payment on the lease payable as of December 31, 2024, were as follows:

	Principal	Interest	Total
2025	\$ 80,134	\$ 72,766	\$ 152,900
2026	87,997	70,255	158,252
2027	96,289	67,502	163,791
2028	105,029	64,495	169,524
2029	114,239	61,218	175,457
2030-2034	727,314	246,500	973,814
2035-2039	1,041,367	115,219	1,156,586
2040	209,340	2,889	212,229
Totals	<u>\$ 2,461,709</u>	<u>\$ 700,844</u>	<u>\$ 3,162,553</u>

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 9. Lease Payable (Continued)

The change in lease payable for the year ended December 31, 2024 is as follows:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Current Portion
Lease payable	\$ 2,535,569	\$ -	\$ 73,860	\$ 2,461,709	\$ 80,134

### 10. Pension Plans

#### Plan Description and Administration

The City has three single-employer defined benefit pension plans covering Police, Firemen, and certain non-uniformed employees (Officers and Employees Plan). The Plans provide for retirement, disability, vested and death benefits to plan members and their beneficiaries. Cost of living adjustments are provided at the discretion of the Police, Firemen, and Officers and Employees Retirement Boards. All full-time City employees hired prior to June 8, 1976 are eligible to participate in these Plans. The City's three single-employer pension plans do not issue separate financial statements. The General Fund is used to liquidate the City's Police, Firemen, and Officers and Employees pension plan liabilities.

The Plans are governed by the City's Aggregate Pension Board (Board), which consists of the Finance Director, Controller, a Council Member, and two members from each Plan's respective pension board.

The Police and Firemen Plans are governed by the Mayor, Finance Director, Controller, four City residents, and four active members of the plan.

The Officers and Employees Plan is governed by the Mayor, Finance Director, Controller, two active employees that are members of the plan, one retired member of the plan and a council member only if the person is a retired member of the plan.

The City also participates in a defined benefit pension plan administered by the Pennsylvania Municipal Retirement System (PMRS). The full-time non-uniformed City employees hired after June 8, 1976 are eligible to participate in the PMRS Plan. PMRS 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 Annual

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 10. Pension Plans (Continued)

Comprehensive Financial Report, which may be obtained by writing to the Pennsylvania Municipal Retirement System, P.O. Box 1165, Harrisburg, PA 17108-1165 or by calling 1-800-622-7968. The following funds are used to liquidate the City's PMRS pension plan liabilities: General Fund, Solid Waste Fund, and Golf Fund

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

Pension expenditures/expenses are allocated between governmental and business-type activities based on the proportion of active employees representing participants in each of these plans.

#### Summary of Significant Accounting Policies

The financial statements of the Plans are reported using the accrual basis of accounting. Contributions to the Plans are recognized when due as required by Act 205 of the Commonwealth (Act 205). Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans. All investments of the Plans are reported at fair value as of the measurement date.

# CITY OF ALLENTOWN

## COMBINING STATEMENT OF FIDUCIARY NET POSITION - PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2024

### 10. Pension Plans (Continued)

The combining information as of the year ended December 31, 2024 for the plans is as follows:

	Component Unit Pension Trust Funds			Total
	Police Pension Fund	Firemen Pension Fund	Officers and Employees Pension Fund	
<b>Assets</b>				
Cash and cash equivalents	\$ 6,920,736	\$ 4,716,205	\$ 405,083	\$ 12,042,024
Interest receivable	111,482	104,649	24,779	240,910
Other receivables	386	-	-	386
Investments, at fair value:				
Equity mutual funds	160,745,279	96,196,221	3,110,612	260,052,112
Fixed income mutual funds	43,734,317	19,660,150	-	63,394,467
Real estate investment fund	18,554,526	11,660,957	-	30,215,483
Corporate bonds	3,730,630	3,866,939	1,233,810	8,831,379
U.S. government obligations	9,552,386	9,481,760	1,811,450	20,845,596
U.S. government agency obligations	145,877	-	138,470	284,347
<b>Total Assets</b>	<b>243,495,619</b>	<b>145,686,881</b>	<b>6,724,204</b>	<b>395,906,704</b>
<b>Liabilities</b>				
Accounts payable	40,181	18,606	1,599	60,386
<b>Total Liabilities</b>	<b>40,181</b>	<b>18,606</b>	<b>1,599</b>	<b>60,386</b>
<b>Net Position</b>				
Restricted for pension benefits	243,455,438	145,668,275	6,722,605	395,846,318
<b>Total Net Position</b>	<b>\$243,455,438</b>	<b>\$145,668,275</b>	<b>\$ 6,722,605</b>	<b>\$395,846,318</b>

# CITY OF ALLENTOWN

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS

YEAR ENDED DECEMBER 31, 2024

### 10. Pension Plans (Continued)

	Component Unit Pension Trust Funds			Total
	Police Pension Fund	Firemen Pension Fund	Officers and Employees Pension Fund	
<b>Additions:</b>				
Contributions:				
Employer	\$ 9,407,824	\$ 2,996,738	\$ 154,538	\$ 12,559,100
Plan members	1,286,805	775,191	-	2,061,996
Total contributions	10,694,629	3,771,929	154,538	14,621,096
Investment income(loss):				
Net appreciation in fair value of investments	21,369,985	13,185,864	569,905	35,125,754
Interest and dividends	5,683,641	3,432,242	165,850	9,281,733
Less investment expenses	(108,545)	(69,703)	(5,219)	(183,467)
Net investment income	26,945,081	16,548,403	730,536	44,224,020
Total additions	37,639,710	20,320,332	885,074	58,845,116
<b>Deductions:</b>				
Benefits paid to recipients	14,575,340	9,224,481	1,333,828	25,133,649
Administrative and other fees	18,132	2,571	1,071	21,774
Total deductions	14,593,472	9,227,052	1,334,899	25,155,423
<b>Change in Net Position</b>	23,046,238	11,093,280	(449,825)	33,689,693
<b>Net Position:</b>				
Beginning of year	220,409,200	134,574,995	7,172,430	362,156,625
End of year	<u>\$243,455,438</u>	<u>\$145,668,275</u>	<u>\$ 6,722,605</u>	<u>\$395,846,318</u>

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 10. Pension Plans (Continued)

#### Plan Membership

Plan memberships consisted of the following per the January 1, 2023 actuarial valuation:

	Police	Firemen	Officers and Employees	PMRS
Active employees	212	127	1	425
Inactive plan members entitled to but not yet receiving benefits	18	3	-	56
Inactive plan members or beneficiaries currently receiving benefits	309	191	86	506

#### Benefit Provisions

Benefit provisions and their amendments are authorized by the separate Pension Boards for the Police, Firemen, and Officers and Employees Plans and by the Pennsylvania State Act 15 for the PMRS Plan.

#### *Police Pension Plan*

The Police Pension Plan is a single-employer defined benefit pension plan that provides retirement, disability, and death benefits to plan members and their beneficiaries.

#### For participants hired prior to January 1, 2009:

- Eligibility: 20 years of service
- Basic Benefit: The retirement benefit shall be 50.5% of the rate of monthly pay of the employee at the time of retirement or the highest average annual salary during any five years of service.
- Service Increment: 7.5% of salary for the first full year of service over 20 years, plus 3.0% of salary for each of the next four full years of service up to a maximum of 19.5% of salary. Service after attaining age 65 is excluded.
- The maximum benefit is 70% of salary.
- Salary will include base pay, longevity, holiday pay, festive pay, shift differential and overtime. Overtime shall be limited to 10% of base pay for the rate of monthly pay.
- The minimum benefit is \$10,400 per year.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 10. Pension Plans (Continued)

For participants hired on or after January 1, 2009:

- Eligibility: Age 50 with 20 years of service
- Basic Benefit: The retirement benefit shall be 50% of the rate of monthly pay of the employee at the time of retirement or the highest average annual salary during any five years of service.
- Service Increment: One-fortieth (1/40th) times the Basic Benefit for each year of service in excess of 20 years. The total Service Increment cannot exceed \$6,000 in total annual benefit increase (i.e., \$500 additional monthly benefit). Service after attaining age 65 is excluded.
- The maximum benefit is 70% of salary.
- Salary will include base pay, longevity, holiday pay, festive pay, shift differential and overtime. Overtime shall be limited to 10% of base pay for the rate of monthly pay.
- The minimum benefit is \$10,400 per year.

For all participants, benefits vest at 100% after 12 years of service. If a participant becomes disabled as a result of accident or sickness occurring in the line of duty, the participant is entitled to receive an annual benefit of 50.5% of officer's wages if prior to retirement eligibility, or the normal retirement benefit if the participant is retirement eligible. If death occurs before retirement age, the amount paid to the surviving spouse is equal to 62.5% of the officer's wages or 50.5% plus service increments which the officer would be entitled to receive at the time of death, whichever is higher.

#### *Firemen Pension Plan*

The Firemen Pension Plan is a single-employer defined benefit pension plan that provides retirement, disability, and death benefits to plan members and their beneficiaries.

For participants hired prior to January 1, 2012:

- Eligibility: 20 years of service
  - Basic Benefit: The retirement benefit shall be determined by the rate of monthly pay of the employee at the time of retirement or the highest average annual salary during any five years of service.
  - Salary will include base pay, longevity, holiday pay, festive pay, shift differential and overtime.
  - Overtime shall be limited to 10% of base pay.
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# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 10. Pension Plans (Continued)

- The benefit will be a percent of pay in accordance with the following table:

Years of Service	20	21	22	23	24	25
Percent of Benefit	50.5%	54.0%	58.0%	62.0%	66.0%	70.0%

For participants hired on or after January 1, 2012:

- Eligibility: Age 50 with 20 years of service
- Basic Benefit: The retirement benefit shall be 50% of monthly pay at time of retirement of the highest average annual salary due any five years of service.
- Service Increment: One-fortieth (1/40th) times the Basic Benefit for each year of service in excess of 20 years. The total Service Increment cannot exceed \$2,400 in total annual benefit increase (i.e., \$200 additional monthly benefit). Service after attaining age 65 is excluded.
- The minimum benefit for all participants is \$10,400 per year.

If a participant becomes disabled as a result of accident or sickness occurring in the line of duty, the participant is entitled to receive 10% of salary if less than two years of service, 20% of salary with at least two years of service but less than five years, 30% of salary with at least five years of service but less than 10 years, 40% of salary with at least 10 years of service but less than 15 years, 50% of salary with at least 15 years but less than 20 years, and same as normal retirement if at least 20 years of service. If death occurs before retirement age, the amount paid to the surviving spouse is equal to 100.0% of the pension benefit applicable to the member.

Effective January 1, 2023, a vested benefit was added for members with at least 12 years of service but who were not eligible for normal retirement benefits.

#### *Officers and Employees Pension Plan*

The Officers and Employees Pension Plan is a single-employer defined benefit pension plan that provides retirement, disability, and death benefits to plan members and their beneficiaries.

The Plan was open to new employees until June 2, 1976.

- Eligibility: Age 55 and 20 years of service or age 60 with 12 years of service

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 10. Pension Plans (Continued)

- Basic Benefit: 50% of the larger of the final annual salary or the highest average compensation of any 5 years of service, not less than \$10,400 per year. If the member has less than twenty (20) years of service, then the basic benefit is prorated based upon credited service at retirement to twenty years. Payments are made bi-weekly.
- Service Increment: One-fortieth (1/40th) of the basic benefit for each full year of service in excess of twenty (20). Service after age sixty-five shall not be counted. In order to be eligible for the service increment benefit, the employee must make additional contributions of one half of one percent (1/2%) of the salary.

#### *PMRS Pension Plan*

The PMRS Pension Plan provides retirement, survivor and disability benefits. Benefits vest at 100% after 12 years of service. Employees are eligible for normal retirement benefits at age 55. Employees terminating voluntarily after 20 years of service or involuntarily after eight years of service are eligible for early retirement. Annual retirement benefits are based on an employee's average annual salary during the last five years of employment, multiplied by years of service based on 1.25% times service if employed before January 1, 1990, 1.75% times service if employed between January 1, 1990 and December 31, 1995, and 2.10% times service if employed on or after January 1, 1996. The maximum benefit is 80% of the final average salary. Benefits are payable monthly for life with no Social Security offset. If a member is eligible to retire at time of death, the member's beneficiary receives the present value of accrued benefits. At retirement, a member may elect a survivor benefit. The plan disability benefit is provided for service-related disabilities, regardless of age or years of service. Disability benefits are offset by available workers' compensation benefits.

A 30% disability benefit is provided for nonservice-related disabilities for members with at least 10 years of service.

#### Contributions

Pennsylvania Act 205 of 1984 (Act 205) requires that annual contributions to the Plans be based upon each plan's Minimum Municipal Obligation (MMO), which is based on the Plans' biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses, and an amortization of the unfunded actuarial accrued liability. According to Act 205, actuarial valuations may be completed biennially and the most recent valuations for all City plans were completed as of January 1, 2023. Act 44 provided for a reduction in the

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 10. Pension Plans (Continued)

amortization requirement by 25% for the five-year period from 2011 through 2015. This reduction is reflected in the final MMO calculation. The Plans may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used for pension funding and is reported as revenue and expenditure in the General Fund. Any funding requirements established by the MMO in excess of member contributions and state aid must be paid by the municipality in accordance with Act 205.

Active members of the Police and Firemen Plans are required to contribute 5% of covered payroll to their respective pension plans. Active members of the Officers and Employees Plan are required to contribute 3.5% of covered payroll, 3% for members not covered by Social Security, and 1% of covered payroll for survivor benefits to the plan. Active members of the PMRS Pension Plan are required to contribute 7.5% to the plan. These contributions are governed by the Plans' governing ordinances and collective bargaining agreements.

During the year ended December 31, 2024, the City contributed \$9,407,824 to the Police Pension Plan, \$2,996,738 to the Firemen Pension Plan, \$154,538 to the Officers and Employees Plan, and \$4,504,548 to the PMRS Pension Plan.

During the year ended December 31, 2024, active members contributed \$1,286,804 to the Police Pension Plan, \$775,191 to the Firemen Pension Plan, \$0 to the Officers and Employees Pension Plan. For 2023, members contributed \$2,253,842 to the PMRS Plan.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 10. Pension Plans (Continued)

#### Changes in the Net Pension Liability

The changes in the net pension liability of the City for the year ended December 31, 2024 were as follows:

#### Police Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
Balances at December 31, 2023	\$ 257,603,474	\$ 220,409,200	\$ 37,194,274
Changes for the year:			
Service cost	4,712,349	-	4,712,349
Interest	18,626,425	-	18,626,425
Contributions - employer	-	9,407,824	(9,407,824)
Contributions - member	-	1,286,804	(1,286,804)
Net investment income	-	26,945,081	(26,945,081)
Benefit payments, including refunds	(14,575,340)	(14,575,340)	-
Administrative expense	-	(18,132)	18,132
Net changes	8,763,434	23,046,237	(14,282,803)
Balances at December 31, 2024	<u>\$ 266,366,908</u>	<u>\$ 243,455,437</u>	<u>\$ 22,911,471</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>91.4%</u>

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 10. Pension Plans (Continued)

#### Firemen Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
Balances at December 31, 2023	\$ 145,748,062	\$ 134,574,995	\$ 11,173,067
Changes for the year:			
Service cost	2,165,535	-	2,165,535
Interest	10,466,929	-	10,466,929
Contributions - employer	-	2,996,738	(2,996,738)
Contributions - member	-	775,191	(775,191)
Net investment income (loss)	-	16,548,402	(16,548,402)
Benefit payments, including refunds	(9,224,481)	(9,224,481)	-
Administrative expense	-	(2,571)	2,571
Net changes	3,407,983	11,093,279	(7,685,296)
Balances at December 31, 2024	<u>\$ 149,156,045</u>	<u>\$ 145,668,274</u>	<u>\$ 3,487,771</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>97.7%</u>

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 10. Pension Plans (Continued)

#### Officers and Employees Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
Balances at December 31, 2023	\$ 8,437,155	\$ 7,172,430	\$ 1,264,725
Changes for the year:			
Interest	490,167	-	490,167
Contributions - employer	-	154,538	(154,538)
Net investment income (loss)	-	730,537	(730,537)
Benefit payments, including refunds	(1,333,828)	(1,333,828)	-
Administrative expense	-	(1,071)	1,071
Net changes	(843,661)	(449,824)	(393,837)
Balances at December 31, 2024	<u>\$ 7,593,494</u>	<u>\$ 6,722,606</u>	<u>\$ 870,888</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>88.5%</u>

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 10. Pension Plans (Continued)

#### PMRS Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
Balances at December 31, 2023 (based on the measurement date of December 31, 2022)	\$ 199,141,415	\$ 183,174,247	\$ 15,967,168
Changes for the year:			
Service cost	4,375,379	-	4,375,379
Interest	10,352,945	-	10,352,945
Contributions - employer	-	4,378,396	(4,378,396)
Contributions - member	-	2,253,842	(2,253,842)
PMRS assessment	-	21,380	(21,380)
PMRS investment income	-	9,345,448	(9,345,448)
Market value investment gain	-	10,071,946	(10,071,946)
Benefit payments, including refunds	(12,799,407)	(12,799,407)	-
PMRS administrative expense	-	(21,380)	21,380
Additional administrative expense	-	(523,439)	523,439
Net changes	1,928,917	12,726,786	(10,797,869)
Balances at December 31, 2024 (based on the measurement date of December 31, 2023)	\$ 201,070,332	\$ 195,901,033	\$ 5,169,299
Plan fiduciary net position as a percentage of the total pension liability			97.4%

At December 31, 2024 the net pension liability of the PMRS plan is allocated between the governmental activities and the business-type activities in the amounts of \$4,625,162 and \$544,137, respectively.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 10. Pension Plans (Continued)

#### Actuarial Assumptions

The total pension liability for the Police, Firemen, and Officers and Employees pension plans was determined as part of the January 1, 2023 actuarial valuation, updated to December 31, 2024, using the following actuarial assumptions, applied to all periods in the measurement:

	Police	Firemen	Officers and Employees
Valuation date	1/1/2023	1/1/2023	1/1/2023
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level dollar closed period	Level dollar closed period	Level dollar closed period
Amortization period	11 years	12 years	1 year
Asset valuation method	*Five-year smoothed fair value 80%/20% corridor around fair value		
Actuarial Assumptions:			
Investment rate of return	7.30%	7.30%	6.30%
Projected salary increases	4.50%	4.50%	4.50%
Mortality - Healthy Lives	Blue Collar Adjusted RP-2000 Combined Health Mortality Table, projected generationally from base year 2000 using 50% of scale AA		RP-2000 Combined Healthy Mortality Table, projected generationally from base year 2000 using 50% of scale AA
Mortality - Disability Lives	RP-2000 Disabled Mortality Table		
Cost of Living Adjustment	2.4% per year upon eligibility to receive a COLA		0%



# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 10. Pension Plans (Continued)

The total pension liability for the PMRS pension plan was determined as part of the January 1, 2023 actuarial valuation, with liabilities rolled forward to December 31, 2023, using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial assumptions:

Investment rate of return	5.25%
Projected salary increases	2.8% - 6.2%*
*includes inflation rate of 2.2%	

Cost-of-living adjustments                      2.2%, subject to plan limitations

Actuarial assumptions based on PMRS Experience Study for the period January 1, 2014 to December 31, 2018

Preretirement mortality:

Males: Pub-2010 General Employees male table

Females: Pub-2010 General Employees female table

Postretirement mortality:

Males: RP 2006 Male Annuitant table

Females: RP 2006 Female Annuitant table

#### Investment Policy

##### *Police, Firemen, and Officers and Employees Pension Plans*

The policies in regard to the allocation of invested assets for the Police, Firemen, and Officers and Employees Pension Plans are established and may be amended by the respective Boards. The Boards seek to optimize the total return of these Plans' portfolios through a policy of well diversified multi-asset portfolios, which facilitate control of investment risk and afford reasonably predictable long-term investment returns. There were no amendments to the investment policy of the Police, Firemen, and Officers and Employees Pension Plans during the year ended December 31, 2024. At December 31, 2024, the Police, Firemen and Officers and Employees Plan had no investments in any one organization which represented five percent of more of each plan's respective fiduciary net position.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 10. Pension Plans (Continued)

In order to meet its needs, the investment strategy of the Police, Firemen, and Officers and Employees Pension Plans is to responsibly and prudently maximize total return; that is, the aggregate return from capital appreciation and dividend and interest income. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class for the plans as of December 31, 2024 are summarized from the following table:

Asset Class	Target Allocation			Long-Term Expected Real Rate of Return
	Police	Firemen	Officers and Employees	
Domestic equity	52.0%	52.0%	35.0%	5.0%
International equity	14.0%	14.0%	11.0%	5.0%
Core fixed income	17.0%	11.0%	0.0%	2.5%
Fixed income	4.0%	8.0%	0.0%	2.5%
Real estate	10.0%	10.0%	34.7%	3.8%
Cash	3.0%	5.0%	19.3%	0.5%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	

*Long-Term Expected Rate of Return* – The long-term expected rate of return on the Police, Firemen, and Officers and Employees pension plan investments was developed as a weighted average return based on the target asset allocation of the plan and the long-term expected rate of return for each asset class. The overall return for each asset class was developed by using current market pricing (normalized equity valuations, equity dividend yields, fixed income yields, etc.), as appropriate and historical data (real earnings-per-share growth, real equity returns, etc.) as a guide.

*Rate of Return* – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2024, the market value of assets returned 12.40% for the Police Plan, 12.57% for the Firemen Plan, and 11.10% for the Officers and Employees Plan.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 10. Pension Plans (Continued)

#### *PMRS Pension Plan*

The PMRS System's long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future nominal rates of return (net of investment expenses) are developed for each asset class. These returns are combined to produce the System's Long-Term Expected Rate of Return by calculating the weighted average return for each asset class using each respective target asset allocation percentage and multiplying by the expected future nominal rate of return, while also factoring in covariance across asset classes, then deducting expected inflation (2.5%). Best estimates of geometric real rates of return for each utilized asset class are included in the pension plan's target asset allocation as of December 31, 2023 and summarized in the table below labeled "System Nominal Net and Real Rates of Return by Asset Class."

Asset Class	Target Allocation	Nominal Net Rate of Return	Long-Term Expected Real Rate of Return
Domestic equities (large-capitalized firms)	24.50%	7.39%	4.89%
Domestic equities (small-capitalized firms)	8.00%	8.30%	5.80%
International developed markets equities	14.50%	7.68%	5.18%
International emerging markets equities	3.00%	8.39%	5.89%
Global equities	5.00%	6.61%	4.11%
Real estate	10.00%	6.38%	3.88%
Timber	5.00%	5.75%	3.25%
Fixed income (core investment grade)	24.00%	5.01%	2.51%
Fixed income (opportunistic credit)	5.00%	6.95%	4.45%
Cash	1.00%	3.39%	0.89%
Total Portfolio	100.00%	7.31%	4.81%

Based on the aforementioned methodology, the Board has established the System's Long-Term Expected Rate of Return at 7.31%.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 10. Pension Plans (Continued)

In addition to determining the System's Long-Term Nominal Expected Rate of Return, the PMRS Board, under the laws of the Commonwealth of Pennsylvania (Act 15 of 1974), is obligated to develop and apply the Regular Interest Rate to each of the individual participating municipalities' actuarial asset accounts held by PMRS. The rationale for the difference between the System's Long-Term Nominal Expected Rate of Return and the individual participating municipalities' Regular Interest Rate is described in the following section "Discount Rate." As of December 31, 2023, this rate is equal to 5.25%.

The Board has determined the minimum acceptable confidence level for achieving the Regular Interest Rate to be 60%. The table below labeled "Confidence Levels for System Nominal Net and Real Rates of Return" identifies simulated portfolio returns at various confidence levels based on the most recent asset allocation study conducted by the Boards' investment consultant, Marquette Associates.

Confidence Interval	Nominal Net Rate of Return	Long-Term Expected Real Rate of Return
95%	4.07%	1.57%
90%	4.87%	2.37%
85%	5.33%	2.83%
80%	5.72%	3.22%
75%	6.03%	3.53%
70%	6.35%	3.85%
60%	6.87%	4.37%

#### Discount Rate

##### *Police, Firemen, and Officers and Employees Pension Plans*

The discount rate as of December 31, 2024 is 7.30% for the Police and Firemen's Pension Plans and 6.30% for the Officers and Employees Pension Plan. These rates are the assumed long-term expected rate of return on Plan investments.

The projection of cash flows used to determine the discount rate assumed that the City of Allentown will contribute to the Plans based on the Minimum Municipal Obligation, as required by Act 205. Based on this policy, the Plan's Fiduciary Net Positions are expected to be available to make all projected future benefit payments for current members. Therefore, the

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 10. Pension Plans (Continued)

long-term expected rates of return on Plan Investments were applied to all periods of the projected benefit payments to determine the Total Pension Liability.

#### *PMRS Pension Plan*

While it is often common practice to establish an actuarial discount rate that is equal to the Long-Term Expected Nominal Rate of Return, PMRS is required by law (Act 15 of 1974) to establish a discount rate equal to the Regular Interest Rate (Regular Interest Rate/Discount Rate). The PMRS Board establishes the Regular Interest Rate/Discount Rate on the basis of expected stable and consistent earnings on investments to be applied to the accounts of the individual participating municipalities and includes the accounts of plan participants, municipalities, and plan retirees each year. As a starting point, the Board considers the following five quantitative factors in reviewing the Regular Interest Rate/Discount Rate:

1. Retiree Plan liability as a percentage of total Plan liability,
2. Active Plan participant liability as a percentage of total Plan liability
3. Smoothed annuity purchase rates (Pension Benefit Guarantee Corporation (PBGC) annuity rates have been used a proxy for this),
4. PMRS system Long-Term Expected Nominal Rate of Return, and
5. PMRS investment expenses.

A formula using these factors is as follows:

Regular Interest Rate/Discount Rate = (Retiree Liability Percentage x Smoothed PBGC Annuity Rates) + (Active Employee Liability Percentage x System Long-Term Expected Rate of Return) – (Investment Expenses as a percentage of assets)

The PMRS Board then considers the Regular Interest Rate/Discount Rate derived from the above formula against a variety of qualitative factors such as the desire to minimize Regular Interest Rate/Discount Rate volatility, probability of achieving the Regular Interest Rate, varying levels of asset allocation and liquidity, trending of annuity rates, total PMRS actuarial and market value funding ratios, feedback from existing PMRS municipalities, and recommendations from the System's investment and actuarial consultants. The Regular Interest Rate/Discount Rate adopted by the PMRS Board and used to measure the individual participating municipalities' total pension liability was 5.25% as of December 31, 2023.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 10. Pension Plans (Continued)

The Regular Interest Rate/Discount Rate will likely be less than the System Long-Term Expected Rate of Return. Should the System experience a prolonged period of investment returns in excess of the Regular Interest Rate/Discount Rate, the Board is authorized to allocate any applicable portion of any such excess in accordance with Board policies in the form of Excess Interest as provided for the in law.

The projection of cash flows for each underlying municipal plan, used to determine if any adjustment to the Regular Interest Rate/Discount Rate was required (“depletion testing”), used the following assumptions: 1) member contributions will be made at the current contribution rate, 2) participating plan sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate, and 3) the System’s Long-Term Expected Rate of Return will be used in the depletion testing of the projected cash flows. Based on those assumptions, the PMRS pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

#### Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Plans calculated using the discount rates described above, as well as what the Plan’s net pension liability (asset) would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

	<u>1% Decrease (6.30%)</u>	<u>Current Discount Rate (7.30%)</u>	<u>1% Increase (8.30%)</u>
Police	<u>\$ 56,521,124</u>	<u>\$ 22,911,471</u>	<u>\$ (4,747,878)</u>
Firemen	<u>\$ 20,452,713</u>	<u>\$ 3,487,771</u>	<u>\$ (10,803,566)</u>
	<u>1% Decrease (5.30%)</u>	<u>Current Discount Rate (6.30%)</u>	<u>1% Increase (7.30%)</u>
Officers and Employees	<u>\$ 1,259,154</u>	<u>\$ 870,888</u>	<u>\$ 520,560</u>

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 10. Pension Plans (Continued)

	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
PMRS	\$ 20,085,879	\$ 5,169,299	\$ (14,920,555)

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

For the year ended December 31, 2024, the City recognized pension expense of \$11,448,571 as a whole; in the governmental activities, \$11,385,141 and \$63,430 in the business-type activities. By plan as follows: \$8,858,926 police, \$1,833,556 for fireman, \$128,789 for O&E, and \$627,300 for PMRS.

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police	Firemen	O&E	PMRS	Total
<u>Deferred Outflows of Resources:</u>					
Differences between expected and actual experience	\$ -	\$ 73,432	\$ -	\$ 2,315,020	\$ 2,388,452
Changes in assumptions	1,423,753	1,035,872	-	-	2,459,625
City contributions subsequent to measurement date	-	-	-	4,504,548	4,504,548
Net difference between projected and earnings on pension plan investments	-	-	-	3,019,877	3,019,877
Total deferred outflows of resources	<u>\$ 1,423,753</u>	<u>\$ 1,109,304</u>	<u>\$ -</u>	<u>\$ 9,839,445</u>	<u>\$ 12,372,502</u>
<u>Deferred Inflows of Resources:</u>					
Differences between expected and actual experience	\$ 1,176,751	\$ 687,715	\$ -	\$ -	\$ 1,864,466
Net difference between projected and actual earnings on pension plan investments	2,214,725	1,784,960	3,051	-	4,002,736
Total deferred inflows of resources	<u>\$ 3,391,476</u>	<u>\$ 2,472,675</u>	<u>\$ 3,051</u>	<u>\$ -</u>	<u>\$ 5,867,202</u>

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 10. Pension Plans (Continued)

Deferred outflows of resources for contributions subsequent to measurement date will be recognized in pension expense in subsequent year financial statements and remaining deferred outflows and inflows will be amortized to pension expense as follows:

	Police	Firemen	O & E	PMRS	Total
2025	\$ 791,655	\$ 566,179	\$ 65,442	\$ (541,645)	\$ 881,631
2026	4,362,322	2,510,252	140,155	2,720,309	9,733,038
2027	(4,922,697)	(3,055,794)	(145,589)	5,170,623	(2,953,457)
2028	(2,199,003)	(1,384,008)	(63,059)	(2,014,390)	(5,660,460)
	<u>\$ (1,967,723)</u>	<u>\$ (1,363,371)</u>	<u>\$ (3,051)</u>	<u>\$ 5,334,897</u>	<u>\$ 2,000,752</u>

At December 31, 2024, the City reported deferred outflows of resources related to pension from the following sources:

	Governmental Activities	Business-Type Activity
<u>Deferred Outflows of Resources:</u>		
Differences between expected and actual experience	\$ 2,144,766	\$ 243,686
Changes in assumptions	2,459,625	-
City contributions subsequent to measurement date	4,030,385	474,163
Net difference between projected and actual earning on pension plan investments	<u>2,701,995</u>	<u>317,882</u>
Total deferred outflows of resources	<u>\$ 11,336,771</u>	<u>\$ 1,035,731</u>
<u>Deferred Inflows of Resources:</u>		
Differences between expected and actual experience	\$ (1,864,466)	\$ -
Net difference between projected and actual earning on pension plan investments	<u>(4,002,736)</u>	<u>-</u>
Total deferred inflows of resources	<u>\$ (5,867,202)</u>	<u>\$ -</u>



# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 10. Pension Plans (Continued)

The differences in the City's expected and actual experience and changes in assumptions are recognized over the average expected remaining service lives of active and inactive members. The difference between the projected and actual earnings on the pension plan investments is recognized over five years. City contributions subsequent to the measurement date totaling \$4,504,548 will be recorded as a reduction to the pension liability during the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2025	\$ 938,646	\$ (57,015)
2026	9,446,690	286,348
2027	(3,497,733)	544,276
2028	(5,448,419)	(212,041)
	<u>\$ 1,439,184</u>	<u>\$ 561,568</u>

### **Component Units**

#### **Parking Authority**

##### *Allentown Parking Authority Union Employees' Defined Contribution Retirement Plan*

The Allentown Parking Authority Union Employees' Defined Contribution Retirement Plan is designed to provide retirement benefits to the Parking Authority's eligible union employees. The plan covers all eligible employees over the age of 18 with six months of service with the Parking Authority. Employer contributions to the plan are established by the Union's collective bargaining agreement. Employer contributions were fixed at 5% by the collective bargaining agreement for the year ended December 31, 2024. Participant contributions are on a voluntary basis up to 3% of compensation. The plan's provisions may be amended by resolution of the Parking Authority's Board of Directors, subject to 90 days written notice to the plan's Trustee. No modification that affects the rights, duties, and responsibilities of the Trustee may be made without the Trustee's consent.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 10. Pension Plans (Continued)

#### *Allentown Parking Authority Salaried Employees' Defined Contribution Retirement Plan*

The Allentown Parking Authority Salaried Employees' Defined Contribution Retirement Plan is designed to provide retirement benefits to the Parking Authority's eligible salaried employees. The plan covers all salaries employees effective from their date of hire or plan effective date. The Authority contributes on behalf of each salaried employee an amount of 2.0% match for every 1.0% employee contribution. The employer's matching contribution is limited to 10% of earnings and may change from year to year. Salaried employees are 100% vested in the plan at time of enrollment.

#### *Allentown Parking Authority Salaried Employees' Defined Benefit Pension Plan*

The Parking Authority Salaried Employees' Defined Benefit Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of the Plan Document. The plan is governed by the Parking Authority, which may amend plan provisions, and which is responsible for the management of plan assets. All salaried employees who were participants of the former Allentown Parking Authority Defined Contribution Retirement Plan in January 1, 2002 became participants of this plan on the first day of the month following employment. All other salaried employees shall become participants of this plan on the first day of the month following employment.

Plan participation and benefit accruals have been frozen as of December 31, 2010.

At December 31, 2024, the following employees were covered by the plan:

Active employees	1
Retirees and beneficiaries	
currently receiving benefits	11
Terminated employees entitled to	
benefits but not yet receiving them	<u>1</u>
	<u>13</u>

*Retirement Benefits* – The normal retirement benefit is 2.25% of average 36-month compensation for each year of credited service to a maximum of 70% of such average compensation. In no event shall the benefit be less than the Equivalent Actuarial Value of the participant's December 31, 2001 account balance under the former Allentown Parking

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# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 10. Pension Plans (Continued)

Authority Defined Contribution Retirement Plan. Normal retirement date is the first day of the month following the attainment of age 55. The postponed retirement benefit is calculated using compensation and service up to age 70 ½. Benefits will be actuarially increased for postponed retirement after age 70 ½ and will be reduced by any distributions made after age 70 ½. A member may postpone his retirement beyond the normal retirement date.

*Death Benefits* – The pre-retirement benefit is equal to the present value of the member's accrued benefit at the date of death payable to the member's beneficiary, but in no event less than any December 31, 2001 account balance from the former Allentown Parking Authority Defined Contribution Retirement Plan with 7.5% interest compounded annually plus employees contributions with 5% compounded annually.

The post-retirement death benefit is payable in accordance with the form of retirement benefit elected, but in no event less than the unpaid portion of the December 31, 2001 account balance from the former Allentown Parking Authority Defined Contribution Retirement Plan with 7.5% interest compounded annually plus employee contributions with 5% compounded annually.

*Contributions* – Act 205 requires that annual contributions to the plan be based upon the plan's Minimum Municipal Obligation (MMO), which is based on the plan's biennial actuarial valuation. Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions. Employees are not required to contribute to this plan.

*Changes in the Total Pension Liability* – An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation as of January 1, 2023. Update procedures were used to roll forward to the plan's fiscal year ending December 31, 2024.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 10. Pension Plans (Continued)

The changes in the total pension liability, the plan fiduciary net position (i.e., fair value of plan assets), and the net pension liability (asset) of the Parking Authority for the year ended December 31, 2024 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at December 31, 2023	\$ 2,822,145	\$ 3,139,228	\$ (317,083)
Changes for the year:			
Interest	188,544	-	188,544
Net investment income (loss)	-	311,701	(311,701)
Benefit payments, including refunds	(257,313)	(257,313)	-
Net changes	(68,769)	54,388	(123,157)
Balance at December 31, 2024	\$ 2,753,376	\$ 3,193,616	\$ (440,240)

### Component Units (Continued)

#### Parking Authority

*Actuarial Assumptions* – The actuarial assumptions of the plan include the following:

Actuarial cost method	Entry age normal
Investment rate of return	7.0% per annum, net of investment expenses
Salary increases	None assumed
Pre-retirement mortality	None
Post-retirement mortality	PUBG-2010 Health Retire Mortality projected 5 years past the valuation date using Scale MP-2021
Termination	None
Disability	None
Retirement age	Normal retirement age or age on valuation date, if greater

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 10. Pension Plans (Continued)

*Long-term Expected Rate of Return* – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pensions plan investment expense and inflation of 2.43% are developed for each major asset class. The ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentages and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2024 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity:		
Large Cap	39.00%	5.81%
Mid Cap	3.00%	7.06%
Small Cap	4.00%	7.06%
International Equity	19.00%	6.64%
Fixed Income	33.00%	3.51%
Real Estate	0.00%	4.94%
Cash	2.00%	1.00%

*Discount Rate* – The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the 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.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability (Asset)	\$ (200,163)	\$ (440,240)	\$ (647,806)

*Pension Expense and Deferred Outflows of Resources Related to Pensions* – At December 31, 2024, the Parking Authority reported deferred outflows of resources related to pensions from the following source:

Deferred Outflows of Resources:

Net difference between projected and actual investment earnings on pension plan investments	\$ 89,787
	<u>\$ 89,787</u>

For the year ended December 31, 2024, the Parking Authority recognized pension expense under the defined benefit pension plan of \$(39,097). Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	
2025	\$ 72,151
2026	106,173
2027	(68,345)
2028	(20,192)
	<u>\$ 89,787</u>

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### **11. Long-Term Debt**

The City issues notes and bonds payable to finance the capital projects of the City, with the exception of pension funding (Series A of 2007 Note and Series 2019 Bond). Long-term debt activity of the City's governmental activities for the year ended December 31, 2024 was as follows:

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

		Balance Outstanding January 1, 2024	Additions	Reductions	Balance Outstanding December 31, 2024	Current Portion
Notes and Bonds						
General Obligation Notes and Bonds:						
2007	Taxable General Obligation Note, Series A, original amount of \$14,773,981, semiannual accretion to produce yields of 6.66% to 6.99%, payable in increasing installments of \$3,160,000 in 2024 to \$7,040,000 in 2036.	\$ 35,068,281	\$ 2,395,989	\$ 3,160,000	\$ 34,304,270	\$ 3,660,000
2015	General Obligation Bonds, Series A, original amount of \$15,360,000, 3.00% to 3.85% interest, payable in varying annual installments of \$515,000 in 2024 to \$870,000 in 2045.	12,565,000	-	515,000	12,050,000	450,000
2015	General Obligations Bonds, Series B, original amount of \$11,425,000, 3.00% to 3.65% interest, payable in varying annual installments of \$690,000 in 2024 to \$545,000 in 2036.	6,180,000	-	690,000	5,490,000	380,000
2017	General Obligation Bonds, Series of 2017, original amount of \$9,025,000, to refund GOB Series 2011A and 2012, payable in varying installments. \$180,000 in 2024.	2,775,000	-	180,000	2,595,000	180,000



# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 11. Long-Term Debt (Continued)

	Notes and Bonds	Balance Outstanding January 1, 2024	Additions	Reductions	Balance Outstanding December 31, 2024	Current Portion
	<u>General Obligation Notes and Bonds:</u>					
2018	General Obligation Bonds, Series B of 2018, original amount of \$7,900,000 to refund the 2006 Guaranteed Lease Revenue Agreement, payable in varying installments with interest of variable rates through 2031.	5,305,000	-	570,000	4,735,000	595,000
2019	Federally Taxable General Obligation Refunding Bonds, Series 2019, original amount of \$12,460,000 to refund the 2004 Federally Taxable General Obligation Pension Refunding Bonds, payable in varying installments with interest of variable rates.	9,855,000	-	740,000	9,115,000	770,000
2020	General Obligation Notes, Series 2020, original amount of \$15,720,000 to refund the 2009 General Obligation Note, refund the October 1, 2020 payment for General Obligations bonds Series A 2015, Series B 2015, Series 2017, and for City capital projects, payable in varying installments with interest of variable rates through 2045.	14,060,000	-	925,000	13,135,000	490,000
Subtotal Governmental Activities						
	General Obligation Notes and Bonds	85,808,281	2,395,989	6,780,000	81,424,270	6,525,000

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 11. Long-Term Debt (Continued)

Notes and Bonds		Balance Outstanding January 1, 2024	Additions	Reductions	Balance Outstanding December 31, 2024	Current Portion
<u>Direct Borrowing:</u>						
2022	HUD Section 108 Loan, original amount of \$5,605,000 to finance the Da Vinci Center for Discovery and Science, payable in varying installments, variable rate interest, 4.58% at December 31, 2024.	5,605,000	-	-	5,605,000	230,000
2020	Special Revenue Note Series 2020, original amount of \$7,090,000 to refund the 2016 Series Special Revenue Note, fund a Debt Service Reserve Fund and provide funds for capital projects, payable in varying installments with interest of 3.326% through 2034.	5,760,000	-	440,000	5,320,000	455,000
Subtotal Direct Borrowings		11,365,000	-	440,000	10,925,000	685,000
Premium on bond and note issuance		2,226,248	-	185,622	2,040,626	185,622
Total		<u>\$ 99,399,529</u>	<u>\$ 2,395,989</u>	<u>\$ 7,405,622</u>	<u>\$ 94,389,896</u>	<u>\$ 7,395,622</u>

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 11. Long-Term Debt (Continued)

Debt service requirements to maturity for governmental activities are as follows:

General Obligation Bonds and Notes			
Year Ending December 31,	Principal Maturity	Interest Maturity	Total
2025	\$ 6,525,000	\$ 1,532,889	\$ 8,057,889
2026	6,034,534	1,686,163	7,720,697
2027	5,590,653	1,819,898	7,410,551
2028	5,480,526	1,956,803	7,437,329
2029	5,394,627	2,074,251	7,468,878
2030-2034	25,422,169	13,057,305	38,479,474
2035-2039	13,696,761	10,653,211	24,349,972
2040-2044	10,845,000	1,700,819	12,545,819
2045	2,435,000	96,095	2,531,095
	<u>\$ 81,424,270</u>	<u>\$ 34,577,434</u>	<u>\$ 116,001,704</u>

Loans from Direct Borrowing			
Year Ending December 31,	Principal Maturity	Interest Maturity	Total
2025	\$ 685,000	\$ 431,019	\$ 1,116,019
2026	705,000	405,294	1,110,294
2027	735,000	378,785	1,113,785
2028	760,000	351,151	1,111,151
2029	785,000	322,562	1,107,562
2030-2034	4,330,000	1,150,720	5,480,720
2035-2039	1,735,000	496,301	2,231,301
2040-2042	1,190,000	96,524	1,286,524
	<u>\$ 10,925,000</u>	<u>\$ 3,632,356</u>	<u>\$ 14,557,356</u>

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 11. Long-Term Debt (Continued)

Year Ending December 31,	Total Outstanding Debt		
	Principal Maturity	Interest Maturity	Total
2025	\$ 7,210,000	\$ 1,963,908	\$ 9,173,908
2026	6,739,534	2,091,457	8,830,991
2027	6,325,653	2,198,683	8,524,336
2028	6,240,526	2,307,955	8,548,481
2029	6,179,627	2,396,813	8,576,440
2030-2034	29,752,169	14,208,025	43,960,194
2035-2039	15,431,761	11,149,512	26,581,273
2040-2044	12,035,000	1,797,343	13,832,343
2045	2,435,000	96,095	2,531,095
	<u>\$ 92,349,270</u>	<u>\$ 38,209,791</u>	<u>\$ 130,559,061</u>

The following represents changes in the long-term liabilities for compensated absences and financed purchases:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Current Portion
Compensated absences:					
Governmental activities	\$ 6,911,647	\$ 315,304	\$ -	\$ 7,226,951	\$ 6,649,305
Business-type activities	211,982	-	22,059	189,923	181,682
Total accrued compensated absences	<u>\$ 7,123,629</u>	<u>\$ 315,304</u>	<u>\$ 22,059</u>	<u>\$ 7,416,874</u>	<u>\$ 6,830,987</u>
Financed purchases:					
Governmental activities	\$ 3,518,046	\$ -	\$ 998,618	\$ 2,519,428	\$ 889,444
Business-type activities	889,317	-	278,311	611,006	224,361
Total capital assets	<u>\$ 4,407,363</u>	<u>\$ -</u>	<u>\$ 1,276,929</u>	<u>\$ 3,130,434</u>	<u>\$ 1,113,805</u>

Within the governmental activities, the General Fund is typically used to liquidate the financed purchases.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 11. Long-Term Debt (Continued)

The capital assets acquired through financed purchases are as follows:

	Governmental Activities	Business-Type Activities
Machinery, equipment and vehicles	\$ 6,216,459	\$ 1,315,648
Less accumulated depreciation	1,427,048	358,297
	<u>\$ 4,789,411</u>	<u>\$ 957,351</u>

Debt service requirements for financed purchases are as follows:

Year Ending	Governmental Activities	Business-Type Activities	Total
2025	\$ 972,518	\$ 250,310	\$ 1,222,828
2026	851,578	216,620	1,068,198
2027	444,667	195,091	639,758
2028	444,667	-	444,667
	<u>2,713,430</u>	<u>662,021</u>	<u>3,375,451</u>
Less interest	194,002	51,015	245,017
Total	<u>\$ 2,519,428</u>	<u>\$ 611,006</u>	<u>\$ 3,130,434</u>

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 11. Long-Term Debt (Continued)

#### Component Units

#### Parking Authority

Long-term debt activity of the Parking Authority for the year ended December 31, 2024 consisted of the following:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Current Portion
Bonds:					
Tax exempt parking revenue bond - 2018A	\$ 22,699,296	\$ -	\$ 961,959	\$ 21,737,337	\$ 903,252
Taxable parking revenue bond - 2018B	5,396,386	-	435,972	4,960,414	446,238
Tax exempt note - 2021	-	6,736,714	161,398	6,575,316	132,099
Taxable note - 2021	-	11,500,195	241,611	11,258,584	181,198
Taxable parking revenue note - Series A of 2024	-	11,900,000	-	11,900,000	156,000
Unsecured promissory note - Series of 2024	-	1,600,000	-	1,600,000	11,721
	28,095,682	31,736,909	1,800,940	58,031,651	1,830,508
Construction Loan	18,236,909	-	18,236,909	-	-
Line of credit	5,000	-	-	5,000	5,000
Financed purchases	39,459	-	31,410	8,049	8,049
Capital contribution payable	5,000,000	-	-	5,000,000	-
OPEB liability	43,375	-	43,375	-	-
	<u>\$ 51,420,425</u>	<u>\$ 31,736,909</u>	<u>\$ 20,112,634</u>	<u>\$ 63,044,700</u>	<u>\$ 1,843,557</u>

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 11. Long-Term Debt (Continued)

Debt service requirements to maturity are as follows for the Parking Authority:

Year Ending December 31,	Principal Maturity	Interest Maturity	Total
2025	\$ 1,830,508	\$ 3,411,497	\$ 5,242,005
2026	1,959,795	3,399,049	5,358,844
2027	2,074,756	3,284,357	5,359,113
2028	2,191,284	3,166,287	5,357,571
2029	2,323,733	3,034,408	5,358,141
2030-2034	26,594,747	11,998,863	38,593,610
2035-2039	18,786,531	4,876,210	23,662,741
2040-2044	2,270,297	189,702	2,459,999
	<u>\$ 58,031,651</u>	<u>\$ 33,360,373</u>	<u>\$ 91,392,024</u>

The Parking Authority bonds are subject to certain financial covenants. As of December 31, 2024, the Parking Authority is in compliance with those covenants.

#### *Tax Exempt Parking Revenue Bond, Series A of 2018*

On June 20, 2018, the Parking Authority issued the Tax-Exempt Parking Revenue Bond, Series A of 2018 in the amount of \$27,405,527. The final maturity of the Bond is on November 15, 2040 with principal and interest paid quarterly on March 31st, June 30th, September 30th, and December 31st of each year. Until May 15, 2025, the Bonds bear interest at 3.70%, after which the interest rate shall be reset to and bear interest at variable rate equal to 60% of the rate of interest published by the Wall Street Journal from time to time as the U.S. Prime Rate, floating daily with a maximum rate of 5.25%.

#### *Taxable Parking Revenue Bond, Series B of 2018*

On June 20, 2018, the Parking Authority issued the Taxable Parking Revenue Bond, Series B of 2018 in the amount of \$7,483,227. The final maturity of the Bond is on November 15, 2033 with principal and interest paid quarterly on March 31st, June 30th, September 30th, and December 31st of each year. Until May 15, 2025, the Bonds bear interest at 4.35%, after which the interest rate shall be reset to and bear interest at variable rate equal to the rate of interest published by the Wall Street Journal from time to time as the U.S. Prime Rate, floating daily with a maximum rate of 5.25%.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 11. Long-Term Debt (Continued)

#### *Maple Street Garage Construction Loan (Drawn Down Loan)*

On January 29, 2024, the original construction draw down loan used for the construction of the Maple Street Gargage, which was completed as of December 31, 2023 was modified to two separate notes, with a taxable portion and tax-exempt portion.

#### *2021 Taxable Note*

The taxable note had an initial balance of \$11,500,195. The taxable note has a fixed rate of 7.50% through January 29, 2029. Thereafter, the interest rate resets and is fixed through maturity on January 29, 2034 at the then 5 year Treasury Constant Maturity rate plus 280 basis points (taxable rate). Principal and interest are payable quarterly in payments of \$250,038 through January 1, 2029. After January 1, 2029, principal and interest payments shall be based upon the new fixed rate defined above. A final balloon payment of all outstanding principal and interest is due at maturity on January 29, 2034. A 2% prepayment penalty applies if the note is refinanced with another lender prior to maturity. The note is secured by the Maple Street Garage property. As of December 31, 2024, the note had a balance of \$11,258,584.

#### *2021 Tax-Exempt Note*

The tax-exempt note had an initial balance of \$6,736,714. The tax-exempt note has a fixed rate of 5.93% through January 29, 2029. Thereafter, the interest rate resets and is fixed through maturity on January 29, 2034 at 79% of the then current taxable rate as defined above. Principal and interest are payable quarterly in payments of \$131,114 through January 1, 2029. After January 1, 2029, principal and interest payments shall be based upon the new fixed rate defined above. A final balloon payment of all outstanding principal and interest is due at maturity on January 29, 2034. A 2% prepayment penalty applies if the note is refinanced with another lender prior to maturity. The note is secured by the Maple Street Garage property. As of December 31, 2024, the note had a balance of \$6,575,316.

#### *2024 Parking Revenue Note Series A of 2024*

On March 15, 2024, the Parking Authority issued the Parking Revenue Note, Series A of 2024 in the amount of \$11,900,000. The proceeds of the note were used for the purchase of the 940 Linden Street Garage. The note is interest only through March 1, 2025. Thereafter, the note is payable quarterly on March 1st, June 1st, September 1st, and December 1st of each year.



# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 11. Long-Term Debt (Continued)

Principal is due beginning June 1, 2025 in increasing installments of \$51,000 to \$118,000 plus interest at 6.123%. On March 1, 2029, the interest rate resets to a variable rate equal to 72% of the rate of interest published by the Wall Street Journal from time to time as the U.S. Prime Rate. The final maturity of the note is on March 1, 2039. The note is secured by a pledge of revenues and a mortgage on the 940 Linden Street Garage. As of December 31, 2024, the note had a balance of \$11,900,000.

#### *Unsecured Promissory Parking Note*

On March 15, 2024, the Parking Authority issued the Unsecured Promissory Parking Note in the amount of \$1,600,000. The proceeds of the Note were used for the purchase of 940 Linden Street Garage. Beginning on May 1, 2024 and up to and including April 1, 2025, the Parking Authority shall pay interest only on the principal balance in equal monthly installments of \$12,000. Beginning on May 1, 2025 and up to and including March 1, 2039, the Parking Authority shall pay a monthly payment of principal and interest of \$13,427. The interest rate on the note is 9.0%. On April 1, 2039 (maturity date), the Parking Authority shall pay the entire unpaid principal balance of the note. As of December 31, 2024, the note had a balance of \$1,600,000.

#### *Line of Credit*

The Parking Authority has an unsecured \$1,000,000 line of credit with ESSA Bank. The interest on the line of credit is payable quarterly at the Wall Street Journal prime rate. The Parking Authority had an outstanding balance on the line of credit as of December 31, 2024 in the amount of \$5,000.

#### *Financed Purchases*

The Parking Authority entered into various financed purchase agreements to finance the purchase of vehicles, energy saving LED lighting for its parking garages and single space parking meter mechanisms.

The following schedule presents future minimum financed purchases payments as of December 31, 2024.

Year	Principal	Interest	Total
2025	\$ 8,049	\$ 80	\$ 8,129

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# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 11. Long-Term Debt (Continued)

The leased capital assets under the financed purchases are included in capital assets at December 31, 2024 as follows:

Equipment	\$ 353,791
Parking garage and lots	173,326
Vehicles	52,633
Less accumulated depreciation	<u>(500,310)</u>
	<u>\$ 79,440</u>

Amortization of the financed purchased vehicles and equipment is included in depreciation expense.

#### *Capital Contribution Payable*

On March 22, 2021 the Parking Authority entered into a license agreement with City Center Investment Corporation for 450 parking license rights for the new Maple Street Parking Deck. In return, for the 450 Nighttime parking spaces, City Center Investment Corporation made a capital contribution to the Parking Authority in the amount of \$5,000,000 to be used as part of the financing for the construction of the Maple Street Parking Deck. The Parking Authority has the right to repay a portion or all of the capital contribution, which will reduce City Center's Parking licenses rights proportional with the repayment amount. If no repayments are made, City Center will retain the parking licenses for 30 years. It is the intention of the Parking Authority to repay the \$5,000,000 to City Center.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 12. Fund Balance Classifications

The City presents its governmental fund balances by level of constraint in the aggregate on its balance sheet – governmental funds. The individual specific purposes of each constraint are presented below:

	General	Capital Projects	Community Development Block Grant	American Rescue Plan	Other Governmental Funds	Total
Restricted for:						
Capital acquisitions	\$ -	\$ 5,008,177	\$ -	\$ -	\$ -	\$ 5,008,177
Public works	1,135,903	-	-	-	8,400,912	9,536,815
Community development	-	-	5,578,678	-	1,811,169	7,389,847
Parks and recreation	-	-	-	-	1,991,654	1,991,654
	<u>\$ 1,135,903</u>	<u>\$ 5,008,177</u>	<u>\$ 5,578,678</u>	<u>\$ -</u>	<u>\$ 12,203,735</u>	<u>\$ 23,926,493</u>
Assigned for:						
General government	\$ 2,394,181	\$ -	\$ -	\$ 3,290,714	\$ -	\$ 5,684,895
Public works	881,563	-	-	-	-	881,563
Community development	2,090,562	-	-	-	-	2,090,562
Public safety	2,332,279	-	-	-	-	2,332,279
Parks and recreation	130,790	-	-	-	-	130,790
	<u>\$ 7,829,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,290,714</u>	<u>\$ -</u>	<u>\$ 11,120,089</u>

The \$1,135,903 reported as restricted fund balance for public works under the General Fund represents the amount the City is required to reimburse the Liquid Fuels fund in two annual installments of \$567,951 during the years 2025 and 2026 as a result of the most recent Commonwealth of Pennsylvania Department of the Auditor General's Liquid Fuels Tax Fund audit report.

### 13. Risk Management, Accrued Claims Liability

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; natural disasters for which the City has established a limited risk management program as further described in Note 1.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 13. Risk Management, Accrued Claims Liability (Continued)

Changes in the accrued claims liability are as follows:

Accrued claims liability, January 1	\$ 307,342
Incurring claims, including estimated claims incurred but not reported as of December 31:	845,749
Provision for current year events	
Payments	(510,538)
Accrued claims liability, December 31	642,553
Current portion	642,553
Long-term portion	\$ -

The City uses an internal service fund to account for its risk financing activities. The fund accounts for the risk financing activities of the City, but does not constitute a transfer of risk from the City. The basis for reporting an estimated loss from a claim as an expenditure/expense and as a liability is if both the loss is probable and can be reasonably estimated.

#### **Component Units**

##### **Parking Authority**

The Parking Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets and errors and omissions. The Parking Authority purchases commercial insurance to cover most insurable risks.

The Parking Authority is a member of the Pennsylvania Municipal Health Insurance Cooperative (PMHIC), a pool of municipalities to purchase health insurance coverage. The purpose of the cooperative is to control escalating health care premiums by allowing municipalities the potential for volume discounts and annual premium returns for favorable claims experience. Rates for each municipality are developed annually with a final reconciliation of total premiums to actual claims made approximately six months after each policy year-end. Allocation of any surplus is determined by a board of officers appointed by participants. Unfavorable experience is included in the following year rates. Maximum limits for any one claim are established to minimize cost exposure. A 10% reserve is built into the rates to cover the cooperative's operating costs and any unfavorable experience.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 14. Other Postemployment Benefits (OPEB)

#### Plan Description

The City provides, through a single employer defined benefit plan, healthcare coverage for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. Eligible retirees may elect to enroll in the healthcare coverage provided to active employees. The plan provides health care, prescription drug, dental, and vision coverage for the retiree, spouse and dependents until Medicare eligibility (normally age 65). Retirees contribute between 25% and 50% of the monthly healthcare premiums established by the City. The plan does not issue a stand-alone financial report. The General Fund is used to liquidate the City's OPEB liabilities. There are no assets accumulated in a Trust for the City's OPEB plan.

#### Funding Policy

The City retiree healthcare plan is a self-funded program, whereby retiree premiums are determined annually based on comparable premium rates offered by health insurance providers. The cost of the benefits provided by the plan is currently being paid by the City on a pay-as-you-go basis. For the year ended December 31, 2024, the City contributed \$4,013,771.

#### Plan Membership

At December 31, 2024, the Plan's membership consisted of the following:

Inactive participants - retired and disabled	253
Active plan members	828
Total	<u>1,081</u>

#### Benefits Provided

The City provides postemployment health care benefits (including medical, dental, vision and prescription drugs), in accordance with collective bargaining agreements and City policy, to all eligible retired employees and their eligible dependents until age 65 or Medicare eligibility (normally age 65). Eligible retired police, fire, SEIU and non-represented members pay 25% of non-Medicare program costs. Certain SEIU members with less than 15 years of service at retirement pay 50% of such program costs.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 14. Other Postemployment Benefits (OPEB) (Continued)

#### Changes in Total OPEB Liability

Changes in the City's total OPEB liability for the plan for the year ended December 31, 2024, as measured at December 31, 2023 were as follows:

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Balances at December 31, 2022	\$ 97,692,278	\$ -	\$ 97,692,278
Changes for the year:			
Service cost	4,292,201	-	4,292,201
Interest on total OPEB liability	3,639,284	-	3,639,284
Difference between expected and actual experience	(6,439,134)	-	(6,439,134)
Changes in assumptions	17,498,319	-	17,498,319
Contributions - employer	-	4,013,771	(4,013,771)
Benefit payments, including employee refunds	(4,013,771)	(4,013,771)	-
Net changes	14,976,899	-	14,976,899
Balances at December 31, 2023	\$ 112,669,177	\$ -	\$ 112,669,177

The total OPEB liability is allocated between governmental activities and business-type activities in the amounts of \$106,516,127 and \$6,153,050, respectively.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 14. Other Postemployment Benefits (OPEB) (Continued)

#### Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	12/31/2023
Methods and assumptions used to determine contribution rates:	
Discount rate:	3.26% per annum for the valuation measured as of December 31, 2023 3.72% for the valuation measured as of December 31, 2022
Expected return on assets	N/A
Salary increase assumptions (with merit)	
Police and Fire	4.5% per year
PMRS	Based on age and service Added to the aged-based rates are 3% for each of the first 2 years of service, 2% for years 3 and 4, and 1% for years 5 and 6.
Healthcare cost trends:	2024 7.00%      2035 4.25% 2025 6.75%      2036 4.13% 2026 6.50%      2037 4.07% 2027 6.25%      2038 4.03% 2028 6.00%      2039 4.00% 2029 5.76%      2040 3.98% 2030 5.51%      2041 3.96% 2031 5.26%      2042 3.95% 2032 5.02%      2043 3.89% 2033 4.77%      2044 3.83% 2034 4.45%
Retirement rates:	
Police:	Age 50 and 20 years of service
Fire:	Immediately upon attainment of age 62 with 20 years of service, if younger than 62, a select and ultimate table with increasing rates
O&E	Participants eligible for retirement under age 58 will delay retirement until age 58. Participants aged 58 or older and eligible for retirement are assumed to retire immediately.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 14. Other Postemployment Benefits (OPEB) (Continued)

#### Actuarial Assumptions (continued):

##### Rates of Mortality:

Police, Fire and Non-PMRS O&E

Healthy Mortality:

Blue collar adjusted RP 2000 with projected generationally from base year 2000 using 50% of Scale AA

Disabled Mortality:

RP 2000 disabled mortality table

PMRS

Healthy Mortality, Pre-Retirement:

Males: PUB-2010 General employees' male table projected to 2023 MP-2018

Females: PUB-2010 General employees' female table projected to 2023 with MP-2018

Males: RP-2006 annuitant male table projected to 2023 with MP-2018

Healthy Mortality, Post-Retirement:

Females: RP-2006 annuitant female table projected to 2023 with MP-

Disabled Mortality:

Male and females: RP-2006 disabled annuitant male and female table projected to 2023 with MP-2018

#### Changes in Assumptions

The discount rate as of December 31, 2023 is 3.26%, down from 3.72% as of December 31, 2022, which increased the liability approximately \$17.5 million as of the end of the year.

The discount rate will increase to about 4.08% as of the December 31, 2024 measurement date based on the 20-year Bond Buyer Index rate. This increase in the discount rate will decrease the OPEB liability.

#### Discount Rate

The discount rate used to measure the plan's total OPEB liability as of December 31, 2023 was 3.26%. The discount rate is based on the 20-year bond buyer index rate as of December 31, 2023. This is a decrease from the December 31, 2022 rate of 3.72%. Since the OPEB Plan has insufficient assets to meet projected benefit payments, the municipal bond rate was applied to all periods of the projected benefit payments to determine the total OPEB liability. The projection of cash flows used to determine the single discount rate for each measurement period assumed that employer contributions will be made based on the current funding policy for future years.



# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 14. Other Postemployment Benefits (OPEB) (Continued)

#### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.26%)	Current Discount Rate (3.26%)	1% Increase (4.26%)
Total OPEB Liability	\$ 122,541,054	\$ 112,669,177	\$ 103,772,428

#### Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as the City's Total OPEB liability would be if it were calculated using the healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current cost trend rates:

	1% Decrease	Healthcare Trend Rate	1% Increase
Total OPEB Liability	\$ 101,304,359	\$ 112,669,177	\$ 125,872,979

#### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2024, the City recognized OPEB expense of (\$2,752,810) in the governmental activities and \$(504,659) in the business-type activities.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 14. Other Postemployment Benefits (OPEB) (Continued)

At December 31, 2024, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

#### Deferred Outflows of Resources

	Governmental Activities	Business-Type Activities	Total Primary Government
Changes of assumptions	\$ 20,297,397	\$ 1,172,507	\$ 21,469,904
Contributions subsequent to the measurement date	4,634,175	267,699	4,901,874
	<u>\$ 24,931,572</u>	<u>\$ 1,440,206</u>	<u>\$ 26,371,778</u>

#### Deferred Inflows of Resources

	Governmental Activities	Business-Type Activities	Total Primary Government
Differences between expected and actual experience	\$ 7,214,124	\$ 416,734	\$ 7,630,858
Changes of assumptions	9,694,067	559,990	10,254,057
	<u>\$ 16,908,191</u>	<u>\$ 976,724</u>	<u>\$ 17,884,915</u>

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 14. Other Postemployment Benefits (OPEB) (Continued)

The differences in the City's change in assumptions and expected and actual experience are recognized over the average expected remaining service lives of active and inactive members. City contributions subsequent to the measurement date of \$4,901,874 will be recorded as a decrease to the total OPEB liability during the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Governmental Activities	Business-Type Activities	Total Primary Government
Year ending December 31,			
2025	\$ 991,369	\$ 57,268	\$ 1,048,637
2026	991,366	57,268	1,048,634
2027	1,053,676	60,867	1,114,543
2028	(695,604)	(40,183)	(735,787)
2029	(445,209)	(25,718)	(470,927)
Thereafter	1,493,607	86,280	1,579,887
	<u>\$ 3,389,205</u>	<u>\$ 195,782</u>	<u>\$ 3,584,987</u>

#### Component Units

##### Parking Authority

##### Plan Description

The Parking Authority has established a single-employer defined benefit postemployment benefit plan to provide for payment of health care insurance premiums for eligible retired employees. The Plan's financial statements are included as a trust fund in the Parking Authority's financial statements.

##### Benefits Provided

The Parking Authority provides continuation of medical insurance coverage to employees who retire at a minimum age of 55 from a management position with at least 20 years of management service and must be a minimum age of 54 by January 1, 2019. The employee must be actively employed up to age 55 to be eligible. The benefit is not provided to

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 14. Other Postemployment Benefits (OPEB) (Continued)

employees hired after December 31, 2010. The single employer plan allows for participation in the Parking Authority's "basic" medical plan which includes a prescription drug benefit and dental coverage. The authority under which obligations to contribute are established is the plan document and the board of directors. The Parking Authority will pay a percentage of the cost of single coverage to age 65 or until the retiree becomes eligible for Medicare benefits, whichever comes first at a rate of 80% and 100% for retired employees with more than 20 and 25 years of service, respectively. The plan also provides for spousal and dependent coverage provided the premium is paid by the employee.

All benefits to management employees will be reviewed at various times in the future and, thus, costs and benefits are subject to change with the approval of the Parking Authority's Board of Directors. As of December 31, 2024, there were no fully eligible active employees, no other active employees not fully eligible, and 5 retirees and beneficiaries currently receiving benefits.

#### Contributions

The Parking Authority makes contributions to a GASB qualified trust in addition to paying the premiums for retiree coverage. The Parking Authority's OPEB plan's trust fund is included in the Parking Authority's financial statements.

#### Net OPEB Liability (Asset)

An actuarial valuation of the total OPEB liability is performed biennially. The total OPEB liability was determined as part of an actuarial valuation as of January 1, 2023. Update procedures were used to roll forward to the plan's fiscal year ended December 31, 2024.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 14. Other Postemployment Benefits (OPEB) (Continued)

The table below shows the changes in the total OPEB liability, the plan fiduciary net position and the net OPEB liability (asset) for the year ended December 31, 2024.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a-b)
Balances at December 31, 2023	\$ 521,142	\$ 477,767	\$ 43,375
Interest	25,606	-	25,606
Contributions - employer	-	112,675	(112,675)
Net investment income	-	47,511	(47,511)
Benefit payments (1)	(112,675)	(112,675)	
Administrative expenses	-	(491)	491
Net changes	(87,069)	47,020	(134,089)
Balances at December 31, 2024	\$ 434,073	\$ 524,787	\$ (90,714)

- (1) Benefit payments are actually determined age-adjusted expected benefit payments, which may vary from actual premium payments due to implied subsidy and experience that is different than expected.

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 14. Other Postemployment Benefits (OPEB) (Continued)

#### Actuarial Assumptions

The actuarial assumptions of the Parking Authority OPEB plan include the following:

<u>Actuarial Assumptions</u>	
Valuation Date:	January 1, 2023
Actuarial cost method:	Entry Age, Normal
Discount rate:	5.50%
Salary increases:	5% compounded annually
Inflation	2.43%
Healthcare cost trends:	Medical - initial rate of 7.5% in fiscal year 2023 reduced by .25% per year thereafter to an ultimate level of 5% per year Dental - 18.8% in 2023 and 2% per year thereafter
Pre-retirement mortality:	None
Post-retirement mortality:	Pub-2010 General Amount Weighted Mortality Tables for Healthy Retirees projected to 5 years post the valuation date using Scale MP-2021
Termination:	None
Disability:	None
Retirement age:	Age 55 if attained a minimum of 25 years. If 25 years of service not attained by age 55, the retirement is assumed at the later of 20 years of service and age 55
Participation:	100% of management retirees. 0% spouses and dependents

#### Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation of 2.43%) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation. Best estimate of arithmetic real rates of return for each

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 14. Other Postemployment Benefits (OPEB) (Continued)

major asset class included in the OPEB plan's target asset allocation as of December 31, 2024 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Core Bonds	42.3%	2.67%
Non-U.S. Bonds	3.4%	1.52%
U.S. Large Cap Equity	18.5%	5.31%
U.S. Small Cap Equity	18.2%	9.04%
Non-U.S. Equity	9.9%	6.18%
Cash & Cash Equivalents	7.8%	1.26%

#### Discount Rate

The discount rate used to measure the total pension liability was 5.5%. This is based on the investment allocation of the trust fund.

#### Net OPEB Liability (Asset) Sensitivity – Discount Rate

The following is a sensitivity analysis of the net OPEB liability (asset) to changes in the discount rate. The table below presents the net OPEB liability (asset) calculated using the discount rate of 5.5% as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.5%) or 1 percentage point higher (6.5%) than the current rate:

	1% Decrease (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
Net OPEB Liability (Asset)	\$ 9,488	\$ (90,714)	\$ (16,214)

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

### 14. Other Postemployment Benefits (OPEB) (Continued)

#### Net OPEB Liability (Asset) Sensitivity – Healthcare Trend

The following is a sensitivity analysis of the net OPEB liability (asset) to changes in the healthcare trend rate. The table below presents the net OPEB liability (asset) calculated using the current rate as well as what the net OPEB liability (asset) would be if it were calculated using a healthcare rate that is 1 percentage point lower or 1 percentage point higher than expected:

	1% Decrease	Current Trend Rates	1% Increase
Net OPEB Liability (Asset)	\$ (18,519)	\$ (90,714)	\$ 11,648

#### OPEB Expense and Deferred Inflows Resources

As of December 31, 2024, the Parking Authority reported deferred inflows of resources related to OPEB from the following sources:

Net difference between projected and actual investment earnings on pension plan investments	\$ 3,779
	<u>\$ 3,779</u>

For the year ended December 31, 2024, the Parking Authority recognized OPEB benefit of \$49,091.

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending	Total
2025	\$ 3,412
2026	7,577
2027	(10,517)
2028	(4,251)
Total	<u>\$ (3,779)</u>



# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 15. Deferred Compensation Plan

#### Component Units

##### Parking Authority

The Parking Authority has established a deferred compensation plan for the benefit of its employees in accordance with Internal Revenue Code Section 457. This plan permits employees to voluntarily defer current compensation until future years. The assets of the Plan are held in trust by the International City/County Management Association Retirement Corporation. Because the assets of the Plan are held in trust for the exclusive benefit of the Plan's participants and beneficiaries, as required by the Internal Revenue Code, the assets are not recorded in the financial statements of the Parking Authority in accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Investments are managed and offered by the trustee for the benefit of the participants.

The Parking Authority makes contributions to a deferred compensation plan through contributions to three 401(a) Money Purchase Plans. The Parking Authority made total contributions of \$243,032 to the plans for the year ended December 31, 2024.

### 16. Commitments and Contingencies

#### Construction

The City, through the Capital Projects Fund, entered into contracts with construction contractors with a remaining commitment at December 31, 2024 of approximately \$5.2 million.

#### Other

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of December 31, 2023, significant amounts of grant expenditures have not been audited by the grantor government, but the City believes that disallowed

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 16. Commitments and Contingencies (Continued)

expenditures, if any, based on subsequent audits, will not have a material effect on the financial position of the City.

#### Litigation

The City is involved in various lawsuits arising in the ordinary course of its municipal activities. Management has accrued amounts for those lawsuits that are probable and estimable. For the balance of the lawsuits, management believes that the resolution of these actions is not expected to have a material adverse effect on the financial statements of the City.

#### Component Units

##### Parking Authority

In the normal course of business, the Parking Authority is involved in various civil disputes. It is believed that any potential losses on these various claims and lawsuits will not have a material impact on the Parking Authority.

### 17. Conduit Debt

#### Component Units

##### Parking Authority

The Parking Authority entered into an agreement with City Center Investment Corporation (CCIC) for the Strata III Condominium Association (the Association). The Association consists of two units. Unit 1 consists of the parking unit located in the building. Unit 2 consists of the Strata Condominium Unit. The Parking Authority participates in the operation of Unit 1 under a parking license agreement that provides parking facilities to Unit 2 residents and the general public as space allows. Unit 1 represents a 44% interest in the Association.

Construction of the condominium was financed through the issuance of a mortgage in the name of the Parking Authority in the maximum amount of \$5,300,000. The mortgage note is payable solely from funds to be received from ANIZDA and represents a conduit debt obligation of the Parking Authority. The Parking Authority is not obligated in any manner for the repayment of the mortgage. Accordingly, the mortgage is not reported as a liability in the

# CITY OF ALLENTOWN

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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### 17. Conduit Debt (Continued)

accompanying financial statements. The mortgage note is further guaranteed by CCIC and Strata III OP, LP (Apartment Developer). As of December 31, 2024, the principal amount outstanding under the mortgage is \$2,524,624. The Parking Authority's participation in the Condominium Association is subject to a Parking License Agreement. Under the terms of the agreement, the parking facility of the condominium is managed by the Parking Authority. The Parking Authority charges the Apartment Developer a management fee equal to its share of the direct operating costs and expenses of the parking facility each month.

#### Redevelopment Authority

In July 2006, the Redevelopment Authority and a developer entered into a financing agreement for the Redevelopment Authority to provide a \$3,400,000 Section 108 Loan through the Federal Department of Housing and Urban Development (HUD) for a project (Allentown Brew Works). The loan is secured by a second lien mortgage on the property, the corporate and personal guarantees of the developer, and the assignment of leases and rents. In November 2012, the note was converted from a variable interest rate to a fixed interest rate as a result of a public offering of the note by HUD. The Redevelopment Authority has an indemnity agreement from the developer, which limits the Redevelopment Authority's obligation to repay the loan to amounts it receives from the developer. The Redevelopment Authority treats this loan as conduit debt and; therefore, does not recognize either the loan receivable or long-term debt on its statement of net position. The balance on this loan at December 31, 2024 is \$364,000.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# CITY OF ALLENTOWN

## BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - GENERAL FUND

YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Amounts	Final Amounts		
<b>Revenues:</b>				
<b>Taxes:</b>				
Real Estate:				
Real estate - current	\$ 38,480,000	\$ 38,480,000	\$ 38,414,065	\$ (65,935)
Real estate - prior	1,230,000	1,230,000	981,427	(248,573)
Total Real Estate Taxes	39,710,000	39,710,000	39,395,492	(314,508)
Act 511 Taxes:				
Earned income	41,000,000	41,000,000	43,333,698	2,333,698
Earned Income Tax - ACT 205	4,600,000	4,600,000	4,398,201	(201,799)
Deed transfer	2,500,000	2,500,000	3,305,717	805,717
Local services	1,900,000	1,900,000	1,890,605	(9,395)
Per Capita Tax	8,000	8,000	3,712	(4,288)
Business privilege	12,650,000	12,650,000	12,590,850	(59,150)
Total Act 511 Taxes	62,658,000	62,658,000	65,522,783	2,864,783
Total Taxes	102,368,000	102,368,000	104,918,275	2,550,275
Licenses and Permits:				
Business licenses	435,000	435,000	509,781	74,781
Liquor licenses	5,000	5,000	51,400	46,400
Building permits and licenses	1,710,000	1,710,000	1,790,830	80,830
Plumbing permits and licenses	135,000	135,000	187,285	52,285
Electrical permits and licenses	450,000	450,000	424,904	(25,096)
Sheet metal technician license	25,000	25,000	37,230	12,230
Billboard and sign permits/licenses	7,500	7,500	11,010	3,510
Zoning permits and fees	280,000	280,000	212,987	(67,013)
Plan review fees	250,000	250,000	72,704	(177,296)
Health bureau permits and licenses	250,000	250,000	265,228	15,228
Fire department inspection fees	105,000	105,000	152,049	47,049
Other permits and licenses	210,000	210,000	245,517	35,517
CATV franchise fees	1,200,000	1,200,000	806,380	(393,620)
Presales inspection program	250,000	250,000	235,110	(14,890)
Vacant Property Registration	140,000	140,000	50,800	(89,200)
Rental inspection program	2,350,750	2,350,750	2,877,866	527,116
Shade tree permits/fees	-	-	30	30
Total Licenses and Permits	7,803,250	7,803,250	7,931,111	127,861
Fines and Forfeits:				
District court	150,000	150,000	99,577	(50,423)
Fines and restitutions	101,000	101,000	106,603	5,603
Parking Authority transfer	-	-	1,656	1,656
Total Fines and Forfeits	251,000	251,000	207,836	(43,164)

(Continued)

**CITY OF ALLENTOWN**  
**BUDGETARY COMPARISON SCHEDULE -**  
**BUDGETARY BASIS - GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2024**  
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Amounts	Final Amounts		
<b>Revenues (Continued):</b>				
Intergovernmental Revenue:				
3rd party reimbursements	500	500	-	(500)
Health grants	2,334,873	2,364,873	2,456,988	92,115
Health COVID grants	1,606,000	1,716,000	128,099	(1,587,901)
Opioid settlement	105,000	105,000	128,333	23,333
Police/fire training	380,000	380,000	475,925	95,925
Police grants/reimbursements	840,847	2,635,445	2,935,756	300,311
Other grants/miscellaneous	3,033,230	3,992,003	1,863,518	(2,128,485)
State aid for pension	5,366,216	5,366,216	6,197,182	830,966
Casino fee	4,300,000	4,300,000	4,235,777	(64,223)
Fire dept hiring grant	1,367,316	1,367,316	-	(1,367,316)
Workforce development Grant	230,558	230,558	465,055	234,497
Total Intergovernmental Revenue	<u>19,564,540</u>	<u>22,457,911</u>	<u>18,886,633</u>	<u>(3,571,278)</u>
Charges for Services:				
Departmental Earnings:				
Tax and municipal certifications	125,000	125,000	111,185	(13,815)
Printing and copier fees	75,000	75,000	88,058	13,058
Street excavation/restoration	118,000	118,000	104,220	(13,780)
Warrants of survey	10,000	10,000	2,937	(7,063)
Vehicle towing agreement	318,780	318,780	312,215	(6,565)
Health bureau services	116,270	116,270	82,370	(33,900)
EMS transit fees	5,520,000	5,520,000	6,496,227	976,227
Credit Card Fees	5,000	5,000	6,173	1,173
Other charges for service	70,000	70,000	48,394	(21,606)
Police extra duty jobs	400,000	400,000	226,155	(173,845)
Total Departmental Earnings	<u>6,758,050</u>	<u>6,758,050</u>	<u>7,477,934</u>	<u>719,884</u>
Municipal Recreation:				
Swimming pool fees	235,000	235,000	289,603	54,603
Recreation fees	92,750	92,750	85,383	(7,367)
Total Municipal Recreation	<u>327,750</u>	<u>327,750</u>	<u>374,986</u>	<u>47,236</u>
General Fund Service Charges:				
Other services charges	2,792,767	2,792,767	2,792,767	-
Total General Fund Service Charges	<u>2,792,767</u>	<u>2,792,767</u>	<u>2,792,767</u>	<u>-</u>
Total Charges for Services	<u>9,878,567</u>	<u>9,878,567</u>	<u>10,645,687</u>	<u>767,120</u>
Investment Income	<u>1,415,000</u>	<u>1,415,000</u>	<u>3,218,064</u>	<u>1,803,064</u>

(Continued)

# CITY OF ALLENTOWN

## BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - GENERAL FUND

YEAR ENDED DECEMBER 31, 2024  
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Amounts	Final Amounts		
<b>Revenues (Continued):</b>				
Other Income:				
Water and Sewer Prior	30,000	30,000	32,381	2,381
Pennsylvania Utility Realty tax	95,000	95,000	86,529	(8,471)
PILOT	150,000	150,000	467,240	317,240
Rental of City property	110,768	110,768	151,295	40,527
Marketing/advertising	220,000	220,000	2,250,000	2,030,000
Contributions	-	-	-	-
Project Lifesaver	-	-	-	-
ANIZDA	127,628	127,628	597,229	469,601
Sale of property	725,000	725,000	30,554	(694,446)
Health Violation Tickets	6,255	6,255	15,410	9,155
Miscellaneous	537,000	537,752	292,185	(245,567)
Muni claim recovery	270,000	270,000	217,573	(52,427)
Portnoff fees collected	-	-	-	-
Fire Dept. miscellaneous	25,000	25,000	8,353	(16,647)
Damage to City property	-	-	-	-
Lights in Parkway	335,000	335,000	237,676	(97,324)
Recreation/DCED/special events	20,000	20,000	25,666	5,666
Wellness Program	10,000	10,000	-	(10,000)
OPIOD Settlement	-	-	-	-
NS Escrow - 3rd Party Reimb	-	-	-	-
Fire Cost Recovery	-	-	15,877	15,877
Water/Sewer Lease - Annual Sec.3.23	980,651	980,651	1,078,394	97,743
Total Other Income	3,642,302	3,643,054	5,506,362	1,863,308
Total Revenues	144,922,659	147,816,782	151,313,968	3,497,186
<b>Expenditures:</b>				
General Government:				
City Council	852,490	1,181,029	553,537	627,492
Office of the Mayor	1,045,488	1,090,488	1,017,671	72,817
City Controller	273,756	273,786	263,169	10,617
Law	1,394,393	1,311,393	1,212,233	99,160
General and civic	-	-	-	-
Total Nondepartmental	3,566,127	3,856,696	3,046,610	810,086
Department of Finance	4,487,566	4,409,878	4,127,728	282,150
Total Department of Finance	4,487,566	4,409,878	4,127,728	282,150
Human Resources	2,073,706	1,986,618	1,474,523	512,095
Total Human Resources	2,073,706	1,986,618	1,474,523	512,095
Management Systems				
Management Director and Information Services	6,313,115	6,587,419	5,695,163	892,256
Total Management Systems	6,313,115	6,587,419	5,695,163	892,256
Total General Government	16,440,514	16,840,611	14,344,024	2,496,587

(Continued)

**CITY OF ALLENTOWN**  
**BUDGETARY COMPARISON SCHEDULE -**  
**BUDGETARY BASIS - GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2024**  
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Amounts	Final Amounts		
<b>Expenditures (Continued):</b>				
Public Safety:				
Department of Public Safety:				
Police	46,724,481	50,286,996	46,329,939	3,957,057
Fire	30,368,814	31,370,085	30,208,241	1,161,844
	1,853,604	1,871,194	1,817,828	53,366
Total Public Safety	78,946,899	83,528,275	78,356,008	5,172,267
Public Works:				
Department of Public Works:				
Director's office	518,110	521,051	445,418	75,633
Engineering	1,584,356	1,585,037	1,324,146	260,891
Building maintenance	3,915,125	4,080,984	3,548,020	532,964
Fleet maintenance operation	5,031,895	5,162,477	4,720,818	441,659
Streets	1,213,374	1,190,574	931,616	258,958
Traffic planning and control	1,699,323	1,724,321	1,374,931	349,390
Communications - Technical Service	-	11,305	11,305	-
Street lighting	-	-	-	-
Total Public Works	13,962,183	14,275,749	12,356,254	1,919,495
Health and Sanitation:				
Department of Community Development				
Health:	6,300,439	6,659,862	5,681,949	977,913
Total Health and Sanitation	6,300,439	6,659,862	5,681,949	977,913
Parks and Recreation:				
Department of Parks and Recreation:				
Park maintenance	5,725,995	5,843,590	5,264,252	579,338
Recreation	1,092,835	1,114,383	1,050,306	64,077
Swimming pool operation	500,776	586,890	585,190	1,700
Total Parks and Recreation	7,319,606	7,544,863	6,899,748	645,115
Community Development and Planning:				
Department of Community Development:				
Director's office	1,007,090	2,829,169	1,188,803	1,640,366
Planning and zoning	1,759,782	2,065,565	1,557,087	508,478
Building standards and safety	8,951,527	8,727,128	6,935,885	1,791,243
Total Community Development and Planning	11,718,399	13,621,862	9,681,775	3,940,087
Capital Outlays	3,951,836	4,731,064	2,731,659	1,999,405
Total Capital Outlays	3,951,836	4,731,064	2,731,659	1,999,405
Total Expenditures	138,639,876	147,202,286	130,051,417	17,150,869

(Continued)



**CITY OF ALLENTOWN**  
**BUDGETARY COMPARISON SCHEDULE -**  
**BUDGETARY BASIS - GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2024**  
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Amounts	Final Amounts		
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>6,282,783</u>	<u>614,496</u>	<u>21,262,551</u>	<u>20,648,055</u>
<b>Other Financing Sources/(Uses):</b>				
Transfers in:				
ARPA	1,200,000	1,200,000	6,443,583	5,243,583
Golf	-	-	-	-
Transfers out:				
Debt Service Fund	(8,702,143)	(8,702,143)	(8,634,279)	67,864
Risk Fund	(2,768,323)	(9,343,323)	(9,268,323)	75,000
Liquid Fuels Fund	-	-	(567,951)	(567,951)
Capital Fund	-	(505,000)	(505,000)	-
Trexler	(108,000)	(108,000)	(108,106)	(106)
Total other financing sources (uses)	<u>(10,378,466)</u>	<u>(17,458,466)</u>	<u>(12,640,076)</u>	<u>4,818,390</u>
<b>Net Change in Fund Balance</b>	<u>\$ (4,095,683)</u>	<u>\$ (16,843,970)</u>	<u>8,622,475</u>	<u>\$ 25,466,445</u>
Net effect of agency fund, other income and expenditure accruals			<u>8,980,342</u>	
<b>Net Change in Fund Balance</b>			17,602,817	
<b>Fund Balance:</b>				
Beginning of year			<u>60,337,795</u>	
End of year			<u>\$ 77,940,612</u>	

(Concluded)

# CITY OF ALLENTOWN

## BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - AMERICAN RESCUE PLAN FUND YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Amounts	Final Amounts		
<b>Revenues:</b>				
ARPA Grant	\$ -	\$ -	\$ 25,616,401	\$ 25,616,401
Investment earnings	-	-	1,155,144	1,155,144
Interest Income	-	-	48,409	48,409
Total revenues	-	-	26,819,954	26,819,954
<b>Expenditures:</b>				
Bureau of EMHS	-	-	-	-
Departmental	1,196,199	1,196,199	667,959	528,240
Nondepartmental	7,845,190	6,845,190	2,151,411	4,693,779
Total expenditures	9,041,389	8,041,389	2,819,370	5,222,019
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(9,041,389)</u>	<u>(8,041,389)</u>	<u>24,000,584</u>	<u>32,041,973</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(5,524,152)</u>	<u>(5,524,152)</u>	<u>(21,797,571)</u>	<u>(16,273,419)</u>
Total other financing sources (uses)	<u>(5,524,152)</u>	<u>(5,524,152)</u>	<u>(21,797,571)</u>	<u>(16,273,419)</u>
<b>Net Change in Fund Balance</b>	<u><u>\$(14,565,541)</u></u>	<u><u>\$(13,565,541)</u></u>	<u><u>2,203,013</u></u>	<u><u>\$ 15,768,554</u></u>
Net effect of agency fund, other income and expenditure accruals			<u>(1,095,719)</u>	
<b>Net Change in Fund Balance</b>			1,107,294	
<b>Fund Balance:</b>				
Beginning of year			<u>2,183,420</u>	
End of year			<u><u>\$ 3,290,714</u></u>	

# CITY OF ALLENTOWN

## BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - COMMUNITY DEVELOPMENT BLOCK GRANT FUND YEAR ENDED DECEMBER 31, 2024

	Budget		Actual Amounts	Variance with Final Budget
	Original Amounts	Final Amounts		
<b>Revenues:</b>				
Intergovernmental revenues:				
HUD Grant Revenue	\$ -	\$ -	\$ 2,722,063	\$ 2,722,063
HUD 108 - Grant Revenue			314,091	314,091
Program revenue	-	-	59,690	59,690
Rental/Rehab loan repayments	-	-	3,296	3,296
State Aid	-	-	48,873	48,873
Program income/home	-	-	85,617	85,617
Total intergovernmental revenues	-	-	3,233,630	3,233,630
Other income:				
Interest	-	-	91,595	91,595
Total other income	-	-	91,595	91,595
Total revenues	-	-	3,325,225	3,325,225
<b>Expenditures:</b>				
CDBG:				
Community Development:				
CDBG, Home & ESG	22,695,349	22,695,349	4,146,386	18,548,963
Total CDBG	22,695,349	22,695,349	4,146,386	18,548,963
Total expenditures	22,695,349	22,695,349	4,146,386	18,548,963
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(22,695,349)	(22,695,349)	(821,161)	(15,223,738)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	77,282	77,282	-
Total other financing sources (uses)	-	77,282	77,282	-
<b>Net Change in Fund Balance</b>	<u>\$ (22,695,349)</u>	<u>\$ (22,618,067)</u>	<u>(743,879)</u>	<u>\$ (15,223,738)</u>
Net effect of other income and expenditure accruals			737,910	
<b>Net Change in Fund Balance</b>			(5,969)	
<b>Fund Balance:</b>				
Beginning of year			5,584,647	
End of year			<u>\$ 5,578,678</u>	

# CITY OF ALLENTOWN, PENNSYLVANIA

## NOTES TO BUDGETARY COMPARISON SCHEDULES

YEAR ENDED DECEMBER 31, 2024

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### **1. Budgetary Basis**

Annual budgets as required by the City Charter are adopted by City Council on a cash basis for revenues and modified accrual basis for expenditures, including appropriations to cover prior and anticipated current encumbrances. Appropriations not reserved for encumbrances lapse at year-end. Budgets are legally adopted for the General Fund, Capital Projects Fund, Community Development Block Grant Fund, American Rescue Plan Fund, and the following nonmajor funds: Debt Service Fund, Liquid Fuels Fund, Trexler Fund, Grants Fund, Stormwater Fund, Risk Management Fund, Lease A.O. Fund, and Solid Waste Fund.

The City Administration, 60 days prior to the beginning of the new fiscal year, presents the proposed budgets to City Council. A series of public hearings and discussions occur related to the budgets and on or before December 15, City Council approves the budgets. At the time of the budget adoptions, City Council adopts various ordinances related to tax rates and other rates and fees.

The City Charter requires the City's legal level of budgetary control to be at the fund level. As a management control, the Finance Director has the power to authorize the transfer of any unexpended balance within a department and up to \$5,000 between departments. Transfers exceeding \$5,000 must be approved by City Council.

# CITY OF ALLENTOWN, PENNSYLVANIA

## NOTES TO BUDGETARY COMPARISON SCHEDULES

YEAR ENDED DECEMBER 31, 2024

### 2. Adjustment to Convert from Budgetary Basis to GAAP

Adjustments necessary to convert the results of operations and fund balances on the budgetary basis to the GAAP basis are as follows:

#### General Fund

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Budgetary basis	\$ 157,757,551	\$ 149,135,076
Accrual adjustments:		
Receivables:		
Beginning of year	(13,627,597)	-
End of year	23,974,296	-
Due from other funds:		
Beginning of year	-	37,935
End of year	-	-
Due to other governments		
Beginning of year	-	-
End of year	(3,829,160)	-
Accrued liabilities:		
Beginning of year	-	-
End of year	72,667	(2,432,251)
Reclassifications	(5,270)	(1,090)
GAAP basis	\$ 164,342,487	\$ 146,739,670

#### ARPA Fund

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Budgetary basis	\$ 26,819,954	\$ 24,616,941
Accrual adjustments:		
Due to other funds		
Beginning of year	-	(633,440)
End of year	-	(1,206,550)
Unearned revenues - grants:		
Beginning of year	(674,137)	-
End of year	(2,261,572)	-
GAAP basis	\$ 23,884,245	\$ 22,776,951

# CITY OF ALLENTOWN, PENNSYLVANIA

## NOTES TO BUDGETARY COMPARISON SCHEDULES

YEAR ENDED DECEMBER 31, 2024

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### CDBG Fund

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Budgetary basis	\$ 3,402,506	\$ 4,146,386
Accrual adjustments:		
Grants receivable		
Beginning of year	(1,777,826)	-
End of year	2,107,353	-
Loans receivable		
Beginning of year	(2,635)	(445)
End of year	(164,441)	(103,084)
Accrued liabilities		
Beginning of year	-	(780,407)
End of year	-	308,476
Due to other funds		
Beginning of year	-	-
End of year	-	-
GAAP basis	<u>\$ 3,564,957</u>	<u>\$ 3,570,926</u>

# CITY OF ALLENTOWN

## REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

### SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - POLICE PENSION PLAN

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability:</b>										
Service cost	\$ 4,712,349	\$ 4,509,424	\$ 4,371,591	\$ 4,183,341	\$ 3,662,083	\$ 3,567,206	\$ 3,496,148	\$ 3,500,391	\$ 3,039,127	\$ 2,856,276
Interest	18,626,425	18,014,753	17,609,616	16,988,330	15,670,774	15,010,083	14,586,053	14,049,286	13,161,554	12,720,534
Differences between expected and actual experience	-	(2,353,503)	-	5,224,332	1,011,115	(1,518,678)	377,097	4,018,311	(205,379)	737,072
Changes of assumptions	-	2,847,507	-	8,273,246	-	-	-	-	7,903,467	-
Benefit payments, including refunds	(14,575,340)	(14,128,583)	(13,486,372)	(12,460,263)	(11,811,083)	(11,334,444)	(10,833,661)	(10,700,027)	(10,506,610)	(10,190,293)
<b>Net Changes in Total Pension Liability</b>	<b>8,763,434</b>	<b>8,889,598</b>	<b>8,494,835</b>	<b>22,208,986</b>	<b>8,532,889</b>	<b>5,724,167</b>	<b>7,625,637</b>	<b>10,867,961</b>	<b>13,392,159</b>	<b>6,123,589</b>
<b>Total Pension Liability - Beginning</b>	<b>257,603,474</b>	<b>248,713,876</b>	<b>240,219,041</b>	<b>218,010,055</b>	<b>209,276,166</b>	<b>203,551,999</b>	<b>195,926,362</b>	<b>185,058,401</b>	<b>171,666,242</b>	<b>165,542,653</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 266,366,908</b>	<b>\$ 257,603,474</b>	<b>\$ 248,713,876</b>	<b>\$ 240,219,041</b>	<b>\$ 217,809,055</b>	<b>\$ 209,276,166</b>	<b>\$ 203,551,999</b>	<b>\$ 195,926,362</b>	<b>\$ 185,058,401</b>	<b>\$ 171,666,242</b>
<b>Plan Fiduciary Net Position:</b>										
Contributions - employer	\$ 9,407,824	\$ 9,254,353	\$ 9,318,319	\$ 7,884,257	\$ 7,918,392	\$ 7,046,609	\$ 6,924,460	\$ 4,341,381	\$ 4,216,537	\$ 2,669,759
Contributions - member	1,286,804	1,230,499	1,050,124	1,108,736	1,052,012	1,069,615	988,224	931,395	991,017	914,420
Net investment income (loss)	26,945,081	27,814,056	(29,019,342)	32,483,053	21,593,429	30,934,769	(7,348,536)	22,256,156	10,741,586	(701,889)
Benefit payments, including refunds	(14,575,340)	(14,128,583)	(13,486,372)	(12,460,263)	(11,811,083)	(11,133,444)	(10,833,661)	(10,700,026)	(10,506,610)	(10,190,293)
Administrative expense	(18,132)	(21,563)	(3,226)	(32,173)	(34,160)	(65,707)	(98,985)	(85,076)	(9,593)	(9,673)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>23,046,237</b>	<b>24,148,762</b>	<b>(32,140,497)</b>	<b>28,983,610</b>	<b>18,718,590</b>	<b>27,851,842</b>	<b>(10,368,498)</b>	<b>16,743,830</b>	<b>5,432,937</b>	<b>(7,317,676)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>220,409,200</b>	<b>196,260,438</b>	<b>228,400,935</b>	<b>199,417,325</b>	<b>180,698,735</b>	<b>152,846,893</b>	<b>163,215,391</b>	<b>146,471,561</b>	<b>141,038,624</b>	<b>148,356,300</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 243,455,437</b>	<b>\$ 220,409,200</b>	<b>\$ 196,260,438</b>	<b>\$ 228,400,935</b>	<b>\$ 199,417,325</b>	<b>\$ 180,698,735</b>	<b>\$ 152,846,893</b>	<b>\$ 163,215,391</b>	<b>\$ 146,471,561</b>	<b>\$ 141,038,624</b>
<b>Net Pension Liability - Ending (a-b)</b>	<b>\$ 22,911,471</b>	<b>\$ 37,194,274</b>	<b>\$ 52,453,438</b>	<b>\$ 11,818,106</b>	<b>\$ 18,391,730</b>	<b>\$ 28,577,431</b>	<b>\$ 50,705,106</b>	<b>\$ 32,710,971</b>	<b>\$ 38,586,840</b>	<b>\$ 30,627,618</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>91.40%</b>	<b>85.56%</b>	<b>78.91%</b>	<b>95.08%</b>	<b>91.56%</b>	<b>86.34%</b>	<b>75.09%</b>	<b>83.30%</b>	<b>79.15%</b>	<b>82.16%</b>
<b>Covered Payroll</b>	<b>\$ 24,507,715</b>	<b>\$ 23,228,196</b>	<b>\$ 22,097,635</b>	<b>\$ 22,306,245</b>	<b>\$ 21,013,019</b>	<b>\$ 20,904,708</b>	<b>\$ 19,781,764</b>	<b>\$ 19,231,733</b>	<b>\$ 18,931,433</b>	<b>\$ 17,794,000</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>93.49%</b>	<b>160.13%</b>	<b>237.37%</b>	<b>52.98%</b>	<b>87.53%</b>	<b>136.70%</b>	<b>256.32%</b>	<b>170.09%</b>	<b>203.82%</b>	<b>172.12%</b>

See accompanying notes to required supplementary information - pension plans.

# CITY OF ALLENTOWN

## REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - FIREMEN PENSION PLAN

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability:</b>										
Service cost	\$ 2,165,535	\$ 2,072,281	\$ 2,041,817	\$ 1,953,892	\$ 1,813,315	\$ 1,800,136	\$ 1,789,346	\$ 1,735,550	\$ 1,544,110	\$ 1,513,683
Interest	10,466,929	10,223,171	10,084,191	9,828,850	9,607,882	9,388,037	9,292,591	9,101,734	8,940,922	8,782,604
Changes of benefit terms	-	178,046	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(1,375,429)	-	367,152	(507,438)	(1,788,062)	(324,574)	(513,486)	(502,487)	312,322
Changes of assumptions	-	1,497,249	-	1,436,239	-	-	-	-	4,219,884	-
Benefit payments, including refunds	(9,224,481)	(8,880,691)	(8,495,601)	(8,347,280)	(8,222,890)	(8,031,919)	(8,032,161)	(8,011,716)	(8,113,374)	(8,104,277)
<b>Net Changes in Total Pension Liability</b>	<b>3,407,983</b>	<b>3,714,627</b>	<b>3,630,407</b>	<b>5,238,853</b>	<b>2,690,869</b>	<b>1,368,192</b>	<b>2,725,202</b>	<b>2,312,082</b>	<b>6,089,055</b>	<b>2,504,332</b>
<b>Total Pension Liability - Beginning</b>	<b>145,748,062</b>	<b>142,033,435</b>	<b>138,403,028</b>	<b>133,164,175</b>	<b>130,473,306</b>	<b>129,105,114</b>	<b>126,379,912</b>	<b>124,067,830</b>	<b>117,978,775</b>	<b>115,474,443</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 149,156,045</b>	<b>\$ 145,748,062</b>	<b>\$ 142,033,435</b>	<b>\$ 138,403,028</b>	<b>\$ 133,164,175</b>	<b>\$ 130,473,306</b>	<b>\$ 129,105,114</b>	<b>\$ 126,379,912</b>	<b>\$ 124,067,830</b>	<b>\$ 117,978,775</b>
<b>Plan Fiduciary Net Position:</b>										
Contributions - employer	\$ 2,996,738	\$ 3,857,404	\$ 3,841,351	\$ 4,107,655	\$ 4,063,701	\$ 3,779,843	\$ 3,714,299	\$ 3,068,607	\$ 2,965,478	\$ 1,205,379
Contributions - member	775,191	738,443	667,563	769,281	596,751	600,769	537,852	520,536	495,834	482,441
Net investment income (loss)	16,548,402	17,094,595	(17,240,451)	20,705,169	13,386,653	19,883,204	(4,686,690)	14,584,721	7,093,225	(374,539)
Benefit payments, including refunds	(9,224,481)	(8,880,691)	(8,495,601)	(8,347,280)	(8,222,890)	(8,031,919)	(8,032,161)	(8,011,715)	(8,113,274)	(8,104,277)
Administrative expense	(2,571)	(11,689)	(1,964)	(12,090)	(10,729)	(11,183)	(78,361)	(85,633)	(9,592)	(9,673)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>11,093,279</b>	<b>12,798,062</b>	<b>(21,229,102)</b>	<b>17,222,735</b>	<b>9,813,486</b>	<b>16,220,714</b>	<b>(8,545,061)</b>	<b>10,076,516</b>	<b>2,431,671</b>	<b>(6,800,669)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>134,574,995</b>	<b>121,776,933</b>	<b>143,006,035</b>	<b>125,783,300</b>	<b>115,969,814</b>	<b>99,749,100</b>	<b>108,294,161</b>	<b>98,217,645</b>	<b>95,786,074</b>	<b>102,586,743</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 145,668,274</b>	<b>\$ 134,574,995</b>	<b>\$ 121,776,933</b>	<b>\$ 143,006,035</b>	<b>\$ 125,783,300</b>	<b>\$ 115,969,814</b>	<b>\$ 99,749,100</b>	<b>\$ 108,294,161</b>	<b>\$ 98,217,745</b>	<b>\$ 95,786,074</b>
<b>Net Pension Liability (Asset) - Ending (a-b)</b>	<b>\$ 3,487,771</b>	<b>\$ 11,173,067</b>	<b>\$ 20,256,502</b>	<b>\$ (4,603,007)</b>	<b>\$ 7,380,875</b>	<b>\$ 14,503,492</b>	<b>\$ 29,356,014</b>	<b>\$ 18,085,751</b>	<b>\$ 25,850,085</b>	<b>\$ 22,192,701</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>97.66%</b>	<b>92.33%</b>	<b>85.74%</b>	<b>103.33%</b>	<b>94.46%</b>	<b>88.88%</b>	<b>77.26%</b>	<b>85.69%</b>	<b>79.16%</b>	<b>81.19%</b>
<b>Covered Payroll</b>	<b>\$ 15,062,806</b>	<b>\$ 14,297,002</b>	<b>\$ 13,173,304</b>	<b>\$ 13,300,238</b>	<b>\$ 11,979,474</b>	<b>\$ 11,226,704</b>	<b>\$ 10,776,923</b>	<b>\$ 10,408,858</b>	<b>\$ 9,901,453</b>	<b>\$ 9,544,000</b>
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>23.15%</b>	<b>78.15%</b>	<b>153.77%</b>	<b>-34.61%</b>	<b>61.61%</b>	<b>129.19%</b>	<b>272.40%</b>	<b>173.75%</b>	<b>261.07%</b>	<b>232.53%</b>

See accompanying notes to required supplementary information - pension plans.



# CITY OF ALLENTOWN

## REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

### SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - OFFICERS AND EMPLOYEES PENSION PLAN

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability:</b>										
Service cost	\$ -	\$ -	\$ 9,991	\$ 9,561	\$ 9,877	\$ 9,577	\$ 9,983	\$ 9,614	\$ 8,894	\$ 8,254
Interest	490,167	542,857	593,625	650,040	733,543	782,628	842,606	917,538	1,010,525	1,064,075
Differences between expected and actual experience	-	162,309	-	(174,860)	166,473	61,654	(132,092)	(49,185)	278,360	(434,623)
Changes of assumptions	-	47,364	-	(24,284)	-	-	-	-	294,664	-
Benefit payments, including refunds	(1,333,828)	(1,423,221)	(1,499,098)	(1,582,620)	(1,696,249)	(1,794,179)	(1,877,646)	(2,016,648)	(2,136,355)	(2,235,966)
<b>Net Changes in Total Pension Liability</b>	<b>(843,661)</b>	<b>(670,691)</b>	<b>(895,482)</b>	<b>(1,122,163)</b>	<b>(786,356)</b>	<b>(940,320)</b>	<b>(1,157,149)</b>	<b>(1,138,681)</b>	<b>(543,912)</b>	<b>(1,598,260)</b>
<b>Total Pension Liability - Beginning</b>	<b>8,437,155</b>	<b>9,107,846</b>	<b>10,003,328</b>	<b>11,125,491</b>	<b>11,911,847</b>	<b>12,852,167</b>	<b>14,009,316</b>	<b>15,147,997</b>	<b>15,691,909</b>	<b>17,290,169</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 7,593,494</b>	<b>\$ 8,437,155</b>	<b>\$ 9,107,846</b>	<b>\$ 10,003,328</b>	<b>\$ 11,125,491</b>	<b>\$ 11,911,847</b>	<b>\$ 12,852,167</b>	<b>\$ 14,009,316</b>	<b>\$ 15,147,997</b>	<b>\$ 15,691,909</b>
<b>Plan Fiduciary Net Position:</b>										
Contributions - employer	\$ 154,538	\$ 232,650	\$ 232,542	\$ 230,757	\$ 230,346	\$ 203,401	\$ 203,427	\$ 149,845	\$ 149,540	\$ 161,022
Contributions - member	-	950	4,686	4,733	4,485	4,336	4,212	4,073	3,930	3,851
Net investment income (loss)	730,537	849,263	(851,955)	971,892	716,230	1,481,190	(264,012)	1,281,494	647,814	50,233
Benefit payments, including refunds	(1,333,828)	(1,423,221)	(1,499,098)	(1,582,620)	(1,696,249)	(1,794,179)	(1,877,646)	(2,016,648)	(2,136,355)	(2,235,966)
Administrative expense	(1,071)	(6,082)	(840)	(6,349)	(10,729)	(11,278)	(64,142)	(68,931)	(9,592)	(9,673)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(449,824)</b>	<b>(346,440)</b>	<b>(2,114,665)</b>	<b>(381,587)</b>	<b>(755,917)</b>	<b>(116,530)</b>	<b>(1,998,161)</b>	<b>(650,167)</b>	<b>(1,344,663)</b>	<b>(2,030,533)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>7,172,430</b>	<b>7,518,870</b>	<b>9,633,535</b>	<b>10,015,122</b>	<b>10,771,039</b>	<b>10,887,569</b>	<b>12,885,730</b>	<b>13,535,897</b>	<b>14,880,560</b>	<b>16,911,093</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 6,722,606</b>	<b>\$ 7,172,430</b>	<b>\$ 7,518,870</b>	<b>\$ 9,633,535</b>	<b>\$ 10,015,122</b>	<b>\$ 10,771,039</b>	<b>\$ 10,887,569</b>	<b>\$ 12,885,730</b>	<b>\$ 13,535,897</b>	<b>\$ 14,880,560</b>
<b>Net Pension Liability - Ending (a-b)</b>	<b>\$ 870,888</b>	<b>\$ 1,264,725</b>	<b>\$ 1,588,976</b>	<b>\$ 369,793</b>	<b>\$ 1,110,369</b>	<b>\$ 1,140,808</b>	<b>\$ 1,964,598</b>	<b>\$ 1,123,586</b>	<b>\$ 1,612,100</b>	<b>\$ 811,349</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>88.53%</b>	<b>85.01%</b>	<b>82.55%</b>	<b>96.30%</b>	<b>90.02%</b>	<b>90.42%</b>	<b>84.71%</b>	<b>91.98%</b>	<b>89.36%</b>	<b>94.83%</b>
<b>Covered Payroll</b>	<b>\$ -</b>	<b>\$ 19,527</b>	<b>\$ 85,201</b>	<b>\$ 86,050</b>	<b>\$ 81,552</b>	<b>\$ 78,833</b>	<b>\$ 76,590</b>	<b>\$ 74,062</b>	<b>\$ 71,512</b>	<b>\$ 70,000</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>N/A</b>	<b>6476.80%</b>	<b>1864.97%</b>	<b>429.74%</b>	<b>1361.55%</b>	<b>1447.12%</b>	<b>2565.08%</b>	<b>1517.09%</b>	<b>2254.31%</b>	<b>1159.07%</b>

See accompanying notes to required supplementary information - pension plans.

# CITY OF ALLENTOWN

## REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - PMRS PLAN

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability:</b>										
Service cost	\$ 4,375,379	\$ 4,145,958	\$ 4,092,285	\$ 3,643,652	\$ 3,246,716	\$ 3,247,031	\$ 3,134,334	\$ 2,885,308	\$ 3,121,592	\$ 3,792,600
Interest	10,352,945	9,976,244	9,806,530	9,256,599	9,149,791	8,949,043	8,808,742	8,772,091	8,484,310	8,298,621
Differences between expected and actual experience	-	4,630,040	-	937,112	-	1,588,051	-	-	-	(31,247)
Changes of assumptions	-	-	-	6,939,844	-	-	-	4,474,139	2,584,899	-
Transfers	-	-	44,974	-	11,956	(82,469)	79,165	1,235,476	-	(42,319)
Benefit payments, including refunds	(12,799,407)	(10,838,491)	(10,653,468)	(10,885,534)	(10,647,603)	(9,219,033)	(9,546,663)	(9,172,560)	(8,283,599)	(7,706,851)
<b>Net Changes in Total Pension Liability</b>	<b>1,928,917</b>	<b>7,913,751</b>	<b>3,290,321</b>	<b>9,891,673</b>	<b>1,760,860</b>	<b>4,482,623</b>	<b>2,475,578</b>	<b>8,194,454</b>	<b>5,907,202</b>	<b>4,310,804</b>
<b>Total Pension Liability - Beginning</b>	<b>199,141,415</b>	<b>191,227,664</b>	<b>187,937,343</b>	<b>178,045,670</b>	<b>176,284,810</b>	<b>171,802,187</b>	<b>169,326,609</b>	<b>161,132,155</b>	<b>155,224,953</b>	<b>150,914,149</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 201,070,332</b>	<b>\$ 199,141,415</b>	<b>\$ 191,227,664</b>	<b>\$ 187,937,343</b>	<b>\$ 178,045,670</b>	<b>\$ 176,284,810</b>	<b>\$ 171,802,187</b>	<b>\$ 169,326,609</b>	<b>\$ 161,132,155</b>	<b>\$ 155,224,953</b>
<b>Plan Fiduciary Net Position:</b>										
Contributions - employer	\$ 4,399,776	\$ 3,668,694	\$ 3,377,766	\$ 3,258,437	\$ 3,252,975	\$ 2,648,140	\$ 2,630,992	\$ 2,240,743	\$ 2,230,827	\$ 1,558,888
Contributions - member	2,253,842	2,112,959	2,091,457	1,936,561	1,848,891	1,840,181	1,775,180	1,738,658	1,710,952	1,672,158
Net investment income (loss)	19,417,394	(26,612,793)	27,094,029	24,757,115	30,555,108	(5,210,426)	24,702,348	11,603,111	(36,944)	7,201,360
Transfers	-	-	44,974	-	11,956	(82,469)	79,165	-	-	(42,319)
Benefit payments, including refunds	(12,799,407)	(10,838,491)	(10,653,468)	(10,885,534)	(10,647,603)	(9,219,033)	(9,546,663)	(9,172,560)	(8,283,599)	(7,706,851)
Administrative expense	(544,819)	(511,793)	(531,573)	(386,945)	(301,821)	(365,857)	(367,920)	(397,521)	(338,130)	(304,806)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>12,726,786</b>	<b>(32,181,424)</b>	<b>21,423,185</b>	<b>18,679,634</b>	<b>24,719,506</b>	<b>(10,389,464)</b>	<b>19,273,102</b>	<b>6,012,431</b>	<b>(4,716,894)</b>	<b>2,378,430</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>183,174,247</b>	<b>215,355,671</b>	<b>193,932,486</b>	<b>175,252,852</b>	<b>150,533,346</b>	<b>160,922,810</b>	<b>141,649,708</b>	<b>135,637,277</b>	<b>140,354,171</b>	<b>137,975,741</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 195,901,033</b>	<b>\$ 183,174,247</b>	<b>\$ 215,355,671</b>	<b>\$ 193,932,486</b>	<b>\$ 175,252,852</b>	<b>\$ 150,533,346</b>	<b>\$ 160,922,810</b>	<b>\$ 141,649,708</b>	<b>\$ 135,637,277</b>	<b>\$ 140,354,171</b>
<b>Net Pension Liability (Asset) - Ending (a-b)</b>	<b>\$ 5,169,299</b>	<b>\$ 15,967,168</b>	<b>\$ (24,128,007)</b>	<b>\$ (5,995,143)</b>	<b>\$ 2,792,818</b>	<b>\$ 25,751,464</b>	<b>\$ 10,879,377</b>	<b>\$ 27,676,901</b>	<b>\$ 25,494,878</b>	<b>\$ 14,870,782</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>97.43%</b>	<b>91.98%</b>	<b>112.62%</b>	<b>103.19%</b>	<b>98.43%</b>	<b>85.39%</b>	<b>93.67%</b>	<b>83.65%</b>	<b>84.18%</b>	<b>90.42%</b>
<b>Covered Payroll</b>	<b>\$ 29,963,506</b>	<b>\$ 28,139,863</b>	<b>\$ 27,746,390</b>	<b>\$ 27,531,948</b>	<b>\$ 24,532,647</b>	<b>\$ 24,535,775</b>	<b>\$ 23,651,715</b>	<b>\$ 23,169,719</b>	<b>\$ 23,067,602</b>	<b>\$ 22,740,178</b>
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>17.25%</b>	<b>56.74%</b>	<b>-86.96%</b>	<b>-21.78%</b>	<b>11.38%</b>	<b>104.95%</b>	<b>46.00%</b>	<b>119.45%</b>	<b>110.52%</b>	<b>65.39%</b>

See accompanying notes to required supplementary information - pension plans.

# CITY OF ALLENTOWN

## REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - ALLENTOWN PARKING AUTHORITY

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability:</b>										
Interest	\$ 188,544	\$ 193,043	\$ 193,994	\$ 198,203	\$ 202,439	\$ 204,066	\$ 203,074	\$ 212,438	\$ 220,605	\$ 218,085
Differences between expected and actual experience	-	49,737	-	(40,512)	-	14,591	-	(11,100)	-	-
Changes of assumptions	-	-	-	221,434	-	-	-	6,096	-	-
Benefit payments, including refunds	(257,313)	(257,313)	(257,313)	(259,343)	(242,815)	(208,700)	(200,199)	(474,376)	(174,612)	(194,346)
<b>Net Changes in Total Pension Liability</b>	(68,769)	(14,533)	(63,319)	119,782	(40,376)	9,957	2,875	(266,942)	45,993	23,739
<b>Total Pension Liability - Beginning</b>	2,822,145	2,836,678	2,899,997	2,780,215	2,820,591	2,810,634	2,807,759	3,074,701	3,028,708	3,004,969
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 2,753,376</u>	<u>\$ 2,822,145</u>	<u>\$ 2,836,678</u>	<u>\$ 2,899,997</u>	<u>\$ 2,780,215</u>	<u>\$ 2,820,591</u>	<u>\$ 2,810,634</u>	<u>\$ 2,807,759</u>	<u>\$ 3,074,701</u>	<u>\$ 3,028,708</u>
<b>Plan Fiduciary Net Position:</b>										
Net investment income (loss)	\$ 311,701	\$ 438,805	\$ (613,603)	\$ 417,306	\$ 677,131	\$ 643,072	\$ (111,811)	\$ 498,292	\$ 246,491	\$ (35,622)
Contributions - member	-	-	-	13,202	13,202	9,198	-	-	-	-
Benefit payments, including refunds	(257,313)	(257,313)	(257,313)	(259,343)	(242,815)	(208,700)	(200,199)	(474,376)	(174,612)	(194,346)
<b>Net Change in Plan Fiduciary Net Position</b>	54,388	181,492	(870,916)	171,165	447,518	443,570	(312,010)	23,916	71,879	(229,968)
<b>Plan Fiduciary Net Position - Beginning</b>	3,139,228	2,957,736	3,828,652	3,657,487	3,209,969	2,766,399	3,078,409	3,054,493	2,982,614	3,212,582
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 3,193,616</u>	<u>\$ 3,139,228</u>	<u>\$ 2,957,736</u>	<u>\$ 3,828,652</u>	<u>\$ 3,657,487</u>	<u>\$ 3,209,969</u>	<u>\$ 2,766,399</u>	<u>\$ 3,078,409</u>	<u>\$ 3,054,493</u>	<u>\$ 2,982,614</u>
<b>Net Pension Liability (Asset) - Ending (a-b)</b>	<u>\$ (440,240)</u>	<u>\$ (317,083)</u>	<u>\$ (121,058)</u>	<u>\$ (928,655)</u>	<u>\$ (877,272)</u>	<u>\$ (389,378)</u>	<u>\$ 44,235</u>	<u>\$ (270,650)</u>	<u>\$ 20,208</u>	<u>\$ 46,094</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	115.99%	111.24%	104.27%	132.02%	131.55%	113.80%	98.43%	109.64%	99.34%	98.48%
<b>Covered Payroll</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

See accompanying notes to required supplementary information - pension plans.

# CITY OF ALLENTOWN

## REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS SCHEDULES OF CITY CONTRIBUTIONS AND INVESTMENT RETURNS

### POLICE PENSION PLAN:

Schedule of City Contributions	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution under Act 205	\$ 9,407,824	\$ 9,254,353	\$ 9,318,319	\$ 7,884,257	\$ 7,918,392	\$ 7,046,609	\$ 6,924,460	\$ 4,341,381	\$ 4,216,537	\$ 2,669,759
Contributions in relation to the actuarially determined contributions	9,407,824	9,254,353	9,318,319	7,884,257	7,918,392	7,046,609	6,924,460	4,341,381	4,216,537	2,669,759
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 24,507,715	\$ 23,228,196	\$ 22,097,635	\$ 22,306,245	\$ 21,013,019	\$ 20,904,708	\$ 19,718,764	\$ 19,231,733	\$ 18,931,433	\$ 17,794,000
Contributions as a percentage of covered payroll	38.39%	39.84%	42.17%	35.35%	37.68%	33.71%	35.12%	22.57%	22.27%	15.00%
<b>Investment Returns</b>										
Annual money-weighted rate of return, net of investment expense	12.40%	14.40%	-12.77%	15.20%	7.40%	18.55%	-4.65%	15.20%	7.30%	0.44%

### FIREMEN PENSION PLAN:

Schedule of City Contributions	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution under Act 205	\$ 2,996,738	\$ 3,857,404	\$ 3,841,351	\$ 4,107,655	\$ 4,063,701	\$ 3,779,843	\$ 3,714,299	\$ 3,068,607	\$ 2,965,478	\$ 1,205,379
Contributions in relation to the actuarially determined contributions	2,996,738	3,857,404	3,841,351	4,107,655	4,063,701	3,779,843	3,714,299	3,068,607	2,965,478	1,205,379
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 15,062,806	\$ 14,297,002	\$ 13,173,304	\$ 13,300,238	\$ 11,979,474	\$ 11,266,704	\$ 10,776,923	\$ 10,408,858	\$ 9,901,453	\$ 9,544,000
Contributions as a percentage of covered payroll	19.89%	26.98%	29.16%	30.88%	33.92%	33.55%	34.47%	29.48%	29.95%	12.63%
<b>Investment Returns</b>										
Annual money-weighted rate of return, net of investment expense	12.57%	14.38%	-12.19%	15.40%	7.40%	13.68%	-4.51%	14.80%	7.10%	-0.32%

See accompanying notes to required supplementary information - pension plans.

# CITY OF ALLENTOWN

## REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS SCHEDULES OF CITY CONTRIBUTIONS AND INVESTMENT RETURNS

### OFFICERS AND EMPLOYEES PENSION PLAN:

<b>Schedule of City Contributions</b>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution under Act 205	\$ 154,538	\$ 232,650	\$ 232,542	\$ 230,757	\$ 230,346	\$ 203,401	\$ 203,427	\$ 149,845	\$ 149,540	\$ 161,022
Contributions in relation to the actuarially determined contributions	154,538	232,650	232,542	230,757	230,346	203,401	203,427	149,845	149,540	161,022
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ -	\$ 19,527	\$ 85,201	\$ 86,050	\$ 81,552	\$ 78,833	\$ 76,590	\$ 74,062	\$ 71,512	\$ 70,000
Contributions as a percentage of covered payroll	0.00%	1191.43%	272.93%	268.17%	282.45%	258.02%	265.61%	202.32%	209.11%	230.03%
<b>Investment Returns</b>										
Annual money-weighted rate of return, net of investment expense	11.10%	12.40%	-9.37%	9.90%	6.40%	13.68%	-2.22%	9.50%	4.80%	0.67%

### PMRS PLAN:

<b>Schedule of City Contributions</b>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution under Act 205	\$ 4,398,096	\$ 3,667,714	\$ 3,376,666	\$ 3,257,977	\$ 3,252,315	\$ 2,647,644	\$ 2,629,868	\$ 2,239,534	\$ 2,229,106	\$ 1,557,908
Contributions in relation to the actuarially determined contributions	4,399,776	3,668,694	3,377,766	3,258,437	3,252,975	2,648,140	2,630,992	2,240,743	2,230,827	1,558,888
Contribution deficiency (excess)	\$ (1,680)	\$ (980)	\$ (1,100)	\$ (460)	\$ (660)	\$ (496)	\$ (1,124)	\$ (1,209)	\$ (1,721)	\$ (980)
Covered payroll	\$ 32,533,530	\$ 29,963,506	\$ 28,139,863	\$ 27,746,390	\$ 27,531,948	\$ 24,532,647	\$ 24,535,775	\$ 23,651,715	\$ 23,169,719	\$ 23,067,602
Contributions as a percentage of covered payroll	13.52%	12.24%	12.00%	11.74%	11.82%	10.79%	10.72%	9.47%	9.63%	6.76%

See accompanying notes to required supplementary information - pension plans.

# CITY OF ALLENTOWN

## REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

### SCHEDULES OF PARKING AUTHORITY CONTRIBUTIONS AND INVESTMENT RETURNS

#### PARKING AUTHORITY PENSION PLAN:

<b>Schedule of Parking Authority Contributions</b>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution under Act 205	\$ -	\$ -	\$ -	\$ 13,202	\$ 13,202	\$ 4,313	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	-	-	-	13,202	13,202	9,198	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,885)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Investment Returns</b>										
Annual money-weighted rate of return, net of investment expense	N/A	N/A	N/A	N/A	N/A	14.17%	-3.75%	17.69%	8.50%	-1.14%

See accompanying notes to required supplementary information - pension plans.

# CITY OF ALLENTOWN

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLANS

YEAR ENDED DECEMBER 31, 2024

### 1. Actuarial Methods and Assumptions

#### Primary Government

The information presented in the required supplementary information was determined as part of the actuarial valuations at the dates indicated. Methods and assumptions used to determine contribution rates for the Police, Firemen, and Officers and Employees Pension Plans under Act 205 for the year ended December 31, 2024 are as follows:

	Police	Firemen	Officers and Employees
Valuation date	1/1/2023	1/1/2023	1/1/2023
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level dollar closed period	Level dollar closed period	Level dollar closed period
Amortization period	11 years	12 years	1 year
Asset valuation method	*Five-year smoothed market 80%/120% corridor around market		
Actuarial assumptions:			
Investment rate of return	7.30%	7.30%	6.30%
Projected salary increases	4.50%	4.50%	4.50%
Mortality - Healthy Lives:	Blue Collar Adjusted RP-2000 Combined Health Mortality Table		RP-2000 Combined Healthy Mortality Table
Mortality - Disability Lives:	RP-2000 Disabled Mortality Table		
Cost of Living Adjustment	2.4% per year upon eligibility to receive a COLA		0%

#### Changes in Actuarial Assumptions

The following assumptions were change from the January 1, 2021 actuarial valuation to the January 1, 2023 actuarial valuation:

#### Police and Fire

The investment return assumption was decreased from 7.4% to 7.30%

#### Officers and Employees

The investment return assumption was decreased from 6.4% to 6.30%

# CITY OF ALLENTOWN

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLANS

YEAR ENDED DECEMBER 31, 2024

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The following assumptions were change from the January 1, 2019 actuarial valuation to the January 1, 2021 actuarial valuation:

### Police

Retirement rates were changed to better reflect the assumed retirement rates for active participants based on attained service.

The investment return assumption was decreased from 7.5% to 7.40%

### Fire and Officers and Employees

The investment return assumption was decreased from 7.5% to 7.40%

### Officer's and Employees

The retirement rate assumption was changed for the last active participant to assume 100% retirement in 2023, which is consistent with past practice to assume the one service participant's assumed retirement date will occur in the next two years from the actuarial valuation date.

The investment return assumption was decreased from 6.5% to 6.40%



# CITY OF ALLENTOWN

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLANS

YEAR ENDED DECEMBER 31, 2024

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Methods and assumptions used to determine the contribution rate required under Act 205 for the PMRS Pension Plan for the year ended December 31, 2024 are as follows:

Valuation date	1/1/2021
Actuarial cost method	Entry Age
Amortization method	Level dollar closed period
Amortization period	Based upon Amortization Tables in Act 205
Asset valuation method	Based Upon municipal reserves
Actuarial assumptions:	
Investment rate of return	5.25%
Projected salary increases	Age related scale with merit and inflation component
Underlying inflation rate	2.20%
Cost-of-living adjustment	2.20%
Pre-retirement mortality	Males: PUB-2010 General Employees male table Females: PUB-2010 General Employees female table
Post-retirement mortality	Males: RP-2006 annuitant male table Females: RP-2006 annuitant female table

### Changes in Actuarial Assumptions

The December 31, 2015 assumptions were based on the PMRS Experience Study for the period covering January 1, 2009 through December 31, 2013 issued by the actuary in July 2015 first effective.

The December 31, 2016 investment return assumption for municipal assets decreased from 5.50% to 5.25%

Effective with the December 31, 2020 measurement date were the following assumption changes: the experience study was updated as noted above; mortality tables were updated from RP 2000 to PUB-2010 for pre-retirement and RP 2006 for post-retirement; postretirement cost of living decreased from 2.8% to 2.2%; projected salary increases were also adjusted.

# CITY OF ALLENTOWN

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLANS

YEAR ENDED DECEMBER 31, 2024

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The demographic and economic assumptions were reviewed with the Board as required every five years at the July and September 2020 Board Meetings. At the September meeting, the Board approved updated actuarial assumptions including mortality rates, termination rates, retirement rates, and the salary scale effective January 1, 2021.

The December 31, 2023 assumptions, based on the January 1, 2023 actuarial valuation, changed. Inflation rate decreased from 2.8% to 2.2% and the mortality tables were updated from RP 2000 to PUB-2010 for pre-retirement and RP 2006 for post retirement.

### Discretely Presented Component Unit

<u>Parking Authority</u>	
Valuation date	1/1/2023
Actuarial cost method	Entry Age Normal
Investment rate of return	7.00% per annum
Salary increases	None assumed
Pre-retirement mortality	None
Post-retirement mortality	PubG-2010 Healthy Retiree Mortality projected 5 years past 2021 valuation date
Termination	None
Disability	None
Retirement age	Normal retirement age or age on valuation, if greater
Form of annuity	10 year certain and life
Significant plan changes	None
Significant assumption changes	None

# CITY OF ALLENTOWN

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLANS

YEAR ENDED DECEMBER 31, 2024

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### Changes in Assumptions

In 2015, the mortality assumption was changed from the RFP-Table to the RP-2000 Table projected to 2015 using Scale AA.

In 2017, the mortality assumption was changed from the RP-2000 Table projected to 2015 using Scale AA to the RP-2000 Table projected to 2017 using Scale AA.

In 2021, the interest rate assumption was lowered from 7.50% to 7.0% per annum and the mortality assumption was changed from RP-2000 Table projected to 2017 using Scale AA to the PubG-2010 projected 5 years past 2021 valuation date using MP-2020.

# CITY OF ALLENTOWN

## REQUIRED SUPPLEMENTARY INFORMATION

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

	2024*	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability:</b>							
Service cost	\$ 4,292,201	\$ 5,571,228	\$ 5,069,955	\$ 3,861,863	\$ 3,238,776	\$ 3,502,641	\$ 2,976,784
Interest	3,639,284	2,257,745	2,310,087	2,558,747	3,710,197	3,217,857	3,206,665
Differences between expected and actual experience	(6,439,134)	-	(3,118,203)	-	(1,154,202)	-	(1,722,009)
Changes in assumptions	17,498,319	(14,355,682)	1,264,179	12,952,367	692,815	(4,924,689)	9,034,134
Benefit payments	(4,013,771)	(5,191,290)	(5,094,104)	(3,698,334)	(4,105,453)	(5,315,182)	(4,780,529)
<b>Net Changes in Total OPEB Liability</b>	<b>14,976,899</b>	<b>(11,717,999)</b>	<b>431,914</b>	<b>15,674,643</b>	<b>2,382,133</b>	<b>(3,519,373)</b>	<b>8,715,045</b>
<b>Total OPEB Liability - Beginning</b>	<b>97,692,278</b>	<b>109,410,277</b>	<b>108,978,363</b>	<b>93,303,720</b>	<b>90,921,587</b>	<b>94,440,960</b>	<b>85,725,915</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 112,669,177</b>	<b>\$ 97,692,278</b>	<b>\$ 109,410,277</b>	<b>\$ 108,978,363</b>	<b>\$ 93,303,720</b>	<b>\$ 90,921,587</b>	<b>\$ 94,440,960</b>
<b>Plan Fiduciary Net Position:</b>							
Contributions - employer	\$ 4,013,771	\$ 5,191,290	\$ 5,094,104	\$ 3,698,334	\$ 4,105,453	\$ 5,315,182	\$ 4,780,529
Benefit payments, including employee refunds	(4,013,771)	(5,191,290)	(5,094,104)	(3,698,334)	(4,105,453)	(5,315,182)	(4,780,529)
<b>Net Changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan Fiduciary Net Position - Beginning **</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan Fiduciary Net Position - Ending **</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 112,669,177</b>	<b>\$ 97,692,278</b>	<b>\$ 109,410,277</b>	<b>\$ 108,978,363</b>	<b>\$ 93,303,720</b>	<b>\$ 90,921,587</b>	<b>\$ 94,440,960</b>
<b>Plan Fiduciary Net Position as a percentage of the Total OPEB Liability</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

\* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for those years only for which information is available.

\*\* There are no assets accumulated in a trust.

See accompanying notes to required supplementary information - OPEB plan

# CITY OF ALLENTOWN

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS - ALLENTOWN PARKING AUTHORITY

	2024*	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability:</b>							
Service cost	\$ -	\$ -	\$ -	\$ -	\$ 11,424	\$ 10,881	\$ 30,445
Interest	25,606	28,787	31,994	35,937	51,049	53,092	72,054
Changes in Benefits	-	-	-	-	-	(177,069)	-
Differences between expected and actual experience	-	6,622	-	(17,633)	-	(146,934)	-
Changes in assumptions	-	19,503	-	(107,508)	-	(13,625)	-
Benefit payments	(112,675)	(99,773)	(95,406)	(119,809)	(126,879)	(70,233)	(52,464)
<b>Net Changes in Total OPEB Liability</b>	<b>(87,069)</b>	<b>(44,861)</b>	<b>(63,412)</b>	<b>(209,013)</b>	<b>(64,406)</b>	<b>(343,888)</b>	<b>50,035</b>
<b>Total OPEB Liability - Beginning</b>	<b>521,142</b>	<b>566,003</b>	<b>629,415</b>	<b>838,428</b>	<b>902,834</b>	<b>1,246,722</b>	<b>1,196,687</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 434,073</b>	<b>\$ 521,142</b>	<b>\$ 566,003</b>	<b>\$ 629,415</b>	<b>\$ 838,428</b>	<b>\$ 902,834</b>	<b>\$ 1,246,722</b>
<b>Plan Fiduciary Net Position:</b>							
Contributions - employer	\$ 112,675	\$ 99,773	\$ 95,406	\$ -	\$ 25,000	\$ 25,000	\$ 25,000
Contributions - member	-	-	-	-	-	-	-
Net investment income	47,511	54,621	(64,906)	45,209	43,219	47,673	(13,459)
Benefit payments, including employee refunds	(112,675)	(99,773)	(95,406)	-	-	-	-
Administrative expense	(491)	(440)	-	-	-	-	-
<b>Net Changes</b>	<b>47,020</b>	<b>54,181</b>	<b>(64,906)</b>	<b>45,209</b>	<b>68,219</b>	<b>72,673</b>	<b>11,541</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>477,767</b>	<b>423,586</b>	<b>488,492</b>	<b>443,283</b>	<b>375,064</b>	<b>302,391</b>	<b>290,850</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$ 524,787</b>	<b>\$ 477,767</b>	<b>\$ 423,586</b>	<b>\$ 488,492</b>	<b>\$ 443,283</b>	<b>\$ 375,064</b>	<b>\$ 302,391</b>
<b>Net OPEB Liability (Asset) - Ending</b>	<b>\$ (90,714)</b>	<b>\$ 43,375</b>	<b>\$ 142,417</b>	<b>\$ 140,923</b>	<b>\$ 395,145</b>	<b>\$ 527,770</b>	<b>\$ 944,331</b>
<b>Plan Fiduciary Net Position as a percentage of the Total OPEB Liability</b>	<b>120.90%</b>	<b>91.68%</b>	<b>74.84%</b>	<b>77.61%</b>	<b>52.87%</b>	<b>41.54%</b>	<b>24.30%</b>

\* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Parking Authority is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information - OPEB plan

# CITY OF ALLENTOWN

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLAN

YEAR ENDED DECEMBER 31, 2024

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### 1. Actuarial Methods and Assumptions

Measurement Date	12/31/2023
Methods and assumptions used to determine contribution rates:	
Discount rate:	3.26% per annum for the valuation measured as of December 31, 2023 3.72% for the valuation measured as of December 31, 2022
Expected return on assets	N/A
Salary increase assumptions (with merit)	
Police and Fire	4.5% per year
PMRS	Based on age and service Added to the aged-based rates are 3% for each of the first 2 years of service, 2% for years 3 and 4, and 1% for years 5 and 6.
Healthcare cost trends:	
	2024 7.00%      2035 4.25%
	2025 6.75%      2036 4.13%
	2026 6.50%      2037 4.07%
	2027 6.25%      2038 4.03%
	2028 6.00%      2039 4.00%
	2029 5.76%      2040 3.98%
	2030 5.51%      2041 3.96%
	2031 5.26%      2042 3.95%
	2032 5.02%      2043 3.89%
	2033 4.77%      2044 3.83%
	2034 4.45%
Retirement rates:	
Police:	Age 50 and 20 years of service
Fire:	Immediately upon attainment of age 62 with 20 years of service, if younger than 62, a select and ultimate table with increasing rates
O&E	Participants eligible for retirement under age 58 will delay retirement

# CITY OF ALLENTOWN

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLAN

YEAR ENDED DECEMBER 31, 2024

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### Rates of Mortality:

Police, Fire and Non-PMRS O&E

Healthy Mortality: Blue collar adjusted RP 2000 with projected generationally from base year 2000 using 50% of Scale AA

Disabled Mortality: RP 2000 disabled mortality table

PMRS

Healthy Mortality, Pre-Retirement: Males: PUB-2010 General employees' male table projected to 2023 MP-2018

Females: PUB-2010 General employees' female table projected to 2023 with MP-2018

Males: RP-2006 annuitant male table projected to 2023 with MP-2018

Healthy Mortality, Post-Retirement:

Females: RP-2006 annuitant female table projected to 2023 with MP-

Disabled Mortality: Male and females: RP-2006 disabled annuitant male and female table projected to 2023 with MP-2018

### Changes in Assumptions

The discount rate as of December 31, 2023 is 3.26%, down from 3.72% as of December 31, 2022, which increased the liability approximately \$17.5 million as of the end of the year.

The discount rate will decrease to about 4.08% as of the December 31, 2024 measurement date based on the 20-year Bond Buyer Index rate. This decrease in the discount rate will decrease the OPEB liability.

The discount rate as of December 31, 2022 is 3.72%, up from 2.06% as of December 31, 2021.

In 2022, the discount rate decreased from 2.12% to 2.06% due to a change in the 20-year Bond Buyer Index rate. There were also assumption changes due to the updated claims and trend information.

# CITY OF ALLENTOWN

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLAN

YEAR ENDED DECEMBER 31, 2024

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<u>Parking Authority</u>	
Valuation date	1/1/2023
Actuarial cost method	Entry Age Normal
Discount rate	5.50%
Salary increases	5% compounded annually
Inflation	2.43%
Healthcare cost trends	Initial rate of 7.5% in fiscal year 2023, reduced by .25% per year thereafter to ultimate trend of 5.0% per year. 18.8% in 2023 and 2% per year thereafter
Pre-retirement mortality	None
Post-retirement mortality	PubG-2010 General Amount Weighted mortality Tables for Healthy Retirees projected to 5 years past the valuation date using Scale MP-2021
Termination	None
Disability	None
Retirement age	Age 55 if attained a minimum of 25 years. If 25 years of service not attained by age 55, the retirement is assumed of 20 years of service and age 55 at the later
Participation	100% of management retirees. 0% spouses and dependents

### Changes in Assumptions

In 2020, the assumed rate of increase to the combined medical and prescription drug costs has changed from 8.25% to 5.00% by 0.25% to 6.50% during 2020, 8.00% during 2021 reduced by 0.25% thereafter to an ultimate level of 5.00% per year.

In 2021, the discount rate was changed from 6% to 5.5%. The rate that medical and prescription drug costs as assumed to increase has changed in 2021 reduced by 0.25% per year to an ultimate level of 5% per year to -7.562% during 2021, 8.25% in 2022 decreasing by 0.25% per year to an ultimate level of 5% per year. the 2021 rate is based on actual renewal information.



## **SUPPLEMENTARY INFORMATION**

**CITY OF ALLENTOWN**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**

DECEMBER 31, 2024

	Special Revenue Funds						Debt Service	Total Nonmajor Governmental Funds
	Liquid Fuels	Revolving Loan	Trexler	Grants	Lease A.O.	Stormwater		
<b>Assets</b>								
Cash and cash equivalents	\$ 3,929,752	\$ 1,812,489	\$ 1,625,036	\$ 50,000	\$ 791,473	\$ 3,090,769	\$ -	\$ 11,299,519
Cash - resctricted	-	-	-	-	732,173	-	-	732,173
Receivables:								
Loans	-	-	-	-	-	-	-	-
Accounts	-	-	9,199	-	98,267	870,327	-	977,793
Grants	-	-	382,131	32,121	-	-	-	414,252
<b>Total Assets</b>	<b>\$ 3,929,752</b>	<b>\$ 1,812,489</b>	<b>\$ 2,016,366</b>	<b>\$ 82,121</b>	<b>\$ 1,621,913</b>	<b>\$ 3,961,096</b>	<b>\$ -</b>	<b>\$ 13,423,737</b>
<b>Liabilities and Fund Balance</b>								
Liabilities:								
Accounts payable	\$ 108,908	\$ -	\$ 9,581	\$ -	\$ -	\$ 61,113	\$ -	\$ 179,602
Wages payable	38,388	-	15,041	32,121	-	56,036	-	141,586
Due to other funds	-	1,320	-	-	897,404	-	-	898,724
Other liabilities	-	-	90	-	-	-	-	90
Unearned revenue	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>147,296</b>	<b>1,320</b>	<b>24,712</b>	<b>32,121</b>	<b>897,404</b>	<b>117,149</b>	<b>-</b>	<b>1,220,002</b>
Fund Balance:								
Restricted	3,782,456	1,811,169	1,991,654	50,000	724,509	3,843,947	-	12,203,735
<b>Total Fund Balance</b>	<b>3,782,456</b>	<b>1,811,169</b>	<b>1,991,654</b>	<b>50,000</b>	<b>724,509</b>	<b>3,843,947</b>	<b>-</b>	<b>12,203,735</b>
<b>Total Liabilities, and Fund Balance</b>	<b>\$ 3,929,752</b>	<b>\$ 1,812,489</b>	<b>\$ 2,016,366</b>	<b>\$ 82,121</b>	<b>\$ 1,621,913</b>	<b>\$ 3,961,096</b>	<b>\$ -</b>	<b>\$ 13,423,737</b>

# CITY OF ALLENTOWN

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

YEAR ENDED DECEMBER 31, 2024

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Liquid Fuels	Revolving Loan	Trexler	Grants	Lease/A.O.	Stormwater	Debt Service
<b>Revenues:</b>							
Investment earnings	\$ 124,371	\$ 57,886	\$ 7,142	\$ -	\$ 22,901	\$ 151,027	\$ -
Intergovernmental revenues	3,365,937	378,099	1,782,320	10,816,239	-	245,371	-
Charges for services	-	-	-	-	-	5,868,718	-
Other	150,528	-	34,191	-	816,454	-	-
Total revenues	3,640,836	435,985	1,823,653	10,816,239	839,355	6,265,116	-
<b>Expenditures:</b>							
Current:							
General government	-	231	-	10,766,240	-	-	-
Community development	-	-	-	-	-	-	-
Public works	3,294,437	-	-	-	-	5,069,204	-
Parks and recreation	-	-	1,222,363	-	-	-	-
Debt service:							
Principal	-	-	-	-	440,000	-	6,780,000
Interest	-	-	-	-	191,578	-	1,922,143
Capital outlay	121,119	-	-	-	-	1,178,802	-
Total expenditures	3,415,556	231	1,222,363	10,766,240	631,578	6,248,006	8,702,143
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	225,280	435,754	601,290	49,999	207,777	17,110	(8,702,143)
<b>Other Financing Sources (Uses):</b>							
Transfers in	567,951	-	108,106	1	-	-	8,702,143
Transfers out	(67,864)	(343)	(147,327)	-	(404,331)	(633,469)	-
Total other financing sources (uses)	500,087	(343)	(39,221)	1	(404,331)	(633,469)	8,702,143
<b>Net Change in Fund Balance</b>	725,367	435,411	562,069	50,000	(196,554)	(616,359)	-
<b>Fund Balance:</b>							
Beginning of year	3,057,089	1,375,758	1,429,585	-	921,063	4,460,306	-
End of year	\$ 3,782,456	\$ 1,811,169	\$ 1,991,654	\$ 50,000	\$ 724,509	\$ 3,843,947	\$ -

# CITY OF ALLENTOWN

## BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - CAPITAL PROJECTS FUND

YEAR ENDED DECEMBER 31, 2024

	Budget			Variance
	Original	Final	Actual	with
	Amounts	Amounts	Amounts	Final Budget
<b>Revenues:</b>				
Charges for services	\$ -	\$ -	\$ 91,524	\$ 91,524
Intergovernmental	-	4,710,446	1,059,199	(3,651,247)
Interest	-	-	213,102	213,102
Other	-	-	7,421	7,421
Total revenues	-	4,710,446	1,371,246	(3,339,200)
<b>Expenditures:</b>				
Capital outlay	91,324,832	96,734,710	9,095,744	87,638,966
Total expenditures	91,324,832	96,734,710	9,095,744	87,638,966
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(91,324,832)</u>	<u>(92,024,264)</u>	<u>(7,724,498)</u>	<u>84,299,766</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	580,000	15,904,390	15,324,390
Total other financing sources (uses)	-	580,000	15,904,390	15,324,390
<b>Net Change in Fund Balance</b>	<u><u>\$ (91,324,832)</u></u>	<u><u>\$ (91,444,264)</u></u>	<u>8,179,892</u>	<u><u>\$ 99,624,156</u></u>
Net effect of other income and expenditure accruals			<u>(8,540,522)</u>	
<b>Net Change in Fund Balance</b>			<u>(360,630)</u>	
<b>Fund Balance:</b>				
Beginning of year			<u>5,368,807</u>	
End of year			<u><u>\$ 5,008,177</u></u>	

# CITY OF ALLENTOWN

## BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - DEBT SERVICE FUND

YEAR ENDED DECEMBER 31, 2024

	Budget			Variance
	Original Amounts	Final Amounts	Actual Amounts	with Final Budget
<b>Expenditures:</b>				
Current:				
Debt service - principal	\$ 6,847,864	\$ 6,847,864	\$ 6,780,000	\$ 67,864
Debt service - interest	1,922,143	1,922,143	1,922,143	-
Total expenditures	8,770,007	8,770,007	8,702,143	67,864
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(8,770,007)	(8,770,007)	(8,702,143)	67,864
<b>Other Financing Sources (Uses):</b>				
Transfers in	8,770,007	8,770,007	8,702,143	(67,864)
Total other financing sources (uses)	8,770,007	8,770,007	8,702,143	(67,864)
<b>Net Change in Fund Balance</b>	\$ -	\$ -	-	\$ -
Net effect of other income and expenditure accruals			-	
<b>Net Change in Fund Balance</b>			-	
<b>Fund Balance:</b>				
Beginning of year			-	
End of year			\$ -	

# CITY OF ALLENTOWN

## BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - LIQUID FUELS FUND

YEAR ENDED DECEMBER 31, 2024

	Budget			Variance
	Original Amounts	Final Amounts	Actual Amounts	with Final Budget
<b>Revenues:</b>				
Intergovernmental revenues:				
PA Liquid Fuels Tax	\$ 3,000,000	\$ 3,000,000	\$ 3,177,190	\$ 177,190
State aid for pension	150,000	150,000	188,747	38,747
Total intergovernmental revenues	3,150,000	3,150,000	3,365,937	215,937
Other income:				
Interest income	55,000	55,000	124,372	69,372
Miscellaneous	124,273	124,273	150,528	26,255
Total other income	179,273	179,273	274,900	95,627
Total revenues	3,329,273	3,329,273	3,640,837	311,564
<b>Expenditures:</b>				
Public Works:				
Department of Public Works:				
Streets	3,803,496	3,803,496	3,327,789	475,707
Capital Outlay	535,000	535,000	121,119	413,881
Total expenditures	4,338,496	4,338,496	3,448,908	889,588
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,009,223)</b>	<b>(1,009,223)</b>	<b>191,929</b>	<b>(578,024)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	567,951	567,951
Transfers out	(67,864)	(67,864)	(67,864)	-
Total other financing sources (uses)	(67,864)	(67,864)	500,087	567,951
<b>Net Change in Fund Balance</b>	<b>\$ (1,077,087)</b>	<b>\$ (1,077,087)</b>	<b>692,016</b>	<b>\$ (10,073)</b>
Net effect of other income and expenditure accruals			33,352	
<b>Net Change in Fund Balance</b>			<b>725,368</b>	
<b>Fund Balance:</b>				
Beginning of year			3,057,088	
End of year			<b>\$ 3,782,456</b>	

# CITY OF ALLENTOWN

## BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - TREXLER FUND

YEAR ENDED DECEMBER 31, 2024

	Budget			Variance
	Original Amounts	Final Amounts	Actual Amounts	with Final Budget
<b>Revenues:</b>				
Intergovernmental revenues:				
Trexler Maintenance grant	\$ 1,800,000	\$ 1,801,763	\$ 2,063,617	\$ 261,854
Springwood Trust	25,000	33,635	34,274	639
Romper Day Grant	2,000	2,000	2,000	-
State aid for pension	60,000	60,000	62,916	2,916
Total intergovernmental revenues	<u>1,887,000</u>	<u>1,897,398</u>	<u>2,162,807</u>	<u>265,409</u>
Other income:				
Interest on investments	<u>1,500</u>	<u>1,500</u>	<u>7,144</u>	<u>5,644</u>
Total other income	<u>1,500</u>	<u>1,500</u>	<u>7,144</u>	<u>5,644</u>
Total revenues	<u>1,888,500</u>	<u>1,898,898</u>	<u>2,169,951</u>	<u>271,053</u>
<b>Expenditures:</b>				
Parks and Recreation:				
Department of Parks and Recreation:				
Grounds maintenance	1,860,172	1,323,406	1,213,017	110,389
Springwood Trust	25,000	33,635	24,723	8,912
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,885,172</u>	<u>1,357,041</u>	<u>1,237,740</u>	<u>119,301</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>3,328</u>	<u>541,857</u>	<u>932,211</u>	<u>151,752</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	108,000	108,000	108,106	106
Transfers out	<u>-</u>	<u>-</u>	<u>(147,327)</u>	<u>(147,327)</u>
Total other financing sources (uses)	<u>108,000</u>	<u>108,000</u>	<u>(39,221)</u>	<u>(147,221)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 111,328</u>	<u>\$ 649,857</u>	<u>892,990</u>	<u>\$ 4,531</u>
Net effect of other income and expenditure accruals			<u>(330,920)</u>	
<b>Net Change in Fund Balance</b>			562,070	
<b>Fund Balance:</b>				
Beginning of year			<u>1,429,584</u>	
End of year			<u>\$ 1,991,654</u>	

# CITY OF ALLENTOWN

## BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - GRANTS FUND

YEAR ENDED DECEMBER 31, 2024

	Budget		Actual Amounts	Variance with Final Budget
	Original Amounts	Final Amounts		
<b>Revenues:</b>				
Intergovernmental revenues:				
Other grants	\$ -	\$ 50,000	\$ 50,001	\$ 1
Federal Funds	-	20,500,000	-	(20,500,000)
State funds	569,000	12,569,000	13,756,618	1,187,618
	<u>569,000</u>	<u>12,569,000</u>		
Total revenues	569,000	33,119,000	13,806,619	(19,312,381)
<b>Expenditures:</b>				
Non-departmental	5,083,054	17,133,054	10,705,874	6,427,180
Police	43,606	43,606	-	43,606
Community development	1,033,162	21,533,162	28,245	21,504,917
	<u>1,033,162</u>	<u>21,533,162</u>		
Total expenditures	6,159,822	38,709,822	10,734,119	27,975,703
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(5,590,822)</u>	<u>(5,590,822)</u>	<u>3,072,500</u>	<u>8,663,322</u>
<b>Net Change in Fund Balance</b>	<u>\$ (5,590,822)</u>	<u>\$ (5,590,822)</u>	<u>3,072,500</u>	<u>\$ 8,663,322</u>
Net effect of other income and expenditure accruals			(3,022,500)	
<b>Net Change in Fund Balance</b>			50,000	
<b>Fund Balance:</b>				
Beginning of year			-	
End of year			<u>\$ 50,000</u>	



# CITY OF ALLENTOWN

## BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - STORMWATER FUND

YEAR ENDED DECEMBER 31, 2024

	Budget			Variance
	Original Amounts	Final Amounts	Actual Amounts	with Final Budget
<b>Revenues:</b>				
Interest	\$ 11,000	\$ 11,000	\$ 151,027	\$ 140,027
State aid for pension	175,000	175,000	245,371	70,371
Stormwater fee	5,781,231	5,781,231	5,773,486	(7,745)
Collection fees - prior years	5,000	5,000	7,148	2,148
Total revenues	5,972,231	5,972,231	6,177,032	204,801
<b>Expenditures:</b>				
Stormwater:				
Department of Public Works:				
Compliance	2,529,951	2,529,951	2,196,418	333,533
Maintenance	3,697,663	3,695,238	3,384,510	310,728
Capital outlay	1,220,430	1,222,855	1,184,406	38,449
Total expenditures	7,448,044	7,448,044	6,765,334	682,710
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(1,475,813)	(1,475,813)	(588,302)	887,511
<b>Other Financing Sources (Uses):</b>				
Transfers out	(155,845)	(155,845)	(155,845)	-
Total other financing sources (uses)	(155,845)	(155,845)	(155,845)	-
<b>Net Change in Fund Balance</b>	<u>\$ (1,631,658)</u>	<u>\$ (1,631,658)</u>	(744,147)	<u>\$ 887,511</u>
Net effect of other income and expenditure accruals			127,788	
<b>Net Change in Fund Balance</b>			(616,359)	
<b>Fund Balance:</b>				
Beginning of year			4,460,306	
End of year			<u>\$ 3,843,947</u>	

# CITY OF ALLENTOWN

## BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - A.O. FUND YEAR ENDED DECEMBER 31, 2024

	Budget			Variance
	Original Amounts	Final Amounts	Actual Amounts	with Final Budget
<b>Revenues:</b>				
Service charge fee collection	711,598	\$ 711,598	\$ 767,977	\$ 56,379
Interest income	10,000	10,000	22,901	12,901
Total revenues	721,598	721,598	790,878	69,280
<b>Expenditures:</b>				
General government	1,780	1,780	-	1,780
Debt service - principal	440,000	440,000	440,000	-
Debt service - interest	191,578	191,578	191,578	-
Total expenditures	633,358	633,358	631,578	1,780
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	88,240	88,240	159,300	71,060
<b>Other Financing Sources (Uses):</b>				
Transfers out	(780,000)	(780,000)	(543,509)	236,491
Total other financing sources (uses)	(780,000)	(780,000)	(543,509)	236,491
<b>Net Change in Fund Balance</b>	<u>\$ (691,760)</u>	<u>\$ (691,760)</u>	(384,209)	<u>\$ 307,551</u>
Net effect of other income and expenditure accruals			187,655	
<b>Net Change in Fund Balance</b>			(196,554)	
<b>Fund Balance:</b>				
Beginning of year			921,063	
End of year			<u>\$ 724,509</u>	

## STATISTICAL SECTION

# CITY OF ALLENTOWN

## STATISTICAL SECTION

YEAR ENDED DECEMBER 31, 2024

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This part of the City of Allentown’s annual comprehensive financial report presents detailed information as a context for understanding this year’s financial statements, note disclosures, and supplementary information.

### Contents

### Table

#### Financial Trends

1 – 5

These tables contain trend information that may assist the reader in assessing the government’s current financial performance by placing it in historical perspective.

#### Revenue Capacity

6 – 9

These tables contain information that may assist the reader in assessing the viability of the government’s most significant local revenue sources.

#### Debt Capacity

10 – 13

These tables offer present information that may assist the reader in analyzing the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.

#### Economic & Demographic Information

14 – 15

These tables offer economic and demographic indicators to help the reader understand the environment within which the government’s financial activities take place.

#### Operating Information

16 – 18

These tables contain service and infrastructure indicators to help the reader understand how the information in the government’s financial statements relate to the services the government provides and the activities it performs.

## CITY OF ALLENTOWN, PENNSYLVANIA

TABLE 1

**Net Position by Component  
Last Ten Years  
(accrual basis of accounting)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Governmental activities										
Net Investment in Capital Assets	\$ 149,413,132	\$ 151,528,530	\$ 189,628,005	\$ 189,787,321	\$ 202,001,108	\$ 195,284,967	\$ 194,860,192	\$ 208,494,648	\$ 222,864,048	\$ 225,384,802
Restricted	9,560,549	8,538,881	9,034,864	16,159,253	16,770,597	35,172,694	22,128,770	38,179,493	19,587,992	20,258,521
Unrestricted	(234,253,739)	(248,954,870)	(297,490,757)	(361,236,456)	(362,991,592)	(370,779,551)	(326,619,440)	(331,607,921)	(289,262,781)	(257,751,246)
Total governmental activities net position	<u>(75,280,058)</u>	<u>(88,887,459)</u>	<u>(98,827,888)</u>	<u>(155,289,882)</u>	<u>(144,219,887)</u>	<u>(140,321,890)</u>	<u>(109,630,478)</u>	<u>(84,933,780)</u>	<u>(46,810,741)</u>	<u>(12,107,923)</u>
Business - type activities										
Net Investment in Capital Assets	4,965,265	4,971,644	5,512,206	5,368,849	5,202,335	4,993,363	4,587,722	4,790,708	4,663,515	4,536,760
Restricted	-	-	-	-	-	-	-	2,356,451	-	-
Unrestricted	5,292,360	4,864,161	5,388,229	492,583	(822,631)	(1,275,950)	(142,461)	(2,318,195)	(739,526)	(1,010,209)
Total business - type activities net position	<u>10,257,625</u>	<u>9,835,805</u>	<u>10,900,435</u>	<u>5,861,432</u>	<u>4,379,704</u>	<u>3,717,413</u>	<u>4,445,261</u>	<u>4,828,964</u>	<u>3,923,989</u>	<u>3,526,551</u>
Primary government										
Net Investment in Capital Assets	154,378,397	156,500,174	195,140,211	195,156,170	207,203,443	200,278,330	199,447,914	213,285,356	227,527,563	229,921,562
Restricted	9,560,549	8,538,881	9,034,864	16,159,253	16,770,597	35,172,694	22,128,770	40,535,944	19,587,992	20,258,521
Unrestricted	(228,961,379)	(244,090,709)	(292,102,528)	(360,743,873)	(363,814,223)	(372,055,501)	(326,761,901)	(333,926,116)	(290,002,307)	(258,761,455)
Total primary government activities net position	<u>\$ (65,022,433)</u>	<u>\$ (79,051,654)</u>	<u>\$ (87,927,453)</u>	<u>\$ (149,428,450)</u>	<u>\$ (139,840,183)</u>	<u>\$ (136,604,477)</u>	<u>\$ (105,185,217)</u>	<u>\$ (80,104,816)</u>	<u>\$ (42,886,752)</u>	<u>\$ (8,581,372)</u>

## CITY OF ALLENTOWN, PENNSYLVANIA

**Changes in Net Position  
Last Ten Years  
(accrual basis of accounting)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 18,476,854	\$ 14,922,641	\$ 14,870,717	\$ 17,862,356	\$ 16,641,885	\$ 11,517,854	\$ 6,611,752	\$ 7,941,408	\$ 19,774,490	\$ 27,118,733
Public safety	57,643,493	65,369,233	67,712,399	70,750,446	65,999,897	57,119,662	59,873,132	76,935,181	75,340,455	84,267,111
Community development	6,521,109	9,774,957	8,735,099	11,768,151	11,243,886	11,034,659	12,848,615	11,976,945	12,105,757	13,342,011
Public works	16,755,390	21,801,546	21,464,580	21,858,634	20,916,551	29,650,419	25,355,126	25,762,632	27,886,830	28,392,246
Health and sanitation	3,201,951	3,276,428	3,527,955	3,374,484	3,814,779	4,390,225	5,252,669	5,041,372	5,390,518	5,736,491
Parks and recreation	6,267,874	6,622,705	6,806,202	6,623,619	7,411,353	7,166,384	7,301,167	7,565,946	8,804,127	9,934,677
Other	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	4,822,575	4,964,746	4,601,557	4,341,979	4,812,958	4,609,638	4,778,424	5,341,686	4,893,201	4,710,835
Total governmental activities expenses	<u>113,689,246</u>	<u>126,732,256</u>	<u>127,718,509</u>	<u>136,579,669</u>	<u>130,841,309</u>	<u>125,488,841</u>	<u>122,020,885</u>	<u>140,565,170</u>	<u>154,195,378</u>	<u>173,502,104</u>
Business - type activities:										
Water fund	-	-	-	-	-	-	-	-	-	-
Sewer fund	-	-	-	-	-	-	-	-	-	-
Solid waste fund	15,027,563	14,590,672	14,377,533	14,389,435	15,701,270	15,009,176	14,671,002	14,507,693	15,705,233	16,791,177
Municipal golf course	1,180,801	1,207,239	1,259,924	1,230,688	1,225,306	1,156,632	1,350,574	1,151,143	1,624,036	1,728,964
Total business - type activities expenses	<u>16,208,364</u>	<u>15,797,911</u>	<u>15,637,457</u>	<u>15,620,123</u>	<u>16,926,576</u>	<u>16,165,808</u>	<u>16,021,576</u>	<u>15,658,836</u>	<u>17,329,269</u>	<u>18,520,141</u>
Total primary government expenses	<u>\$ 129,897,610</u>	<u>\$ 142,530,167</u>	<u>\$ 143,355,966</u>	<u>\$ 152,199,792</u>	<u>\$ 147,767,885</u>	<u>\$ 141,654,649</u>	<u>\$ 138,042,461</u>	<u>\$ 156,224,006</u>	<u>\$ 171,524,647</u>	<u>\$ 192,022,245</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 3,761,333	\$ 4,452,307	\$ 4,333,343	\$ 5,252,229	\$ 5,468,069	\$ 4,802,479	\$ 5,323,728	\$ 5,939,936	\$ 6,561,407	\$ 9,768,584
Public safety	3,889,699	4,772,625	4,890,164	4,623,068	4,407,864	2,234,458	2,091,690	2,124,939	2,262,982	2,453,980
Community development	3,409,113	3,539,435	3,893,058	6,514,071	5,411,553	5,480,748	6,326,274	6,135,690	7,690,210	6,057,853
Public works	358,278	1,139,669	1,053,964	6,508,377	6,595,548	6,407,327	6,688,327	6,900,439	6,763,582	6,880,916
Health and sanitation	344,749	390,794	379,396	397,593	374,413	264,037	263,396	345,623	376,159	375,968
Parks and recreation	314,298	528,225	530,315	589,419	634,297	470,709	704,037	716,367	716,889	696,736
Water and sewer	4,870,740	5,973,852	4,292,734	4,967,803	5,190,913	4,981,141	5,359,128	5,420,028	5,551,270	5,776,636
Operating grants and contributions	13,172,892	12,775,516	8,285,549	19,945,131	13,727,175	12,859,939	21,464,521	1,763,362	28,948,677	47,633,076
Capital grants and contributions	12,033,696	6,282,366	698,555	802,464	340,703	6,400,538	1,715,946	10,635,432	9,077,019	6,548,715
Total governmental activities program revenues	<u>42,154,798</u>	<u>39,854,789</u>	<u>28,357,078</u>	<u>49,600,155</u>	<u>42,150,535</u>	<u>43,901,376</u>	<u>49,937,047</u>	<u>39,981,816</u>	<u>67,948,195</u>	<u>86,192,464</u>
Business - type activities:										
Changes for services:										
Water fund	-	-	-	-	-	-	-	-	-	-
Sewer fund	-	-	-	-	-	-	-	-	-	-
Solid waste fund	14,901,702	14,543,018	16,052,450	14,461,730	14,590,321	14,386,329	15,047,192	15,116,823	14,658,278	16,379,165
Municipal golf course	1,281,661	1,201,372	1,248,675	1,219,555	1,523,123	1,562,064	2,227,414	2,091,182	2,423,856	2,444,338
Operating grants and contributions	411,842	508,689	555,724	1,060,856	552,475	990,913	877,227	225,267	586,378	640,094
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>16,595,205</u>	<u>16,253,079</u>	<u>17,856,849</u>	<u>16,742,141</u>	<u>16,665,919</u>	<u>16,939,306</u>	<u>18,151,833</u>	<u>17,433,272</u>	<u>17,668,512</u>	<u>19,463,597</u>
Total primary government program revenues	<u>\$ 58,750,003</u>	<u>\$ 56,107,868</u>	<u>\$ 46,213,927</u>	<u>\$ 66,342,296</u>	<u>\$ 58,816,454</u>	<u>\$ 60,840,682</u>	<u>\$ 68,088,880</u>	<u>\$ 57,415,088</u>	<u>\$ 85,616,707</u>	<u>\$ 105,656,061</u>
<b>Net (expense)/revenue:</b>										
Governmental activities	\$ (71,534,448)	\$ (86,877,467)	\$ (99,361,431)	\$ (86,979,514)	\$ (88,690,774)	\$ (81,587,465)	\$ (72,083,838)	\$ (85,283,354)	\$ (86,247,183)	\$ (87,309,640)
Business - type activities	386,841	455,168	2,219,392	1,122,018	(260,657)	773,498	2,130,257	1,774,436	339,243	943,456
Total primary government net expense	<u>\$ (71,147,607)</u>	<u>\$ (86,422,299)</u>	<u>\$ (97,142,039)</u>	<u>\$ (85,857,496)</u>	<u>\$ (88,951,431)</u>	<u>\$ (80,813,967)</u>	<u>\$ (69,953,581)</u>	<u>\$ (83,508,918)</u>	<u>\$ (85,907,940)</u>	<u>\$ (86,366,184)</u>

## CITY OF ALLENTOWN, PENNSYLVANIA

**Changes in Net Position**  
**Last Ten Years**  
**(accrual basis of accounting)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>General Revenue and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes and other taxes	\$ 59,959,705	\$ 63,611,493	\$ 73,585,762	\$ 78,881,070	\$ 85,451,237	\$ 74,723,537	\$ 89,877,674	\$ 95,801,585	\$ 104,887,074	\$ 102,395,309
Grants and charges not restricted to specific purposes	12,631,023	12,970,519	14,592,416	11,798,217	12,294,357	9,359,985	11,460,534	11,834,312	12,640,045	12,772,846
Investment earnings	19,919	61,158	88,062	609,832	579,507	139,840	89,940	727,017	5,340,044	5,235,537
Gain on sale of asset	-	-	-	-	85,238	11,731	21,349	152,533	-	30,554
Transfers	954,004	876,988	1,154,762	1,364,031	1,350,430	1,450,369	1,423,713	1,464,605	1,503,059	1,578,212
Total governmental activities	<u>73,564,651</u>	<u>77,520,158</u>	<u>89,421,002</u>	<u>92,653,150</u>	<u>99,760,769</u>	<u>85,685,462</u>	<u>102,873,210</u>	<u>109,980,052</u>	<u>124,370,222</u>	<u>122,012,458</u>
Business - type activities:										
Rental Income	43,680	43,680	43,680	43,680	43,680	43,680	43,680	43,680	43,680	-
Investment earnings	-	-	-	-	74,784	14,580	7,336	30,192	207,876	237,318
Gain on sale of asset	-	-	-	-	-	-	13,968	-	7,285	-
Transfers	(954,004)	(876,988)	(1,154,762)	(1,364,031)	(1,350,430)	(1,450,369)	(1,423,713)	(1,464,605)	(1,503,059)	(1,578,212)
Total business - type activities	<u>(954,004)</u>	<u>(876,988)</u>	<u>(1,154,762)</u>	<u>(1,364,031)</u>	<u>(1,275,646)</u>	<u>(1,435,789)</u>	<u>(1,402,409)</u>	<u>(1,390,733)</u>	<u>(1,244,218)</u>	<u>(1,340,894)</u>
Total primary government	<u>\$ 72,610,647</u>	<u>\$ 76,643,170</u>	<u>\$ 88,266,240</u>	<u>\$ 91,289,119</u>	<u>\$ 98,485,123</u>	<u>\$ 84,249,673</u>	<u>\$ 101,470,801</u>	<u>\$ 108,589,319</u>	<u>\$ 123,126,004</u>	<u>\$ 120,671,564</u>
Special items:										
Gain on cancellation of post-employment benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss on on disposal of capital assets	-	(4,250,092)	-	-	-	-	-	-	-	-
Tax settlement	-	-	-	-	-	-	-	-	-	-
Total special items	<u>\$ -</u>	<u>\$ (4,250,092)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 2,030,203	\$ (13,607,401)	\$ (9,940,429)	\$ 5,673,636	\$ 11,069,995	\$ 4,097,997	\$ 30,789,372	\$ 24,696,698	\$ 38,123,039	\$ 34,702,818
Business - type activities	(567,163)	(421,820)	1,064,630	(242,013)	(1,536,303)	(662,291)	727,848	383,703	(904,975)	(397,438)
Total primary government	<u>\$ 1,463,040</u>	<u>\$ (14,029,221)</u>	<u>\$ (8,875,799)</u>	<u>\$ 5,431,623</u>	<u>\$ 9,533,692</u>	<u>\$ 3,435,706</u>	<u>\$ 31,517,220</u>	<u>\$ 25,080,401</u>	<u>\$ 37,218,064</u>	<u>\$ 34,305,380</u>

## CITY OF ALLENTOWN, PENNSYLVANIA

TABLE 3

**Governmental Activities Tax Revenues By Source  
Last Ten Years  
(accrual basis of accounting)**

<u>Year</u>	<u>Total Taxes</u>	<u>General Property Tax</u>	<u>Earned Income Tax</u>	<u>Business Privilege Tax</u>	<u>Other Local Taxes</u>
2015	59,959,705	30,121,707	19,429,021	6,939,406	3,469,571
2016	64,969,817	30,800,125	23,840,629	6,571,105	3,757,958
2017	73,709,271	32,519,646	29,802,821	7,483,984	3,902,820
2018	76,648,713	31,353,086	33,789,071	7,904,804	3,601,752
2019	84,529,132	36,860,819	35,592,554	8,082,551	3,993,208
2020	84,393,026	38,365,253	34,419,934	7,263,912	4,343,927
2021	89,845,354	39,572,785	36,674,171	8,921,652	4,676,746
2022	95,042,096	39,538,469	40,615,973	9,620,092	5,267,562
2023	104,648,017	39,453,340	50,939,899	9,965,479	4,289,299
2024	106,717,448	39,782,120	50,998,202	11,037,525	4,899,601



## CITY OF ALLENTOWN, PENNSYLVANIA

TABLE 4

**Fund Balances of Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Fund										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Restricted	\$ 981,135	\$ 862,397	-	-	-	-	-	-	\$ 1,703,854	\$ 1,135,903
Assigned	8,872,191	6,434,577	-	-	\$ 1,634,591	-	\$ 2,352,171	\$ 2,716,763	6,889,225	7,829,375
Unassigned	18,038,567	12,237,375	\$ 13,251,806	\$ 18,896,146	21,829,026	\$ 25,594,283	32,989,087	42,596,305	51,744,716	68,975,334
Total general fund	<u>27,891,893</u>	<u>19,534,349</u>	<u>13,251,806</u>	<u>18,896,146</u>	<u>23,463,617</u>	<u>25,594,283</u>	<u>35,341,258</u>	<u>45,313,068</u>	<u>60,337,795</u>	<u>77,940,612</u>
All other governmental funds										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Restricted	19,711,402	14,875,182	14,155,933	16,159,253	16,770,597	35,172,694	31,412,296	21,090,950	22,197,255	22,790,590
Assigned	-	46,047	-	-	-	-	17,414	160,710	2,183,420	3,290,714
Unassigned	-	(298,517)	(118,840)	(246,234)	-	-	-	-	-	-
Total all other governmental funds	<u>19,711,402</u>	<u>14,622,712</u>	<u>14,037,093</u>	<u>15,913,019</u>	<u>16,770,597</u>	<u>35,172,694</u>	<u>31,429,710</u>	<u>21,251,660</u>	<u>24,380,675</u>	<u>26,081,304</u>
TOTAL	<u>\$ 47,603,295</u>	<u>\$ 34,157,061</u>	<u>\$ 27,288,899</u>	<u>\$ 34,809,165</u>	<u>\$ 40,234,214</u>	<u>\$ 60,766,977</u>	<u>\$ 66,770,968</u>	<u>\$ 66,564,728</u>	<u>\$ 84,718,470</u>	<u>\$ 104,021,916</u>

## Notes:

The decrease in fund balance from 2015 and 2016 is primarily from the General and Capital Funds. The General Fund balance decreased by \$8.4 million largely attributed to a \$4.5 million advance from the Solid Waste Fund, \$2.5 million additional pension bond payment discussed previously, and the additional transfer of \$1.1 million to the Internal Service Fund. The Capital Fund decrease resulted from a \$6 million reduction of capital grants received because of the completion of a major bridge infrastructure.

The increase in fund balance from 2018 to 2019 is due primarily to a \$3 million increase in cash due to the 2019 Real Estate Tax increase and a \$1.3 million in Receivables.

## CITY OF ALLENTOWN, PENNSYLVANIA

**Changes in Fund Balances of Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Revenues</b>										
Taxes	\$ 59,786,702	\$ 64,853,652	\$ 71,512,921	\$ 76,085,821	\$ 86,200,830	\$ 84,325,272	\$ 89,893,149	\$ 94,850,708	\$ 101,321,033	\$ 102,558,626
Licenses and permits	5,845,880	5,907,269	6,095,884	8,768,619	7,648,361	7,512,497	8,092,586	7,928,615	7,378,906	7,631,906
Charges for services	6,312,663	5,422,775	4,450,086	6,094,400	6,582,276	5,228,472	6,099,831	12,715,944	13,428,939	14,254,698
Fines and forfeits	690,926	1,180,590	593,368	623,181	377,686	263,588	254,657	199,767	210,630	207,837
Investment earnings	19,919	61,159	87,816	609,832	579,507	123,953	78,549	702,507	5,182,524	5,092,730
Intergovernmental revenues	36,574,646	30,798,475	24,512,139	32,875,745	26,192,040	27,104,518	34,619,828	38,482,600	49,712,067	66,462,506
Other	1,610,936	2,910,028	2,989,734	8,842,875	9,348,091	7,400,008	9,142,527	3,328,026	5,343,960	5,687,715
<b>Total revenues</b>	<b>110,841,672</b>	<b>111,133,948</b>	<b>110,241,948</b>	<b>133,900,473</b>	<b>136,928,791</b>	<b>131,958,308</b>	<b>148,181,127</b>	<b>158,208,167</b>	<b>182,578,059</b>	<b>201,896,018</b>
<b>Expenditures</b>										
General government	14,227,338	9,925,924	10,073,023	17,015,637	12,330,677	11,622,331	12,635,923	14,156,470	18,050,272	28,427,386
Public safety	49,929,150	58,337,847	61,595,723	64,725,057	65,667,143	66,463,915	66,930,799	69,666,976	76,225,600	85,183,647
Community development	6,199,566	9,625,276	8,523,967	11,500,007	11,194,135	10,843,958	12,753,124	18,862,274	14,201,932	13,366,998
Public works	13,658,527	14,558,597	15,009,623	16,589,541	14,469,632	17,860,252	26,928,971	20,320,319	20,856,287	21,912,945
Health and sanitation	3,095,730	3,301,982	3,543,585	3,489,864	3,712,218	4,150,877	5,087,754	4,803,291	5,172,189	5,561,210
Parks and recreation	5,427,035	5,833,745	5,939,343	5,889,408	6,225,680	5,923,640	6,489,456	6,620,178	7,348,832	8,641,168
Other	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	14,310,040	7,933,320	17,121,284	13,686,108	18,967,566	10,568,245	6,152,305	7,702,609	7,123,106	7,293,860
Interest	3,841,537	3,271,606	2,899,745	2,459,911	2,523,288	2,372,007	3,927,860	2,547,394	2,640,107	2,502,877
Capital outlay	18,815,450	14,164,247	10,728,546	5,834,064	10,421,825	8,603,945	2,919,993	23,025,687	16,659,975	11,544,527
<b>Total expenditures</b>	<b>129,504,373</b>	<b>126,952,544</b>	<b>135,434,839</b>	<b>141,189,597</b>	<b>145,512,164</b>	<b>138,409,170</b>	<b>143,826,185</b>	<b>167,705,198</b>	<b>168,278,300</b>	<b>184,434,618</b>
Excess (deficiency) of revenues over (under) expenditures	(18,662,701)	(15,818,596)	(25,192,891)	(7,289,124)	(8,583,373)	(6,450,862)	4,354,942	(9,497,031)	14,299,759	17,461,400
Other Financing Sources (uses):										
Issuance of long term debt	17,003,395	1,427,418	13,491,272	11,973,631	12,649,529	22,810,000	-	5,605,000	-	-
Refunding of bonds issued	11,425,000	-	-	-	-	-	-	-	-	-
Premium on refunded bonds	745,551	-	-	-	-	-	-	-	-	-
Payment to refunded bonds escrow agent	(6,634,456)	-	-	-	-	-	-	-	-	-
Bond premium	-	-	232,667	184,212	-	1,943,521	-	-	-	-
Bond discount	-	-	-	-	-	-	-	-	-	-
Proceeds from financed purchase	-	-	3,295,820	1,174,098	-	585,074	-	1,934,439	1,997,848	-
Sale of capital assets	-	-	-	-	92,525	72,925	97,514	152,533	130,905	30,554
Transfers in	20,551,091	15,826,665	26,303,545	20,508,704	25,754,047	11,001,453	21,634,613	24,769,417	25,483,744	31,097,039
Transfers out	(19,547,912)	(14,881,721)	(24,998,575)	(19,031,255)	(24,287,679)	(9,429,348)	(20,083,078)	(23,170,598)	(23,758,514)	(29,285,547)
<b>Total other financing sources and uses</b>	<b>23,542,669</b>	<b>2,372,362</b>	<b>18,324,729</b>	<b>14,809,390</b>	<b>14,208,422</b>	<b>26,983,625</b>	<b>1,649,049</b>	<b>9,290,791</b>	<b>3,853,983</b>	<b>1,842,046</b>
Special Item	-	-	-	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ 4,879,968</b>	<b>\$ (13,446,234)</b>	<b>\$ (6,868,162)</b>	<b>\$ 7,520,266</b>	<b>\$ 5,625,049</b>	<b>\$ 20,532,763</b>	<b>\$ 6,003,991</b>	<b>\$ (206,240)</b>	<b>\$ 18,153,742</b>	<b>\$ 19,303,446</b>
Debt service as a percentage of noncapital expenditures	16.4%	9.9%	16.1%	11.9%	15.9%	10.0%	7.2%	7.1%	6.4%	5.7%

Notes:

\* The 2021 Debt Service as a percentage of noncapital expenditures percentage has been updated to properly reflect the total Capital Outlays for 2021.

## CITY OF ALLENTOWN, PENNSYLVANIA

TABLE 6

Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Years

Fiscal Year Ended December 31	Real Property					Total Taxable Assessed Value	Tax Exempt Real Property	Total Direct Tax Rate (1)	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Multi-Family Property	Combination Property	Vacant Lots					
2015	2,989,816,700	1,409,920,500	772,448,100	178,204,100	47,602,100	5,397,991,500	1,526,983,200	0.00581	5,397,991,500	100%
2016	2,988,820,300	1,282,432,100	775,529,400	175,946,800	50,594,800	5,273,323,400	1,663,243,900	0.00581	5,273,323,400	100%
2017	2,989,073,100	1,233,981,000	785,079,000	181,837,400	51,656,800	5,241,627,300	1,699,800,400	0.00581	5,241,627,300	100%
2018	2,990,553,500	1,281,765,900	782,654,900	185,016,600	58,322,200	5,298,313,100	1,707,931,600	0.00581	5,298,313,100	100%
2019	2,871,421,345	1,445,225,744	686,999,649	173,009,480	112,139,182	5,288,795,400	1,696,212,500	0.00731	5,288,795,400	100%
2020	2,990,646,200	1,334,679,300	783,615,400	185,644,800	55,779,500	5,350,365,200	1,711,705,200	0.00728	5,350,365,200	100%
2021	2,994,047,900	1,333,232,700	786,351,500	185,215,000	54,421,200	5,353,268,300	1,704,733,500	0.00728	5,353,268,300	100%
2022	2,996,872,200	1,342,466,200	793,521,400	184,643,600	63,892,800	5,381,396,200	1,708,193,200	0.00728	5,381,396,200	100%
2023	2,995,776,500	1,382,514,300	794,025,600	185,271,100	77,476,500	5,435,064,000	1,726,431,000	0.00728	5,435,064,000	100%
2024	2,995,564,000	1,410,841,600	788,876,400	185,544,200	112,592,100	5,493,418,300	1,751,865,100	0.00728	5,493,418,300	100%

## Notes:

(1) The millage assessment on land is 23.5376 and 4.4528 on improvements.

**Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Years**

	<b>Direct Rates</b>	<b>Overlapping Rates</b>		
	<u>Allentown City</u>	<u>School District</u>	<u>County</u>	
<u>Fiscal Year</u>	<u>Total City Millage(1)</u>	<u>Total School Millage</u>	<u>Total County Millage</u>	<u>Total Direct &amp; Overlapping Rates</u>
2015	5.81	18.329	3.680	27.82
2016	5.81	18.329	3.640	27.77
2017	5.81	19.025	3.640	28.47
2018	5.81	19.729	3.640	29.18
2019	7.31	20.074	3.780	31.16
2020	7.28	20.877	3.780	31.94
2021	7.28	21.504	3.780	32.56
2022	7.28	22.643	3.780	33.70
2023	7.28	22.643	3.780	33.70
2024	7.28	22.643	3.780	33.70

**Notes:**

City real estate taxes are payable on July 15 with a 2% discount available if paid prior to April 6. Taxes can also be paid in four equal installments on April 15, May 15, June 15, and July 15. Delinquent taxes are certified to a private collector for collection on January 1 of the following year.

The City's property tax rate limitation for general revenue purposes is 25 mills on market value with an additional 5 mills allowable with specific court approval and an unlimited amount for bonded debt.

Tax rate is mills per dollar (\$1) of assessment.

(1) 7.2814 is the base on which the land value tax is calculated (23.5376 - land and 4.4528 - improvements).

TABLE 8

## CITY OF ALLENTOWN, PENNSYLVANIA

Principal Property Taxpayers  
Current Year and Nine Years Ago

<u>Taxpayer</u>	2024			2015		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total taxable Assessed Valuation</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total taxable Assessed Valuation</u>
Five City Center OP LP	\$ 45,857,700	1	0.84%			
Two City Center OP LP	45,000,000	2	0.82%	56,585,400	2	1.07%
Home Properties Trexler Park LLC	34,614,100	3	0.63%	\$ 34,614,100	5	0.65%
EPC-Allentown LLC	29,865,400	4	0.54%			
One City Center OP LP	29,000,000	5	0.53%	\$ 35,005,500	4	0.66%
Dechomai Asset Trust Number One LLC	25,529,300	6	0.47%			
Congress Associates	25,200,000	7	0.46%	25,200,000	6	0.48%
IPX MF Lakes Apartment Assoc. LLC	21,834,500	8	0.40%	21,834,500	8	0.41%
Tower Six OP LP	21,474,000	9	0.39%			
DDCAP Allentown LLC	21,094,300	10	0.38%			
Pennsylvania Power & Light Co.				21,982,200	7	0.42%
Allentown Neighborhood Improvement Zone				133,112,958	1	2.51%
Hospitality City Center OP LP				18,244,050	10	0.34%
Plaza at 835 W Hamilton Street LP				52,756,000	3	1.00%
Sharma Baldev Raj & Sudesh				20,200,000	9	0.38%
Total	<u>\$ 299,469,300</u>		<u>5.45%</u>	<u>\$ 419,534,708</u>		<u>7.92%</u>

Source:  
City of Allentown Property Tax File

**CITY OF ALLENTOWN, PENNSYLVANIA**

TABLE 9

**Property Tax Levies and Collections  
Last Ten Years**

<b>Fiscal Year Ended December 31</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b><u>Fiscal Year</u></b>	<b><u>Percentage of Levy</u></b>		<b><u>Amount</u></b>	<b><u>Percentage of Levy</u></b>
2015	30,427,086	28,803,546	94.7%	148,013	28,951,559	95.2%
2016	31,040,343	29,551,096	95.2%	86,614	29,637,710	95.5%
2017	30,594,033	29,187,108	95.4%	109,163	29,296,271	95.8%
2018	30,465,047	29,346,327	96.3%	453,503	29,799,830	97.8%
2019	38,647,946	37,285,155	96.5%	1,224,502	38,509,657	99.6%
2020	38,959,783	37,246,147	95.6%	1,285,425	38,531,572	98.9%
2021	38,978,854	38,159,972	97.9%	987,930	39,147,902	100.4%
2022	39,096,987	38,080,168	97.4%	1,008,762	39,088,930	100.0%
2023	39,367,590	38,289,614	97.3%	599,533	38,889,147	98.8%
2024	39,689,350	38,414,064	96.8%		38,414,064	96.8%

**Note:**

Prior to 2020, incorrect information was being used to calculate the Collections in Subsequent Years, corrections have been made to these numbers

The Collections in Subsequent Years includes penalty collected.

## CITY OF ALLENTOWN, PENNSYLVANIA

TABLE 10

## Ratios of Outstanding Debt By Type

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Facility Financed Purchases	Facility Capital Leases	Facility Financed Purchases	Facility Capital Leases			
2015	103,141,746		1,427,208		490,635	105,059,589	1.97%	890
2016	98,341,716		1,002,341		395,189	99,739,246	1.77%	845
2017	96,708,953		3,756,786		499,495	100,965,234	1.75%	855
2018	97,127,878		4,003,545		704,351	101,835,774	1.68%	863
2019	92,812,488		3,009,918		436,137	96,258,543	1.51%	816
2020	109,113,518		2,681,322		160,110	111,954,950	1.60%	890
2021	103,969,654		1,649,058		293,967	105,912,679	1.42%	842
2022	104,198,133		4,864,087		272,799	109,335,019	1.39%	869
2023	99,399,529		6,053,617		889,318	106,342,464	1.34%	845
2024	94,389,896	2,519,428	2,461,709	611,006	-	99,982,039	1.19%	794

**Ratios of General Bonded Debt Outstanding  
Last Ten Years**

<b><u>Fiscal Year</u></b>	<b><u>General Obligation Bonds</u></b>	<b><u>Percentage of Estimated Actual Taxable Value of Property</u></b>	<b><u>Per Capita</u></b>
2015	103,141,746	1.91%	874
2016	98,341,716	1.86%	833
2017	96,708,953	1.85%	819
2018	97,127,878	1.83%	823
2019	92,812,488	1.75%	786
2020	109,113,518	2.04%	867
2021	103,969,654	1.94%	826
2022	104,198,133	1.94%	828
2023	99,399,529	1.83%	790
2024	94,389,896	1.72%	750



## CITY OF ALLENTOWN, PENNSYLVANIA

TABLE 12

**Direct and Overlapping Governmental Activities Debt  
As of December 31, 2024**

<b><u>Governmental Unit</u></b>	<b><u>Debt Outstanding</u></b>	<b><u>Estimated Percentage Applicable</u></b>	<b><u>Estimated Share of Overlapping Debt</u></b>
Allentown School District	\$ 172,740,968	100.0%	\$ 172,740,968
Lehigh County General Obligation Bonds	172,587,289	19.0%	<u>32,843,361</u>
Subtotal, overlapping debt			205,584,329
City of Allentown Direct Debt			<u>99,371,033</u>
Total direct and overlapping debt			<u><u>\$ 304,955,362</u></u>

## Notes:

Overlapping debt is calculated by using Allentown's percentage of Lehigh County's Total Assessments. This percentage is used to determine Allentown's percent of the debt. The debt for Allentown School District is included at 100%.

## CITY OF ALLENTOWN, PENNSYLVANIA

TABLE 13

Legal Debt Margin Information  
Last Ten Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Debt limit	\$ 219,141,997	\$ 226,325,594	\$ 241,969,130	\$ 267,454,815	\$ 295,207,324	\$ 296,249,113	302,951,654	\$ 310,839,935	\$ 347,444,437	\$ 367,661,263
Total net debt applicable to limit	<u>83,859,877</u>	<u>81,837,886</u>	<u>82,992,950</u>	<u>83,778,507</u>	<u>79,327,274</u>	<u>87,385,404</u>	<u>83,512,162</u>	<u>79,426,263</u>	<u>75,953,281</u>	<u>72,309,270</u>
Legal debt margin	<u>\$ 135,282,120</u>	<u>\$ 144,487,708</u>	<u>\$ 158,976,180</u>	<u>\$ 183,676,308</u>	<u>\$ 215,880,050</u>	<u>\$ 208,863,709</u>	<u>\$ 219,439,492</u>	<u>\$ 231,413,672</u>	<u>\$ 271,491,156</u>	<u>\$ 295,351,993</u>
Total net debt applicable to the limit as a percentage of debt limit	38.27%	36.16%	34.30%	31.32%	26.87%	29.50%	27.57%	25.55%	21.86%	19.67%

## Legal Debt Margin Calculation for Fiscal year 2023

Borrowing base (1)	-
Percentage limitation	250%
Debt limit	367,661,263
Debt applicable to limit:	
General obligation debt	81,424,270
Less: Amount set aside for pension funding liability	<u>(9,115,000)</u>
	<u>72,309,270</u>
	<u>\$ 295,351,993</u>

## Notes:

(1) The Commonwealth of Pennsylvania has enacted the "Local Government Unit Debt Act: which limits debt to revenues. Briefly, revenues of the last three years are adjusted for various nonrecurring and excludable items. The average of the adjusted revenues for the respective years is then the borrowing base. Certain percentages are applied to the borrowing base to determine the debt limitations.

Adjustments were made to the Debt Limit for years 2018 & 2019. The incorrect percentage had been used for those years.

Years 2018-2020 have been adjusted to properly present the legal debt margin.

**Demographic and Economic Statistics  
Last Ten Years**

<b><u>Fiscal Year</u></b>	<b><u>Population (1)</u></b>	<b><u>Personal Income</u></b>	<b><u>Per Capita Personal Income (2)</u></b>	<b><u>School Enrollment (3)</u></b>	<b><u>Unemployment Rate (4)</u></b>
2015	118,032	5,334,220,176	45,193	20,287	3.9%
2016	118,032	5,638,388,640	47,770	20,804	4.6%
2017	118,032	5,766,807,456	48,858	20,939	4.3%
2018	118,032	6,075,579,168	51,474	21,813	3.9%
2019	118,032	6,387,891,840	54,120	20,725	4.5%
2020	125,845	7,006,420,375	55,675	21,277	6.6%
2021	125,845	7,449,143,085	59,193	21,216	4.3%
2022	125,845	7,880,162,210	62,618	20,637	3.7%
2023	125,845	7,917,160,640	62,912	21,682	3.2%
2024	125,845	8,367,811,585	66,493	22,918	3.4%

Source:

(1) US Department of Commerce, Bureau of the Census

(2) US Department of Commerce, Bureau of Economic Analysis

(3) Allentown School District, starting 2014, also includes Charter School Enrollment

(4) US Department of Labor, Bureau of Labor Statistics

**Principal Employers  
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2024</u>			<u>2015</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Allentown School District	2,601	1	5.22%	2,543	2	3.50%
Lehigh Valley Hospital/Health Services	2,575	2	5.17%	2,607	1	3.58%
St Lukes Hospital/Health Care	2,349	3	4.71%			
ADP Inc	1,686	4	3.38%			
Lehigh County & Institutions	1,571	5	3.15%	1,652	7	2.27%
City of Allentown	1,113	6	2.23%	1,094	9	1.50%
Muhlenberg College	952	7	1.91%	2,100	4	2.89%
AAHC Allentown LLC	682	8	1.37%			
Cedar Crest College	516	9	1.04%			
Good Shepherd Rehab	493	10	0.99%	992	10	1.36%
PPL Co.			0.00%	1,839	6	2.53%
South East Personnel Leasing				2,330	3	3.20%
Allied Personnel Services			0.00%	2,019	5	2.78%
Sacred Heart Hospital/Health Care			0.00%	1,287	8	1.77%
	<u>14,538</u>		<u>29.17%</u>	<u>18,463</u>		<u>25.38%</u>

Source:  
Berkheimer Associates

Note:  
Starting 2012, a New Pennsylvania Law, Act 32, allows employers to report Local Earned Income Tax to any Tax Collection District. As a result, accurate numbers can no longer be obtained.

In 2018, St. Luke's Hospital and Sacred Heart Hospital combined to form one entity.

**CITY OF ALLENTOWN, PENNSYLVANIA**

TABLE 16

**Full-Time Equivalent Employees By Function  
Last Ten Years**

	<u><b>2015</b></u>	<u><b>2016</b></u>	<u><b>2017</b></u>	<u><b>2018</b></u>	<u><b>2019</b></u>	<u><b>2020</b></u>	<u><b>2021</b></u>	<u><b>2022</b></u>	<u><b>2023</b></u>	<u><b>2024</b></u>
<b>Function</b>										
General Government	97	95	88	93	106	117	139	136	109	135
Public Safety										
Police										
Officers	222	222	222	222	222	222	217	214	213	212
Civilians	28	27	22	22	22	22	19	20	21	21
E-911	33	33	31	30	-	-	-	-	-	-
Fire										
Firefighters and officers	125	125	126	126	125	129	125	128	124	130
Civilians	1	1	1	1	2	2	2	3	3	2
EMS	32	34	34	34	34	38	40	47	44	47
Highways and Streets (1)	80	79	83	63	62	58	48	40	79	45
Sanitation/Recycling	38	38	41	42	43	42	32	22	38	40
Building Maintenance	15	15	15	15	15	15	17	20	17	17
Building Standards & Safety	31	31	34	38	41	41	39	38	48	36
Culture and Recreation	55	56	56	56	58	57	55	55	58	58
Golf	6	6	5	5	5	4	5	18	5	5
Health	35	35	35	36	36	36	30	41	43	43
Stormwater	-	-	-	26	26	26	28	28	35	33
<b>Total</b>	<b>798</b>	<b>797</b>	<b>793</b>	<b>809</b>	<b>797</b>	<b>809</b>	<b>796</b>	<b>810</b>	<b>837</b>	<b>824</b>

**Notes:**

The City set up of the Stormwater fund in 2018.

As of January 1, 2019, the 911 responsibility was transferred to Lehigh County. The City 911 employees became County employees.

(1) The City garage was returned to the City at the end of 2022, increasing the number of employees in 2023.

## CITY OF ALLENTOWN, PENNSYLVANIA

TABLE 17

Operating Indicators By Function  
Last Ten Years

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police										
Law violations	11,269	11,742	11,839	10,406	10,068	9,553	9,071	9,433	8,749	4391
Traffic violations (2)	8,258	8,500	9,000	4,768	2,403	2,795	3,609	2,830	2,320	3,182
Fire										
Number of calls answered	12,036	11,497	10,445	9,930	10,982	11,809	13,293	14,680	14,212	14,745
Inspections and investigations	1,364	954	862	836	940	851	857	879	664	660
Highways and Streets										
Street reconstruction (miles)	0	0	1	0	0	-	0	1	-	0.2
Overlays (miles)	4	3	2	1	2	2	4	8	7	9.04
Potholes repaired	14,186	7,223	11,286	18,971	9,566	9,009	9,550	9,625	9,892	8,650
Sanitation										
Refuse collected (tons/year)	35,511	35,780	40,536	39,461	39,860	42,596	44,644	40,879	40,005	40,922
Recyclables collected (tons/year)	10,510	10,730	12,177	10,277	12,532	13,265	10,618	12,076	13,468	13,380
Sweep tickets issued	6,877	5,719	5,317	8,025	9,706	6,100	8,378	11,272	8,982	13,884
Animal related complaints	1,482	1,556	1,706	1,638	1,680	1,086	662	535	695	565
Health										
Home hazard surveys	215	173	37	24	19	6	7	53	178	233
Food service inspections	1,853	1,693	1,675	1,703	1,875	920	1,397	1,385	1,308	1210
Number of home visits	284	437	379	336	295	281	211	348	488	488
Total lead screenings/Healthy home visits	17	5	240	207	219	71	72	42	65	53
Persons tested & counseled for HIV infection	2,077	2,032	2,071	2,009	2,085	661	682	1,049	1,181	1181
Recreation										
Pavilion permits	629	503	703	678	373	246	592	462	457	180
Swimming pool season passes (4)	294	256	355	1,019	112	-	273	338	370	227
Swimming pool patrons (non season pass) (4)	33,081	25,458	32,449	37,488	45,383	-	26,872	36,018	46,014	67,177
Number of golf patrons (1)	64,956	61,500	59,500	50,000	66,053	73,123	95,038	83,600	95,789	98,835
Number of golf days of service	266	270	256	247	250	208	262	231	299	
E-911 (3)										
Number of calls:										
Police	119,647	110,260	113,749	98,063	-	-	-	-	-	-
EMS	15,542	15,595	15,531	15,814	-	-	-	-	-	-
Fire	12,036	11,497	10,452	9,930	-	-	-	-	-	-
Other	9,455	11,497	11,397	10,366	-	-	-	-	-	-

Source:  
Various City departments.

## Notes:

- (1) Starting 2014 number includes golf course and driving range patrons.  
(2) 2015 number changed to actual, originally used estimate, 2016 is also estimated  
(3) As of January 1, 2019, the 911 responsibility was transferred to Lehigh County.  
(4) Due to COVID-19, the swimming pools were not open in 2020.  
(5) Pavilion permits were much lower than in previous years due to the YMCA utilizing pavilions through the summer in 2024 due to the fire at their facility.

## CITY OF ALLENTOWN, PENNSYLVANIA

TABLE 18

Capital Asset Statistics By Function  
Last Ten Years

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Police officers	211	218	210	208	210	213	217	214	211	212
Patrol units	107	108	124	120	123	120	119	127	121	120
Fire:										
Stations	6	6	6	6	6	6	6	6	6	6
Fire fighters	118	122	121	121	123	120	120	131	131	143
Sanitation										
Collection trucks	3	3	5	3	5	5	4	4	4	4
Highways and Streets										
Streets (miles) (3)	427.5	427.5	433.9	433.9	433.9	433.9	433.9	434.9	434.9	443
Streetlights	8,136	8,461	8,461	8,476	8,622	8,622	8,622	8,677	8,677	8,727
Traffic signals	198	196	196	196	196	196	196	197	197	198
Recreation										
Parks acreage	2,022	2,022	2,022	2,022	2,022	2,022	2,022	2,022	2,022	2,022
Parks (1)	45	45	45	45	45	45	45	45	45	45
Swimming pools (2)	4	4	4	4	4	4	4	4	4	3
Playgrounds	19	21	21	21	21	21	21	21	21	24
Water										
Water mains (miles)	310	310	310	310	310	310	310	310	325	325
Fire hydrants	1,817	1,817	1,817	1,817	1,817	1,817	1,817	1,817	1,843	1,843
Maximum daily capacity (millions of gallons)	35	35	35	35	35	35	35	35	35	35
Sewer										
Sanitary sewers (miles)	283	283	283	283	283	283	283	283	283	283
Storm sewers (miles)	165	165	165	165	165	165	165	165	160	160
Maximum daily treatment capacity (millions of gallons)	40	40	40	40	40	40	40	40	40	40
Golf										
Number of courses	1	1	1	1	1	1	1	1	1	1

Source:  
Various city departments.

## Notes:

(1) Starting 2015, the number also includes pocket parks.

(2) In 2021 and 2022, only two of the pools were operational, all other years three pools were operational.

(3) Prior to 2024 the number of miles was low, due to a field in the GIS not previously filled in.

## **City of Allentown**

Independent Auditor's Report  
in Accordance with  
*Government Auditing Standards*

Year Ended December 31, 2024



**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**

**The Honorable Matt Tuerk, Mayor and Honorable Members of City Council  
City of Allentown, Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Allentown, Pennsylvania (City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 28, 2025.

Our report includes a reference to other auditors who audited the financial statements of the Allentown Parking Authority, as described in our report on the City's financial statements. The financial statements of the Allentown Parking Authority were not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Allentown Parking Authority or that are reported on separately by those auditors who audited the financial statements of the Allentown Parking Authority. The financial statements of the Redevelopment Authority of the City of Allentown, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Redevelopment Authority of the City of Allentown.

**Report on Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable

possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

### Report on Compliance and Other Matters

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

### The City's Response to Findings

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

### Purpose of this Report

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

*Maher Duessel*

Harrisburg, Pennsylvania  
August 28, 2025

# CITY OF ALLENTOWN

## SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED DECEMBER 31, 2024

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

### **Finding 2024-001 Financial Reporting**

*Condition:* The City did not have sufficient controls in place to ensure the following balances were properly stated as of December 31, 2024: grant revenues and receivables in the Solid Waste Fund; accounts payable and expenses in the Capital Fund; and grant revenue, transfers out, due to other funds, and unearned revenue in the ARPA fund.

Management does review and accept the financial statements prior to their final issuance and approves the adjustments to the financial statements.

*Criteria:* The City should have internal control procedures in place to identify any material adjustments necessary to their external financial statements, including the posting of all adjustments necessary to present the financial statements in accordance with accounting principles generally accepted in the United States (GAAP).

*Cause:* The City does not have adequate internal controls in place to ensure the financial statements were prepared and presented in accordance with GAAP.

*Effect:* For the year ended December 31, 2024: the City overstated revenue and receivable in the Solid Waste Fund by \$200,000; overstated expenses and accounts payable for the Capital Fund by \$151,000; and overstated the following accounts in the ARPA fund: revenue by \$694,542, transfers out by \$518,184, due to other funds by \$121,102, as well as understating unearned revenue by \$55,256.

Audit adjustments were required to be recorded to ensure the financial statements were prepared and presented in accordance with GAAP.

*Recommendation:* We recommend that the City implement procedures for adequate review of financial information to ensure that all accounts are properly stated and to ensure that the financial statements are prepared in accordance with GAAP.

*Management's Response:* The City understands the finding and will have a second reviewer in order to ensure accuracy of the financial statements.

# CITY OF ALLENTOWN

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2024

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

### **Finding 2023-001 Financial Reporting**

*Condition:* The City did not have sufficient controls in place to ensure the grant revenues and receivables were properly stated as of December 31, 2023. During the audit process, a material adjustment was proposed by the auditors in order that the financial statements could be prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). An audit adjustment of \$344,921 was proposed related to the City's Solid Waste Fund. Management reviews and accepts the financial statements prior to final issuance. Proposed audit adjustments are approved with the review of the financial statements.

*Recommendation:* We recommend that the City implement procedures for adequate review of financial information to ensure that receivables and grant revenue are properly stated and ensure that the financial statements are prepared in accordance with GAAP.

*Current Status:* The City put a procedure in place to collect signed grant agreements from departments when finalizing end of year grant receivables.