

CITY OF ALLENTOWN

Pennsylvania

ANNUAL COMPREHENSIVE FINANCIAL REPORT

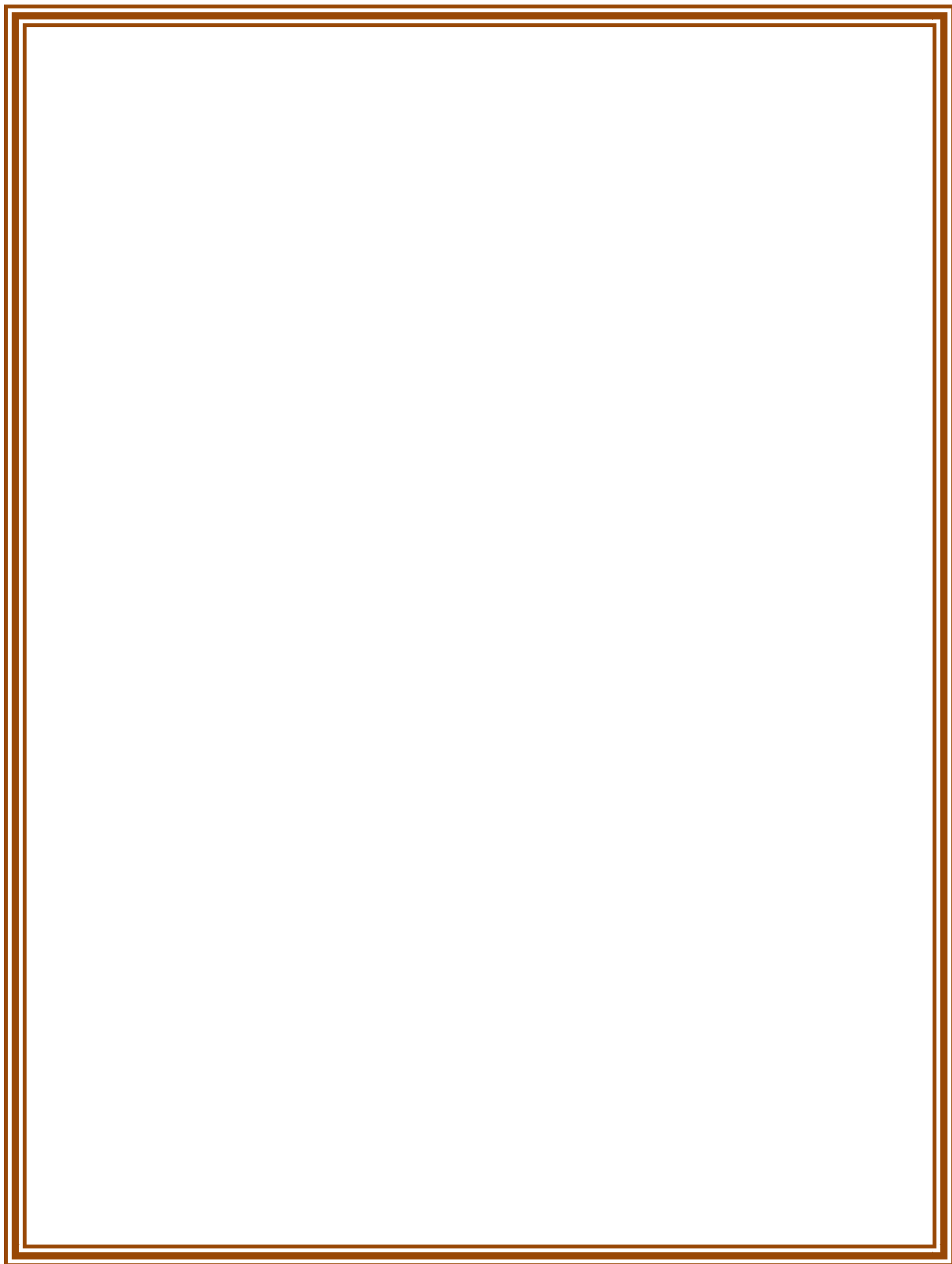


MATT TUERK
MAYOR

SETH O'NEILL
DIRECTOR OF FINANCE

BINA PATEL
TREASURY & ACCOUNTING MANAGER

For the year ended
December 31, 2021



**CITY OF ALLENTOWN, PENNSYLVANIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021**



MAYOR
Matt Tuerk

CITY COUNCIL
Julio A. Guridy, President
Cynthia Y. Mota, Vice President
Candida Affa
Ce-Ce Gerlach
Daryl Hendricks
Joshua Siegel
Ed Zucal

CITY CONTROLLER
Jeff Glazier

CITY SOLICITOR
Matthew Kloiber

Seth O'Neill, Director of Finance
Bina Patel, Treasury and Accounting Manager

Zelenkofske Axelrod LLC, Certified Public Accountants

**This Report was prepared by
The Department of Finance
Bina Patel, 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, 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 maintains 2,000 acres of park land, well above the national average.

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Seth O'Neill
Director of Finance
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Allentown PA 18101
Seth.oneill@allentownpa.gov

December 21, 2022

Honorable Mayor and Members of City Council
Allentown, Pennsylvania

Herewith, the Finance Department submits the City of Allentown's Annual Comprehensive Financial Report for the year ending December 31, 2021. In that 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 City provides a full range of municipal services include 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 latter of which did record business in 2021. 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 a full-service its own health bureau, which offers myriad 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 (City) (the primary government) and 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 ensure that the assets of the City are protected 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 2021.

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 department level. As a management control, the Finance Director has the power to authorize the transfer of any unexpended balance up to \$5,000 between accounts within a fund, thereby lowering the practical level of budgetary control to the account level. Transfers exceeding \$5,000 must be approved by 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. City Council selected to exercise the contract renewal option for the accounting firm of Zelenkofske Axelrod LLC, which has performed this audit. 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.

The City is self-insured. As such, it offers healthcare, dental, prescription, and vision coverage, to both active employees and retirees. Between 2014 and 2020, administration of the Risk Fund had been overseen by the Human Resources Director. In 2021, the Mayor recognized the crucial role that Finance played in the mitigation of losses and the efficient processing of benefit payments, claims, budgeting, subrogation, and delinquent recoveries. Accordingly, Risk Management began to report to the Finance Director in 2021, which has created numerous efficiencies in loss mitigation and revenue recovery due to Finance's relatively deep management bench.

In 2021, the City continued to amass free cash flow in the General Fund and the Risk Fund. The Golf Fund also began to set aside reserves that had been unheard of in recent memory. The receipt of the first tranche of ARPA funds dominated the discourse on the City's capital improvement plans and its

As of December 31, 2020, the City's bond rating with Moody's was A3, with a stable outlook. The S&P rating was an A with a negative outlook. The City largely resolved its business privilege tax appeals with some 501(c)(3) entities without any consequence to revenue or expenditures. The proceeds of the bond refunding undertaken in 2020 was spent down by over \$4 million for the various projects and equipment towards which the proceeds were dedicated.

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, safety, workman's comp, property taxes, solid waste and stormwater utility fee collection, accounts receivable, business regulation and taxation, cashiering, delinquent collections, property levies, municipal liens, bankruptcy processing, capital planning, mail, print shop, inventory control, and others I have not mentioned. The managers and line staff who make this happen offer the best customer service known to me as a private citizen of this Commonwealth. I am humbled to be their advocate.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Seth O'Neill', with a stylized, flowing script.

Seth O'Neill
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

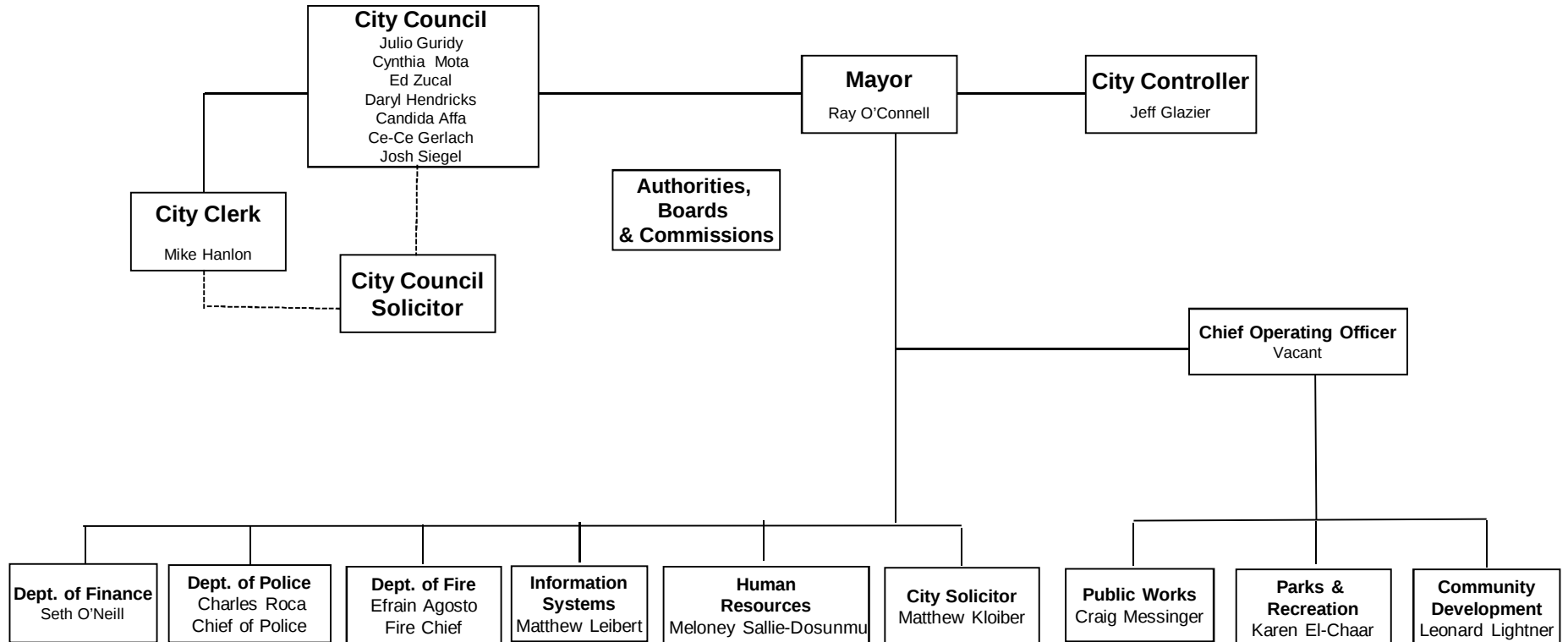
December 31, 2020

Christopher P. Morill

Executive Director/CEO

City of Allentown

2021 Organizational Chart



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Independent Auditor's Report

Honorable Mayor and 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, 2021, 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, based on our audit and the reports of other auditors, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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.

Responsibilities of Management for the Financial Statements

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

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



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Honorable Mayor and Members of City Council
City of Allentown, Pennsylvania
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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Adoption of Governmental Accounting Standards Board Pronouncements

As described in Note 1 to the financial statements, in 2021 the City of Allentown adopted the provisions of Governmental Accounting Standards Board's Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* and Statement No. 93, *Replacement of Interbank Offered Rates*. Our opinion is not modified with respect to these matters.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and historical pension and other postemployment benefit information on pages 4 through 21 and 94 through 113 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is



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Honorable Mayor and Members of City Council
City of Allentown, Pennsylvania
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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 and other auditors 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 introductory section, combining and individual nonmajor fund financial statements, combining Pension Trust Funds statements, other budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other budgetary comparison schedules are 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 included in the annual report. The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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.

Zelenkofske Axelrod LLC

ZELENKOFSCHE AXELROD LLC

Jamison, Pennsylvania
December 21, 2022

**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, 2021. We recommend that it be read in conjunction with the accompanying basic financial statements and notes to financial statements in order to obtain a thorough understanding of the City's financial condition at December 31, 2021. Additional information is provided in the Transmittal Letter preceding this MD&A which can be found on pages i-iv of this report. This discussion focuses on the City's primary government. Component units, unless otherwise noted, are not included in this discussion.

FINANCIAL HIGHLIGHTS

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 (ARPA), which, among other things, enacted Section 9901.603, or the Coronavirus Local Fiscal Recovery Fund ("SLFRF"). This provision specifically allocated \$45,570,000,000 to metropolitan cities, including the City of Allentown (the "City"), "to mitigate the fiscal effects stemming from [COVID-19]." Also in March, the U.S. Department of the Treasury ("Treasury") estimated that the City would receive \$57,132,604 in SLFRF funds in two equal tranches, one in 2021, and one in 2022. On May 7, 2021, Treasury issued the Interim Final Rule with respect to the eligible uses of the funds. On June 1, 2021, the City received the first tranche of SLFRF in the amount of \$28,566,302. This series of events and the ensuing outcomes loomed largely over the public policy of the City throughout 2021.

Despite being the third largest city in the Commonwealth, Allentown received only the sixth largest SLFRF allocation. According to the HUD funding formula for metropolitan cities, the City's housing inadequacies and poverty rates needed less assistance than other comparable cities throughout Pennsylvania. The City received nearly identical SLFRF funding to such nationwide peers as Irving, TX, Savannah, GA, Kansas City, KS, and Schenectady, NY.

While the fund was hailed as a once in a lifetime opportunity for investment in local government, it was clear from the onset that the sheer scope of the eligible uses might strain consensus amongst the stakeholders as to the best use of the funds. Ultimately, on November 3, 2021, City Council passed Ordinance No. 15764, which allocated \$10,750,000 to eligible water and sewer infrastructure projects, including \$2,000,000 *each* for storm sewer rehabilitation and sanitary sewer lining, \$4,200,000 for water main replacement, and \$2,550,000 for replacing water filters at the distribution plant. In addition, Council agreed that, upon receiving the second tranche, it would fully fund these projects with an additional \$3,000,000 for storm sewer rehab, \$2,100,000 for water mains, and \$4,650,000 for the water filters project. Because the City did not have to finance these long overdue water and sewer investments, the rate payers received crucial infrastructure support without the crunch of additional debt service, which had historically driven up Allentown's water and sewer rates.

Also, in Ordinance 15764, City Council allocated \$400,000 towards the purchase of two new ambulances, and another \$5,060,000 towards pay go funded capital projects under the "Revenue Replacement" provision of ARPA. These pay-go projects were the construction of a backup data center, facilities repairs, stop-gap funding for City operated spray park, and the construction of the only Fire Fighter and EMT training academy in the Lehigh Valley region, which, due to pent up demand, stands to generate mid to low-six figure annual future cash flows.

Finally, among these other investments, City Council allocated \$1,600,000 in 2021 to provide public safety services due to the reduction in revenue experienced by the pandemic. According to the revenue replacement formula available in the Interim Final Rule, which used a 4.1% growth adjustment, the City calculated that it had the capacity to use between 60%-70% of its total SLFRF to replace revenue reduced by the pandemic.

In total, Ordinance 15764 allocated \$17,810,000 of the first tranche to predominately fund capital projects, with an eye towards relieving future debt service, and pledged an additional \$9,750,000 from the 2nd tranche to complete the partially funded projects, which should be fully funded and expended within the next two fiscal years.

In addition to the unexpected windfall of capital funding from the SLFRF, the City continued to post solid budget surpluses across several funds in 2021, as it did in 2020, and to add to its cash reserves. The City was aided by better-than-expected revenue inflows. In 2021, the City implemented a lockbox for property tax collections through TD bank, which yielded record turn-around time for property tax revenue recognition. Aided also by strong delinquent tax collections through the tax claim bureau, and interim assessments for new commercial development, the City realized 97% current year collections on its 2021 property tax levy, and 137% of its expected delinquent property tax collections. Due to demand for Allentown real estate from the New York and New Jersey area and higher than expected list and sale prices, Deed Transfer Tax collections were 60% greater than budgeted.

The City's assessed land value for property taxes at the close of 2021 was \$792,904,200, taxable at a rate of 23.5376 mills. The assessed building value was \$4,579,984,300, taxable at a rate of 4.4528 mills. The gross tax levy entering 2022 was, therefore, 7.27 mills on real property in the City. The median tax bill for single family residences was \$662.84, with a land assessment of \$10,000 and a building assessment of \$96,000. The total median taxable assessment was similar.

As expected, 2021 experienced a 7% short-term decline in Business Privilege Tax because of the business revenues lost during the 2020 shutdown. But, starting in 2021, the City's BPT regs were rewritten to include an economic nexus for a business tax on out-of-state sellers that have no physical presence in the City, as per the U.S. Supreme Court decision in *Wayfair, Inc., et.al v. South Dakota*, 585 U.S. ___ (2018). Because the City expects most of the national online retailers to voluntarily comply with the economic nexus, the new regs will bring about recurring windfall in 2022 and beyond. Allentown and Philadelphia are the only local business tax collectors in the Commonwealth to have enacted such an economic nexus, and among a handful in the entire country. City businesses reported \$4.36 billion in gross sales and services consummated in 2020, and reportable in 2021.

As noted in the prior year's discussion, the City's Earned Income Tax (EIT) base was able to weather the pandemic due to its reliance on employers in healthcare, government, education, and

fulfillment centers, all of which remained operational during the pandemic. During 2021, the City experienced EIT collections of a blended 3% over budget estimation for both resident and non-resident tax withholdings, with no noticeable impact from the burgeoning “work-from-home” sector, which some predicted would relocate non-residency nexus and detract from revenues. All told, City residents reported \$2.15 billion in wages in 2021, with the largest number of filings and most total wages reported in the \$40,000 - \$50,000 bracket for each income earner. 74,935 individual residents reported locally taxable income in 2021, which largely excludes retirees. The resident EIT rate for 2021 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.

As to General Fund expenditures, 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. All told, the City's General Fund revenues finalized at \$122,376,002, while General Fund expenditures were \$109,814,124 to close 2021. This surplus added about \$9,700,000 to the General Fund balance since the end of 2020, raising it from \$25.5 million to \$35.3 million.

The City's proprietary funds performed well during 2021. The Golf Fund in particular, aided by a short-term interest-free loan from the General Fund of \$375,000 repayable in equal installments over three fiscal years, experienced record sales over expenditures in 2021. The purpose of the loan was to fund a capital improvement feasibility study, as well as some improvements to the driving range, cartways, and other areas. The fund had an operating surplus of \$876,000 and added \$541,000 to its net position. The Solid Waste fund also added both to its net position and fund balance.

The Risk fund continued to perform well in 2021. The Risk fund employs numerous strategies to mitigate losses. Due to excellent management in the Risk Bureau, efficiencies created by moving the management of the fund from HR to Finance, which has a more robust management structure, Finance management decided that the fund was carrying free cash flow in excess of necessity by the end of the third quarter. Accordingly, contributing revenues from the General Fund were cut in October and December in an effort to trim the excess cash balance in the Risk fund from about \$10.0 million in expected year end cash to about \$7.0 million, which was more in line with our fund balance targets in Risk, and created extra liquidity in the General Fund to close 2021. Such liquidity will be available for investment in allowable marketable securities, such as term money market instruments, in which yield is expected to grow in the near term.

The City renegotiated its collective bargaining agreement with the Service Employees International Union Local 32BJ, which is effective through December 31, 2025. The City also negotiated an MOU with the Fraternal Order of Police, effective through the same date.

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:
 - o *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.
 - o *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.
 - o *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

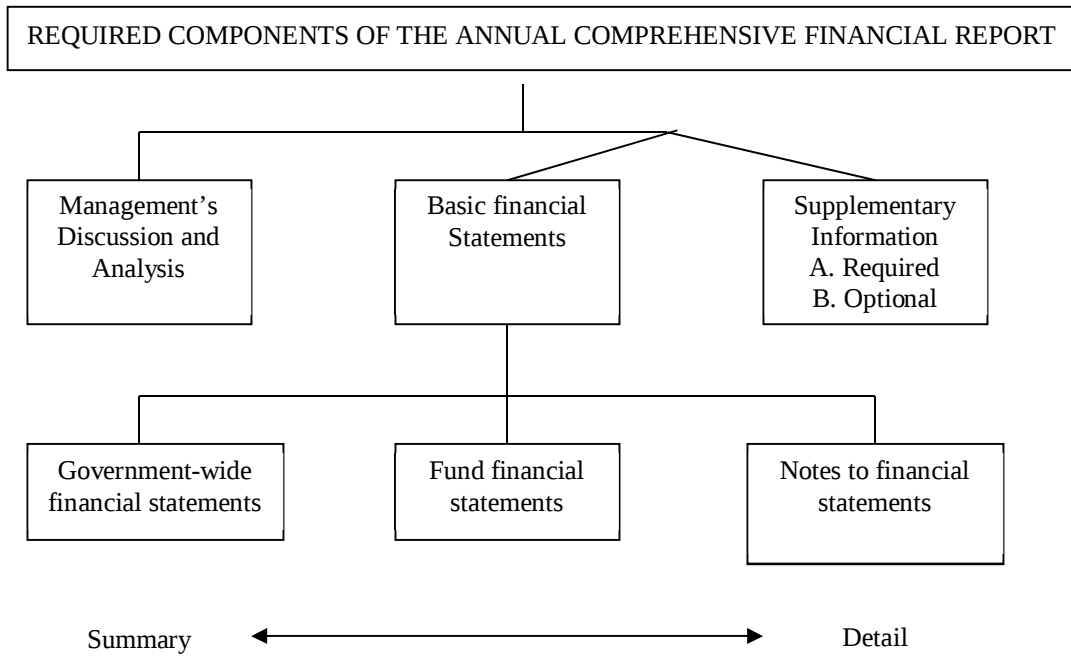


Table A-2 summarizes the major features of the City's financial statements, including the area of the City's activities they cover and the types of information they contain.

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

	Government-wide statements	Fund financial statements		
		Governmental	Business-Type	Fiduciary
Scope	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
Required financial statements	· Statement of net position · Statement of activities	· Balance sheet · Statement revenues, expenditures, and changes in fund balance	· Statement of net position · Statement of revenues, expenses, and changes in net position · Statement of cash flows	· Statement of fiduciary net position · Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources measurement focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both financial and capital, short-term and long-term; funds do not contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during 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:
 - o Net investment in capital assets
 - o 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
 - o 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.
- *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 \$397,468,815 at December 31, 2021. Of this amount, \$246,411,074 was capital assets, including infrastructure and construction in progress.

Table A-3: Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 109,161,515	\$ 81,645,580	\$ 7,718,656	\$ 7,166,373	\$ 116,880,171	\$ 88,811,953
Capital assets, net	241,529,385	238,520,002	4,881,689	5,153,473	246,411,074	243,673,475
Other non-current assets	33,502,940	24,323,844	674,630	-	34,177,570	24,323,844
Total Assets	<u>384,193,840</u>	<u>344,489,426</u>	<u>13,274,975</u>	<u>12,319,846</u>	<u>397,468,815</u>	<u>356,809,272</u>
Deferred Outflows of Resources:						
Deferred outflows of resources for pensions	21,559,931	6,179,692	1,089,442	292,143	22,649,373	6,471,835
Deferred outflows of resources for OPEB	18,520,234	8,280,688	1,182,143	528,554	19,702,377	8,809,242
Deferred charge on refunding	281,092	301,169	-	-	281,092	301,169
Total Deferred Outflows of Resources	<u>40,361,257</u>	<u>14,761,549</u>	<u>2,271,585</u>	<u>820,697</u>	<u>42,632,842</u>	<u>15,582,246</u>
Current and other liabilities	25,011,089	23,749,039	1,323,965	1,318,046	26,335,054	25,067,085
Long-term liabilities	239,910,069	223,450,581	6,768,403	5,963,295	246,678,472	229,413,876
Total Liabilities	<u>264,921,158</u>	<u>247,199,620</u>	<u>8,092,368</u>	<u>7,281,341</u>	<u>273,013,526</u>	<u>254,480,961</u>
Deferred Inflows of Resources:						
Utility system concession lease	204,199,812	208,560,104	-	-	204,199,812	208,560,104
Deferred inflows of resources for OPEB	3,629,127	4,825,438	231,647	308,006	3,860,774	5,133,444
Deferred inflows of resources for pensions	61,435,478	39,085,663	2,777,284	1,833,783	64,212,762	40,919,446
Total Deferred Inflows of Resources	<u>269,264,417</u>	<u>252,471,205</u>	<u>3,008,931</u>	<u>2,141,789</u>	<u>272,273,348</u>	<u>254,612,994</u>
Net position:						
Net investment in capital assets	194,860,192	195,284,967	4,587,722	4,993,363	199,447,914	200,278,330
Restricted	22,128,770	35,172,694	-	-	22,128,770	35,172,694
Unrestricted	<u>(326,619,440)</u>	<u>(370,877,511)</u>	<u>(142,461)</u>	<u>(1,275,950)</u>	<u>(326,761,901)</u>	<u>(372,153,461)</u>
Total Net Position (Deficit)	<u>\$ (109,630,478)</u>	<u>\$ (140,419,850)</u>	<u>\$ 4,445,261</u>	<u>\$ 3,717,413</u>	<u>\$ (105,185,217)</u>	<u>\$ (136,702,437)</u>

City of Allentown, Pennsylvania
Management's Discussion and Analysis

The following statement of activities represents changes in net position for the years ended December 31, 2021 and 2020. 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	
	2021	2020	2021	2020	2021	2020
Program revenues:						
Charges for services	\$ 26,756,580	\$ 24,640,899	\$ 17,274,606	\$ 15,948,393	\$ 44,031,186	\$ 40,589,292
Operating grants and contributions	20,184,724	12,859,939	876,831	990,913	21,061,555	13,850,852
Capital grants	2,995,743	6,400,538	-	-	2,995,743	6,400,538
General revenues:						
Taxes	89,877,674	74,723,537	-	-	89,877,674	74,723,537
Investment earnings	89,940	139,840	7,732	14,580	97,672	154,420
Gain on sale of asset	21,349	11,731	13,968	-	35,317	11,731
Unrestricted grants/contributions	11,460,534	9,359,985	-	-	11,460,534	9,359,985
Total revenues	151,386,544	128,136,469	18,173,137	16,953,886	169,559,681	145,090,355
Expenses:						
General government	6,611,752	11,517,854	-	-	6,611,752	11,517,854
Public safety	59,873,132	57,217,622	-	-	59,873,132	57,217,622
Community development	12,848,615	11,034,659	-	-	12,848,615	11,034,659
Public works	25,355,126	29,650,419	-	-	25,355,126	29,650,419
Health and sanitation	5,252,669	4,390,225	-	-	5,252,669	4,390,225
Parks and recreation	7,301,167	7,166,384	-	-	7,301,167	7,166,384
Water and sewer	-	-	-	-	-	-
Interest on long-term debt	4,778,424	4,609,638	-	-	4,778,424	4,609,638
Municipal golf course	-	-	1,350,574	1,156,632	1,350,574	1,156,632
Solid waste fund	-	-	14,671,002	15,009,176	14,671,002	15,009,176
Total expenses	122,020,885	125,586,801	16,021,576	16,165,808	138,042,461	141,752,609
Change in net position before transfers	29,365,659	2,549,668	2,151,561	788,078	31,517,220	3,337,746
Transfers	1,423,713	1,450,369	(1,423,713)	(1,450,369)	-	-
Change in net position	30,789,372	4,000,037	727,848	(662,291)	31,517,220	3,337,746
Net position (deficit) beginning	(140,419,850)	(144,419,887)	3,717,413	4,379,704	(136,702,437)	(140,040,183)
Net position (deficit) ending	\$ (109,630,478)	\$ (140,419,850)	\$ 4,445,261	\$ 3,717,413	\$ (105,185,217)	\$ (136,702,437)

Total government-wide revenues of \$169.6 million in 2021 came primarily from taxes of \$89.9 million, representing 53.0 percent of the total. Charges for services at \$44.0 million made up the second largest source of revenue at 26.0 percent, followed by operating grants and contributions of \$21.1 million, or 12.4 percent.

Total expenses for all programs in 2021 were \$138.0 million. The expenses cover a range of services, with the largest being public safety at \$59.9 million or 43.4 percent. The next largest program areas were public works at \$25.4 million or 18.4 percent, the solid waste fund at \$14.7 million or 10.6 percent and community development at \$12.8 million or 9.3 percent.

The tax revenue increased by \$15.2 million, largely due to a change in recognition of deferred revenue in 2020.

Net cost of services

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, 2021 and 2020.

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

	Total cost of services		Net cost of services	
	2021	2020	2021	2020
Program:				
General government	\$ 6,611,752	\$ 11,517,854	\$ 2,362,184	\$ 4,668,740
Public safety	59,873,132	57,217,622	(56,800,844)	54,506,843
Community development	12,848,615	11,034,659	(701,402)	1,598,703
Public works	25,355,126	29,650,419	(15,265,008)	17,597,818
Health and sanitation	5,252,669	4,390,225	(1,041,608)	1,167,279
Parks and recreation	7,301,167	7,166,384	(1,217,864)	2,517,545
Water and sewer	-	-	5,359,128	(4,981,141)
Interest on long-term debt	4,778,424	4,609,638	(4,778,424)	4,609,638
Municipal golf course	1,350,574	1,156,632	901,033	(432,228)
Solid waste fund	14,671,002	15,009,176	1,228,828	(341,270)
Total expenses	\$ <u>138,042,461</u>	\$ <u>141,752,609</u>	\$ <u>(69,953,977)</u>	\$ <u>80,911,927</u>

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 50.7 percent of its governmental and business-type activities in 2021. These revenues covered 60.2 percent of public works spending with the remainder coming from grants and fees for specific services. These revenues also covered 94.9 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

City of Allentown, Pennsylvania
Management's Discussion and Analysis

Capital assets

The City's investment in capital assets at December 31, 2021, net of accumulated depreciation, was \$246.4 million. Capital assets consist primarily of land, buildings, equipment and infrastructure. Detailed information about the City's capital assets can be found in Note 5, Notes to Financial Statements. Table A-6 is a summary of capital assets at December 31, 2021 and 2020.

Table A-6: Capital assets, net at December 31, 2021 and 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 9,809,945	\$ 9,809,945	\$ 1,134,759	\$ 1,134,759	\$ 10,944,704	\$ 10,944,704
Assets under concession lease - LCA	90,395,732	89,796,229	-	-	90,395,732	89,796,229
Assets under concession lease - COA	7,598,974	6,579,747	-	-	7,598,974	6,579,747
Construction in progress	1,085,831	2,966,323	-	-	1,085,831	2,966,323
Buildings	3,293,575	3,514,500	586,368	603,798	3,879,943	4,118,298
Land and building improvements	19,135,045	19,801,755	581,414	703,544	19,716,459	20,505,299
Machinery and equipment	9,042,523	9,743,837	1,830,670	1,816,728	10,873,193	11,560,565
Vehicles	8,172,656	7,878,849	721,796	867,584	8,894,452	8,746,433
Infrastructure	92,995,104	88,428,817	-	-	92,995,104	88,428,817
Distribution and collection systems	-	-	26,682	27,060	26,682	27,060
Total	\$ 241,529,385	\$ 238,520,002	\$ 4,881,689	\$ 5,153,473	\$ 246,411,074	\$ 243,673,475

Debt administration

Long-term debt:

At December 31, 2021, the City had \$105.9 million of debt outstanding, including bonds, notes, and capital leases. This was a net decrease of \$6.0 million from the end of 2020, due to the City not issuing any new debt in 2021. Detailed information about the City's Long-term Debt can be found in Note 9, 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	
	2021	2020	2021	2020	2021	2020
Capital leases	\$ 1,649,058	\$ 2,681,322	\$ 293,967	\$ 160,110	\$ 1,943,025	\$ 2,841,432
Bonds and notes	103,969,654	109,113,518	-	-	103,969,654	109,113,518
Total	\$ 105,618,712	\$ 111,794,840	\$ 293,967	\$ 160,110	\$ 105,912,679	\$ 111,954,950

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 \$302.1 million, which is 250% of its borrowing base of \$120.8 million. The total debt outstanding was \$105.9 million, which leaves the City with \$196.2 million in debt capacity.

Bond rating

At December 31, 2021, the City is rated A3 with a stable outlook by Moody's Investors Service and an A rating with a negative outlook by S&P. The City is hopeful that the positive change in General Fund balance during 2022 will at least restore a stable outlook from S&P.

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, 2021 and 2020 are as follows. Table A-8 also presents changes from 2020 to 2021.

Table A-8: Revenues by source, governmental funds

	2021	2020	Changes from 2020 to 2021	Percent change
Revenues:				
Taxes	\$ 89,893,149	\$ 84,325,272	\$ 5,567,877	6.6%
Licenses and permits	8,092,586	7,512,497	580,089	7.7%
Charges for services	6,099,831	5,228,472	871,359	16.7%
Fines and forfeits	254,657	263,588	(8,931)	-3.4%
Investment earnings	78,549	123,953	(45,404)	-36.6%
Intergovernmental revenues	34,619,828	27,104,518	7,515,310	27.7%
Other	9,142,527	7,400,008	1,742,519	23.5%
Total revenues	\$ 148,181,127	\$ 131,958,308	\$ 16,222,819	12.3%

City of Allentown, Pennsylvania
Management's Discussion and Analysis

Governmental fund revenues totaled \$148.2 million for the year ended December 31, 2021. This is an increase of \$16.2 million from 2020, primarily due to an increase in EIT, building permits, inter-governmental grants, casino revenue, deed transfer tax, city real estate tax collections, and others.

Governmental fund expenditures

Governmental fund expenditures by function for the years ended December 31, 2021 and 2020 are as follows. Table A-9 also presents changes from 2020 to 2021.

Table A-9: Expenditures by function, governmental funds

	2021	2020	Changes from 2020 to 2021	Percent change
Expenditures:				
General government	\$ 12,635,923	\$ 11,622,331	\$ 1,013,592	8.7%
Public safety	66,930,799	66,463,915	466,884	0.7%
Community development	12,753,124	10,843,958	1,909,166	17.6%
Public works	26,928,971	24,592,850	2,336,121	9.5%
Health and sanitation	5,087,754	4,150,877	936,877	22.6%
Parks and recreation	6,489,456	5,923,640	565,816	9.6%
Debt service:				
Principal	6,152,305	10,568,245	(4,415,940)	-41.8%
Interest	3,927,860	2,372,007	1,555,853	65.6%
Capital outlay	2,919,993	1,871,347	1,048,646	56.0%
Total expenditures	\$ 143,826,185	\$ 138,409,170	\$ 5,417,015	3.9%

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, and the American Rescue Plan which are 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 \$143.8 million for the year ended December 31, 2021, an increase of 3.9 percent from 2020, primarily due to an increase in personnel and benefit costs.

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, 2021 and 2020

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

	2021		2020	
	Governmental Funds	Enterprise Funds	Governmental Funds	Enterprise Funds
General	\$ 35,341,258	\$ -	\$ 25,594,283	\$ -
Liquid Fuels Fund	2,653,859	-	2,814,082	-
Community Development				
Block Grant	3,899,875	-	3,815,991	-
Trexler	1,648,097	-	429,686	-
Capital Projects	14,852,662	-	16,869,136	-
American Rescue Plan	17,414	-	-	-
Grants	-	-	16,350	-
Revolving Loan	1,339,053	-	1,337,658	-
Debt Service Fund	-	-	-	-
Stormwater Fund	3,584,635	-	5,044,441	-
Lease A.O. Fund	3,434,115	-	4,845,350	-
Municipal Golf Course	-	1,480,572	-	939,188
Solid Waste Fund	-	2,964,689	-	2,778,225
Total	\$ 66,770,968	\$ 4,445,261	\$ 60,766,977	\$ 3,717,413

The City's governmental funds reported a combined fund balance of \$66.8 million at December 31, 2021, up \$6.0 million from the previous year. The General Fund balance increased by \$9.7 million, due to better than anticipated revenues, and an ability to operate effectively with less expenditures than budgeted. Capital Projects Fund and Lease AO Fund balances decreased by \$2.0 million and \$1.4 million, respectively, due to increased construction post-pandemic. The Stormwater fund balance decreased by \$1.5 million so the fund could pay-go part of its infrastructure improvement capital project in 2021. \$3.9 million is restricted for Community Development Block Grant projects, \$14.9 million is restricted for capital acquisitions, \$2.7 million is restricted for the Liquid Fuels Fund, \$1.3 million is restricted for the Revolving Loan Fund, \$3.4 million is restricted for the Lease A.O. Fund and \$1.7 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 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 is the largest city in the four-county Allentown-Bethlehem-Easton Metropolitan Statistical Area and serves as the seat of Lehigh County. Allentown is home to 125,944 residents, per recent United States Census estimates, thus making it the third-largest city in Pennsylvania. 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 50.6% of total City population, according to the Census's 2016 American Community Survey.

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. Augmented by sharply growing corporate activity in several new office buildings in the Center City area, Allentown is home to the corporate headquarters of utility firms PPL (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. Lehigh Valley Health Network 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 18 years ago would have been an unimaginable amount of capital investment in downtown. Centered around the PPL Center Sports arena, developers continue to add to office space, such as City Center 2, 3, 5 and Tower Six, and considerable residential units to the neighborhood. Allentown expects Waterfront Development to ensue, in earnest, in 2022 and 2023, 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 a headquarters or the location of major regional facilities.

SUMMARY

The City exited 2021 in a far better financial position than its pre-pandemic condition. There were no increased rates for property taxes, nor in any of our governmental funds to get there. Expenditures were contained in 2021, with no need to balance expenditures on the back of cash reserves. Starting 2022 with an unprecedented amount of cash reserved in its General Fund, in the 2006 loan investment, and Risk fund balance, the City will be looking towards a stable fiscal year with aspirations of improving its bond rating, at least to a stable or positive outlook.

The City has no plans to incur any additional indebtedness in 2022 and expects that its revenues will be sufficient to cover its expenditures without any draw-down on cash.

Finally, the administration and the Mayor would like to extend its appreciation to our accounting staff, Mike Sinclair, Mel Sajeski, Sheri Young, Kacee Stout, and Xuemei Lu for their excellent work on this financial statement, as well as Bina Patel, 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, PENNSYLVANIA
STATEMENT OF NET POSITION
DECEMBER 31, 2021

Assets	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activities		
Current assets:				
Cash and cash equivalents	\$ 93,140,496	\$ 4,589,906	\$ 97,730,402	\$ 4,124,471
Restricted cash	789,359	-	789,359	56,588
Investments	-	-	-	2,213,635
Receivables (net of allowance for uncollectible):				
Taxes	9,804,683	-	9,804,683	-
Accounts	2,861,655	1,410,234	4,271,889	204,616
Grants	3,414,217	664,298	4,078,515	-
Other current assets	6,878	-	6,878	41,983
Notes receivables	-	-	-	400,000
Inventory	-	18,503	18,503	-
Prepaid expenses	-	-	-	244,673
Prepaid debt insurance	179,942	-	179,942	-
Due from other governments	-	-	-	43,111
Internal balances	(1,035,715)	1,035,715	-	-
Total current assets	<u>109,161,515</u>	<u>7,718,656</u>	<u>116,880,171</u>	<u>7,329,077</u>
Noncurrent assets:				
Capital assets, net:				
Land	9,809,945	1,134,759	10,944,704	7,824,992
Assets under concession lease-LCA	90,395,732	-	90,395,732	-
Assets under concession lease-City	7,598,974	-	7,598,974	-
Buildings	3,293,575	586,368	3,879,943	42,461,661
Land and building improvements	19,135,045	581,413	19,716,458	-
Machinery and equipment	9,042,523	1,830,670	10,873,193	1,165,330
Vehicles	8,172,656	721,797	8,894,453	259,313
Distribution and collection systems	-	26,682	26,682	-
Construction in progress	1,085,831	-	1,085,831	20,230,255
Infrastructure	92,995,104	-	92,995,104	-
Total capital assets, net	<u>241,529,385</u>	<u>4,881,689</u>	<u>246,411,074</u>	<u>71,941,551</u>
Loans and notes receivable	3,390,623	-	3,390,623	562,899
Utility system concession lease receivable	20,188,797	-	20,188,797	-
Property held for development	-	-	-	557,477
Net pension asset	9,923,520	674,630	10,598,150	928,655
Total noncurrent assets	<u>275,032,325</u>	<u>5,556,319</u>	<u>280,588,644</u>	<u>73,990,582</u>
Total Assets	<u>384,193,840</u>	<u>13,274,975</u>	<u>397,468,815</u>	<u>81,319,659</u>
Deferred Outflows of Resources				
Deferred outflows of resources for pensions	21,559,931	1,089,442	22,649,373	69,767
Deferred outflows of resources for OPEB	18,520,234	1,182,143	19,702,377	463,903
Deferred charge on refunding	281,092	-	281,092	-
Total Deferred Outflows of Resources	<u>40,361,257</u>	<u>2,271,585</u>	<u>42,632,842</u>	<u>533,670</u>

(Continued)

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

CITY OF ALLENTOWN, PENNSYLVANIA
STATEMENT OF NET POSITION
DECEMBER 31, 2021
(Continued)

Liabilities	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activities		
Current liabilities:				
Accounts payable and other current liabilities	4,813,854	1,030,633	5,844,487	2,882,821
Wages payable	943,019	36,048	979,067	-
Accrued interest payable	479,890	-	479,890	-
Claims liability	553,872	-	553,872	-
Other liabilities	3,702,767	1,858	3,704,625	455,521
Due to other governments	2,337,211	-	2,337,211	-
Compensated absences	3,581,771	136,890	3,718,661	-
Facility contractual obligation	130,290	-	130,290	-
Capital leases payable	944,817	118,536	1,063,353	50,773
Notes and bonds payable, current maturities	7,523,598	-	7,523,598	1,604,353
Total current liabilities	<u>25,011,089</u>	<u>1,323,965</u>	<u>26,335,054</u>	<u>4,993,468</u>
Noncurrent liabilities:				
Unearned revenue	25,240,190	3,900	25,244,090	7,808,742
Other non current liabilities	-	-	-	5,000,000
Capital leases payable	704,241	175,431	879,672	71,752
Compensated absences	2,892,022	50,370	2,942,392	-
Net pension liability	12,187,899	-	12,187,899	-
Total other postemployment benefit liability	102,439,661	6,538,702	108,978,363	140,923
Notes and bonds payable	96,446,056	-	96,446,056	40,013,664
Total noncurrent liabilities	<u>239,910,069</u>	<u>6,768,403</u>	<u>246,678,472</u>	<u>53,035,081</u>
Total Liabilities	<u>264,921,158</u>	<u>8,092,368</u>	<u>273,013,526</u>	<u>58,028,549</u>
Deferred Inflows of Resources				
Utility system concession lease	204,199,812	-	204,199,812	-
Deferred inflows of resources for OPEB	3,629,127	231,647	3,860,774	40,528
Deferred inflows of resources for pensions	61,435,478	2,777,284	64,212,762	526,274
Total Deferred Inflows of Resources	<u>269,264,417</u>	<u>3,008,931</u>	<u>272,273,348</u>	<u>566,802</u>
Net Position				
Net investment in capital assets	194,860,192	4,587,722	199,447,914	25,964,912
Restricted for:				
Capital projects	5,569,136	-	5,569,136	-
Public works	9,672,609	-	9,672,609	-
Community development	5,238,928	-	5,238,928	55,588
Parks and recreation	1,648,097	-	1,648,097	-
Unrestricted (Deficit)	<u>(326,619,440)</u>	<u>(142,461)</u>	<u>(326,761,901)</u>	<u>(2,762,522)</u>
Total Net Position (Deficit)	<u>\$ (109,630,478)</u>	<u>\$ 4,445,261</u>	<u>\$ (105,185,217)</u>	<u>\$ 23,257,978</u>

(Concluded)

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

CITY OF ALLENTOWN, PENNSYLVANIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units
Primary government:								
Governmental activities:								
General government	\$ 6,611,752	\$ 5,323,728	\$ 3,650,208	\$ -	\$ 2,362,184	\$ -	\$ 2,362,184	\$ -
Public safety	59,873,132	2,091,690	980,598	-	(56,800,844)	-	(56,800,844)	-
Community development	12,848,615	6,326,274	5,820,939	-	(701,402)	-	(701,402)	-
Public works	25,355,126	6,688,327	2,978,470	423,321	(15,265,008)	-	(15,265,008)	-
Health and sanitation	5,252,669	263,396	3,947,665	-	(1,041,608)	-	(1,041,608)	-
Parks and recreation	7,301,167	704,037	2,806,844	2,572,422	(1,217,864)	-	(1,217,864)	-
Water and sewer	-	5,359,128	-	-	5,359,128	-	5,359,128	-
Interest on long-term debt	4,778,424	-	-	-	(4,778,424)	-	(4,778,424)	-
Total governmental activities	<u>122,020,885</u>	<u>26,756,580</u>	<u>20,184,724</u>	<u>2,995,743</u>	<u>(72,083,838)</u>	<u>-</u>	<u>(72,083,838)</u>	<u>-</u>
Business-Type activities:								
Solid Waste Fund	14,671,002	15,047,192	852,638	-	-	1,228,828	1,228,828	-
Municipal Golf Course	1,350,574	2,227,414	24,193	-	-	901,033	901,033	-
Total business-type activities	<u>16,021,576</u>	<u>17,274,606</u>	<u>876,831</u>	<u>-</u>	<u>-</u>	<u>2,129,861</u>	<u>2,129,861</u>	<u>-</u>
Total primary government	<u>\$ 138,042,461</u>	<u>\$ 44,031,186</u>	<u>\$ 21,061,555</u>	<u>\$ 2,995,743</u>	<u>(72,083,838)</u>	<u>2,129,861</u>	<u>(69,953,977)</u>	<u>-</u>
Component units:								
Redevelopment Authority of the City of Allentown	\$ 1,612,556	\$ 1,281,504	\$ -	\$ -	-	-	-	(331,052)
Allentown Parking Authority	8,703,255	10,032,380	581,400	-	-	-	-	1,910,525
Total component units	<u>\$ 10,315,811</u>	<u>\$ 11,313,884</u>	<u>\$ 581,400</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,579,473</u>
General revenues:								
Property taxes					39,572,785	-	39,572,785	-
Act 511					47,365,018	-	47,365,018	-
Utility realty					85,093	-	85,093	-
Deed transfer tax					2,854,778	-	2,854,778	-
Grants and contributions not restricted to specific purposes					11,460,534	-	11,460,534	-
Investment earnings					89,940	7,732	97,672	13,509
Gain on sale of asset					21,349	13,968	35,317	528,645
Transfers					1,423,713	(1,423,713)	-	-
Total general revenues and transfers					<u>102,873,210</u>	<u>(1,402,013)</u>	<u>101,471,197</u>	<u>542,154</u>
Change in Net Position					30,789,372	727,848	31,517,220	2,121,627
Net Position (Deficit):								
Beginning of year					(140,419,850)	3,717,413	(136,702,437)	21,136,351
End of year					<u>\$ (109,630,478)</u>	<u>\$ 4,445,261</u>	<u>\$ (105,185,217)</u>	<u>\$ 23,257,978</u>

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

CITY OF ALLENTOWN, PENNSYLVANIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General	Capital Projects	Debt Service	American Rescue Plan	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 32,915,708	\$ 29,569,324	\$ -	\$ 11,173,716	\$ 11,921,698	\$ 85,580,446
Restricted Cash	-	-	-	-	789,359	789,359
Receivables, net:						
Taxes	9,804,683	-	-	-	-	9,804,683
Loans	103,850	-	-	-	3,286,773	3,390,623
Accounts	2,002,491	-	-	-	632,708	2,635,199
Grants	1,065,695	280,032	-	-	2,068,490	3,414,217
Utility system concession lease	20,188,797	-	-	-	-	20,188,797
Interest	-	-	-	-	6,878	6,878
Due from other funds	1,202,056	-	-	13,998,177	2,306	15,202,539
Total Assets	\$ 67,283,280	\$ 29,849,356	\$ -	\$ 25,171,893	\$ 18,708,212	\$ 141,012,741
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities:						
Accounts payable	\$ 2,064,418	\$ 937,979	\$ -	\$ -	\$ 640,317	\$ 3,642,714
Wages Payable	877,192	-	-	-	63,350	940,542
Due to other funds	2,306	13,998,177	-	-	952,056	14,952,539
Due to other governments	2,282,868	-	-	-	54,343	2,337,211
Advance from other fund	1,285,715	-	-	-	-	1,285,715
Unearned revenue - grants	85,711	-	-	25,154,479	-	25,240,190
Other liabilities	3,197,234	60,538	-	-	438,512	3,696,284
Total Liabilities	9,795,444	14,996,694	-	25,154,479	2,148,578	52,095,195
Deferred Inflows of Resources:						
Unavailable revenue - taxes	1,957,781	-	-	-	-	1,957,781
Unavailable revenue - utility system concession lease	20,188,797	-	-	-	-	20,188,797
Total Deferred Inflows of Resources	22,146,578	-	-	-	-	22,146,578
Fund Balance:						
Restricted	-	14,852,662	-	-	16,559,634	31,412,296
Assigned	2,341,109	-	-	17,414	-	2,358,523
Unassigned	33,000,149	-	-	-	-	33,000,149
Total Fund Balance	35,341,258	14,852,662	-	17,414	16,559,634	66,770,968
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 67,283,280	\$ 29,849,356	\$ -	\$ 25,171,893	\$ 18,708,212	\$ 141,012,741

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

CITY OF ALLENTOWN, PENNSYLVANIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021

Total Fund Balance - Governmental Funds	\$ 66,770,968
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	241,529,385
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in governmental funds	22,146,578
Prepaid debt insurance is reported as an asset and amortized on the statement of net position	179,942
Utility system concession lease is required to be amortized over the life of the lease for the governmental activities	(204,199,812)
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	(479,890)
Facility contractual obligation	(130,290)
Notes and bonds payable	(103,969,654)
Less: deferred charge on refunding	281,092
Capital leases payable	(1,649,058)
Compensated absences	(6,473,793)
Other postemployment benefits liability, net of related deferred inflows and outflows of resources	(87,548,554)
Net pension liability, net of related deferred inflows and outflows of resources	<u>(42,139,926)</u>
	(242,110,073)
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 governmental funds	<u>6,052,534</u>
Total Net Position - Governmental Activities	<u>\$ (109,630,478)</u>

CITY OF ALLENTOWN, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	General	Capital Projects	Debt Service	American Rescue Plan	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 89,893,149	\$ -	\$ -	\$ -	\$ -	\$ 89,893,149
Licenses and permits	8,092,586	-	-	-	-	8,092,586
Charges for services	5,786,840	312,991	-	-	-	6,099,831
Fines and forfeits	254,657	-	-	-	-	254,657
Investment earnings	42,093	5,638	-	17,414	13,404	78,549
Intergovernmental revenues	16,146,559	2,995,743	-	3,411,823	12,065,703	34,619,828
Other	2,160,118	302,036	-	-	6,680,373	9,142,527
Total revenues	<u>122,376,002</u>	<u>3,616,408</u>	<u>-</u>	<u>3,429,237</u>	<u>18,759,480</u>	<u>148,181,127</u>
Expenditures:						
Current:						
General government	11,596,694	1,385	-	-	1,037,844	12,635,923
Public safety	66,930,799	-	-	-	-	66,930,799
Community development	7,975,245	-	-	-	4,777,879	12,753,124
Public works	12,310,601	7,655,504	-	-	6,962,866	26,928,971
Health and sanitation	5,087,754	-	-	-	-	5,087,754
Parks and recreation	4,703,037	-	-	-	1,786,419	6,489,456
Debt service:						
Principal	-	-	5,747,305	-	405,000	6,152,305
Interest	-	-	3,694,874	-	232,986	3,927,860
Capital outlay	1,209,994	-	-	-	1,709,999	2,919,993
Total expenditures	<u>109,814,124</u>	<u>7,656,889</u>	<u>9,442,179</u>	<u>-</u>	<u>16,912,993</u>	<u>143,826,185</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,561,878</u>	<u>(4,040,481)</u>	<u>(9,442,179)</u>	<u>3,429,237</u>	<u>1,846,487</u>	<u>4,354,942</u>
Other Financing Sources (Uses):						
Sale of capital assets	97,514	-	-	-	-	97,514
Transfers in	6,722,910	5,343,246	9,442,179	-	126,278	21,634,613
Transfers out	(9,635,327)	(3,319,239)	-	(3,411,823)	(3,716,689)	(20,083,078)
Total other financing sources (uses)	<u>(2,814,903)</u>	<u>2,024,007</u>	<u>9,442,179</u>	<u>(3,411,823)</u>	<u>(3,590,411)</u>	<u>1,649,049</u>
Net Change in Fund Balance	9,746,975	(2,016,474)	-	17,414	(1,743,924)	6,003,991
Fund Balance:						
Beginning of year	25,594,283	16,869,136	-	-	18,303,558	60,766,977
End of year	<u>\$ 35,341,258</u>	<u>\$ 14,852,662</u>	<u>\$ -</u>	<u>\$ 17,414</u>	<u>\$ 16,559,634</u>	<u>\$ 66,770,968</u>

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

CITY OF ALLENTOWN, PENNSYLVANIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

Net Change in Fund Balance - Governmental Funds	\$ 6,003,991
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.	11,442,119
Depreciation expense on capital assets is reported in the statement of activities but not does require the use of current financial resources; therefore, depreciation expense is not reported as expenditures in governmental funds.	(8,956,074)
When recognizing the disposal of capital assets, the governmental funds report the total proceeds of the sale. Only the gain or loss on the sale is reported in the governmental activities.	(76,165)
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 the funds.	(1,832,796)
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.	(2,612,914)
Activities of the internal service fund are reported as net revenue in the statement of activities.	(1,505,996)
Principal payments on capital leases consumes the current financial resources of governmental funds.	1,032,264
The repayment of principal of long-term debt consumes the current financial resources of governmental funds.	7,385,000
The accretion of capital appreciation bonds does not consume current financial resources of governmental funds.	(2,426,758)
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.	141,019
Accrued interest expense on long-term debt is reported in the statement of activities but does not require the use of current financial resources.	177,954
The net pension 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 net pension liability, net of related deferred inflows and outflows of resources.	20,353,276
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.	(3,298,307)
The deferred inflow of resources from the utility system concession lease is amortized over the life of the lease in the statement of activities.	4,962,759
Change in Net Position - Governmental Activities	<u>\$ 30,789,372</u>

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

CITY OF ALLENTOWN, PENNSYLVANIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Fund	Nonmajor Fund Municipal Golf Course	Total	Internal Service Fund
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 3,749,927	\$ 839,979	\$ 4,589,906	\$ 7,560,050
Accounts receivable:				
Refuse collection	1,424,479	-	1,424,479	-
Other	655,898	8,400	664,298	226,456
Total accounts receivable	2,080,377	8,400	2,088,777	226,456
Allowance for doubtful accounts	14,245	-	14,245	-
Net accounts receivable	2,066,132	8,400	2,074,532	226,456
Advance to other funds	642,857	-	642,857	-
Inventories	-	18,503	18,503	-
Total current assets	6,458,916	866,882	7,325,798	7,786,506
Noncurrent assets:				
Net pension asset	601,514	73,116	674,630	-
Advance to other funds	642,858	-	642,858	-
Capital assets:				
Land	-	1,134,759	1,134,759	-
Buildings	1,017,066	271,087	1,288,153	-
Land and building improvements	1,477,128	3,414,090	4,891,218	-
Machinery and equipment	4,176,236	1,923,825	6,100,061	-
Vehicles	3,750,702	239,224	3,989,926	-
Distribution and collection systems	-	37,465	37,465	-
Total capital assets	10,421,132	7,020,450	17,441,582	-
Accumulated depreciation	(7,767,397)	(4,792,496)	(12,559,893)	-
Net capital assets	2,653,735	2,227,954	4,881,689	-
Total noncurrent assets	3,898,107	2,301,070	6,199,177	-
Total assets	10,357,023	3,167,952	13,524,975	7,786,506
<u>Deferred Outflows of Resources</u>				
Deferred outflows of resources for pensions	971,369	118,073	1,089,442	-
Deferred outflows of resources for OPEB	985,119	197,024	1,182,143	-
Total deferred outflows of resources	1,956,488	315,097	2,271,585	-

(Continued)

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

CITY OF ALLENTOWN, PENNSYLVANIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021

	Business-Type Activities - Enterprise Funds			
	Solid Waste Fund	Nonmajor Fund Municipal Golf Course	Total	Internal Service Fund
Liabilities				
Current liabilities:				
Accounts payable	1,005,997	24,636	1,030,633	1,171,140
Wages payable	31,367	4,681	36,048	2,477
Claims liability	-	-	-	553,872
Other liabilities	-	1,858	1,858	-
Due to other funds	-	250,000	250,000	-
Compensated absences	115,020	21,870	136,890	13,867
Capital leases payable	35,875	82,661	118,536	-
Total current liabilities	1,188,259	385,706	1,573,965	1,741,356
Noncurrent liabilities				
Capital leases payable	-	175,431	175,431	-
Compensated absences	42,323	8,047	50,370	11,210
Unearned revenue	-	3,900	3,900	6,483
Other postemployment benefit liability	5,448,918	1,089,784	6,538,702	-
Total noncurrent liabilities	5,491,241	1,277,162	6,768,403	17,693
Total Liabilities	6,679,500	1,662,868	8,342,368	1,759,049
Deferred Inflows of Resources				
Deferred inflows of resources for pensions	2,476,283	301,001	2,777,284	-
Deferred inflows of resources for OPEB	193,039	38,608	231,647	-
Total deferred inflows of resources	2,669,322	339,609	3,008,931	-
Net Position				
Net investment in capital assets	2,617,860	1,969,862	4,587,722	-
Unrestricted (deficit)	346,829	(489,290)	(142,461)	6,027,457
Total Net Position	\$ 2,964,689	\$ 1,480,572	\$ 4,445,261	\$ 6,027,457

(Concluded)

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

CITY OF ALLENTOWN, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Fund	Nonmajor Fund Municipal Golf Course	Totals	Internal Service Fund
<u>Operating Revenues:</u>				
Charges for services:				
Refuse collections	\$ 14,116,814	\$ -	\$ 14,116,814	\$ -
Recycling	532,457	-	532,457	-
Other charges	-	2,227,414	2,227,414	24,117,696
Miscellaneous	397,921	-	397,921	-
Total operating revenues	<u>15,047,192</u>	<u>2,227,414</u>	<u>17,274,606</u>	<u>24,117,696</u>
<u>Operating Expenses:</u>				
Personnel services	3,392,122	680,608	4,072,730	-
Utility Services	12,654	19,128	31,782	-
Contracted services	10,359,553	74,775	10,434,328	-
Materials and supplies	314,169	276,249	590,418	-
Claims and benefits	-	-	-	25,549,975
Depreciation expense	379,568	218,323	597,891	-
Miscellaneous	212,936	81,491	294,427	-
Total operating expenses	<u>14,671,002</u>	<u>1,350,574</u>	<u>16,021,576</u>	<u>25,549,975</u>
Operating Income (Loss)	<u>376,190</u>	<u>876,840</u>	<u>1,253,030</u>	<u>(1,432,279)</u>
<u>Non-Operating Revenues (Expenses):</u>				
Grants	852,638	24,193	876,831	42,714
Gain on disposal of asset	13,968	-	13,968	-
Interest	7,336	396	7,732	11,391
Total non-operating revenues (expenses)	<u>873,942</u>	<u>24,589</u>	<u>898,531</u>	<u>54,105</u>
Change in net position before transfers	1,250,132	901,429	2,151,561	(1,378,174)
Transfers out	<u>(1,063,668)</u>	<u>(360,045)</u>	<u>(1,423,713)</u>	<u>(127,822)</u>
Change in Net Position	186,464	541,384	727,848	(1,505,996)
<u>Net Position:</u>				
Beginning of year	2,778,225	939,188	3,717,413	7,533,453
End of Year	<u>\$ 2,964,689</u>	<u>\$ 1,480,572</u>	<u>\$ 4,445,261</u>	<u>\$ 6,027,457</u>

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

CITY OF ALLENTOWN, PENNSYLVANIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Fund	Nonmajor Fund Municipal Golf Course	Totals	Internal Service Fund
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 15,192,637	\$ 2,219,014	\$ 17,411,651	\$ 24,163,261
Payments to suppliers for services	(11,401,445)	(437,448)	(11,838,893)	(25,495,689)
Payments to employees	(3,468,498)	(697,369)	(4,165,867)	243,097
Net cash provided by (used in) operating activities	322,694	1,084,197	1,406,891	(1,089,331)
Cash Flows From Non-Capital Financing Activities:				
Operating grants received	852,638	24,193	876,831	42,714
Interest income	7,336	396	7,732	11,391
Transfers out	(1,063,668)	(360,045)	(1,423,713)	(127,822)
Net cash used in non-capital financing activities	(203,694)	(335,456)	(539,150)	(73,717)
Cash Flows From Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(23,753)	(302,354)	(326,107)	-
Gain on disposal of capital assets	13,968	-	13,968	-
Advance from/to other fund	642,857	223,393	866,250	-
Payments of obligations under capital leases	(34,942)	168,799	133,857	-
Net cash provided by (used in) capital and related financing activities	598,130	89,838	687,968	-
Net Increase (Decrease) in Cash and Cash Equivalents	717,130	838,579	1,555,709	(1,163,048)
Cash and Cash Equivalents:				
Beginning of year	3,032,797	1,400	3,034,197	8,723,098
End of year	\$ 3,749,927	\$ 839,979	\$ 4,589,906	\$ 7,560,050
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 376,190	\$ 876,840	\$ 1,253,030	\$ (1,432,279)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	379,568	218,323	597,891	-
Changes in:				
Accounts receivable	127,726	(8,400)	119,326	(85,531)
Due from other governments	17,719	-	17,719	131,096
Inventories	-	131	131	-
Deferred outflows of resources for pension and OPEB	(1,246,355)	(204,533)	(1,450,888)	-
Accounts payable	109,367	10,022	119,389	47,803
Wages payable	(62,371)	(8,334)	(70,705)	(3,267)
Claims liability	-	-	-	234,846
Unearned revenue	-	-	-	6,483
Compensated absences	(14,005)	(8,427)	(22,432)	11,518
Net pension liability	(868,801)	(95,390)	(964,191)	-
Other postemployment benefit liability	783,732	156,747	940,479	-
Deferred inflows of resources for pension and OPEB	719,924	147,218	867,142	-
Total adjustments	(53,496)	207,357	153,861	342,948
Net cash provided by (used in) operating activities	\$ 322,694	\$ 1,084,197	\$ 1,406,891	\$ (1,089,331)
Schedule of Noncash Investing Capital and Financing Activities				
Issuance of capital lease obligations	\$ -	\$ -	\$ -	\$ -

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

CITY OF ALLENTOWN, PENNSYLVANIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021

	<u>Component Unit</u> <u>Pension Trust</u> <u>Funds</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 8,258,262
Interest receivable	159,773
Investments, at fair value:	
Equity mutual funds	250,429,968
Bond mutual funds	55,433,915
Collective investment trust	38,577,290
Corporate bonds	6,126,592
U.S. government obligations	19,680,113
U.S. government agency obligations	2,402,742
Total Assets	<u>381,068,655</u>
<u>Liabilities</u>	
Accounts payable	<u>28,150</u>
Total Liabilities	<u>28,150</u>
<u>Net Position</u>	
Restricted for pension benefits	<u><u>\$ 381,040,505</u></u>

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

CITY OF ALLENTOWN, PENNSYLVANIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	<u>Component Unit</u> <u>Pension Trust</u> <u>Funds</u>
<u>Additions:</u>	
<u>Contributions:</u>	
Employer	\$ 12,222,669
Plan members	1,882,750
Total contributions	<u>14,105,419</u>
Investment income (loss):	
Net appreciation in fair value of investments	47,985,403
Interest and dividends	6,360,852
Less investment expenses	<u>(186,143)</u>
Net investment income (loss)	<u>54,160,112</u>
Total additions	<u>68,265,531</u>
<u>Deductions:</u>	
Benefits paid to recipients	22,390,163
Administrative and other fees	50,611
Total deductions	<u>22,440,774</u>
Change in Net Position	45,824,757
<u>Net Position:</u>	
Beginning of year	<u>335,215,748</u>
End of year	<u><u>\$ 381,040,505</u></u>

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

CITY OF ALLENTOWN, PENNSYLVANIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2021

	Redevelopment Authority of the City of Allentown	Allentown Parking Authority	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 948,915	\$ 3,175,556	\$ 4,124,471
Restricted cash	56,588	-	56,588
Investments	-	2,213,635	2,213,635
Accounts receivable	-	204,616	204,616
Other current assets	-	41,983	41,983
Note receivable	-	400,000	400,000
Prepaid expenses	-	244,673	244,673
Due from other governments	43,111	-	43,111
Total current assets	1,048,614	6,280,463	7,329,077
Noncurrent assets, net:			
Construction in progress	-	20,230,255	20,230,255
Land	-	7,824,992	7,824,992
Land and building improvements	-	42,461,661	42,461,661
Machinery and equipment	-	1,165,330	1,165,330
Vehicles	-	259,313	259,313
Total capital assets, net	-	71,941,551	71,941,551
Loans receivable	562,899	-	562,899
Property held for development	557,477	-	557,477
Net pension asset	-	928,655	928,655
Total noncurrent assets	1,120,376	72,870,206	73,990,582
Total Assets	2,168,990	79,150,669	81,319,659
Deferred Outflows of Resources			
Deferred charge on refunding	-	463,903	463,903
Deferred outflows of resources for pensions	-	69,767	69,767
Total Deferred Outflows of Resources	-	533,670	533,670
Liabilities			
Current liabilities:			
Accounts payable and other current liabilities	228,796	2,654,025	2,882,821
Other liabilities	55,588	399,933	455,521
Unearned revenue	-	374,164	374,164
Capital lease payable	-	50,773	50,773
Notes and bonds payable, current maturities	-	1,604,353	1,604,353
Total current liabilities	284,384	5,083,248	5,367,632
Noncurrent liabilities:			
Unearned revenue	-	7,434,578	7,434,578
Capital lease payable, net of current portion	-	71,752	71,752
Other postemployment benefit liability	-	140,923	140,923
Other long term liabilities	-	5,000,000	5,000,000
Bonds payable	-	40,013,664	40,013,664
Total noncurrent liabilities	-	52,660,917	52,660,917
Total Liabilities	284,384	57,744,165	58,028,549
Deferred Inflows of Resources			
Deferred inflows of resources for pensions	-	526,274	526,274
Deferred inflows of resources for OPEB	-	40,528	40,528
Total Deferred Inflows of Resources	-	566,802	566,802
Net Position			
Net investment in capital assets	-	25,964,912	25,964,912
Restricted	55,588	-	55,588
Unrestricted (deficit)	1,829,018	(4,591,540)	(2,762,522)
Total Net Position	\$ 1,884,606	\$ 21,373,372	\$ 23,257,978

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

CITY OF ALLENTOWN, PENNSYLVANIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2021

	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	\$ 1,612,556	\$ 1,281,504	\$ -	\$ (331,052)	\$ -	\$ (331,052)
Allentown Parking Authority	8,703,255	10,032,380	581,400	-	1,910,525	1,910,525
Total component units	<u>\$ 10,315,811</u>	<u>\$ 11,313,884</u>	<u>\$ 581,400</u>	<u>(331,052)</u>	<u>1,910,525</u>	<u>1,579,473</u>
General revenues:						
Investment earnings				-	13,509	13,509
Gain on sale of asset				-	528,645	528,645
Total general revenues				<u>-</u>	<u>542,154</u>	<u>542,154</u>
Change in Net Position				(331,052)	2,452,679	2,121,627
Net Position:						
Beginning of year				2,215,658	18,920,693	21,136,351
End of year				<u>\$ 1,884,606</u>	<u>\$ 21,373,372</u>	<u>\$ 23,257,978</u>

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

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 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 (Authority), an entity legally separate from the City, is governed by a board appointed by the Mayor of the City. The Authority, in collaboration with the City's Department of Community and Economic Development, addresses urban revitalization. The Authority is financially dependent on the City. The City is the pass-through entity for the 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).

Allentown Parking Authority

The Allentown Parking Authority (Parking Authority) is a municipal authority organized pursuant to the Parking Authority Act of 1947 of the Commonwealth of Pennsylvania. The Parking Authority's function is to administer, supervise, and enforce an efficient system of off-street and on-street parking in the City. The Parking Authority is governed by a five member board appointed by the Mayor of the City and can be removed from the Board at will.

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

The amounts the City appropriated to these entities during the year ended December 31, 2021 were immaterial to the basic financial statements.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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 properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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 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, 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.

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.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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

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.

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.

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

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.

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.

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/A.O. – is used to account for charges pursuant to Pennsylvania Department of Environmental Protection administrative order.

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

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 Municipal Golf Course Fund is the City's nonmajor proprietary fund.

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

The City's fiduciary funds consist of the Pension Trust Funds, which are 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.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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

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.

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 and the 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 capital projects fund and the pension trust fund. Investments are carried 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.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Cash and Cash Equivalents and Investments (Continued)

- 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.
- 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.

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 Parking Authority had no deposit or investment transactions during the year ended December 31, 2021 which were in violation of state statutes or applicable trust indentures.

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 are 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). All other outstanding balances between funds are reported as "due to/from other funds."

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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 \$51,000 at December 31, 2021. The allowance for curb and sidewalk charges for services, presented in the Capital Projects Fund, was approximately \$1.2 million at December 31, 2021. The allowance for accounts receivable presented in General Fund, was approximately \$27,500 at December 31, 2021. The allowance for accounts receivable presented in the Stormwater Fund, was approximately \$5,800 at December 31, 2021. The allowance for doubtful accounts, presented in the Solid Waste Fund, was approximately \$14,200 at December 31, 2021.

The 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 Authority. The loans are under a revolving loan fund program financed by the Commonwealth of Pennsylvania, Department of Community and Economic Development. Management has determined that no allowance is necessary at December 31, 2021.

The Parking Authority's estimate of the allowance for doubtful accounts receivable is based on an analysis of specific receivables taking in to 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, 2021.

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, 2021 are immaterial.

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

For the Parking Authority, inventory consists of parking meters, their related components, salt, and chemicals and is stated at cost (FIFO).

Capital Assets

The City and the Parking Authority value capital assets at historical cost or estimated historical cost if actual historical cost is not available. The City and the Parking Authority value donated capital assets at their estimated acquisition values on the date of donation. The City and the Parking Authority maintain a capitalization threshold of \$5,000 for all capital assets.

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, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Capital Assets (Continued)

The City's capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	35-38
Machinery and equipment	5-25
Vehicles	2-10
Infrastructure	10-99

The Parking Authority's capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and building improvements	10-44
Parking garages and components	10-50
Furniture, Equipment and vehicles	5-20
Leasehold improvements	5-15

The City and Parking Authority charge 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 capital lease has been included as part of depreciation expense.

Property Held for Development

At times, the 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	\$2,341,109	CDBG Fund	\$2,442,765
Capital Fund	4,278,688	Stormwater Fund	992
Liquid Fuels Fund	80,137	Solid Waste Fund	175,041
Trexler Fund	83,773	Golf Fund	341,041
American Rescue Plan Fund	71,514	Internal Service Fund	122,820

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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.
- 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 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 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).

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.

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. Accumulated sick leave may be compensated to employees at the rate of \$10 to \$20 per day, depending upon employees' classification, up to 125 days upon retirement.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Compensated Absences (Continued)

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. Sick pay for both salaried and union employees is based on eight days per calendar year. Employees may carry over a maximum of four sick days per calendar year. Compensated absences are included as a part of accrued expenses 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.

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 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 8 and 12 present additional information about the pension and OPEB plans.

For the Parking Authority, there are deferred outflows and inflows of resources for pensions that represents the net difference between the projected and actual investment earnings on the investments in its 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.

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, 2021, such amortization amounted to \$35,915. The unamortized deferred amounts on refunding are reported as a deferred outflow of resources in the statement of net position.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Property Taxes

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

Levy date:	February 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:	December 31

Property taxes not being paid in installments become delinquent on July 15. The City continues to collect delinquent property taxes up to December 31 of the current year. At that time, all unpaid school and City real estate taxes are certified to Northeast Revenue Services, LLC for further collection and possible tax sales over an additional 30-month period.

The 2021 tax levy was 23.5376 mills on land and 4.4528 mills on improvements.

Tax Abatement Programs

In accordance with the Commonwealth of Pennsylvania, Keystone Opportunity Zone (KOZ) Act, 73 P.S. Sections 820.101-820.1309 (the Act), the City has designated certain zones within the City of Allentown where certain businesses and residents are eligible for tax abatement, deduction, exemption or credit. Businesses, property owners and residents that are located in the KOZ are eligible to receive significant state and local tax benefits. Projects in the KOZ are given priority consideration for assistance under various community and economic building initiatives. Eligibility means that the qualified businesses, property owners and residents meet the necessary criteria listed in the Act based upon an annual application and certification. Pennsylvania businesses relocating to the KOZ must either increase their full-time employment by 20% within the first full year of operation, or make a 10% capital investment in the KOZ property based on their prior year's gross revenues. If qualified businesses, property owners or residents relocate out of the KOZ within a stipulated period of time, certain percentages of the exemptions, deductions, abatements or credits shall be refunded to the Commonwealth and political subdivision. The total amount of City property taxes that were abated in 2021 was approximately \$80,200.

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 the City remitted to Pennsylvania during 2021 was approximately \$3.24 million.

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, 2021, appropriate interfund receivables or payables have been established.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Self-Insurance

The City is self-insured for workers' compensation, property, casualty, automobile, and general liability claim losses. At December 31, 2021, 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, 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 purposes 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 \$553,872 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, Debt Service Fund, American Rescue Plan Fund, and the following nonmajor funds: Liquid Fuels Fund, Community Development Block Grant Fund, Trexler Fund, Risk Management Fund, Solid Waste Fund, Grants Fund, Stormwater Fund, and Lease A.O. 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.

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 City adopted the provisions of GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The adoption of this Statement had no effect on previously reported amounts.

The City adopted the provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The adoption of this Statement had no effect on previously reported amounts.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Pending Changes in Accounting Principles

The Governmental Accounting Standards Board has issued GASB Statement No. 87, *Leases*. This Statement is required to be adopted by the City for the year ending December 31, 2022.

The Governmental Accounting Standards Board has issued GASB Statement No. 91, *Conduit Debt Obligations*. This Statement is required to be adopted by the City for the year ending December 31, 2022.

The Governmental Accounting Standards Board has issued GASB Statement No. 92, *Omnibus 2020*. This Statement is required to be adopted by the City for the year ending December 31, 2022.

The Governmental Accounting Standards Board has issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*. Sections of this Statement are required to be adopted by the City in two phases for the year ending December 31, 2021 and 2022.

The Governmental Accounting Standards Board has issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement is required to be adopted by the City for the year ending December 31, 2023.

The Governmental Accounting Standards Board has issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement is required to be adopted by the City for the year ending December 31, 2023.

The Governmental Accounting Standards Board has issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Certain sections of this Statement were to be adopted by the City in 2020. The other sections are required to be adopted for the year ending December 31, 2022.

The Governmental Accounting Standards Board has issued GASB Statement No. 99, *Omnibus 2022*. Sections of this Statement are required to be adopted in two phases by the City for the years ending December 31, 2023 and 2024.

The Governmental Accounting Standards Board has issued GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No 62*. This Statement is required to be adopted by the City for the year ending December 31, 2024.

The Governmental Accounting Standards Board has issued GASB Statement No. 101, *Compensated Absences*. This Statement is required to be adopted by the City for the year ending December 31, 2024.

The effect of implementation of these Statements has not yet been determined.

NOTE 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.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 2 UTILITY SYSTEM CONCESSION LEASE (Continued)

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 \$183,365,875, 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 \$20,833,937 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:

<u>Year Ending</u>	<u>Total</u>
2022	\$ 4,936,893
2023	4,936,893
2024	4,936,893
2025	4,936,893
2026	4,936,893
Thereafter	<u>179,515,347</u>
Total	<u>\$ 204,199,812</u>

For the year ended December 31, 2021, the City recognized \$4,962,759 in charges for services – water and sewer related to the lease.

NOTE 3 DEPOSITS AND INVESTMENTS

The carrying amounts of cash and investments at December 31, 2021 consist of the following:

Petty cash	\$ 6,650
Deposits	106,771,373
Investments	<u>372,650,620</u>
	<u>\$ 479,428,643</u>
<u>Reconciliation to Statement of Net Position</u>	
Cash and cash equivalents:	
Governmental activities	\$ 93,929,855
Business-type activities	4,589,906
Fiduciary funds	<u>8,258,262</u>
	<u>106,778,023</u>
Investments:	
Fiduciary funds	<u>372,650,620</u>
	<u>372,650,620</u>
	<u>\$ 479,428,643</u>

Cash and Cash Equivalents

The City's available cash is invested in demand deposit accounts.

The City has 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.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

At December 31, 2021, the City's book balance was \$106,778,023 and the bank balance was \$108,961,344. Of the bank balance, \$1,190,910 was covered by federal depository insurance, \$89,236 was covered by National Credit Union Administration deposit insurance, and \$14,656,140 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 limits.

As of December 31, 2021, the City's investments were comprised of the following:

Equity mutual funds	\$ 250,429,968
Bond mutual funds	55,433,915
Corporate bonds	6,126,592
Collective Investment Trust	38,577,290
U.S. government obligations	19,680,113
U.S. government agency obligations	2,402,742
Total	<u>\$ 372,650,620</u>

Investments

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by U.S. generally accepted accounting principles. GASB Statement No. 72 sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has ability to access.

Level 2 – Inputs to the valuation methodology include quoted market prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in active markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

As of December 31, 2021, the City had the following investments in fixed income securities and money market funds:

	12/31/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Corporate bonds	\$ 6,126,592	\$ 6,126,592	\$ -	\$ -
U.S. government obligations	19,680,113	19,680,113	-	-
U.S. Government Agencies	2,402,742	2,402,742	-	-
Total debt securities	28,209,447	28,209,447	-	-
Equity securities				
Equity mutual funds	250,429,968	250,429,968	-	-
Bond mutual funds	55,433,915	55,433,915	-	-
Collective Investment Trust	38,577,290	38,577,290	-	-
Total equity securities	344,441,173	344,441,173	-	-
Money market funds	-	-	-	-
Total investments at fair value	\$372,650,620	\$372,650,620	\$ -	\$ -

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

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.

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 bond 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 fixed income securities, 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 investments are limited to those permitted in the Pennsylvania Second Class City Code and the Home Rule Charter.

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 51% domestic equities, 17% international equities, 31% fixed income, and 1% cash for the Police and Firemen pension plans and 35% domestic equities, 11% international equities, 52% fixed income and 2% cash for the Officers and Employees pension plan.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

The City has the following recurring fair value measurements as of December 31, 2021:

Investment Type	Fair Value	Investment Maturities			Rating
		2022	2023-2027	2028-2032	
Bond mutual funds	\$ 55,433,915	\$ -	\$ -	\$55,433,915	N/A
Corporate bonds	1,062,775	-	1,062,775	-	A1
Corporate bonds	2,375,199	425,803	1,949,396	-	A2
Corporate bonds	469,047	-	469,047	-	A3
Corporate bonds	546,923	194,370	352,553	-	Aa2
Corporate bonds	550,313	-	550,313	-	Aaa
Corporate bonds	398,195	27,717	370,478	-	Aa3
Corporate bonds	724,140	724,140	-	-	WR
U.S. government obligations	1,265,507	1,265,507	-	-	WR
U.S. government obligations	18,414,606	6,598,348	11,816,258	-	Aaa
U.S. government agency obligations	2,099,776	-	2,099,776	-	Aaa
U.S. government agency obligations	302,966	302,966	-	-	WR
Private Real Estate CIT	38,577,290	-	-	38,577,290	N/A
Total fixed income securities	<u>\$ 122,220,652</u>	<u>\$ 9,538,851</u>	<u>\$ 18,670,596</u>	<u>\$ 94,011,205</u>	

Participation in External Investment Pools

The Pennsylvania Local Government Investment Trust (PLGIT) I-Class is a 2a7-like pool. The City's investment in PLGIT is reported at amortized cost, which approximates fair value. The City has no regulatory oversight for the pool, which is governed by the Board of Trustees and is administered by PFM Asset Management, LLC. The pool is audited annually by Ernst & Young, LLP.

The pool is rated AAAM by Standard & Poor's. PLGIT issues separate financial statements available at www.plgit.com. The carrying amount of external investment pool assets as of December 31, 2021 was \$14,656,140.

The City is limited to two withdrawals per calendar month from the PLGIT account.

Component Units' - Participation in External Investment Pools

Parking Authority

The Parking Authority invests in the Pennsylvania School District Liquid Asset Fund ("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 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.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

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. The fair value of the Parking Authority's position in PSDLAF is the same as the value of the pool shares and matures in less than one year. The Parking Authority's investment in PSDLAF has been rated AAAM, the highest rating available by Standard & Poor's, an independent investment rating company. The weighted average maturity of PSDLAF is approximately 288.93 days. The weighted average portfolio yield is approximately 0.313%.

As of December 31, 2021, the carrying amount of external investment pool assets was \$2,213,635. The fair value of external investment pool assets approximate their carrying values as of December 31, 2021. As required by the GASB, investments in external investment pools are uncategorized with regard to risk and are not included in custodial credit risk described below.

Component Units' Custodial Credit Risk – Deposits

Redevelopment Authority

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

The Authority's available cash is invested in demand deposit accounts. At December 31, 2021, the carrying amount of the Authority's bank deposits was \$1,005,503. The corresponding bank balance at December 31, 2021 was \$1,231,120, of which \$250,000 is covered by federal deposit insurance. The remaining \$731,273 of deposits is exposed to custodial risk because it is uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Authority's name. The Authority is covered by a collateral pool consisting of acceptable securities as outlined under Act No. 72, 1971 Session of Pennsylvania Legislature.

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 and is classified as cash and cash equivalents on the statement of net position. 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.

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, 2021, \$2,803,760 of the Parking Authority's bank balance of \$3,053,760 was exposed to custodial credit risk.

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.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 4 LOANS AND NOTES RECEIVABLE

The City

Loans and notes receivable comprise loan programs under the City's Community Development Block Grant and Revolving Loan federal loan programs.

Redevelopment Authority

Loans receivable as of December 31, 2021 consist of the following:

In November 2014, the 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 of the property remains in the ownership of the owner or another organization as approved by the 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 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, 2021, the remaining balance of the loan is \$312,899.

In June 2016, the Authority conveyed four properties to the Housing Association and Development Corporation (HADC). In consideration of the transfer, the HADC entered into a noninterest bearing promissory note for \$250,000 which was funded by the Authority in 2016. Principal payments are due within thirty days of borrower receiving HOME funds from the City of Allentown. The HADC shall sign a mortgage with the Authority for each of the properties and the Authority will recover the remaining amount of loan dollars when the properties are sold. As of December 31, 2021, the remaining balance of the loan is \$250,000.

Parking Authority

The Parking Authority received a \$900,000 note receivable from the sale of a parking facility. The note receivable has an outstanding balance of \$400,000 as of December 31, 2021. The note bears interest at a rate of 3% per annum. The final payment of principal of \$400,000 and all accrued interest is due thirty-six months from the date the buyer is granted certificate of occupancy for the building to be constructed on the property. The note provides the option for the buyer to transfer or assign its Neighborhood Improvement Zone (NIZ) credits to the Parking Authority in the amount of \$550,000 for the first payment and \$440,000 for the final payment. The note is secured by a mortgage against the property. On January 31, 2022, the note and accrued interest was paid in full by the Da Vinci Science Center, the new owners of the lot.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 5 CAPITAL ASSETS

Activity in the City's capital assets for the year ended December 31, 2021 is as follows:

	January 1, 2021	Additions/ Transfers in	Disposals/ Transfers out	December 31, 2021
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,809,945	\$ -	\$ -	\$ 9,809,945
Assets under concession lease - LCA *	89,796,229	599,503	-	90,395,732
Construction in progress	2,966,323	6,641,634	(8,522,126)	1,085,831
Total capital assets not being depreciated	102,572,497	7,241,137	(8,522,126)	101,291,508
Capital assets being depreciated:				
Assets under concession lease - City	7,477,272	1,270,552	-	8,747,824
Buildings	24,772,893	97,379	-	24,870,272
Land and building improvements	44,727,270	1,031,049	-	45,758,319
Machinery and equipment	39,439,221	1,007,981	(50,050)	40,397,152
Vehicles	26,808,485	1,733,803	(858,517)	27,683,771
Infrastructure	142,529,132	8,181,847	-	150,710,979
Total capital assets being depreciated	285,754,273	13,322,611	(908,567)	298,168,317
Less accumulated depreciation for:				
Assets under concession lease - City	897,525	251,325	-	1,148,850
Buildings	21,258,393	318,304	-	21,576,697
Land and building improvements	24,925,515	1,697,759	-	26,623,274
Machinery and equipment	29,695,384	1,709,295	(50,050)	31,354,629
Vehicles	18,929,636	1,363,831	(782,352)	19,511,115
Infrastructure	54,100,315	3,615,560	-	57,715,875
Total accumulated depreciation	149,806,768	8,956,074	(832,402)	157,930,440
Total capital assets being depreciated, net	135,947,505	4,366,537	(76,165)	140,237,877
Governmental activities capital assets, net	\$ 238,520,002	\$ 11,607,674	\$ (8,598,291)	\$ 241,529,385

* 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 Reporting for Service Concession Arrangements*, capital assets retained as part of a concession lease agreement should not be depreciated if the arrangements 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.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 5 CAPITAL ASSETS (CONTINUED)

	January 1, 2021	Additions	Disposals	December 31, 2021
Business-type activities:				
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	1,282,653	5,500	-	1,288,153
Land and building improvements	4,862,418	28,800	-	4,891,218
Machinery and equipment	5,950,767	281,824	(132,530)	6,100,061
Vehicles	4,036,610	9,983	(56,667)	3,989,926
Distribution and collection systems	37,465	-	-	37,465
Total capital assets being depreciated	16,169,913	326,107	(189,197)	16,306,823
Less accumulated depreciation for:				
Buildings	678,855	22,930	-	701,785
Land and building improvements	4,158,874	150,930	-	4,309,804
Machinery and equipment	4,134,039	267,882	(132,530)	4,269,391
Vehicles	3,169,026	155,771	(56,667)	3,268,130
Distribution and collection systems	10,405	378	-	10,783
Total accumulated depreciation	12,151,199	597,891	(189,197)	12,559,893
Total capital assets being depreciated, net	4,018,714	(271,784)	-	3,746,930
Business-type activities capital assets, net	\$ 5,153,473	\$ (271,784)	\$ -	\$ 4,881,689

Depreciation expense was charged to governmental activities as follows:

General government	\$ 1,167,513
Public safety	796,176
Community development	188,787
Public works	6,013,441
Parks and recreation	790,157
Total	<u>\$ 8,956,074</u>

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

Solid Waste Fund	\$ 379,568
Municipal Golf Course Fund	218,323
Total	<u>\$ 597,891</u>

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 5 CAPITAL ASSETS (Continued)

Component Unit's Capital Assets

Parking Authority

Activity in the Parking Authority's capital assets for the year ended December 31, 2021 is as follows:

	January 1, 2021	Additions/ Transfers in	Disposals/ Transfers out	December 31, 2021
Parking Authority:				
Capital assets not being depreciated:				
Land	\$ 8,301,151	\$ 7,575	\$ (483,734)	\$ 7,824,992
Construction in progress	2,101,670	18,730,861	(602,276)	20,230,255
Total capital assets not being depreciated	10,402,821	18,738,436	(1,086,010)	28,055,247
Capital assets being depreciated:				
Building and improvements	1,685,751	-	-	1,685,751
Leasehold improvements	507,650	-	-	507,650
Parking garages and lots	66,710,292	695,680	-	67,405,972
Furniture and equipment	3,337,409	137,326	(88,589)	3,386,146
Vehicles	604,720	97,327	(83,810)	618,237
Total capital assets being depreciated	72,845,822	930,333	(172,399)	73,603,756
Less accumulated depreciation for:				
Building and improvements	1,374,611	66,269	-	1,440,880
Leasehold improvements	431,502	25,383	-	456,885
Parking garages and lots	23,724,840	1,515,107	-	25,239,947
Furniture and equipment	2,035,207	265,609	(80,000)	2,220,816
Vehicles	311,442	101,158	(53,676)	358,924
Total accumulated depreciation	27,877,602	1,973,526	(133,676)	29,717,452
Total capital assets being depreciated, net	44,968,220	(1,043,193)	(38,723)	43,886,304
Parking Authority capital assets, net	\$ 55,371,041	\$ 17,695,243	\$ (1,124,733)	\$ 71,941,551

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 6 INTERFUND RECEIVABLE AND PAYABLE BALANCES

The composition of interfund balances as of December 31, 2021 is as follows:

Receivable Fund	Payable Fund	Purpose for Balance	Amount
Trexler	General	Reimburse funds	\$ 2,306
General	Revolving Loan	Reimburse funds	1,320
General	Golf	Reimburse funds	250,000
General	CDBG	Short-term Loan/Negative cash	950,736
American Rescue Plan	Capital	Reimburse funds	13,998,177
Total Governmental Funds			<u>\$15,202,539</u>

NOTE 7 INDIVIDUAL FUND INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2021 consisted of the following:

	Transfers in:					Total
	General	Debt Service	Capital Projects	Trexler Fund	A.O. Fund	
Transfers out:						
General	\$ -	\$ 9,374,455	\$ 260,872	\$ -	\$ -	\$ 9,635,327
Liquid Fuels	-	67,724	-	-	-	67,724
Lease/A.O.	-	-	1,270,551	-	-	1,270,551
Capital Projects	3,192,961	-	-	119,794	6,484	3,319,239
Stormwater	378,414	-	2,000,000	-	-	2,378,414
American Rescue Plan	1,600,000	-	1,811,823	-	-	3,411,823
Solid Waste	1,063,668	-	-	-	-	1,063,668
Golf	360,045	-	-	-	-	360,045
Risk	127,822	-	-	-	-	127,822
	<u>\$ 6,722,910</u>	<u>\$ 9,442,179</u>	<u>\$ 5,343,246</u>	<u>\$ 119,794</u>	<u>\$ 6,484</u>	<u>\$21,634,613</u>

Transfers from the General Fund and Liquid Fuels to the Debt Service Fund were made to cover Debt Service requirements.

Transfers to the Capital Projects Fund were for construction and other capital projects.

The remaining transfers were initiated to fulfill budgetary transfer requirements.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 8 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 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 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.

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.

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.

The minimum benefit is \$10,400 per year.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 8 PENSION PLANS (Continued)

Benefit Provisions (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.

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.

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. 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, 30% 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.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 8 PENSION PLANS (Continued)

Benefit Provisions (Continued)

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

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.

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.

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.

Discount Rate

The discount rate as of December 31, 2021 is 7.40% for the Police and Firemen's Pension Plans and 6.40% 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 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.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 8 PENSION PLANS (Continued)

Summary of Significant Accounting Policies (Continued)

The following is a statement of fiduciary net position and a statement of changes in fiduciary net position for the City's three single-employer defined benefit plans:

	Police Pension Fund	Firemen Pension Fund	Officers and Employees Pension Fund	Total Pension Trust Fund
<u>Statement of Plan Net Position</u>				
Assets:				
Cash and cash equivalents	\$ 4,701,553	\$ 3,143,174	\$ 413,535	\$ 8,258,262
Interest receivable	71,510	70,434	17,829	159,773
Investments, at fair value	223,643,602	139,801,839	9,205,179	372,650,620
Total assets	<u>228,416,665</u>	<u>143,015,447</u>	<u>9,636,543</u>	<u>381,068,655</u>
Liabilities:				
Accounts payable	15,730	9,412	3,008	28,150
Total liabilities	<u>15,730</u>	<u>9,412</u>	<u>3,008</u>	<u>28,150</u>
Net Position:				
Restricted for pension benefits	<u>\$ 228,400,935</u>	<u>\$ 143,006,035</u>	<u>\$ 9,633,535</u>	<u>\$ 381,040,505</u>
<u>Statement of Changes in Plan Net Position</u>				
Additions:				
Contributions:				
Employer	\$ 7,884,257	\$ 4,107,655	\$ 230,757	\$ 12,222,669
Plan members	<u>1,108,736</u>	<u>769,281</u>	<u>4,733</u>	<u>1,882,750</u>
Total contributions	<u>8,992,993</u>	<u>4,876,936</u>	<u>235,490</u>	<u>14,105,419</u>
Investment income (loss):				
Net appreciation in fair value of investments	28,780,799	18,372,589	832,015	47,985,403
Interest and dividends	3,807,946	2,404,649	148,257	6,360,852
Less investment expenses	<u>(105,692)</u>	<u>(72,070)</u>	<u>(8,381)</u>	<u>(186,143)</u>
Net investment income (loss)	<u>32,483,053</u>	<u>20,705,168</u>	<u>971,891</u>	<u>54,160,112</u>
Total additions	<u>41,476,046</u>	<u>25,582,104</u>	<u>1,207,381</u>	<u>68,265,531</u>
Deductions:				
Benefits paid to recipients	12,460,263	8,347,280	1,582,620	22,390,163
Administrative and other fees	<u>32,173</u>	<u>12,089</u>	<u>6,349</u>	<u>50,611</u>
Total deductions	<u>12,492,436</u>	<u>8,359,369</u>	<u>1,588,969</u>	<u>22,440,774</u>
Change in net position	28,983,610	17,222,735	(381,588)	45,824,757
Net position restricted for pension benefits:				
Beginning of year	<u>199,417,325</u>	<u>125,783,300</u>	<u>10,015,123</u>	<u>335,215,748</u>
End of year	<u>\$ 228,400,935</u>	<u>\$ 143,006,035</u>	<u>\$ 9,633,535</u>	<u>\$ 381,040,505</u>

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 8 PENSION PLANS (Continued)

Plan Membership

At January 1, 2021, Plan memberships consisted of the following:

Covered Employees	Police All full-time members of the Police Force	Firemen All full-time members of the Fire Department	Officers and Employees Closed 6/8/1976	PMRS All full-time employees not previously covered
Active plan members	214	128	1	409
Inactive plan members entitled to but not yet receiving benefits	14	1	-	15
Inactive plan members or beneficiaries currently receiving benefits	293	192	97	478

Contributions

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' annual actuarial valuation. The MMO includes the normal cost, estimated administrative expenses, and an amortization of the unfunded actuarial accrued liability. Act 44 provided for a reduction in the 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, 2021, the City contributed \$7,884,257 to the Police Pension Plan, of which \$2,072,425 were Act 205 funds; \$4,107,655 to the Firemen Pension Plan, of which \$1,247,293 were Act 205 funds; \$230,757 to the Officers and Employees Plan, of which \$4,797 were Act 205 funds; and \$3,376,666 to the PMRS Pension Plan, of which \$1,990,874 were Act 205 funds. During the year ended December 31, 2021, active members contributed \$1,108,736 to the Police Pension Plan, \$769,281 to the Firemen Pension Plan, \$4,733 to the Officers and Employees Pension Plan. For 2020, members contributed \$1,936,561 to the PMRS Plan.

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.

Actuarial Assumptions – The total pension liability for the Police, Firemen, and Officers and Employees pension plans was determined as part of the January 1, 2021 actuarial valuation, updated to December 31, 2021, using the following actuarial assumptions, applied to all periods in the measurement:

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 8 PENSION PLANS (Continued)

Contributions (Continued)

Actuarial Assumptions (Continued)

	Police	Firemen	Officers and Employees
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Actuarial assumptions:			
Investment rate of return	7.40%	7.40%	6.40%
Inflation rate	2.40%	2.40%	0.00%
Salary increases	4.50%	4.50%	4.50%
Mortality:			
Healthy lives	RP-2000 Blue Collar Adjusted Mortality Table projected with 50% of scale AA	RP-2000 Blue Collar Adjusted Mortality Table projected with 50% of scale AA	RP-2000 Combined Healthy Mortality Table projected with 50% of scale AA
Disabled	RP-2000 Disabled Mortality Table	RP-2000 Disabled Mortality Table	RP-2000 Disabled Mortality Table

Long Term Expected Rate of Return

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, 2021 are summarized from the following table:

	Target Allocation			Long-Term Expected Rate of Return
Asset Class	Police	Firemen	Officers and Employees	
Domestic equity	51.0%	51.0%	35.0%	6.8%
International equity	17.0%	17.0%	11.0%	8.3%
Core fixed income	14.0%	4.0%	0.0%	1.5%
Fixed income	17.0%	27.0%	52.0%	0.7%
Cash	1%	1%	2%	0.5%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 8 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, 2021 were as follows:

Police Pension Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2020	<u>\$ 218,010,055</u>	<u>\$ 199,417,325</u>	<u>\$ 18,592,730</u>
Changes for the year:			
Service Cost	4,183,341	-	4,183,341
Interest	16,988,330	-	16,988,330
Differences between expected and actual experience	5,224,332	-	5,224,332
Changes in assumptions	8,273,246	-	8,273,246
Contributions - employer	-	7,884,257	(7,884,257)
Contributions - member	-	1,108,736	(1,108,736)
Net investment income (loss)	-	32,483,053	(32,483,053)
Benefit payments, including refunds	(12,460,263)	(12,460,263)	-
Administrative expense	-	(32,173)	32,173
Net changes	<u>22,208,986</u>	<u>28,983,610</u>	<u>(6,774,624)</u>
Balances at December 31, 2021	<u>\$ 240,219,041</u>	<u>\$ 228,400,935</u>	<u>\$ 11,818,106</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>95.08%</u>

Firemen Pension Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2020	<u>\$ 133,164,175</u>	<u>\$ 125,783,300</u>	<u>\$ 7,380,875</u>
Changes for the year:			
Service Cost	1,953,892	-	1,953,892
Interest	9,828,850	-	9,828,850
Differences between expected and actual experience	367,152	-	367,152
Changes in assumptions	1,436,239	-	1,436,239
Contributions - employer	-	4,107,655	(4,107,655)
Contributions - member	-	769,281	(769,281)
Net investment income (loss)	-	20,705,169	(20,705,169)
Benefit payments, including refunds	(8,347,280)	(8,347,280)	-
Administrative expense	-	(12,090)	12,090
Net changes	<u>5,238,853</u>	<u>17,222,735</u>	<u>(11,983,882)</u>
Balances at December 31, 2021	<u>\$ 138,403,028</u>	<u>\$ 143,006,035</u>	<u>\$ (4,603,007)</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>103.33%</u>

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 8 PENSION PLANS (Continued)

Officers and Employees Pension Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2020	<u>\$ 11,125,491</u>	<u>\$ 10,015,122</u>	<u>\$ 1,110,369</u>
Changes for the year:			
Service Cost	9,561	-	9,561
Interest	650,040	-	650,040
Differences between expected and actual experience	(174,860)	-	(174,860)
Changes in assumptions	(24,284)	-	(24,284)
Contributions - employer	-	230,757	(230,757)
Contributions - member	-	4,733	(4,733)
Net investment income (loss)	-	971,892	(971,892)
Benefit payments, including refunds	(1,582,620)	(1,582,620)	-
Administrative expense	-	(6,349)	6,349
Net changes	<u>(1,122,163)</u>	<u>(381,587)</u>	<u>(740,576)</u>
Balances at December 31, 2021	<u>\$ 10,003,328</u>	<u>\$ 9,633,535</u>	<u>\$ 369,793</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>96.30%</u>

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 8 PENSION PLANS (Continued)

PMRS Pension Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2020	<u>\$ 178,045,670</u>	<u>\$ 175,252,852</u>	<u>\$ 2,792,818</u>
Changes for the year:			
Service Cost	3,643,652	-	3,643,652
Interest	9,256,599	-	9,256,599
Differences between expected and actual experience	937,112	-	937,112
Changes of assumptions	6,939,844	-	6,939,844
Contributions - employer	-	3,239,537	(3,239,537)
Contributions - member	-	1,936,561	(1,936,561)
PMRS assessment	-	18,900	(18,900)
PMRS investment income	-	8,447,327	(8,447,327)
Market value investment gain	-	16,309,788	(16,309,788)
Transfers	-	-	-
Benefit payments, including refunds	(10,885,534)	(10,885,534)	-
PMRS administrative expense	-	(18,900)	18,900
Additional administrative expense	-	(368,045)	368,045
Net changes	<u>9,891,673</u>	<u>18,679,634</u>	<u>(8,787,961)</u>
Balances at December 31, 2021 (based on the measurement date of December 31, 2020)	<u>\$ 187,937,343</u>	<u>\$ 193,932,486</u>	<u>\$ (5,995,143)</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>103.19%</u>

Investment Policy – 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, 2021. At December 31, 2021, the Police, Firemen and Officers and Employees Plan had no investments in any one organization which represented five percent or more of each plan's respective fiduciary net position.

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, 2021, the market value of assets returned 15.2% for the Police Plan, 15.4% for the Firemen Plan, and 9.9% for the Officers and Employees Plan.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 8 PENSION PLANS (Continued)

The net pension asset of the PMRS Pension Plan is allocated between the governmental activities and the business-type activities in the amounts of \$5,320,513 and \$674,630 respectively, at December 31, 2021.

The total pension liability for PMRS was determined by an actuarial valuation performed on January 1, 2020, with liabilities measured at December 31, 2020, using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial cost method:	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	5.25%
Projected salary increases (With inflation rate of 3%)	Age related scale with merit and inflation component
Cost-of-living adjustments	2.8%

Actuarial assumptions based on PMRS Experience Study for the period
January 1, 2009 to December 31, 2013

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

Investment Return Assumption decreased from 5.5% to 5.25% as of December 31, 2016.

PMRS Long-Term Expected Rate of Return

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 (2.25%). 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, 2020 and summarized in the table below labeled "System Nominal Net and Real Rates of Return by Asset Class."

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 8 PENSION PLANS (Continued)

Asset Class	Target Allocation	Nominal Net Rate of Return	Long-Term Expected Real Rate of Return
Domestic Equities (large-capitalized firms)	25%	7.56%	5.31%
Domestic Equities (small-capitalized firms)	15%	8.31%	6.06%
International Developed Markets Equities	15%	7.78%	5.53%
International Emerging Markets Equities	10%	8.20%	5.95%
Real Estate	15%	7.50%	5.25%
Timber	5%	6.03%	3.78%
Fixed Income	15%	4.12%	1.87%
Total Portfolio	100.00%	7.80%	5.55%

Based on the aforementioned methodology, the Board has established the System's Long-Term Expected Rate of Return at 7.80%.

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, 2020, 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 Levels for System Nominal Net and Real Rates of Return

Confidence Interval	Nominal Net Rate of Return	Long-Term Expected Real Rate of Return
95%	4.09%	1.84%
90%	5.02%	2.77%
85%	5.51%	3.26%
80%	6.05%	3.80%
75%	6.44%	4.19%
70%	6.85%	4.60%
60%	7.46%	5.21%

Discount Rate - 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,

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 8 PENSION PLANS (Continued)

3. Smoothed annuity purchase rates (Pension Benefit Guarantee Corporation (PBGC) annuity rates have been used as 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, 2020.

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 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.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 8 PENSION PLANS (Continued)

SENSITIVITY OF THE NET PENSION LIABILITY (ASSET) TO CHANGE 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:

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
Police	<u>\$ 43,002,681</u>	<u>\$ 11,818,106</u>	<u>\$(13,788,980)</u>
Firemen	<u>\$ 11,502,434</u>	<u>\$ (4,603,007)</u>	<u>\$(18,119,133)</u>
	1% Decrease (5.40%)	Current Discount Rate (6.40%)	1% Increase (7.40%)
Officers and Employees	<u>\$ 919,873</u>	<u>\$ 369,793</u>	<u>\$ (125,270)</u>
	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
PMRS	<u>\$ 16,192,462</u>	<u>\$ (5,995,143)</u>	<u>\$(24,666,093)</u>

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 8 PENSION PLANS (Continued)

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

For the year ended December 31, 2021, the City recognized pension expense of (\$21,171,264) as a whole; in the governmental activities, (\$20,353,276), and (\$817,988) in the business-type activities. By plan as follows: (\$4,646,449) police, (\$7,364,096) for fireman, (\$502,756) for O&E, and (\$8,657,963) for PMRS. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police	Fireman	O&E	PMRS	Total
Deferred Outflows of Resources:					
Differences between expected & actual experience	\$ 5,320,331	\$ 293,722	\$ -	\$ 1,099,846	\$ 6,713,899
Changes in assumptions	6,204,934	1,148,991	-	5,204,883	\$ 12,558,808
City contributions subsequent to measurement date	-	-	-	3,376,666	3,376,666
Net difference between projected & actual earnings on pension plan investments	-	-	-	-	-
Total deferred outflows of resources	<u>\$ 11,525,265</u>	<u>\$ 1,442,713</u>	<u>\$ -</u>	<u>\$ 9,681,395</u>	<u>\$ 22,649,373</u>
Deferred Inflows of Resources:					
Differences between expected & actual experience	\$ 607,470	\$ 765,646	\$ -	\$ -	\$ 1,373,116
Net difference between projected & actual earnings on pension plan investments	23,109,014	14,592,715	457,392	24,680,525	62,839,646
	<u>\$ 23,716,484</u>	<u>\$ 15,358,361</u>	<u>\$ 457,392</u>	<u>\$ 24,680,525</u>	<u>\$ 64,212,762</u>

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:

Schedule of amortized outflows & inflows:					
2022	\$ (1,215,853)	\$ (3,521,000)	\$ (43,051)	\$ (6,183,079)	\$ (10,962,983)
2023	(5,781,269)	(5,542,407)	(252,276)	(3,163,897)	(14,739,849)
2024	(1,623,429)	(2,908,169)	(87,353)	(5,766,864)	(10,385,815)
2025	(3,570,668)	(1,944,072)	(74,712)	(3,261,956)	(8,851,408)
2026	-	-	-	-	-
	<u>\$ (12,191,219)</u>	<u>\$ (13,915,648)</u>	<u>\$ (457,392)</u>	<u>\$ (18,375,796)</u>	<u>\$ (44,940,055)</u>

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 8 PENSION PLANS (Continued)

	Governmental Activities	Business-Type Activities
<u>Deferred Outflows of Resources:</u>		
Differences between expected and actual experience	\$ 6,590,134	\$ 123,765
City contributions subsequent to measurement date	2,790,964	585,702
Changes in assumptions	12,178,833	379,975
Net difference between projected and actual earning on pension plan investments	-	-
	<u> </u>	<u> </u>
Total deferred outflows of resources	<u>\$ 21,559,931</u>	<u>\$ 1,089,442</u>
<u>Deferred Inflows of Resources:</u>		
Differences between expected and actual experience	\$ 1,373,116	\$ -
Net difference between projected and actual earning on pension plan investments	<u>60,062,362</u>	<u>2,777,284</u>
	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>\$ 61,435,478</u>	<u>\$ 2,777,284</u>

The effect of the differences in the City's expected and actual experience is 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 \$3,376,666 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>	Governmental Activities	Business-Type Activities
2022	\$ (10,267,205)	\$ (695,778)
2023	(14,383,818)	(356,031)
2024	(9,736,873)	(648,942)
2025	(8,278,615)	(572,793)
2026	-	-
	<u>\$ (42,666,511)</u>	<u>\$ (2,273,544)</u>

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 8 PENSION PLANS (Continued)

Discretely Presented Component Unit's Pension Plans

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 19 with one year 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, 2020. Participant contributions are on a voluntary basis up to 10% 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.

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. 19 of 23 salaried employee participants contribute a minimum 5.0% of salary and received the maximum employer match of 10%.

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.

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

At December 31, 2021, 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>

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 8 PENSION PLANS (Continued)

Allentown Parking Authority Salaried Employees' Defined Benefit Pension Plan (Continued)

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 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 Net Pension Liability (Asset) – An actuarial valuation of the total pension liability (asset) is performed biennially. The total pension liability (asset) was determined as part of an actuarial valuation as of January 1, 2021. Update procedures were used to roll forward to the plan's fiscal year ending December 31, 2021.

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, 2021 were as follows:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2020	\$ 2,780,215	\$ 3,657,487	\$ (877,272)
Changes for the year:			
Interest	198,203	-	198,203
Differences between expected and actual experience	(40,512)	-	(40,512)
Employer contributions	-	13,202	(13,202)
Changes in assumptions	221,434	-	221,434
Net investment income (loss)	-	417,306	(417,306)
Benefit payments, including refunds	(259,343)	(259,343)	-
Net Changes	119,782	171,165	(51,383)
Balances at December 31, 2021	\$ 2,899,997	\$ 3,828,652	\$ (928,655)
Plan fiduciary net position as a percentage of the total pension liability			132.02%

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 8 PENSION PLANS (Continued)

Discretely Presented Component Unit's Pension Plan (Continued)

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 Healthy Retire Mortality projected 5 years past the valuation date using Scale MP-2020
Termination	None
Disability	None
Retirement age	Normal retirement age or age on valuation date, if greater
Form of annuity	10 year certain and life

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 2.24%) 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, 2021 are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Domestic Equity:	
Large Cap	5.72%
Mid Cap	6.77%
Small cap	6.77%
International equity	6.55%
Fixed income	2.18%
Real Estate	5.41%
Cash	-0.33%

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, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 8 PENSION PLANS (Continued)

Discretely Presented Component Unit's Pension Plan

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)	<u>\$ (658,322)</u>	<u>\$ (928,655)</u>	<u>\$ (1,160,318)</u>

Pension Expense and Deferred Outflows of Resources Related to Pensions – For the year ended December 31, 2021, the Parking Authority recognized pension expense of (\$127,140) under the defined benefit pension plan. At December 31, 2021, the Parking Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following source:

Deferred Outflows of Resources:

Changes in assumptions	\$ 69,767
Net difference between projected and actual investment earnings on pension plan investments	-
	<u>\$ 69,767</u>

As of December 31, 2021 the Authority reported deferred inflows of resources related to pensions from the following sources:

Deferred Inflows of Resources:

Difference between expected and actual experience	\$ 12,764
Net difference between projected and actual experience	
Net difference between projected and actual investment earnings on pension plan investments	513,510
Changes in assumptions	<u>\$ 526,274</u>

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

Year ending December 31,

2022	\$ (87,684)
2023	(211,724)
2024	(123,075)
2025	<u>(34,024)</u>
	<u>\$ (456,507)</u>

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 9 LONG-TERM DEBT

The City issues notes and bonds payable to finance the capital projects of the City. Long-term debt activity of the City's governmental activities for the year ended December 31, 2021 was as follows:

Notes and Bonds	Balance Outstanding January 1, 2021	Additions	Reductions	Balance Outstanding December 31, 2021	Current Portion
<u>General Obligation Notes and Bonds:</u>					
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 \$2,075,000 in 2021 to \$7,040,000 in 2036	\$ 35,415,404	\$ 2,426,758	\$ 2,075,000	\$ 35,767,162	\$2,303,598
2007 Taxable General Obligation Note, Series B, original amount of \$7,990,000, 5.670% to 5.87% interest, payable in varying annual installments of \$1,230,000 in 2017 to \$45,000 in 2021	45,000	-	45,000	-	-
2015 General Obligation Bonds, Series A, original amount of \$15,360,000, 3.00% to 3.85% interest, payable in varying annual installments of \$290,000 in 2017 to \$870,000 in 2045	13,925,000	-	445,000	13,480,000	440,000
2015 General Obligation Bonds, Series B, original amount of \$11,425,000, 3.00% to 3.65% interest, payable in varying annual installments of \$740,000 in 2017 to \$545,000 in 2036	8,065,000	-	595,000	7,470,000	630,000
2017 General Obligation Bonds, Series of 2017, original amount of \$9,025,000, to refund GOB Series 2011A and 2012, payable in varying installments.	4,985,000	-	1,135,000	3,850,000	900,000
2018 General Obligation Bonds, Series A of 2018, original amount of \$3,420,000 for capital projects payable in varying installments with interest of 5.0% per annum through 2022.	2,335,000	-	1,140,000	1,195,000	1,195,000
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.	6,895,000	-	510,000	6,385,000	530,000
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	11,940,000	-	680,000	11,260,000	690,000

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 9 LONG-TERM DEBT (Continued)

Notes and Bonds	Balance Outstanding January 1, 2021	Additions	Reductions	Balance Outstanding December 31, 2021	Current Portion
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 Obligation 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.	15,720,000	-	355,000	15,365,000	420,000
Subtotal Governmental Activities					
General Obligation Notes and Bonds	99,325,404	2,426,758	6,980,000	94,772,162	7,108,598
<u>Direct Borrowing:</u>					
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.	7,005,000	-	405,000	6,600,000	415,000
Premium on bond issuance	2,783,114	-	185,622	2,597,492	-
Total	<u>\$ 109,113,518</u>	<u>\$ 2,426,758</u>	<u>\$ 7,570,622</u>	<u>\$ 103,969,654</u>	<u>\$ 7,523,598</u>

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 9 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
2022	\$ 7,108,598	\$ 2,135,717	\$ 9,244,315
2023	6,284,597	2,201,628	8,486,225
2024	6,253,057	2,257,508	8,510,565
2025	5,716,726	2,417,422	8,134,148
2026	5,621,958	2,520,040	8,141,998
2027-2031	24,595,526	13,777,263	38,372,789
2032-2036	20,336,700	20,866,814	41,203,514
2037-2041	9,665,000	2,980,608	12,645,608
2042-2046	9,190,000	924,423	10,114,423
Total	<u>\$ 94,772,162</u>	<u>\$50,081,423</u>	<u>\$ 144,853,585</u>

Loan from Direct Borrowing			
Year Ending December 31,	Principal Maturity	Interest Maturity	Total
2022	\$ 415,000	\$ 219,516	\$ 634,516
2023	425,000	205,713	630,713
2024	440,000	191,578	631,578
2025	455,000	176,943	631,943
2026	470,000	161,810	631,810
2027-2031	2,610,000	562,759	3,172,759
2032-2034	1,785,000	120,069	1,905,069
Total	<u>\$ 6,600,000</u>	<u>\$ 1,638,388</u>	<u>\$ 8,238,388</u>

Total Outstanding Debt			
Year Ending December 31,	Principal Maturity	Interest Maturity	Total
2022	\$ 7,523,598	\$ 2,355,233	\$ 9,878,831
2023	6,709,597	2,407,341	9,116,938
2024	6,693,057	2,449,086	9,142,143
2025	6,171,726	2,594,365	8,766,091
2026	6,091,958	2,681,850	8,773,808
2027-2031	27,205,526	14,340,022	41,545,548
2032-2036	22,121,700	20,986,883	43,108,583
2037-2041	9,665,000	2,980,608	12,645,608
2042-2045	9,190,000	924,423	10,114,423
Total	<u>\$ 101,372,162</u>	<u>\$51,719,811</u>	<u>\$ 153,091,973</u>

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 9 LONG-TERM DEBT (Continued)

The following represents changes in the long-term liabilities for compensated absences and capital leases:

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021	Current Portion
Compensated absences:					
Governmental activities	\$ 3,849,361	\$ 6,072,246	\$ 3,447,814	\$ 6,473,793	\$ 3,581,771
Business-type activities	209,692	-	22,432	187,260	136,890
Total accrued compensated absences	<u>\$ 4,059,053</u>	<u>\$ 6,072,246</u>	<u>\$ 3,470,246</u>	<u>\$ 6,661,053</u>	<u>\$ 3,718,661</u>
Capital leases:					
Governmental activities	\$ 2,681,322	\$ -	\$ 1,032,264	\$ 1,649,058	\$ 944,817
Business-type activities	160,110	255,053	121,196	293,967	118,536
Total capital leases	<u>\$ 2,841,432</u>	<u>\$ 255,053</u>	<u>\$ 1,153,460</u>	<u>\$ 1,943,025</u>	<u>\$ 1,063,353</u>

Within the governmental activities, the General Fund is typically used to liquidate the compensated absences and capital lease obligations.

The capital assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Machinery, equipment, and vehicles	\$ 7,828,613	\$ 529,663
Less accumulated depreciation	3,832,787	176,692
	<u>\$ 3,995,826</u>	<u>\$ 352,971</u>

Debt service requirements for capital lease obligations are as follows:

Year Ending	Governmental Activities	Business-Type Activities	Total
2022	\$ 987,953	\$ 126,892	\$ 1,114,845
2023	397,891	55,219	453,110
2024	232,867	55,219	288,086
2025	98,806	55,219	154,025
2026	-	21,529	21,529
Thereafter	-	-	-
	<u>1,717,517</u>	<u>314,078</u>	<u>2,031,595</u>
Less interest	<u>68,459</u>	<u>20,111</u>	<u>88,570</u>
Total	<u>\$ 1,649,058</u>	<u>\$ 293,967</u>	<u>\$ 1,943,025</u>

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 9 LONG-TERM DEBT (Continued)

Discretely Presented Components Units' Long-Term Debt

Parking Authority

Long-term debt activity of the Parking Authority for the year ended December 31, 2021 consisted of the following:

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021	Current Portion
2018 Parking Revenue Bond, Series A of 2018 original amount of \$27,405,527, 3.7% interest, principal payments due quarterly beginning September 30, 2018 through 2040.	\$ 25,387,736	\$ -	\$ 872,830	\$ 24,514,906	\$ 905,577
2018 Taxable Parking Revenue Bond, Series B of 2018 original amount of \$7,483,227, 4.35% interest. This Bond matures in 2033.	6,608,496	-	396,524	6,211,972	398,776
Construction Loan Note	-	10,591,139	-	10,591,139	-
	31,996,232	10,591,139	1,269,354	41,318,017	1,304,353
Line of credit	758,754	300,000	758,754	300,000	300,000
Capital Lease	180,340	-	57,815	122,525	50,773
PPP Loan	581,400	-	581,400	-	-
Capital contribution payable	-	5,000,000	-	5,000,000	-
OPEB liability	395,145	-	254,222	140,923	-
	<u>\$ 33,911,871</u>	<u>\$ 15,891,139</u>	<u>\$ 2,921,545</u>	<u>\$ 46,881,465</u>	<u>\$ 1,655,126</u>

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

Year Ending December 31,	Principal Maturity	Interest Maturity	Total
2022	\$ 1,304,353	\$ 1,551,898	\$ 2,856,251
2023	1,549,983	1,533,959	3,083,942
2024	1,661,084	1,475,001	3,136,085
2025	1,643,153	1,673,832	3,316,985
2026	11,282,295	1,599,535	12,881,830
2027-2031	8,236,224	5,303,776	13,540,000
2032-2036	8,444,569	3,010,961	11,455,530
2037-2040	7,196,356	826,638	8,022,994
Total	<u>\$ 41,318,017</u>	<u>\$ 16,975,600</u>	<u>\$ 58,293,617</u>

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 9 LONG-TERM DEBT (Continued)

The Parking Authority entered into various capital lease 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 capital lease payments as of December 31, 2021.

Year Ending December 31,	
2022	\$ 55,734
2023	34,646
2024	32,518
2025	<u>8,129</u>
Net minimum lease payment	131,027
Less interest	<u>(8,502)</u>
Present value of minimum lease payments	<u>\$ 122,525</u>

The leased capital assets under capital leases are included in capital assets at December 31, 2021 as follows:

Equipment	\$683,792
Parking garages and lots	173,327
Vehicles	90,356
Less accumulated depreciation	<u>(731,600)</u>
	<u>\$215,875</u>

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 10 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	American Rescue Plan	Other Governmental Funds	Total
Restricted for:					
Capital acquisitions	\$ -	\$ 14,852,662	\$ -	\$ -	\$ 14,852,662
Public works	-	-	-	9,672,609	9,672,609
Community development	-	-	-	5,238,928	5,238,928
Parks and recreation	-	-	-	1,648,097	1,648,097
	<u>-</u>	<u>14,852,662</u>	<u>-</u>	<u>16,559,634</u>	<u>31,412,296</u>
Assigned for:					
General government	440,824	-	17,414	-	458,238
Public works	497,357	-	-	-	497,357
Community development	975,043	-	-	-	975,043
Public safety	331,300	-	-	-	331,300
Parks and recreation	96,585	-	-	-	96,585
	<u>2,341,109</u>	<u>-</u>	<u>17,414</u>	<u>-</u>	<u>2,358,523</u>
Total	<u>\$ 2,341,109</u>	<u>\$ 14,852,662</u>	<u>\$ 17,414</u>	<u>\$ 16,559,634</u>	<u>\$ 33,770,819</u>

NOTE 11 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.

Changes in the accrued claims liability are as follows:

	2021
Accrued claims liability, January 1	\$ 317,107
Incurring claims, including estimated claims	
incurred but not reported as of December 31:	
Provision for current year events	1,290,296
Payments	<u>(1,053,531)</u>
Accrued claims liability, December 31	553,872
Current portion	553,872
Long-term portion	<u>\$ -</u>

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.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 11 RISK MANAGEMENT, ACCRUED CLAIMS LIABILITY (Continued)

Discretely Presented Component Units' Risk Management

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.

NOTE 12 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.

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.

Plan Membership

At December 31, 2019, the Plan's membership consisted of the following:

Inactive participants - retired and disabled	340
Active plan members	770
Total	<u><u>1,110</u></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, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Total OPEB Liability

The components of the total OPEB liability of the plan at December 31, 2021, were as follows:

Total OPEB Liability	\$ 108,978,363
Plan fiduciary net position	-
City's total OPEB liability	<u>\$ 108,978,363</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2019 and update procedures were used to roll forward the plan's total OPEB liability to the measurement date of December 31, 2020 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	4.5% per year			
Discount Rate	2.12%			
Per person cost trends:	2020	7.47%	2031	3.65%
	2021	7.20%	2032	3.56%
	2022	6.93%	2033	3.50%
	2023	6.62%	2034	3.47%
	2024	6.25%	2035	3.44%
	2025	5.89%	2036	3.42%
	2026	5.52%	2037	3.40%
	2027	5.15%	2038	3.39%
	2028	4.78%	2039	3.28%
	2029	4.41%	2040+	3.28%
	2030	3.84%		

Assumptions changes between December 31, 2019 and 2020 include the decrease of the discount rate, expected future healthcare costs, and updated mortality rates.

Discount Rate

The discount rate used to measure the plan's total OPEB liability as of December 31, 2020 was 2.12%. This is based on the 20-year Bond Buyer, 20 Bond GO Index as of December 31, 2020. This is a decrease from the December 31, 2019 rate of 2.74%. It is known that the discount rate will decrease to 2.06% as of next year's measurement date of December 31, 2021 based on the 20-year Bond Buyer Index rate, which will increase the liabilities.

Changes in the City's total OPEB liability for the plan for the year ended December 31, 2020 were as follows:

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

<u>Changes in Total OPEB Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Total OPEB Liability (a-b)</u>
Balances at 12/31/2019	\$ 93,303,720	\$ -	\$ 93,303,720
Changes for the Year:			
Service cost	3,861,863	-	3,861,863
Interest on total OPEB liability	2,558,747	-	2,558,747
Changes of Benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	12,952,367	-	12,952,367
Contributions-employer	-	3,698,334	(3,698,334)
Contributions-member	-	-	-
Net investment income	-	-	-
Benefit payments, including employee refunds	(3,698,334)	(3,698,334)	-
Administrative expense	-	-	-
Net changes	<u>15,674,643</u>	<u>-</u>	<u>15,674,643</u>
Balances at 12/31/2020	<u>\$ 108,978,363</u>	<u>\$ -</u>	<u>\$108,978,363</u>

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:

	<u>Sensitivity of the Total OPEB Liability to Changes in the Discount Rate</u>		
	<u>1% Decrease (1.12%)</u>	<u>Current Discount Rate (2.12%)</u>	<u>1% Increase (3.12%)</u>
Total OPEB Liability	\$ 118,592,762	\$ 108,978,363	\$ 100,316,420

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 what the City's Total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point higher or 1-percentage-point lower than the current healthcare cost trend rates:

	<u>Sensitivity of the Total OPEB Liability to Changes in the Medical Inflation Rate</u>		
	<u>1% Decrease</u>	<u>Healthcare Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 97,452,593	\$ 108,978,363	\$ 122,450,584

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

For the year ended December 31, 2021, the City recognized OPEB expense of \$3,508,838. At December 31, 2021, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 1,398,431
Changes of Assumptions	14,608,273	2,462,343
Contributions subsequent to the Measurement Date	5,094,104	-
	<u>\$ 19,702,377</u>	<u>\$ 3,860,774</u>

City contributions subsequent to the measurement date of \$5,094,104 will be recognized in expense in the subsequent year. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2022	\$ 2,182,332
2023	2,182,335
2024	963,648
2025	1,784,427
2026	1,784,424
Thereafter	1,850,333
	<u>\$ 10,747,499</u>

Discretely Presented Component Units' OPEB Plan

Parking Authority

Plan Description

The 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 Authority's financial statements.

The 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. The employee must be actively employed up to age 55 to be eligible. The benefit is not provided to employees hired after December 31, 2010.

As of December 31, 2020 there were no fully eligible active employees, no other active employees not fully eligible and 7 retirees and beneficiaries currently receiving benefits.

An actuarial valuation of the total OPEB liability was performed January 1, 2020 with update procedures were used to roll forward to the plan's fiscal year ended December 31, 2021.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Parking Authority (Continued)

The table below shows the changes in the total OPEB liability, the plan fiduciary net position and the net OPEB liability for the year ended December 31, 2021.

	Change in Net OPEB Liability (Asset)		
	Increase (Decrease)		
	Total OPEB Liability (A)	Plan Fiduciary Net Position (B)	Net OPEB Liability (Asset) (A-B)
Balances, December 31, 2020	\$ 838,428	\$ 443,283	\$395,145
Changes for the year:	\$ -	\$ -	\$ -
Service cost	-	-	-
Interest	35,937	-	35,937
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(17,633)	-	(17,633)
Changes in assumptions and cost method	(107,508)	-	(107,508)
Contributions - employer	-	-	-
Net investment income	-	45,209	(45,209)
Benefit payments	(119,809)	-	(119,809)
Net changes	(209,013)	45,209	(254,222)
Balances, December 31, 2021	\$ 629,415	\$ 488,492	\$140,923

Actuarial Assumptions

Valuation Date:	January 1, 2020
Actuarial cost method:	Entry Age, Normal
Discount rate:	5.5%
Salary increases:	5% compounded annually
Inflation	2.24%
Healthcare cost trends:	Medical - decrease by 7.562% during 2021, 8% during 2022 reduced by .25% per year to an ultimate level of 5% per year Dental - increase 2% per year
Pre-retirement mortality:	None
Post-retirement mortality:	PUBG-2010 General Amount Weighted Mortality Tables for Healthy Retirees projected to 2026 using Scale MP-2020
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

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Parking Authority (Continued)

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 2.24%) 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 major asset class included in the OPEB plan's target asset allocation as of December 31, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity:	
Large Cap	5.72%
Mid Cap	6.77%
Small cap	1.14%
International Equity	6.55%
International Bonds	0.29%
Emerging Markets	8.54%
Cash	-0.33%

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 Sensitivity – Discount Rate

The following is a sensitivity analysis of the net OPEB liability to changes in the discount rate. The table below presents the net OPEB liability calculated using the discount rate of 6.5% as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.5%) or 1 percentage point higher (7.5%) than the current rate:

	1% Decrease (4.5%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
12/31/2021 Total OPEB liability	\$ 646,598	\$ 629,415	\$ 604,653
Fiduciary net position	<u>488,492</u>	<u>488,492</u>	<u>488,492</u>
12/31/2021 Net OPEB liability	<u>\$ 158,106</u>	<u>\$ 140,923</u>	<u>\$ 116,161</u>

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Parking Authority (Continued)

Net OPEB Liability Sensitivity – Healthcare Trend

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

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
12/31/2021 Total OPEB liability	\$ 601,120	\$ 629,415	\$ 649,939
Fiduciary net position	<u>488,492</u>	<u>488,492</u>	<u>488,492</u>
12/31/2021 Net OPEB liability	<u>\$ 112,628</u>	<u>\$ 140,923</u>	<u>\$ 161,447</u>

OPEB Expense and Deferred Outflows and Inflows of Resources

As of December 31, 2021, the Authority reported deferred inflows and deferred outflows of resources related to OPEB from the following sources:

Deferred Inflows of Resources

	<u>2021</u>
Net Differences between projected and actual experience	\$ -
Net Differences between projected and actual investment earnings on OPEB plan investments	<u>40,528</u>
	<u>\$ 40,528</u>

There were no deferred outflows of resources related to OPEB as of December 31, 2021.

For the year ended December 31, 2021 the Authority recognized OPEB expense (benefit) of (\$174,695).

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

<u>Year Ending</u>	<u>Total</u>
2022	\$ (14,065)
2023	(14,065)
2024	(8,234)
2025	(4,164)
2026	-
Thereafter	-
Total	<u>\$ (40,528)</u>

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 13 LEASING ACTIVITIES

Parking Authority

The Parking Authority leases office space and parking facilities to third parties under operating lease agreements. The rents are determined based on the square footage being rented and are subject to periodic increases. The agreements also include various renewal options after the initial term expires. Minimum future rental income from the operating leases as of December 31, 2021 is as follows:

Year Ending December 31,	
2022	\$ 223,919
2023	223,919
2024	224,972
2025	224,972
2026	224,972
Thereafter	<u>7,465,015</u>
	<u>\$8,587,769</u>

NOTE 14 DEFERRED COMPENSATION PLAN

Parking Authority

The 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 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 Authority makes contributions to a deferred compensation plan through contributions to three 401(a) Money Purchase Plans. The Authority made total contributions of \$129,807 to the plans for the year ended December 31, 2021.

NOTE 15 COMMITMENTS AND CONTINGENCIES

Construction

The City, through the Capital Projects Fund, entered into contracts with construction contractors with a remaining commitment at December 31, 2021 of approximately \$8.5 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, 2021, significant amounts of grant expenditures have not been audited by the grantor government, but the City believes that disallowed expenditures, if any, based on subsequent audits, will not have a material effect on the financial position of the City.

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 15 COMMITMENTS AND CONTINGENCIES (Continued)

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.

Discretely Presented Component Units' Commitments and Contingencies

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.

NOTE 16 RISKS AND UNCERTAINTIES

As the effects of the Coronavirus pandemic continue to evolve and are dependent upon future developments, the impact of the Coronavirus on the City's operations and financial results are uncertain at this time.

NOTE 17 SUBSEQUENT EVENT

The City has evaluated all subsequent events through the report issue date of December 21, 2022.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

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CITY OF ALLENTOWN, PENNSYLVANIA
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Taxes:				
Real Estate:				
Real estate - current	\$ 37,650,000	\$ 37,650,000	\$ 38,075,379	\$ 425,379
Real estate - prior	1,100,000	1,100,000	1,503,971	403,971
Total Real Estate Taxes	38,750,000	38,750,000	39,579,350	829,350
Act 511 Taxes:				
Earned income	35,550,000	35,550,000	36,595,293	1,045,293
Residence per capita	15,000	15,000	10,370	(4,630)
Amusement devices	5,000	5,000	6,066	1,066
Deed transfer	1,800,000	1,800,000	2,854,778	1,054,778
Local services	1,700,000	1,700,000	1,701,145	1,145
Business privilege	8,000,000	8,000,000	7,465,894	(534,106)
Total Act 511 Taxes	47,070,000	47,070,000	48,633,546	1,563,546
Total Taxes	85,820,000	85,820,000	88,212,896	2,392,896
Licenses and Permits:				
Business licenses	400,000	400,000	440,604	40,604
Billboard and sign permits/licenses	5,000	5,000	8,160	3,160
Building permits and licenses	1,650,000	1,650,000	2,061,498	411,498
Plumbing permits and licenses	150,000	150,000	192,300	42,300
Electrical permits and licenses	300,000	300,000	344,879	44,879
Sheet metal technician license	12,000	12,000	21,330	9,330
Liquor licenses	60,000	60,000	8,400	(51,600)
Health bureau permits and licenses	250,000	250,000	237,330	(12,670)
Rental inspection program	2,200,000	2,200,000	2,723,858	523,858
Presales inspection program	190,000	190,000	274,800	84,800
Zoning permits and fees	300,000	300,000	286,884	(13,116)
Vacant Property Registration	50,000	50,000	16,600	(33,400)
Fire department inspection fees	120,000	120,000	96,336	(23,664)
Police permits	1,500	1,500	-	(1,500)
CATV franchise fees	1,470,000	1,470,000	1,130,465	(339,535)
Shade tree permits/fees	5,000	5,000	1,110	(3,890)
Other permits and licenses	185,750	185,750	279,909	94,159
Total Licenses and Permits	7,349,250	7,349,250	8,124,463	775,213
Fines and Forfeits:				
District court	250,000	250,000	140,550	(109,450)
Fines and restitution	145,000	145,000	112,923	(32,077)
Parking Authority transfer	300,000	300,000	1,184	(298,816)
Total Fines and Forfeits	695,000	695,000	254,657	(440,343)

(Continued)

See accompanying notes to required supplementary information - budgetary comparison schedule.

CITY OF ALLENTOWN, PENNSYLVANIA
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues (Continued):				
Intergovernmental Revenue:				
Health grants	4,318,528	5,223,808	2,189,889	(3,033,919)
3rd Party Reimbursements	1,750	1,750	-	(1,750)
Recovery Act/Stimulus Act	-	121,840	-	(121,840)
Health COVID Grants	-	562,000	2,033,351	1,471,351
Police/fire training	375,000	375,000	272,705	(102,295)
State aid for pension	5,204,987	5,204,987	4,695,040	(509,947)
Police grants/reimbursements	846,572	942,453	654,412	(288,041)
Casino fee	3,674,000	3,674,000	4,382,853	708,853
Other grants/miscellaneous	500,000	1,152,565	1,018,201	(134,364)
Total Intergovernmental Revenue	14,920,837	17,258,403	15,246,451	(2,011,952)
Charges for Services:				
Departmental Earnings:				
Tax/municipal certifications	158,000	158,000	184,545	26,545
Police extra duty jobs	400,000	400,000	269,760	(130,240)
Health bureau services	88,320	92,570	17,656	(74,914)
Street excavation/restoration	115,000	115,000	103,281	(11,719)
Printing and copier fees	75,000	75,000	65,050	(9,950)
Other charges for service	80,000	80,000	20,693	(59,307)
Vehicle towing agreement	289,200	289,200	313,445	24,245
EMS transit fees	4,201,100	4,201,100	4,097,186	(103,914)
Warrants of survey	45,000	45,000	21,670	(23,330)
Water and sewer	100,000	100,000	68,414	(31,586)
Total Departmental Earnings	5,551,620	5,555,870	5,161,700	(394,170)
Municipal Recreation:				
Swimming pool fees	225,000	225,000	169,302	(55,698)
Recreation fees	71,000	71,000	103,152	32,152
Total Municipal Recreation	296,000	296,000	272,454	(23,546)
General Fund Service Charges:				
Other service charges	2,233,400	2,233,400	2,233,399	(1)
Total General Fund Service Charges	2,233,400	2,233,400	2,233,399	(1)
Total Charges for Services	8,081,020	8,085,270	7,667,553	(417,717)
Investment Income	130,000	130,000	41,952	(88,048)

(Continued)

See accompanying notes to required supplementary information - budgetary comparison schedule.

CITY OF ALLENTOWN, PENNSYLVANIA
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues (Continued):				
Other Income:				
Rental of City property	88,000	88,000	165,893	77,893
Marketing/advertising	250,000	250,000	213,812	(36,188)
Contributions	100,000	115,000	72,375	(42,625)
Damage to City property	-	-	123	123
Lights in Parkway	280,000	280,000	342,324	62,324
Pennsylvania Utility Realty tax	75,000	75,000	85,093	10,093
PILOT	250,000	250,000	161,749	(88,251)
Sale of property	500,000	500,000	97,514	(402,486)
Recreation/DCED/special events	30,000	30,000	9,233	(20,767)
Fire Dept. Miscellaneous	60,000	60,000	16,542	(43,458)
Cash Over/(Short)	-	-	(143)	(143)
Muni Claim Recovery	250,000	250,000	291,218	41,218
Portnoff Fees Collected	1,000	1,000	-	(1,000)
Health Violation Tickets	13,000	13,000	8,410	(4,590)
ANIZDA	367,296	367,296	127,249	
Project Lifesaver	-	2,400	2,400	
Wellness Program	10,000	10,000	9,289	(711)
Water/Sewer Lease - Annual Sec.3.23	937,524	937,524	937,524	-
Miscellaneous	629,211	631,611	280,233	(351,378)
Total Other Income	3,841,031	3,860,831	2,820,838	(1,039,993)
Total Revenues	120,837,138	123,198,754	122,368,810	(829,944)
Expenditures:				
General Government:				
City Council	719,111	616,027	389,625	226,402
Office of the Mayor	786,245	759,945	634,782	125,163
City Controller	221,850	213,600	201,870	11,730
Law	1,246,638	1,246,638	1,200,682	45,956
General and civic	1,305,172	1,075,601	702,030	373,571
Total Nondepartmental	4,279,016	3,911,811	3,128,989	782,822
Department of Finance	3,838,510	3,939,684	3,453,744	485,940
Total Department of Finance	3,838,510	3,939,684	3,453,744	485,940
Human Resources	892,368	893,640	782,851	110,789
Total Human Resources	892,368	893,640	782,851	110,789
Management Systems				
Management Director and Information Services	4,128,798	4,140,488	3,670,725	469,763
Total Management Systems	4,128,798	4,140,488	3,670,725	469,763
Total General Government	13,138,692	12,885,623	11,036,309	1,849,314

(Continued)

See accompanying notes to required supplementary information - budgetary comparison schedule.

CITY OF ALLENTOWN, PENNSYLVANIA
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures (Continued):				
Public Safety:				
Department of Public Safety:				
Police	40,824,741	40,125,337	38,539,294	1,586,043
Fire	25,202,595	27,345,838	26,610,028	735,810
Total Public Safety	66,027,336	67,471,175	65,149,322	2,321,853
Public Works:				
Department of Public Works:				
Director's office	524,147	802,473	384,298	418,175
Engineering	1,456,856	1,456,598	1,121,178	335,420
Building maintenance	2,476,037	2,734,912	2,457,058	277,854
Fleet maintenance operation	3,278,779	3,319,779	3,243,274	76,505
Streets	1,144,677	1,304,817	1,022,271	282,546
Traffic planning and control	1,242,713	1,264,638	1,169,987	94,651
Communications - Technical Service	1,487,420	1,490,593	1,401,611	88,982
Street lighting	626,275	646,771	448,155	198,616
Total Public Works	12,236,904	13,020,581	11,247,832	1,772,749
Health and Sanitation:				
Department of Community Development:				
Health	4,924,126	6,448,299	5,087,762	1,360,537
Total Health and Sanitation	4,924,126	6,448,299	5,087,762	1,360,537
Parks and Recreation:				
Department of Parks and Recreation:				
Park maintenance	3,751,319	3,636,407	3,474,261	162,146
Recreation	839,488	903,623	753,769	149,854
Swimming pool operation	583,139	601,304	475,006	126,298
Total Parks and Recreation	5,173,946	5,141,334	4,703,036	438,298
Community Development and Planning:				
Department of Community Development:				
Director's office	2,680,360	3,995,321	3,227,092	768,229
Planning and zoning	1,454,884	1,812,333	1,293,242	519,091
Building standards and safety	4,889,115	4,609,044	3,877,241	731,803
Total Community Development and Planning	9,024,359	10,416,698	8,397,575	2,019,123
Capital Outlays	-	2,640,080	2,249,171	390,909
Total Capital Outlays	-	2,640,080	2,249,171	390,909
Total Expenditures	110,525,363	118,023,790	107,871,007	10,152,783

(Continued)

See accompanying notes to required supplementary information - budgetary comparison schedule.

CITY OF ALLENTOWN, PENNSYLVANIA
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Excess (Deficiency) of Revenues over Expenditures	\$ 10,311,775	\$ 5,174,964	\$ 14,497,803	\$ 9,322,839
Other Financing Sources (Uses):				
Issuance of long-term debt	1,935,000	1,935,000	1,935,000	-
Transfers in:				
Capital Fund	-	-	762,103	762,103
ARPA	-	1,600,000	1,600,000	-
Golf	-	125,000	125,000	-
Grant Fund	3,368	3,368	-	(3,368)
Transfers out:				
Capital Fund	-	(229,872)	(260,872)	(31,000)
Risk Fund	(3,551,543)	(3,551,543)	(3,255,582)	295,961
Debt Service Fund	(8,878,597)	(8,878,597)	(7,767,049)	1,111,548
Gold Fund	-	(375,000)	(375,000)	-
Solid Waste Fund	(642,857)	(642,857)	(642,857)	-
Total other financing sources (uses)	(11,134,629)	(10,014,501)	(7,879,257)	2,135,244
Net Change in Fund Balance	\$ (822,854)	\$ (4,839,537)	\$ 6,618,546	\$ 11,458,083
Net effect of agency fund, other income and expenditure accruals			3,128,429	
Net Change in Fund Balance			9,746,975	
Fund Balance:				
Beginning of year			25,594,283	
End of year			\$ 35,341,258	(Concluded)

See accompanying notes to required supplementary information - budgetary comparison schedule.

CITY OF ALLENTOWN, PENNSYLVANIA
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - AMERICAN RESCUE PLAN FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<u>Revenues:</u>				
Investment earnings	\$ -	\$ -	\$ 17,414	\$ 17,414
Intergovernmental revenues	-	28,566,302	28,566,302	-
Total Revenues	-	28,566,302	28,583,716	17,414
<u>Expenditures:</u>				
Public Safety	-	400,000	-	400,000
Total Expenditures	-	400,000	-	400,000
Excess (Deficiency) of Revenues over Expenditures	-	28,166,302	28,583,716	(382,586)
<u>Other Financing Sources (Uses):</u>				
Transfers out	-	(17,410,000)	(17,410,000)	-
Total other financing sources (uses)	-	(17,410,000)	(17,410,000)	-
Net Change in Fund Balance	\$ -	\$ 10,756,302	11,173,716	\$ (382,586)
Net effect of other income and expenditure accruals			(11,156,302)	
Net Change in Fund Balance			17,414	
Fund Balance:				
Beginning of year			-	
End of year			\$ 17,414	

CITY OF ALLENTOWN, PENNSYLVANIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2021

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

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, Debt Service Fund, American Rescue Plan Fund, Liquid Fuels Fund, Community Development Block Grant Fund, Trexler Fund, Grants Fund, Stormwater Fund, and Lease/A.O. 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, the 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 departmental 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 between departments must be approved by City Council.

NOTE 2 COMPLIANCE

No excess of expenditures over appropriations noted throughout the General Fund Budget.

CITY OF ALLENTOWN, PENNSYLVANIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS - POLICE PENSION PLAN

Measurement Date, December 31	2021*	2020*	2019*	2018*	2017*	2016*	2015*	2014*
Total Pension Liability:								
Service cost	\$ 4,183,341	\$ 3,662,083	\$ 3,567,206	\$ 3,496,148	\$ 3,500,391	\$ 3,039,127	\$ 2,856,276	\$ 2,661,908
Interest	16,988,330	15,670,774	15,010,083	14,586,053	14,049,286	13,161,554	12,720,534	12,280,247
Difference between expected and actual experience	5,224,332	1,011,115	(1,518,678)	377,097	4,018,311	(205,379)	737,072	-
Changes in assumptions	8,273,246	-	-	-	-	7,903,467	-	-
Benefit payments, including refunds	(12,460,263)	(11,811,083)	(11,133,444)	(10,833,661)	(10,700,027)	(10,506,610)	(10,190,293)	(10,194,574)
Net Changes in Total Pension Liability	22,208,986	8,532,889	5,925,167	7,625,637	10,867,961	13,392,159	6,123,589	4,747,581
Total Pension Liability - Beginning	218,010,055	209,477,166	203,551,999	195,926,362	185,058,401	171,666,242	165,542,653	160,795,072
Total Pension Liability - Ending (a)	<u>\$ 240,219,041</u>	<u>\$ 218,010,055</u>	<u>\$ 209,477,166</u>	<u>\$ 203,551,999</u>	<u>\$ 195,926,362</u>	<u>\$ 185,058,401</u>	<u>\$ 171,666,242</u>	<u>\$ 165,542,653</u>
Plan Fiduciary Net Position:								
Contributions - employer	\$ 7,884,257	\$ 7,918,392	\$ 7,046,609	\$ 6,924,460	\$ 4,341,381	\$ 4,216,537	\$ 2,669,759	\$ 2,507,471
Contributions - member	1,108,736	1,052,012	1,069,615	988,224	931,395	991,017	914,420	825,381
Net investment income (loss)	32,483,053	21,593,429	30,934,769	(7,348,536)	22,256,156	10,741,586	(701,889)	6,419,152
Benefit payments, including refunds	(12,460,263)	(11,811,083)	(11,133,444)	(10,833,661)	(10,700,026)	(10,506,610)	(10,190,293)	(10,194,574)
Administrative expense	(32,173)	(34,160)	(65,707)	(98,985)	(85,076)	(9,593)	(9,673)	(10,682)
Net Change in Plan Fiduciary Net Position	28,983,610	18,718,590	27,851,842	(10,368,498)	16,743,830	5,432,937	(7,317,676)	(453,252)
Plan Fiduciary Net Position - Beginning	199,417,325	180,698,735	152,846,893	163,215,391	146,471,561	141,038,624	148,356,300	148,809,552
Plan Fiduciary Net Position - Ending (b)	<u>\$ 228,400,935</u>	<u>\$ 199,417,325</u>	<u>\$ 180,698,735</u>	<u>\$ 152,846,893</u>	<u>\$ 163,215,391</u>	<u>\$ 146,471,561</u>	<u>\$ 141,038,624</u>	<u>\$ 148,356,300</u>
Net Pension Liability - Ending (a-b)	<u>\$ 11,818,106</u>	<u>\$ 18,592,730</u>	<u>\$ 28,778,431</u>	<u>\$ 50,705,106</u>	<u>\$ 32,710,971</u>	<u>\$ 38,586,840</u>	<u>\$ 30,627,618</u>	<u>\$ 17,186,353</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>95.08%</u>	<u>91.47%</u>	<u>86.26%</u>	<u>75.09%</u>	<u>83.30%</u>	<u>79.15%</u>	<u>82.16%</u>	<u>89.62%</u>
Covered Payroll	<u>\$ 22,306,245</u>	<u>\$ 21,013,019</u>	<u>\$ 20,904,708</u>	<u>\$ 19,718,764</u>	<u>\$ 19,231,733</u>	<u>\$ 18,931,433</u>	<u>\$ 17,794,000</u>	<u>\$ 17,031,352</u>
Net Pension Liability as a Percentage of Covered Payroll	52.98%	88.48%	137.66%	257.14%	170.09%	203.82%	172.12%	100.91%

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

CITY OF ALLENTOWN, PENNSYLVANIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS - FIREMEN PENSION PLAN

Measurement Date, December 31	2021*	2020*	2019*	2018*	2017*	2016*	2015*	2014*
Total Pension Liability:								
Service cost	\$ 1,953,892	\$ 1,813,315	\$ 1,800,136	\$ 1,789,346	\$ 1,735,550	\$ 1,544,110	\$ 1,513,683	\$ 1,422,468
Interest	9,828,850	9,607,882	9,388,037	9,292,591	9,101,734	8,940,922	8,782,604	8,601,438
Difference between expected and actual experience	367,152	(507,438)	(1,788,062)	(324,574)	(513,486)	(502,487)	312,322	-
Changes in assumptions	1,436,239	-	-	-	-	4,219,884	-	-
Benefit payments, including refunds	(8,347,280)	(8,222,890)	(8,031,919)	(8,032,161)	(8,011,716)	(8,113,374)	(8,104,277)	(8,075,886)
Net Changes in Total Pension Liability	5,238,853	2,690,869	1,368,192	2,725,202	2,312,082	6,089,055	2,504,332	1,948,020
Total Pension Liability - Beginning	133,164,175	130,473,306	129,105,114	126,379,912	124,067,830	117,978,775	115,474,443	113,526,423
Total Pension Liability - Ending (a)	<u>\$ 138,403,028</u>	<u>\$ 133,164,175</u>	<u>\$ 130,473,306</u>	<u>\$ 129,105,114</u>	<u>\$ 126,379,912</u>	<u>\$ 124,067,830</u>	<u>\$ 117,978,775</u>	<u>\$ 115,474,443</u>
Plan Fiduciary Net Position:								
Contributions - employer	\$ 4,107,655	\$ 4,063,701	\$ 3,779,843	\$ 3,714,299	\$ 3,068,607	\$ 2,965,478	\$ 1,205,379	\$ 1,355,613
Contributions - member	769,281	596,751	600,769	537,852	520,536	495,834	482,441	450,825
Net investment income (loss)	20,705,169	13,386,653	19,883,204	(4,686,690)	14,584,721	7,093,225	(374,539)	4,173,658
Benefit payments, including refunds	(8,347,280)	(8,222,890)	(8,031,919)	(8,032,161)	(8,011,715)	(8,113,274)	(8,104,277)	(8,075,886)
Administrative expense	(12,090)	(10,729)	(11,183)	(78,361)	(85,633)	(9,592)	(9,673)	(10,682)
Net Change in Plan Fiduciary Net Position	17,222,735	9,813,486	16,220,714	(8,545,061)	10,076,516	2,431,671	(6,800,669)	(2,106,472)
Plan Fiduciary Net Position - Beginning	125,783,300	115,969,814	99,749,100	108,294,161	98,217,645	95,785,974	102,586,743	104,693,125
Plan Fiduciary Net Position - Ending (b)	<u>\$ 143,006,035</u>	<u>\$ 125,783,300</u>	<u>\$ 115,969,814</u>	<u>\$ 99,749,100</u>	<u>\$ 108,294,161</u>	<u>\$ 98,217,645</u>	<u>\$ 95,785,974</u>	<u>\$ 102,586,653</u>
Net Pension Liability - Ending (a-b)	<u>\$ (4,603,007)</u>	<u>\$ 7,380,875</u>	<u>\$ 14,503,492</u>	<u>\$ 29,356,014</u>	<u>\$ 18,085,751</u>	<u>\$ 25,850,185</u>	<u>\$ 22,192,801</u>	<u>\$ 12,887,790</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>103.33%</u>	<u>94.46%</u>	<u>88.88%</u>	<u>77.26%</u>	<u>85.69%</u>	<u>79.16%</u>	<u>81.19%</u>	<u>88.84%</u>
Covered Payroll	<u>\$ 13,300,238</u>	<u>\$ 11,979,474</u>	<u>\$ 11,226,704</u>	<u>\$ 10,776,923</u>	<u>\$ 10,408,858</u>	<u>\$ 9,901,453</u>	<u>\$ 9,544,000</u>	<u>\$ 8,968,810</u>
Net Pension Liability as a Percentage of Covered Payroll	-34.61%	61.61%	129.19%	272.40%	173.75%	261.07%	232.53%	143.70%

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

See accompanying notes to required supplementary information - pension information.

CITY OF ALLENTOWN, PENNSYLVANIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS - OFFICERS AND EMPLOYEES PENSION PLAN

Measurement Date, December 31	2021*	2020*	2019*	2018*	2017*	2016*	2015*	2014*
Total Pension Liability:								
Service cost	\$ 9,561	\$ 9,877	\$ 9,577	\$ 9,983	\$ 9,614	\$ 8,894	\$ 8,254	\$ 7,950
Interest	650,040	733,543	782,628	842,606	917,538	1,010,525	1,064,075	1,169,496
Difference between expected and actual experience	(174,860)	166,473	61,654	(132,092)	(49,185)	278,360	(434,623)	-
Changes in assumptions	(24,284)	-	-	-	-	294,664	-	-
Benefit payments, including refunds	(1,582,620)	(1,696,249)	(1,794,179)	(1,877,646)	(2,016,648)	(2,136,355)	(2,235,966)	(2,371,674)
Net Changes in Total Pension Liability	(1,122,163)	(786,356)	(940,320)	(1,157,149)	(1,138,681)	(543,912)	(1,598,260)	(1,194,228)
Total Pension Liability - Beginning	11,125,491	11,911,847	12,852,167	14,009,316	15,147,997	15,691,909	17,290,169	18,484,397
Total Pension Liability - Ending (a)	<u>\$ 10,003,328</u>	<u>\$ 11,125,491</u>	<u>\$ 11,911,847</u>	<u>\$ 12,852,167</u>	<u>\$ 14,009,316</u>	<u>\$ 15,147,997</u>	<u>\$ 15,691,909</u>	<u>\$ 17,290,169</u>
Plan Fiduciary Net Position:								
Contributions - employer	\$ 230,757	\$ 230,346	\$ 203,401	\$ 203,427	\$ 149,845	\$ 149,540	\$ 161,022	\$ 103,519
Contributions - member	4,733	4,485	4,336	4,212	4,073	3,930	3,851	3,573
Net investment income	971,892	716,230	1,481,190	(264,012)	1,281,494	647,814	50,233	940,162
Benefit payments, including refunds	(1,582,620)	(1,696,249)	(1,794,179)	(1,877,646)	(2,016,648)	(2,136,355)	(2,235,966)	(2,371,674)
Administrative expense	(6,349)	(10,729)	(11,278)	(64,142)	(68,931)	(9,592)	(9,673)	(10,682)
Net Change in Plan Fiduciary Net Position	(381,587)	(755,917)	(116,530)	(1,998,161)	(650,167)	(1,344,663)	(2,030,533)	(1,335,102)
Plan Fiduciary Net Position - Beginning	10,015,122	10,771,039	10,887,569	12,885,730	13,535,897	14,880,560	16,911,093	18,246,195
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,633,535</u>	<u>\$ 10,015,122</u>	<u>\$ 10,771,039</u>	<u>\$ 10,887,569</u>	<u>\$ 12,885,730</u>	<u>\$ 13,535,897</u>	<u>\$ 14,880,560</u>	<u>\$ 16,911,093</u>
Net Pension Liability - Ending (a-b)	<u>\$ 369,793</u>	<u>\$ 1,110,369</u>	<u>\$ 1,140,808</u>	<u>\$ 1,964,598</u>	<u>\$ 1,123,586</u>	<u>\$ 1,612,100</u>	<u>\$ 811,349</u>	<u>\$ 379,076</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>96.30%</u>	<u>90.02%</u>	<u>90.42%</u>	<u>84.71%</u>	<u>91.98%</u>	<u>89.36%</u>	<u>94.83%</u>	<u>97.81%</u>
Covered Payroll	<u>\$ 86,050</u>	<u>\$ 81,552</u>	<u>\$ 78,833</u>	<u>\$ 76,590</u>	<u>\$ 74,062</u>	<u>\$ 71,512</u>	<u>\$ 70,000</u>	<u>\$ 64,960</u>
Net Pension Liability as a Percentage of Covered Payroll	429.74%	1361.55%	1447.12%	2565.08%	1517.09%	2254.31%	1159.07%	583.55%

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

Note: Change of assumptions - The Plan had a change in the retirement assumptions to assume that the one active employee would retire in 2021. The prior assumption was that this one participant would retire in 2019.

See accompanying notes to required supplementary information - pension information.

CITY OF ALLENTOWN, PENNSYLVANIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS - PMRS PLAN

Measurement Date, December 31,	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:							
Service cost	\$ 3,643,652	\$ 3,246,716	\$ 3,247,031	\$ 3,134,334	\$ 2,885,308	\$ 3,121,592	\$ 3,792,600
Interest	9,256,599	9,149,791	8,949,043	8,808,742	8,772,091	8,484,310	8,298,621
Difference between expected and actual experience	937,112	-	1,588,051	-	-	-	(31,247)
Changes in assumptions	6,939,844	-	-	-	4,474,139	2,584,899	-
Transfers	-	11,956	(82,469)	79,165	1,235,476	-	(42,319)
Benefit payments, including refunds	(10,885,534)	(10,647,603)	(9,219,033)	(9,546,663)	(9,172,560)	(8,283,599)	(7,706,851)
Net Changes in Total Pension Liability	9,891,673	1,760,860	4,482,623	2,475,578	8,194,454	5,907,202	4,310,804
Total Pension Liability - Beginning	178,045,670	176,284,810	171,802,187	169,326,609	161,132,155	155,224,953	150,914,149
Total Pension Liability - Ending (a)	<u>\$ 187,937,343</u>	<u>\$ 178,045,670</u>	<u>\$ 176,284,810</u>	<u>\$ 171,802,187</u>	<u>\$ 169,326,609</u>	<u>\$ 161,132,155</u>	<u>\$ 155,224,953</u>
Plan Fiduciary Net Position:							
Contributions - employer	\$ 3,258,437	\$ 3,252,975	\$ 2,648,140	\$ 2,630,992	\$ 2,240,743	\$ 2,230,827	\$ 1,558,888
Contributions - member	1,936,561	1,848,891	1,840,181	1,775,180	1,738,658	1,710,952	1,672,158
Net investment income	24,757,115	30,555,108	(5,210,426)	24,702,348	11,603,111	(36,944)	7,201,360
Transfers	-	11,956	(82,469)	79,165	-	-	(42,319)
Benefit payments, including refunds	(10,885,534)	(10,647,603)	(9,219,033)	(9,546,663)	(9,172,560)	(8,283,599)	(7,706,851)
Administrative expense	(386,945)	(301,821)	(365,857)	(367,920)	(397,521)	(338,130)	(304,806)
Net Change in Plan Fiduciary Net Position	18,679,634	24,719,506	(10,389,464)	19,273,102	6,012,431	(4,716,894)	2,378,430
Plan Fiduciary Net Position - Beginning	175,252,852	150,533,346	160,922,810	141,649,708	135,637,277	140,354,171	137,975,741
Plan Fiduciary Net Position - Ending (b)	<u>\$ 193,932,486</u>	<u>\$ 175,252,852</u>	<u>\$ 150,533,346</u>	<u>\$ 160,922,810</u>	<u>\$ 141,649,708</u>	<u>\$ 135,637,277</u>	<u>\$ 140,354,171</u>
Net Pension Liability - Ending (a-b)	<u>\$ (5,995,143)</u>	<u>\$ 2,792,818</u>	<u>\$ 25,751,464</u>	<u>\$ 10,879,377</u>	<u>\$ 27,676,901</u>	<u>\$ 25,494,878</u>	<u>\$ 14,870,782</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>103.19%</u>	<u>98.43%</u>	<u>85.39%</u>	<u>93.67%</u>	<u>83.65%</u>	<u>84.18%</u>	<u>90.42%</u>
Covered Payroll	\$ 27,531,948	\$ 24,532,647	\$ 24,535,775	\$ 23,651,715	\$ 23,169,719	\$ 23,067,602	\$ 22,740,178
Net Pension Liability as a Percentage of Covered Payroll	-21.78%	11.38%	104.95%	46.00%	119.45%	110.52%	65.39%

* The amounts presented for each fiscal year were determined on the measurement date, which is the December 31 of the immediately preceding fiscal year. 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.

CITY OF ALLENTOWN, PENNSYLVANIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS - ALLENTOWN PARKING AUTHORITY

	2021*	2020*	2019*	2018*	2017*	2016*	2015*
Total Pension Liability:							
Interest	\$ 198,203	\$ 202,439	\$ 204,066	\$ 203,074	\$ 212,438	\$ 220,605	\$ 218,085
Difference between expected and actual experience	(40,512)	-	14,591	-	(11,100)	-	-
Changes in assumptions	221,434	-	-	-	6,096	-	-
Benefit payments, including refunds	(259,343)	(242,815)	(208,700)	(200,199)	(474,376)	(174,612)	(194,346)
Net Changes in Total Pension Liability	119,782	(40,376)	9,957	2,875	(266,942)	45,993	23,739
Total Pension Liability - Beginning	2,780,215	2,820,591	2,810,634	2,807,759	3,074,701	3,028,708	3,004,969
Total Pension Liability - Ending (a)	\$ 2,899,997	\$ 2,780,215	\$ 2,820,591	\$ 2,810,634	\$ 2,807,759	\$ 3,074,701	\$ 3,028,708
Plan Fiduciary Net Position:							
Net investment income (loss)	\$ 417,306	\$ 677,131	\$ 643,072	\$ (111,811)	\$ 498,292	\$ 246,491	\$ (35,622)
Contributions-Employer	13,202	13,202	9,198	-	-	-	-
Benefit payments, including refunds	(259,343)	(242,815)	(208,700)	(200,199)	(474,376)	(174,612)	(194,346)
Net Change in Plan Fiduciary Net Position	171,165	447,518	443,570	(312,010)	23,916	71,879	(229,968)
Plan Fiduciary Net Position - Beginning	3,657,487	3,209,969	2,766,399	3,078,409	3,054,493	2,982,614	3,212,582
Plan Fiduciary Net Position - Ending (b)	\$ 3,828,652	\$ 3,657,487	\$ 3,209,969	\$ 2,766,399	\$ 3,078,409	\$ 3,054,493	\$ 2,982,614
Net Pension Liability (Asset) - Ending (a-b)	\$ (928,655)	\$ (877,272)	\$ (389,378)	\$ 44,235	\$ (270,650)	\$ 20,208	\$ 46,094
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	132.02%	131.55%	113.80%	98.43%	109.64%	99.34%	98.48%
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

CITY OF ALLENTOWN, PENNSYLVANIA
SCHEDULE OF CITY CONTRIBUTIONS AND INVESTMENT RETURNS

Year Ended December 31,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
POLICE PENSION PLAN										
<u>Schedule of City Contributions</u>										
Actuarially determined contribution under Act 205	\$ 7,884,257	\$ 7,918,392	\$ 7,046,609	\$ 6,924,460	\$ 4,341,381	\$ 4,216,537	\$ 2,669,759	\$ 2,507,471	\$ 2,276,774	\$ 7,324,133
Contributions in relation to the actuarially determined contribution	7,884,257	7,918,392	7,046,609	6,924,460	4,341,381	4,216,537	2,669,759	2,507,471	2,276,774	8,248,725
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (924,592)
Covered payroll	\$ 22,306,245	\$ 21,013,019	\$ 20,904,708	\$ 19,718,764	\$ 19,231,733	\$ 18,931,433	\$ 17,794,000	\$ 17,031,352	\$ 15,293,935	\$ 14,487,385
Contributions as a percentage of covered payroll	35.35%	37.68%	33.71%	35.12%	22.57%	22.27%	15.00%	14.72%	14.89%	56.94%
<u>Investment Returns</u>										
Annual money-weighted rate of return, net of investment expense	15.20%	7.40%	18.55%	(4.65%)	15.20%	7.30%	0.44%	4.51%	N/A	N/A
FIREMEN PENSION PLAN										
<u>Schedule of City Contributions</u>										
Actuarially determined contribution under Act 205	\$ 4,107,655	\$ 4,063,701	\$ 3,779,843	\$ 3,714,299	\$ 3,068,607	\$ 2,965,478	\$ 1,205,379	\$ 1,345,613	\$ 1,508,323	\$ 4,069,771
Contributions in relation to the actuarially determined contribution	4,107,655	4,063,701	3,779,843	3,714,299	3,068,607	2,965,478	1,205,379	1,355,613	1,508,323	4,583,476
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,000)	\$ -	\$ (513,705)
Covered payroll	\$ 13,300,238	\$ 11,979,474	\$ 11,226,704	\$ 10,776,923	\$ 10,408,858	\$ 9,901,453	\$ 9,544,000	\$ 8,968,810	\$ 8,117,293	\$ 9,755,213
Contributions as a percentage of covered payroll	30.88%	33.92%	33.67%	34.47%	29.48%	29.95%	12.63%	15.11%	18.58%	46.98%
<u>Investment Returns</u>										
Annual money-weighted rate of return, net of investment expense	15.40%	7.40%	13.68%	(4.51%)	14.80%	7.10%	(0.32%)	4.29%	N/A	N/A

N/A - Information not available for these years

CITY OF ALLENTOWN, PENNSYLVANIA
SCHEDULE OF CITY CONTRIBUTIONS AND INVESTMENT RETURNS
(CONTINUED)

Year Ended December 31,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
OFFICERS AND EMPLOYEES PENSION PLAN:											
<u>Schedule of City Contributions</u>											
Actuarially determined contribution under Act 205	\$ 230,757	\$ 230,346	\$ 203,401	\$ 203,427	\$ 149,845	\$ 149,540	\$ 161,022	\$ 103,519	\$ 81,097	\$ 512,669	\$ 514,014
Contributions in relation to the actuarially determined contribution	230,757	230,346	203,401	203,427	149,845	149,540	161,022	103,519	81,097	577,431	532,150
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (64,762)	\$ (18,136)
Covered payroll	\$ 86,050	\$ 81,552	\$ 78,833	\$ 76,590	\$ 74,062	\$ 71,512	\$ 70,000	\$ 64,960	\$ 62,491	\$ 250,856	\$ 250,324
Contributions as a percentage of covered payroll	268.17%	282.45%	258.02%	265.61%	202.32%	209.11%	230.03%	159.36%	129.77%	230.18%	212.58%
<u>Investment Returns</u>											
Annual money-weighted rate of return, net of investment expense	9.9	6.40%	13.68%	(2.22%)	9.50%	4.80%	0.67%	5.99%	N/A	N/A	N/A
Year Ended December 31,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
PMRS PLAN:											
<u>Schedule of City Contributions</u>											
Actuarially determined contribution under Act 205	\$ 3,376,666	\$ 3,257,977	\$ 3,252,315	\$ 2,647,644	\$ 2,629,868	\$ 2,239,534	\$ 2,229,106	\$ 1,557,908	\$ 1,612,483	\$ 1,299,757	\$ 1,367,093
Contributions in relation to the actuarially determined contribution	3,376,666	3,258,437	3,252,975	2,648,140	2,630,992	2,240,743	2,230,827	1,558,888	1,612,483	1,299,757	1,367,093
Contribution deficiency (excess)	\$ -	\$ (460)	\$ (660)	\$ (496)	\$ (1,124)	\$ (1,209)	\$ (1,721)	\$ (980)	\$ -	\$ -	\$ -
Covered payroll	\$ 26,548,330	\$ 27,531,948	\$ 24,532,647	\$ 24,083,542	\$ 24,535,775	\$ 23,651,715	\$ 23,169,719	\$ 23,067,602	\$ 22,740,178		
Contributions as a percentage of covered payroll	12.72%	11.84%	13.26%	11.00%	10.72%	9.47%	9.63%	6.76%	7.09%	N/A	N/A
<u>Investment Returns</u>											
Annual money-weighted rate of return, net of investment expense	N/A	21.10%	14.70%	(8.36%)	16.33%	8.37%	(0.03%)	5.17%	N/A	N/A	N/A

N/A - Information not available for these years

CITY OF ALLENTOWN, PENNSYLVANIA
SCHEDULE OF PARKING AUTHORITY CONTRIBUTIONS AND INVESTMENT RETURNS

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

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

CITY OF ALLENTOWN, PENNSYLVANIA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
PENSION INFORMATION
YEAR ENDED DECEMBER 31, 2021

NOTE 1 ACTUARIAL METHODS AND ASSUMPTIONS

Primary Government

The information presented in the required supplementary information was determined as part of the actuarial valuation 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, 2021 are as follows:

	Police	Firemen	Officers and Employees
Valuation date	1/1/2021	1/1/2021	1/1/2021
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	14 years	13 years	2 years
Asset valuation method	*Five-year smoothed market. 80%/20% corridor around market		
Actuarial assumptions:			
Investment rate of return	7.40%	7.40%	6.40%
Projected salary increases	4.50%	4.50%	4.50%
Mortality - Healthy Lives:	Blue Collar Adjusted RP-2000 Combined Healthy Mortality Table		RP-2000 Combined Healthy Mortality Table
Mortality - Disabled Lives:	RP-2000 Disabled Mortality Table		
Cost of Living Adjustment	2.4% per year upon eligibility to receive a COLA		0%

CITY OF ALLENTOWN, PENNSYLVANIA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – PMRS PENSION
YEAR ENDED DECEMBER 31, 2021

NOTE 1 ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Primary Government (Continued)

Methods and assumptions used to determine the contribution rate required under Act 205 for the PMRS Pension Plan for the year ended December 31, 2020 (presented as the subsequent year on the preceding schedules) are as follows:

Valuation date	1/1/2017
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 the municipal reserves
Actuarial assumptions:	
Investment rate of return	5.25%
Projected salary increases	Age related scale with merit and inflation component
Underlying inflation rate	2.80%
Cost-of-living adjustment	2.80%
Pre-retirement mortality	Males: RP 2000 Non-Annuitant Table Projected 15 years with Scale AA Females: RP 2000 Non-Annuitant Table Projected 15 years with Scale AA and setback 5 years
Post-retirement mortality	Males and females: RP-2000 Sex-Distinct Combined Healthy Mortality Table

Discretely Presented Component Unit

Parking Authority

Valuation date	1/1/2021
Actuarial cost method	Entry age normal
Investment return	7.00% per annum
Salary increases	None assumed
Pre-retirement mortality	None
Post-retirement mortality	PubG-2010 projected 5 years past 2021 valuation date using MP-2020
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, PENNSYLVANIA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
AND RELATED RATIOS

Measurement date, December 31	2021*	2020*	2019*	2018*
Total OPEB Liability				
Service cost	\$ 3,861,863	\$ 3,238,776	\$ 3,502,641	\$ 2,976,784
Interest	2,558,747	3,710,197	3,217,857	3,206,665
Changes in Benefits	-	-	-	-
Difference between expected and actual experience	-	(1,154,202)	-	(1,722,009)
Changes in assumptions	12,952,367	692,815	(4,924,689)	9,034,134
Benefit payments	(3,698,334)	(4,105,453)	(5,315,182)	(4,780,529)
Net change in Total OPEB Liability	15,674,643	2,382,133	(3,519,373)	8,715,045
Total OPEB Liability - Beginning	93,303,720	90,921,587	94,440,960	85,725,915
Total OPEB Liability - Ending	<u>\$ 108,978,363</u>	<u>\$ 93,303,720</u>	<u>\$ 90,921,587</u>	<u>\$ 94,440,960</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 3,698,334	\$ 4,105,453	\$ 5,315,182	\$ 4,780,529
Contributions - member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including employee refunds	(3,698,334)	(4,105,453)	(5,315,182)	(4,780,529)
Administrative expense	-	-	-	-
Net changes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - Beginning	-	-	-	-
Plan Fiduciary Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total OPEB Liability - Ending	<u>\$ 108,978,363</u>	<u>\$ 93,303,720</u>	<u>\$ 90,921,587</u>	<u>\$ 94,440,960</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0%	0%	0%	0%
Covered payroll	<u>\$ 60,632,542</u>	<u>\$ 58,483,638</u>	<u>\$ 54,980,791</u>	<u>\$ 53,639,680</u>
Total OPEB liability as a percentage of covered payroll	179.74%	159.54%	165.37%	176.07%

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CITY OF ALLENTOWN, PENNSYLVANIA
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
AND RELATED RATIOS - ALLENTOWN PARKING AUTHORITY

	2021*	2020*	2019*
Total OPEB Liability			
Service cost	\$ -	\$ 11,424	\$ 10,881
Interest	35,937	51,049	53,092
Changes in Benefits	-	-	(177,069)
Difference between expected and actual experience	(17,633)	-	(146,934)
Changes in assumptions	(107,508)	-	(13,625)
Benefit payments	(119,809)	(126,879)	(70,233)
Net change in Total OPEB Liability	\$ (209,013)	\$ (64,406)	\$ (343,888)
Total OPEB Liability - Beginning	838,428	902,834	1,246,722
Total OPEB Liability - Ending	629,415	838,428	902,834
Plan Fiduciary Net Position			
Contributions - employer	-	25,000	25,000
Contributions - member	-	-	-
Net investment income	45,209	43,219	47,673
Benefit payments, including employee refunds	-	-	-
Administrative expense	-	-	-
Net changes	45,209	68,219	72,673
Plan Fiduciary Net Position - Beginning	443,283	375,064	302,391
Plan Fiduciary Net Position - Ending	\$ 488,492	\$ 443,283	\$ 375,064
Net OPEB Liability - Ending	\$ 140,923	\$ 395,145	\$ 527,770
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	77.61%	52.87%	41.54%
Covered payroll	\$ -	\$ 194,218	\$ 184,970
Net OPEB liability as a percentage of covered payroll	N/A	203.45%	285.33%

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

CITY OF ALLENTOWN, PENNSYLVANIA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN
YEAR ENDED DECEMBER 31, 2021

Note 1 Actuarial Methods and Assumptions

Primary Government Actuarial Assumptions:

Valuation Date: December 31, 2019

Measurement Date: December 31, 2020

Methods and assumptions used to determine contribution rates:

Discount rate: 2.12% per annum

Expected return on assets: Not applicable

Salary increase assumption (with merit): 4.5% per year

Healthcare cost trends:	2020 7.47%	2031 3.65%
	2021 7.20%	2032 3.56%
	2022 6.93%	2033 3.50%
	2023 6.62%	2034 3.47%
	2024 6.25%	2035 3.44%
	2025 5.89%	2036 3.42%
	2026 5.52%	2037 3.40%
	2027 5.15%	2038 3.39%
	2028 4.78%	2039 3.28%
	2029 4.41%	2040 + 3.28%
	2030 3.84%	

Retirement rates:

Police: Age 50 and 20 years of service

Fire: Immediately upon attainment of age 50 with 20 years of service, if younger than 62, a select and ultimate table with increasing rates

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

Healthy Mortality, Post-Retirement: Males: RP-2006 annuitant male table projected to 2023 with MP-2018
Females: RP-2006 annuitant female table projected to 2023 with MP-2018

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

CITY OF ALLENTOWN, PENNSYLVANIA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN
ALLENTOWN PARKING AUTHORITY

Note 1 Actuarial Methods and Assumptions

Parking Authority Actuarial Assumptions:

Valuation Date:	January 1, 2020
Actuarial cost method:	Entry Age, Normal
Discount rate:	5.5%
Salary increases:	5% compounded annually
Inflation:	2.24%
Healthcare cost trends:	Medical - decrease by 7.562% during 2021, increase 8.25% during 2022, reduced by .25% per year. Thereafter to an ultimate level of 5% per year Dental - increase 2% per year
Pre-retirement mortality:	None
Post-retirement mortality:	PuB-2010 General Amount Weighted Mortality Tables for Healthy Retires projected to 2026 using Scale MP-2020
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

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CITY OF ALLENTOWN, PENNSYLVANIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Liquid Fuels	Community Development Block Grant	Revolving Loan	Trexler	Grants	Lease/A.O.	Stormwater	
Assets								
Cash and cash equivalents	\$ 2,692,907	\$ 1,678,996	\$ 1,250,523	\$ 541,288	\$ 54,343	\$ 2,591,709	\$ 3,111,932	\$ 11,921,698
Restricted Cash	-	-	-	-	-	789,359	-	789,359
Receivables:								
Loans	-	3,196,923	89,850	-	-	-	-	3,286,773
Accounts	-	-	-	-	-	53,047	579,661	632,708
Grants	-	912,614	-	1,155,876	-	-	-	2,068,490
Interest	-	-	-	6,878	-	-	-	6,878
Due from other funds	-	-	-	2,306	-	-	-	2,306
Total Assets	\$ 2,692,907	\$ 5,788,533	\$ 1,340,373	\$ 1,706,348	\$ 54,343	\$ 3,434,115	\$ 3,691,593	\$ 18,708,212
Liabilities and Fund Balance								
Liabilities:								
Accounts payable	\$ 16,066	\$ 499,410	\$ -	\$ 48,819	\$ -	\$ -	\$ 76,022	\$ 640,317
Wages payable	22,982	-	-	9,432	-	-	30,936	63,350
Due to other funds	-	950,736	1,320	-	-	-	-	952,056
Due to other governments	-	-	-	-	54,343	-	-	54,343
Other liabilities	-	438,512	-	-	-	-	-	438,512
Total Liabilities	39,048	1,888,658	1,320	58,251	54,343	-	106,958	2,148,578
Fund Balance:								
Restricted	2,653,859	3,899,875	1,339,053	1,648,097	-	3,434,115	3,584,635	16,559,634
Total Fund Balance	2,653,859	3,899,875	1,339,053	1,648,097	-	3,434,115	3,584,635	16,559,634
Total Liabilities and Fund Balance	\$ 2,692,907	\$ 5,788,533	\$ 1,340,373	\$ 1,706,348	\$ 54,343	\$ 3,434,115	\$ 3,691,593	\$ 18,708,212

CITY OF ALLENTOWN, PENNSYLVANIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2021

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Liquid Fuels	Community Development Block Grant	Revolving Loan	Trexler	Grants	Lease/A.O.	Stormwater	
Revenues:								
Investment earnings	\$ 4,117	\$ 1,015	\$ 1,395	\$ 183	\$ -	\$ 672	\$ 6,022	\$ 13,404
Intergovernmental revenues	3,122,697	4,590,644	-	2,859,740	1,334,276	-	158,346	12,065,703
Other	142,118	241,087	-	25,113	-	490,210	5,781,845	6,680,373
Total Revenues	3,268,932	4,832,746	1,395	2,885,036	1,334,276	490,882	5,946,213	18,759,480
Expenditures:								
Current:								
General government	-	-	-	-	1,037,780	64	-	1,037,844
Community development	-	4,465,033	-	-	312,846	-	-	4,777,879
Public works	2,994,881	7,366	-	-	-	-	3,960,619	6,962,866
Parks and recreation	-	-	-	1,786,419	-	-	-	1,786,419
Debt Service								
Principal	-	-	-	-	-	405,000	-	405,000
Interest	-	-	-	-	-	232,986	-	232,986
Capital outlay	366,550	276,463	-	-	-	-	1,066,986	1,709,999
Total Expenditures	3,361,431	4,748,862	-	1,786,419	1,350,626	638,050	5,027,605	16,912,993
Excess (Deficiency) of Revenues Over (Under) Expenditures	(92,499)	83,884	1,395	1,098,617	(16,350)	(147,168)	918,608	1,846,487
Other Financing Sources (Uses):								
Transfer In	-	-	-	119,794	-	6,484	-	126,278
Transfers Out	(67,724)	-	-	-	-	(1,270,551)	(2,378,414)	(3,716,689)
Total other financing sources (uses)	(67,724)	-	-	119,794	-	(1,264,067)	(2,378,414)	(3,590,411)
Net Change in Fund Balance	(160,223)	83,884	1,395	1,218,411	(16,350)	(1,411,235)	(1,459,806)	(1,743,924)
Fund Balance:								
Beginning of year	2,814,082	3,815,991	1,337,658	429,686	16,350	4,845,350	5,044,441	18,303,558
End of year	\$ 2,653,859	\$ 3,899,875	\$ 1,339,053	\$ 1,648,097	\$ -	\$ 3,434,115	\$ 3,584,635	\$ 16,559,634

CITY OF ALLENTOWN, PENNSYLVANIA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PENSION TRUST FUNDS
 DECEMBER 31, 2021

Component Unit Pension Trust Funds				
	Police Pension Fund	Firemen Pension Fund	Officers and Employees Pension Fund	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 4,701,553	\$ 3,143,174	\$ 413,535	\$ 8,258,262
Interest Receivable	71,510	70,434	17,829	159,773
Investments, at fair value				
Equity mutual funds	151,165,094	94,686,117	4,578,757	250,429,968
Bond mutual funds	38,407,629	17,026,286	-	55,433,915
Collective investment trust	23,467,678	15,109,612	-	38,577,290
Corporate bonds	2,270,900	2,863,387	992,305	6,126,592
U.S. government obligations	7,486,420	8,818,316	3,375,377	19,680,113
U.S. government agency obligations	845,881	1,298,121	258,740	2,402,742
Total Assets	<u>228,416,665</u>	<u>143,015,447</u>	<u>9,636,543</u>	<u>381,068,655</u>
<u>Liabilities</u>				
Accounts Payable	<u>15,730</u>	<u>9,412</u>	<u>3,008</u>	<u>28,150</u>
Total Liabilities	<u>15,730</u>	<u>9,412</u>	<u>3,008</u>	<u>28,150</u>
<u>Net Position</u>				
Restricted for pension benefits	<u>\$ 228,400,935</u>	<u>\$ 143,006,035</u>	<u>\$ 9,633,535</u>	<u>\$ 381,040,505</u>

CITY OF ALLENTOWN, PENNSYLVANIA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PENSION TRUST FUNDS
 YEAR ENDED DECEMBER 31, 2021

Component Unit Pension Trust Funds				
	Police Pension Fund	Firemen Pension Fund	Officers and Employees Pension Fund	Total
<u>Additions</u>				
Contributions:				
Employer	\$ 7,884,257	\$ 4,107,655	\$ 230,757	\$ 12,222,669
Plan Members	1,108,736	769,281	4,733	1,882,750
Total Contributions	<u>8,992,993</u>	<u>4,876,936</u>	<u>235,490</u>	<u>14,105,419</u>
Investment income (loss):				
Net appreciation in fair value of investments	28,780,799	18,372,589	832,015	47,985,403
Interest and Dividends	3,807,946	2,404,649	148,257	6,360,852
Less Investment Expenses	<u>(105,692)</u>	<u>(72,070)</u>	<u>(8,381)</u>	<u>(186,143)</u>
Net investment income	<u>32,483,053</u>	<u>20,705,168</u>	<u>971,891</u>	<u>54,160,112</u>
Total additions	<u>41,476,046</u>	<u>25,582,104</u>	<u>1,207,381</u>	<u>68,265,531</u>
<u>Deductions</u>				
Benefits paid to recipients	12,460,263	8,347,280	1,582,620	22,390,163
Administrative and other fees	<u>32,173</u>	<u>12,089</u>	<u>6,349</u>	<u>50,611</u>
Total Deductions	<u>12,492,436</u>	<u>8,359,369</u>	<u>1,588,969</u>	<u>22,440,774</u>
Change in Net Position	28,983,610	17,222,735	(381,588)	45,824,757
<u>Net Position</u>				
Beginning of year	199,417,325	125,783,300	10,015,123	335,215,748
End of year	<u>\$ 228,400,935</u>	<u>\$ 143,006,035</u>	<u>\$ 9,633,535</u>	<u>\$ 381,040,505</u>

CITY OF ALLENTOWN, PENNSYLVANIA
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Charges for services	\$ -	\$ -	\$ 312,991	\$ 312,991
Intergovernmental	-	3,995,609	4,221,778	226,169
Interest	-	-	5,638	5,638
Other	-	553,414	302,036	(251,378)
Total revenues	-	4,549,023	4,842,443	293,420
Expenditures:				
Capital outlay	64,170,113	96,261,203	7,656,889	88,604,314
Total Expenditures	64,170,113	96,261,203	7,656,889	88,604,314
Excess (Deficiency) of Revenues over Expenditures	(64,170,113)	(91,712,180)	(2,814,446)	(88,310,894)
Other Financing Sources (Uses):				
Transfers in	-	8,363,893	5,343,247	(3,020,646)
Transfers out	-	-	(3,319,239)	3,319,239
Total other financing sources (uses)	-	8,363,893	2,024,008	298,593
Net Change in Fund Balance	\$ (64,170,113)	\$ (83,348,287)	(790,438)	\$ (88,012,301)
Net effect of other income and expenditure accruals			(1,226,036)	
Net Change in Fund Balance			(2,016,474)	
Fund Balance:				
Beginning of year			16,869,136	
End of year			\$ 14,852,662	

CITY OF ALLENTOWN, PENNSYLVANIA
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures:				
Current:				
Debt service - principal	\$ 5,747,305	\$ 5,747,305	\$ 5,747,305	\$ -
Debt service - interest	3,694,874	3,694,874	3,694,874	-
Total Expenditures	9,442,179	9,442,179	9,442,179	-
Excess (Deficiency) of Revenues over Expenditures	(9,442,179)	(9,442,179)	(9,442,179)	-
Other Financing Sources (Uses):				
Transfers in	9,442,179	9,442,179	9,442,179	-
Total other financing sources (uses)	9,442,179	9,442,179	9,442,179	-
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -
Net effect of other income and expenditure accruals			-	
Net Change in Fund Balance			-	
Fund Balance:				
Beginning of year			-	
End of year			\$ -	

CITY OF ALLENTOWN, PENNSYLVANIA
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - LIQUID FUELS FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<u>Revenues:</u>				
Intergovernmental revenues:				
PA Liquid Fuels Tax	\$ 2,800,000	\$ 2,800,000	\$ 2,978,470	\$ 178,470
State aid for pension	148,494	148,494	144,227	(4,267)
Total intergovernmental revenues	<u>2,948,494</u>	<u>2,948,494</u>	<u>3,122,697</u>	<u>174,203</u>
Other income:				
Interest income	20,100	20,100	4,117	(15,983)
Miscellaneous	<u>114,128</u>	<u>114,128</u>	<u>142,118</u>	<u>27,990</u>
Total other income	<u>134,228</u>	<u>134,228</u>	<u>146,235</u>	<u>12,007</u>
Total Revenues	<u>3,082,722</u>	<u>3,082,722</u>	<u>3,268,932</u>	<u>186,210</u>
<u>Expenditures:</u>				
Public Works:				
Department of Public Works:				
Streets	<u>3,782,833</u>	<u>3,889,898</u>	<u>3,361,431</u>	<u>528,467</u>
Total public works	<u>3,782,833</u>	<u>3,889,898</u>	<u>3,361,431</u>	<u>528,467</u>
Total Expenditures	<u>3,782,833</u>	<u>3,889,898</u>	<u>3,361,431</u>	<u>528,467</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(700,111)</u>	<u>(807,176)</u>	<u>(92,499)</u>	<u>(342,257)</u>
<u>Other Financing Sources (Uses):</u>				
Transfers out	<u>(67,724)</u>	<u>(67,724)</u>	<u>(67,724)</u>	-
Total other financing sources (uses)	<u>(67,724)</u>	<u>(67,724)</u>	<u>(67,724)</u>	-
Net Change in Fund Balance	<u>\$ (767,835)</u>	<u>\$ (874,900)</u>	(160,223)	<u>\$ (342,257)</u>
Net effect of other income and expenditure accruals			-	
Net Change in Fund Balance			(160,223)	
Fund Balance:				
Beginning of year			2,814,082	
End of year			<u>\$ 2,653,859</u>	

CITY OF ALLENTOWN, PENNSYLVANIA
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - COMMUNITY DEVELOPMENT BLOCK GRANT FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<u>Revenues:</u>				
Intergovernmental revenues:				
CDBG Grant Revenue	\$ -	\$ -	\$ 4,681,216	\$ 4,681,216
Program Revenue	-	-	311,136	311,136
Rental\Rehab Loan Repayments	-	-	27,549	27,549
Program Income\Home	-	-	40,187	40,187
Total intergovernmental revenues	-	-	5,060,088	5,060,088
Other Income:				
Interest	-	-	1,015	1,015
Total Revenues	-	-	5,061,103	5,061,103
<u>Expenditures:</u>				
CDBG				
Community Development				
CDBG, Home & ESG	18,054,209	27,256,764	4,505,276	22,751,488
Total CDBG	18,054,209	27,256,764	4,505,276	22,751,488
Total Expenditures	18,054,209	27,256,764	4,505,276	22,751,488
Excess (Deficiency) of Revenues over Expenditures	(18,054,209)	(27,256,764)	555,827	(17,690,385)
Net Change in Fund Balance	\$ (18,054,209)	\$ (27,256,764)	555,827	\$ (17,690,385)
Net effect of other income and expenditure accruals			(471,943)	
Net Change in Fund Balance			83,884	
Beginning of year			3,815,991	
End of year			<u>\$ 3,899,875</u>	

CITY OF ALLENTOWN, PENNSYLVANIA
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - TREXLER FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Intergovernmental revenues:				
Trexler Maintenance Grant	\$ 1,650,000	\$ 1,951,768	\$ 2,141,533	\$ 189,765
Romper Day Grant	-	2,000	-	(2,000)
Springwood Trust	22,000	22,000	24,328	2,328
State aid for pension	57,606	57,606	52,896	(4,710)
Total intergovernmental revenues	<u>1,729,606</u>	<u>2,033,374</u>	<u>2,218,757</u>	<u>185,383</u>
Other Income:				
Interest on Investments	-	-	183	183
Total other income	<u>-</u>	<u>-</u>	<u>183</u>	<u>183</u>
Total Revenues	<u>1,729,606</u>	<u>2,033,374</u>	<u>2,218,940</u>	<u>185,566</u>
Expenditures:				
Parks & Recreation				
Department of Parks & Recreation				
Grounds Maintenance	1,694,794	2,194,034	1,784,905	409,129
Springwood Trust	22,000	22,000	-	22,000
Total Parks & Recreation	<u>1,716,794</u>	<u>2,216,034</u>	<u>1,784,905</u>	<u>431,129</u>
Total Expenditures	<u>1,716,794</u>	<u>2,216,034</u>	<u>1,784,905</u>	<u>431,129</u>
Excess (Deficiency) of Revenues over Expenditures	<u>12,812</u>	<u>(182,660)</u>	<u>434,035</u>	<u>(245,563)</u>
Other Financing Sources (Uses):				
Transfers In	-	-	119,794	119,794
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>119,794</u>	<u>119,794</u>
Net Change in Fund Balance	<u>\$ 12,812</u>	<u>\$ (182,660)</u>	553,829	<u>\$ (125,769)</u>
Net effect of other income and expenditure accruals			<u>664,582</u>	
Net Change in Fund Balance			1,218,411	
Fund Balance:				
Beginning of year			<u>429,686</u>	
End of year			<u>\$ 1,648,097</u>	

CITY OF ALLENTOWN, PENNSYLVANIA
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GRANTS FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Intergovernmental revenues:				
Other Grants	\$ -	\$ -	\$ 200,000	\$ 200,000
State Funds	-	8,000,000	1,204,968	(6,795,032)
Total intergovernmental revenues	-	8,000,000	1,404,968	(6,595,032)
Total Revenues	-	8,000,000	1,404,968	(6,595,032)
Expenditures:				
Non-Departmental	2,450,469	10,450,469	1,020,475	9,429,994
Police	118,253	118,253	17,304	100,949
Community Development	739,225	739,225	312,846	426,379
Total Expenditures	3,307,947	11,307,947	1,350,625	9,957,322
Excess (Deficiency) of Revenues over Expenditures	(3,307,947)	(3,307,947)	54,343	3,362,290
Net Change in Fund Balance	<u>\$ (3,307,947)</u>	<u>\$ (3,307,947)</u>	54,343	<u>\$ 3,362,290</u>
Net effect of other income and expenditure accruals			(70,693)	
Net Change in Fund Balance			(16,350)	
Fund Balance:				
Beginning of year			16,350	
End of year			<u>\$ -</u>	

CITY OF ALLENTOWN, PENNSYLVANIA
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - STORMWATER FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<u>Revenues:</u>				
Interest	\$ 11,000	\$ 11,000	\$ 6,022	\$ (4,978)
State aid for pension	138,181	138,181	158,346	20,165
Stormwater Fee	5,697,600	5,697,600	5,730,297	32,697
Collection Fees- Prior Years	5,000	5,000	6,530	1,530
Total Revenues	<u>5,851,781</u>	<u>5,851,781</u>	<u>5,901,195</u>	<u>49,414</u>
<u>Expenditures:</u>				
Stormwater:				
Department of Public Works:				
Compliance	1,648,680	1,699,892	947,295	752,597
Maintenance	3,140,389	3,180,389	2,793,672	386,717
Total stormwater	4,789,069	4,880,281	3,740,967	1,139,314
Capital Outlay	1,025,595	1,380,316	1,066,986	313,330
Total Expenditures	<u>5,814,664</u>	<u>6,260,597</u>	<u>4,807,953</u>	<u>1,452,644</u>
Excess (Deficiency) of Revenues over Expenditures	<u>37,117</u>	<u>(408,816)</u>	<u>1,093,242</u>	<u>1,502,058</u>
<u>Other Financing Sources (Uses):</u>				
Transfers out	<u>(545,214)</u>	<u>(2,545,214)</u>	<u>(2,531,314)</u>	<u>13,900</u>
Total other financing sources (uses)	<u>(545,214)</u>	<u>(2,545,214)</u>	<u>(2,531,314)</u>	<u>13,900</u>
Net Change in Fund Balance	<u>\$ (508,097)</u>	<u>\$ (2,954,030)</u>	<u>(1,438,072)</u>	<u>\$ 1,515,958</u>
Net effect of other income and expenditure accruals			<u>(21,734)</u>	
Net Change in Fund Balance			<u>(1,459,806)</u>	
Fund Balance:				
Beginning of year			5,044,441	
End of year			<u>\$ 3,584,635</u>	

CITY OF ALLENTOWN, PENNSYLVANIA
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - A.O. FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Investment Earnings	\$ 2,200	\$ 2,200	\$ 672	\$ (1,528)
Other	460,000	460,000	459,144	(856)
Total revenues	<u>462,200</u>	<u>462,200</u>	<u>459,816</u>	<u>(2,384)</u>
Expenditures:				
General Government	2,780	2,843	64	2,779
Debt service - principal	400,000	405,000	405,000	-
Debt service - interest	497,800	492,737	232,986	259,751
Total Expenditures	<u>900,580</u>	<u>900,580</u>	<u>638,050</u>	<u>262,530</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(438,380)</u>	<u>(438,380)</u>	<u>(178,234)</u>	<u>260,146</u>
Other Financing Sources (Uses):				
Transfers in Capital	2,500,000	2,500,000	-	(2,500,000)
Transfers out	-	-	(1,264,067)	1,264,067
Total other financing sources (uses)	<u>2,500,000</u>	<u>2,500,000</u>	<u>(1,264,067)</u>	<u>(1,235,933)</u>
Net Change in Fund Balance	<u>\$ 2,061,620</u>	<u>\$ 2,061,620</u>	<u>(1,442,301)</u>	<u>\$ (975,787)</u>
Net effect of other income and expenditure accruals			31,066	
Net Change in Fund Balance			<u>(1,411,235)</u>	
Fund Balance:				
Beginning of year			4,845,350	
End of year			<u>\$ 3,434,115</u>	

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CITY OF ALLENTOWN, PENNSYLVANIA

STATISTICAL SECTION

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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net Investment in Capital Assets	\$ 32,494,392	\$ 126,410,580	\$ 143,512,599	\$ 149,413,132	\$ 151,528,530	\$ 189,628,005	\$ 189,787,321	\$ 202,001,108	\$ 195,284,967	\$ 199,326,614
Restricted	12,274,999	162,936,167	159,837,021	9,560,549	8,538,881	9,034,864	16,159,253	16,770,597	35,172,694	31,412,296
Unrestricted	(33,811,444)	(182,008,900)	(189,614,176)	(234,253,739)	(248,954,870)	(297,490,757)	(361,236,456)	(362,991,592)	(370,779,551)	(340,369,388)
Total governmental activities net position	<u>10,957,947</u>	<u>107,337,847</u>	<u>113,735,444</u>	<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>
Business - type activities										
Net Investment in Capital Assets	68,128,410	5,551,723	5,267,292	4,965,265	4,971,644	5,512,206	5,368,849	5,202,335	4,993,363	4,587,722
Unrestricted	17,236,205	6,693,350	6,662,427	5,292,360	4,864,161	5,388,229	492,583	(822,631)	(1,275,950)	(142,461)
Total business - type activities net position	<u>85,364,615</u>	<u>12,245,073</u>	<u>11,929,719</u>	<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>
Primary government										
Net Investment in Capital Assets	100,622,802	131,962,303	148,779,891	154,378,397	156,500,174	195,140,211	195,156,170	207,203,443	200,278,330	203,914,336
Restricted	12,274,999	162,936,167	159,837,021	9,560,549	8,538,881	9,034,864	16,159,253	16,770,597	35,172,694	31,412,296
Unrestricted	(16,575,239)	(175,315,550)	(182,951,749)	(228,961,379)	(244,090,709)	(292,102,528)	(360,743,873)	(363,814,223)	(372,055,501)	(340,511,849)
Total primary government activities net position	<u>\$ 96,322,562</u>	<u>\$ 119,582,920</u>	<u>\$ 125,665,163</u>	<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>

Note:

On August 7, 2013, the City of Allentown and Lehigh County Authority (LCA) closed a 50 year lease allowing LCA to operate, service and maintain the City water resource and waste water operations system.

CITY OF ALLENTOWN, PENNSYLVANIA

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities:										
General government	\$ 16,164,160	\$ 16,865,074	\$ 19,866,840	\$ 18,476,854	\$ 14,922,641	\$ 14,870,717	\$ 17,862,356	\$ 16,641,885	\$ 11,517,854	\$ 6,611,752
Public safety	54,635,907	48,764,915	53,806,692	57,643,493	65,369,233	67,712,399	70,750,446	65,999,897	57,119,662	59,873,132
Community development	8,126,929	7,909,900	7,443,093	6,521,109	9,774,957	8,735,099	11,768,151	11,243,886	11,034,659	12,848,615
Public works	12,066,315	13,962,846	19,032,550	16,755,390	21,801,546	21,464,580	21,858,634	20,916,551	29,650,419	25,355,126
Health and sanitation	2,763,477	3,116,962	2,944,949	3,201,951	3,276,428	3,527,955	3,374,484	3,814,779	4,390,225	5,252,669
Parks and recreation	2,910,615	3,938,834	5,687,877	6,267,874	6,622,705	6,806,202	6,623,619	7,411,353	7,166,384	7,301,167
Other	-	-	1,033,067	-	-	-	-	-	-	-
Interest on long-term debt	5,331,070	4,997,583	4,419,672	4,822,575	4,964,746	4,601,557	4,341,979	4,812,958	4,609,638	4,778,424
Total governmental activities expenses	<u>101,998,473</u>	<u>99,556,114</u>	<u>114,234,740</u>	<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>
Business - type activities:										
Water fund	10,999,925	8,718,973	-	-	-	-	-	-	-	-
Sewer fund	14,242,086	9,673,907	-	-	-	-	-	-	-	-
Solid waste fund	14,549,004	14,529,054	14,599,155	15,027,563	14,590,672	14,377,533	14,389,435	15,701,270	15,009,176	14,671,002
Municipal golf course	1,167,107	1,204,675	1,220,773	1,180,801	1,207,239	1,259,924	1,230,688	1,225,306	1,156,632	1,350,574
Total business - type activities expenses	<u>40,958,122</u>	<u>34,126,609</u>	<u>15,819,928</u>	<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>
Total primary government expenses	<u>\$ 142,956,595</u>	<u>\$ 133,682,723</u>	<u>\$ 130,054,668</u>	<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>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 4,131,189	\$ 4,080,763	\$ 4,087,754	\$ 3,761,333	\$ 4,452,307	\$ 4,333,343	\$ 5,252,229	\$ 5,468,069	\$ 4,802,479	\$ 5,323,728
Public safety	3,627,974	3,820,867	3,935,055	3,889,699	4,772,625	4,890,164	4,623,068	4,407,864	2,234,458	2,091,690
Community development	3,325,198	3,839,739	3,996,649	3,409,113	3,539,435	3,893,058	6,514,071	5,411,553	5,480,748	6,326,274
Public works	189,821	277,561	236,424	358,278	1,139,669	1,053,964	6,508,377	6,595,548	6,407,327	6,688,327
Health and sanitation	436,682	309,931	329,332	344,749	390,794	379,396	397,593	374,413	264,037	263,396
Parks and recreation	418,634	461,267	505,205	314,298	528,225	530,315	589,419	634,297	470,709	704,037
Water and sewer	-	3,430,049	6,227,905	4,870,740	5,973,852	4,292,734	4,967,803	5,190,913	4,981,141	5,359,128
Operating grants and contributions	13,496,058	17,010,242	16,149,411	13,172,892	12,775,516	8,285,549	19,945,131	13,727,175	12,859,939	20,184,724
Capital grants and contributions	5,654,879	24,157,607	14,981,948	12,033,696	6,282,366	698,555	802,464	340,703	6,400,538	2,995,743
Total governmental activities program revenues	<u>31,280,435</u>	<u>57,388,026</u>	<u>50,449,683</u>	<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>
Business - type activities:										
Charges for services:										
Water fund	15,525,790	8,782,028	-	-	-	-	-	-	-	-
Sewer fund	14,331,640	8,798,348	-	-	-	-	-	-	-	-
Solid waste fund	14,837,965	14,935,518	14,675,253	14,901,702	14,543,018	16,052,450	14,461,730	14,590,321	14,386,329	15,047,192
Municipal golf course	1,383,066	1,279,247	1,237,609	1,281,661	1,201,372	1,248,675	1,219,555	1,523,123	1,562,064	2,227,414
Operating grants and contributions	1,630,127	887,428	621,636	411,842	508,689	555,724	1,060,856	552,475	990,913	876,831
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>47,708,588</u>	<u>34,682,569</u>	<u>16,534,498</u>	<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>18,151,437</u>
Total primary government program revenues	<u>\$ 78,989,023</u>	<u>\$ 92,070,595</u>	<u>\$ 66,984,181</u>	<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>\$ 68,088,484</u>
Net (expense)/revenue:										
Governmental activities	\$ (70,718,038)	\$ (42,168,088)	\$ (63,785,057)	\$ (71,534,448)	\$ (86,877,467)	\$ (99,361,431)	\$ (86,979,514)	\$ (88,690,774)	\$ (81,587,465)	\$ (72,083,838)
Business - type activities	6,750,466	555,960	714,570	386,841	455,168	2,219,392	1,122,018	(260,657)	773,498	2,129,861
Total primary government net expense	<u>\$ (63,967,572)</u>	<u>\$ (41,612,128)</u>	<u>\$ (63,070,487)</u>	<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>\$ (69,953,977)</u>

TABLE 2

CITY OF ALLENTOWN, PENNSYLVANIA

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenue and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes and other taxes	\$ 57,041,497	\$ 58,031,788	\$ 58,012,491	\$ 59,959,705	\$ 63,611,493	\$ 73,585,762	\$ 78,881,070	\$ 85,451,237	\$ 74,723,537	\$ 89,877,674
Grants and charges not restricted to specific purposes	10,216,783	10,290,239	11,484,314	12,631,023	12,970,519	14,592,416	11,798,217	12,294,357	9,359,985	11,460,534
Investment earnings	19,651	69,236	28,820	19,919	61,158	88,062	609,832	579,507	139,840	89,940
Gain on sale of asset	-	-	-	-	-	-	-	85,238	11,731	21,349
Transfers	4,394,730	71,674,238	1,029,924	954,004	876,988	1,154,762	1,364,031	1,350,430	1,450,369	1,423,713
Total governmental activities	<u>71,672,661</u>	<u>140,065,501</u>	<u>70,555,549</u>	<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>
Business - type activities:										
Investment earnings	-	132,218	-	-	-	-	-	74,784	14,580	7,732
Gain on sale of asset	-	-	-	-	-	-	-	-	-	13,968
Transfers	(4,394,730)	(71,674,238)	(1,029,924)	(954,004)	(876,988)	(1,154,762)	(1,364,031)	(1,350,430)	(1,450,369)	(1,423,713)
Total business - type activities	<u>(4,394,730)</u>	<u>(71,542,020)</u>	<u>(1,029,924)</u>	<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>(1,402,013)</u>
Total primary government	<u>\$ 67,277,931</u>	<u>\$ 68,523,481</u>	<u>\$ 69,525,625</u>	<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>\$ 101,471,197</u>
Special items:										
Gain on cancellation of post-employment benefits	\$ -	\$ 660,819	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss on on disposal of capital assets	-	(1,959,898)	-	-	(4,250,092)	-	-	-	-	-
Tax settlement	-	-	(372,895)	-	-	-	-	-	-	-
Total special items	<u>\$ -</u>	<u>\$ (1,299,079)</u>	<u>\$ (372,895)</u>	<u>\$ -</u>	<u>\$ (4,250,092)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Position										
Governmental activities	\$ 954,623	\$ 97,897,413	\$ 6,397,597	\$ 2,030,203	\$ (13,607,401)	\$ (9,940,429)	\$ 5,673,636	\$ 11,069,995	\$ 4,097,997	\$ 30,789,372
Business - type activities	2,355,736	(72,285,139)	(315,354)	(567,163)	(421,820)	1,064,630	(242,013)	(1,536,303)	(662,291)	727,848
Total primary government	<u>\$ 3,310,359</u>	<u>\$ 25,612,274</u>	<u>\$ 6,082,243</u>	<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>

Notes:

On August 7, 2013, the City of Allentown and Lehigh County Authority (LCA) closed a 50 year lease allowing LCA to operate, service and maintain the City water resource and waste water operations system.

Year ending 2013 all remaining assets, liabilities and net position for the Water and Sewer Fund were transferred to the General Fund.

CITY OF ALLENTOWN, PENNSYLVANIA

TABLE 3

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

<u>Year</u>		<u>Total</u> <u>Taxes</u>		<u>General</u> <u>Property</u> <u>Tax</u>		<u>Earned</u> <u>Income</u> <u>Tax</u>		<u>Business</u> <u>Privilege</u> <u>Tax</u>		<u>Other</u> <u>Local</u> <u>Taxes</u>
2012	\$	57,041,497	\$	29,823,087	\$	17,731,754	\$	6,636,744	\$	2,849,912
2013		58,031,788		29,711,628		19,148,315		6,307,675		2,864,170
2014		58,012,491		29,604,712		18,411,370		6,805,224		3,191,185
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		89,877,674		39,572,785		36,674,171		8,921,652		4,709,066

CITY OF ALLENTOWN, PENNSYLVANIA

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Restricted	\$ 704,228	\$ 794,058	\$ 769,097	\$ 981,135	\$ 862,397	-	-	-	-	-
Assigned	-	21,588,122	15,534,027	8,872,191	6,434,577	-	-	\$ 1,634,591	-	\$ 2,341,109
Unassigned	(1,445,400)	24,022,470	17,715,206	18,038,567	12,237,375	\$ 13,251,806	\$ 18,896,146	21,829,026	\$ 25,594,283	33,000,149
Total general fund	<u>(741,172)</u>	<u>46,404,650</u>	<u>34,018,330</u>	<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>
All other governmental funds										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Restricted	10,880,822	9,484,961	8,749,937	19,711,402	14,875,182	14,155,933	16,159,253	16,770,597	35,172,694	31,412,296
Assigned	-	-	-	-	46,047	-	-	-	-	17,414
Unassigned	(29,306)	(151,609)	(44,940)	-	(298,517)	(118,840)	(246,234)	-	-	-
Total all other governmental funds	<u>10,851,516</u>	<u>9,333,352</u>	<u>8,704,997</u>	<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>
TOTAL	<u>\$ 10,110,344</u>	<u>\$ 55,738,002</u>	<u>\$ 42,723,327</u>	<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>

Notes:

On August 7, 2013, the City of Allentown and Lehigh County Authority (LCA) closed a 50 year lease allowing LCA to operate, service and maintain the City water resource and waste water operations system.

Year ending 2013 all remaining assets, liabilities and net position for the Water and Sewer Fund were transferred to the General Fund.

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

CITY OF ALLENTOWN, PENNSYLVANIA
Changes in Fund Balances of Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 55,787,638	\$ 57,865,676	\$ 57,874,403	\$ 59,786,702	\$ 64,853,652	\$ 71,512,921	\$ 76,085,821	\$ 86,200,830	\$ 84,325,272	\$ 89,893,149
Licenses and permits	5,250,576	5,781,973	6,309,428	5,845,880	5,907,269	6,095,884	8,768,619	7,648,361	7,512,497	8,092,586
Charges for services	4,898,943	6,615,357	8,271,223	6,312,663	5,422,775	4,450,086	6,094,400	6,582,276	5,228,472	6,099,831
Fines and forfeits	634,724	672,105	748,687	690,926	1,180,590	593,368	623,181	377,686	263,588	254,657
Investment earnings	19,686	69,236	28,820	19,919	61,159	87,816	609,832	579,507	123,953	78,549
Intergovernmental revenues	26,927,447	49,185,888	39,416,740	36,574,646	30,798,475	24,512,139	32,875,745	26,192,040	27,104,518	34,619,828
Other	3,945,339	3,961,421	3,766,919	1,610,936	2,910,028	2,989,734	8,842,875	9,348,091	7,400,008	9,142,527
Total revenues	97,464,353	124,151,656	116,416,220	110,841,672	111,133,948	110,241,948	133,900,473	136,928,791	131,958,308	148,181,127
Expenditures										
General government	14,417,230	18,108,503	16,352,843	14,227,338	9,925,924	10,073,023	17,015,637	12,330,677	11,622,331	12,635,923
Public safety	53,491,745	196,455,831	47,934,281	49,929,150	58,337,847	61,595,723	64,725,057	65,667,143	66,463,915	66,930,799
Community development	7,835,133	7,669,312	7,047,296	6,199,566	9,625,276	8,523,967	11,500,007	11,194,135	10,843,958	12,753,124
Public works	9,658,216	12,262,727	12,413,386	13,658,527	14,558,597	15,009,623	16,589,541	14,469,632	17,860,252	26,928,971
Health and sanitation	2,673,529	3,420,443	2,877,343	3,095,730	3,301,982	3,543,585	3,489,864	3,712,218	4,150,877	5,087,754
Parks and recreation	2,467,730	3,963,487	5,008,229	5,427,035	5,833,745	5,939,343	5,889,408	6,225,680	5,923,640	6,489,456
Other	-	-	1,033,067	-	-	-	-	-	-	-
Debt service:										
Principal	3,395,750	3,874,400	8,898,300	14,310,040	7,933,320	17,121,284	13,686,108	18,967,566	10,568,245	6,152,305
Interest	4,180,843	3,827,906	3,733,786	3,841,537	3,271,606	2,899,745	2,459,911	2,523,288	2,372,007	3,927,860
Capital outlay	10,610,482	28,386,348	24,851,039	18,815,450	14,164,247	10,728,546	5,834,064	10,421,825	8,603,945	2,919,993
Total expenditures	108,730,658	277,968,957	130,149,570	129,504,373	126,952,544	135,434,839	141,189,597	145,512,164	138,409,170	143,826,185
Excess (deficiency) of revenues over (under) expenditures	(11,266,305)	(153,817,301)	(13,733,350)	(18,662,701)	(15,818,596)	(25,192,891)	(7,289,124)	(8,583,373)	(6,450,862)	4,354,942
Other Financing Sources (uses):										
Issuance of long term debt	5,910,000	-	-	17,003,395	1,427,418	13,491,272	11,973,631	12,649,529	22,810,000	-
Refunding of bonds issued	-	-	-	11,425,000	-	-	-	-	-	-
Premium on refunded bonds	-	-	-	745,551	-	-	-	-	-	-
Payment to refunded bonds escrow agent	(5,828,246)	-	-	(6,634,456)	-	-	-	-	-	-
Bond premium	-	-	-	-	-	232,667	184,212	-	1,943,521	-
Bond discount	(16,111)	-	-	-	-	-	-	-	-	-
Capital lease	-	102,950	-	-	-	3,295,820	1,174,098	-	585,074	-
Sale of capital assets	-	-	-	-	-	-	-	92,525	72,925	97,514
Transfers in	13,651,068	213,779,083	19,680,797	20,551,091	15,826,665	26,303,545	20,508,704	25,754,047	11,001,453	21,634,613
Transfers out	(8,393,011)	(14,437,074)	(18,589,227)	(19,547,912)	(14,881,721)	(24,998,575)	(19,031,255)	(24,287,679)	(9,429,348)	(20,083,078)
Total other financing sources and uses	5,323,700	199,444,959	1,091,570	23,542,669	2,372,362	18,324,729	14,809,390	14,208,422	26,983,625	1,649,049
Special Item	-	-	(372,895)	-	-	-	-	-	-	-
Net change in fund balances	\$ (5,942,605)	\$ 45,627,658	\$ (13,014,675)	\$ 4,879,968	\$ (13,446,234)	\$ (6,868,162)	\$ 7,520,266	\$ 5,625,049	\$ 20,532,763	\$ 6,003,991
Debt service as a percentage of noncapital expenditures	7.7%	3.1%	12.0%	16.4%	9.9%	16.1%	11.9%	15.9%	10.0%	7.2%

Notes:

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Year ending 2013 all remaining assets, liabilities and net position for the Water and Sewer Fund were transferred to the General Fund.

TABLE 6

CITY OF ALLENTOWN, PENNSYLVANIA

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

Fiscal Year Ended	Real Property					Total Taxable Assessed	Tax Exempt Real Property	Total Direct Tax Rate (2)	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value (1)
<u>December 31</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Multi-Family Property</u>	<u>Combination Property</u>	<u>Vacant Lots</u>	<u>Value</u>	<u>Value</u>		<u>Value</u>	<u>Actual Value (1)</u>
2012	\$ 1,051,702,800	\$ 351,225,450	\$ 230,099,250	\$ 53,044,800	\$ 16,477,600	\$ 1,702,549,900	\$ 476,375,100	0.01753	\$ 3,405,099,800	50%
2013	3,000,528,700	1,137,984,800	772,716,200	177,743,400	43,352,100	5,132,325,200	1,503,378,200	0.00580	5,132,325,200	100%
2014	2,992,534,800	1,167,818,000	771,111,300	176,876,300	47,110,300	5,155,450,700	1,518,849,200	0.00581	5,155,450,700	100%
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%

Notes:

For the 2013 tax year, the County reassessed all real property values.

(1) Starting 2013 the City assesses property at 100 percent of actual value for all types of real property (does not include tax exempt real property).

(2) In 2019 the Total Real Estate Tax Rate was increased from .00581 to .00731. The new millage assessment on land was 23.5376 and 4.4528 on improvements.

Property Tax Rates
Direct and Overlapping Governments
Last Ten Years

	Direct Rates	Overlapping Rates		Total Direct & Overlapping Rates
	<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>	
2012	17.53	49.332	11.90	78.76
2013	5.81	17.316	3.790	26.92
2014	5.81	18.329	3.750	27.89
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

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>	2021			2012		
	<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	0.86%			
Two City Center OP LP	45,000,000	2	0.84%			
Home Properties Trexler Park LLC	34,614,100	3	0.65%	\$ 10,411,550	2	0.61%
One City Center OP LP	29,000,000	4	0.54%			
Three City Center OP LP	25,529,300	5	0.48%			
Congress Associates	25,200,000	6	0.47%	6,575,850	3	0.39%
EPC-Allentown LLC	22,354,200	7	0.42%	4,060,850	10	0.24%
IPX MF Lakes Apartment Assoc. LLC	21,834,500	8	0.41%	5,961,050	4	0.35%
Pennsylvania Power & Light Co.	21,509,700	9	0.40%			
Tower Six OP LP	21,474,000	10	0.40%	5,372,750	6	0.32%
Lehigh Valley Hospital Inc.				5,535,000	5	0.33%
Morris Allentown Associates LP ET						
Plaza at 835 W Hamilton Street LP				21,570,550	1	1.27%
Westmont LP				5,156,050	7	0.30%
Allentown Commerce Park Corp.				4,900,000	8	0.29%
230 Riverbend Apartments LLC				4,290,000	9	0.25%
Total	<u>\$ 292,373,500</u>		<u>5.48%</u>	<u>\$ 73,833,650</u>		<u>4.35%</u>

Source:
City of Allentown Property Tax File

CITY OF ALLENTOWN, PENNSYLVANIA

TABLE 9

Property Tax Levies and Collections
Last Ten Years

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 29,700,657	\$ 28,426,793	95.7%	\$ 682,089	\$ 29,108,882	98.0%
2013	29,788,671	28,335,558	95.1%	745,587	29,081,145	97.6%
2014	29,614,100	28,313,759	95.6%	321,889	28,635,648	96.7%
2015	30,427,086	28,803,546	94.7%	138,037	28,941,583	95.1%
2016	31,040,343	29,551,096	95.2%	73,903	29,624,999	95.4%
2017	30,594,033	29,187,108	95.4%	92,936	29,280,044	95.7%
2018	30,465,047	29,346,327	96.3%	423,385	29,769,712	97.7%
2019	38,647,946	37,285,155	96.5%	1,129,832	38,414,987	99.4%
2020	38,959,783	37,246,147	95.6%	794,627	38,040,774	97.6%
2021	38,978,854	38,159,972	97.9%		38,159,972	97.9%

Note:

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

CITY OF ALLENTOWN, PENNSYLVANIA

TABLE 10

Ratios of Outstanding Debt By Type
Last Ten Years

Fiscal Year	Governmental Activities		Business-Type Activities						Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Water			Sewer					
			Revenue Bonds and Note	General Obligation Bonds	Other	Revenue Bonds	General Obligation Bonds	Capital Leases			
2012	\$ 102,750,151	\$ 654,732	\$ 4,471,200	\$ 5,190,000	\$ 2,140,123	\$ 6,240,000	\$ 5,075,000	\$ 644,817	\$ 127,166,023	2.69%	\$ 1,077
2013	100,262,568	853,070	-	-	-	-	-	411,604	101,527,242	2.01%	860
2014	92,923,268	1,855,031	-	-	-	-	-	691,887	95,470,186	1.85%	809
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

Notes:

On August 7, 2013, the City of Allentown and Lehigh County Authority (LCA) closed a 50 year lease allowing LCA to operate, service and maintain the City water resource and waste water operations system.

Year ending 2013 all remaining assets, liabilities and net position for the Water and Sewer Fund were transferred to the General Fund.

Ratios of General Bonded Debt Outstanding
Last Ten Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
2012	\$ 113,015,151	3.32%	\$ 957
2013	100,262,568	1.95%	849
2014	92,923,268	1.81%	787
2015	103,141,746	2.00%	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

Notes:

On August 7, 2013, the City of Allentown and Lehigh County Authority (LCA) closed a 50 year lease allowing LCA to operate, service and maintain the City water resource and waste water operations system.

CITY OF ALLENTOWN, PENNSYLVANIA

TABLE 12

Direct and Overlapping Governmental Activities Debt
As of December 31, 2021

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Allentown School District	\$ 204,042,000	100.0%	\$ 204,042,000
Lehigh County General Obligation Bonds	145,029,284	19.1%	<u>27,729,599</u>
Subtotal, overlapping debt			231,771,599
City of Allentown Direct Debt			<u>105,912,679</u>
Total direct and overlapping debt			<u><u>\$ 337,684,278</u></u>

Notes:

Water and Sewer Leases and General Obligation Bonds related to Water and Sewer, issued in 2011 are not included in the Direct Debt total.

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

Legal Debt Margin Information
Last Ten Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt limit	\$ 290,328,835	\$ 307,220,837	\$ 320,307,425	\$ 320,424,234	\$ 321,470,730	\$ 237,373,525	\$ 352,737,795	\$ 382,684,708	\$ 287,148,570	\$ 302,101,205
Total net debt applicable to limit	<u>73,124,883</u>	<u>71,670,638</u>	<u>70,648,299</u>	<u>86,278,954</u>	<u>83,779,057</u>	<u>87,805,739</u>	<u>88,956,423</u>	<u>83,647,406</u>	<u>99,854,840</u>	<u>94,652,679</u>
Legal debt margin	<u>\$ 217,203,952</u>	<u>\$ 235,550,199</u>	<u>\$ 249,659,126</u>	<u>\$ 234,145,280</u>	<u>\$ 237,691,673</u>	<u>\$ 149,567,786</u>	<u>\$ 263,781,372</u>	<u>\$ 299,037,302</u>	<u>\$ 187,293,730</u>	<u>\$ 207,448,526</u>
Total net debt applicable to the limit as a percentage of debt lim	25.19%	23.33%	22.06%	26.93%	26.06%	36.99%	25.22%	21.86%	34.77%	31.33%

Legal Debt Margin Calculation for Fiscal year 2021

Borrowing base (1)	\$ 120,840,482
Percentage limitation	250%
Net debt limit	302,101,205
Debt applicable to limit:	
General obligation debt	105,912,679
Less: Amount set aside for pension funding liability	<u>(11,260,000)</u>
	<u>94,652,679</u>
	<u>\$ 207,448,526</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.

On August 7, 2013, the City of Allentown and Lehigh County Authority (LCA) closed a 50 year lease allowing LCA to operate, service and maintain the City water resource and waste

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

Demographic and Economic Statistics
Last Ten Years

<u>Fiscal Year</u>	<u>Population (1)</u>		<u>Personal Income</u>		<u>Per Capita Personal Income (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2012	118,032	\$	4,732,493,040	\$	40,095	17,239	11.5%
2013	118,032		5,059,441,680		42,865	17,362	6.5%
2014	118,032		5,171,808,144		43,817	19,974	4.8%
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%

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

CITY OF ALLENTOWN, PENNSYLVANIA

Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2021</u>			<u>2012</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>
Lehigh Valley Hospital/Health Services	3,377	1	5.96%	1,393	4	2.70%
St Lukes Hospital/Health Care	2,529	2	4.46%	767	10	1.48%
Allentown School District	2,209	3	3.90%	2,508	1	4.85%
ADP Inc	1,607	4	2.84%			
Lehigh County & Institutions	1,481	5	2.61%	1,602	3	3.10%
PPL Co.	874	6	1.54%	1,872	2	3.62%
City of Allentown	872	7	1.54%	1,134	5	2.20%
Good Shepherd Rehabilitation Network	845	8	1.49%	857	8	1.66%
Elwood Staffing Services inc	769	9	1.36%			
Muhlenberg College	743	10	1.31%	841	9	1.63%
Allied Personnel Services			0.00%	901	7	1.74%
Sacred Heart Hospital/Health Care			0.00%	1,042	6	2.02%
	<u>15,306</u>		<u>27.01%</u>	<u>12,917</u>		<u>25.00%</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

Function	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Government	102	96	96	97	95	88	93	106	117	139
Public Safety										
Police										
Officers	219	214	216	222	222	222	222	222	222	217
Civilians	25	21	27	28	27	22	22	22	22	19
E-911	33	33	33	33	33	31	30	0	0	0
Fire										
Firefighters and officers	144	126	125	125	125	126	126	125	129	125
Civilians	1	1	1	1	1	1	1	2	2	2
EMS	41	32	32	32	34	34	34	34	38	40
Highways and Streets	46	86	82	80	79	83	63	62	58	48
Sanitation/Recycling	33	34	36	38	38	41	42	43	42	32
Building Maintenance	13	16	15	15	15	15	15	15	15	17
Building Standards & Safety	48	36	33	31	31	34	38	41	41	39
Culture and Recreation	24	50	56	55	56	56	56	58	57	55
Golf	6	6	6	6	6	5	5	5	4	5
Health	35	35	32	35	35	35	36	36	36	30
Water	84	0	0	0	0	0	0	0	0	0
Sewer	93	0	0	0	0	0	0	0	0	0
Stormwater	0	0	0	0	0	0	26	26	26	28
Total	946	786	790	798	797	793	809	797	809	796

Notes:

The data above was obtained from the City's approved budget and reflects the restructuring due to the Water\Sewer concession lease in 2013 and the setting up of the Stormwater fund in 2018.

On August 7, 2013, the City of Allentown and Lehigh County Authority (LCA) closed a 50 year lease allowing LCA to operate, service and maintain the City water resource and waste water operations system.

As of January 1, 2019, the 911 responsibility was transferred to Lehigh County. The City 911 employees became County employees.

CITY OF ALLENTOWN, PENNSYLVANIA

TABLE 17

Operating Indicators By Function
Last Ten Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Function										
Police										
Law violations	13,801	13,844	13,022	11,269	11,742	11,839	10,406	10,068	9,553	9,071
Traffic violations (4)	10,182	10,466	11,225	8,258	8,500	9,000	4,768	2,403	2,795	3,609
Fire										
Number of calls answered	9,409	11,685	11,606	12,036	11,497	10,445	9,930	10,982	11,809	13,293
Inspections and investigations	1,149	950	901	1,364	954	862	836	940	851	857
Highways and Streets										
Street reconstruction (miles)	0.10	0.28	1.83	0.16	0.09	0.80	0.18	0.13	0.00	0.40
Overlays (miles)	3.7	2.1	3.2	4.3	2.8	1.7	0.8	1.9	1.9	3.7
Potholes repaired	4,355	6,236	10,923	14,186	7,223	11,286	18,971	9,566	9,009	9,550
Sanitation										
Refuse collected (tons/year)	37,274	33,143	37,355	35,511	35,780	40,536	39,461	39,860	42,596	44,644
Recyclables collected (tons/year)	11,603	10,104	9,735	10,510	10,730	12,177	10,277	12,532	13,265	10,618
Sweep tickets issued	7,514	6,997	4,809	6,877	5,719	5,317	8,025	9,706	6,100	8,378
Animal related complaints	1,441	1,286	1,378	1,482	1,556	1,706	1,638	1,680	1,086	662
Health										
Home hazard surveys (6)	274	277	443	215	173	37	24	19	6	7
Food service inspections	1,613	1,712	1,615	1,853	1,693	1,675	1,703	1,875	920	1,397
Number of home visits	478	593	393	284	437	379	336	295	281	211
Total lead screenings/Healthy home visits (1)	788	227	0	17	5	240	207	219	71	72
Persons tested & counseled for HIV infection	2,517	2,290	2,036	2,077	2,032	2,071	2,009	2,085	661	682
Recreation										
Pavilion permits	297	523	648	629	503	703	678	373	246	592
Swimming pool season passes (7)	253	680	263	294	256	355	1,019	112	0	273
Swimming pool patrons (non season pass) (7)	36,584	50,895	31,509	33,081	25,458	32,449	37,488	45,383	0	26,872
Water (2)										
Water connection permits	8	3	0	0	0	0	0	0	0	0
Water main breaks	13	6	0	0	0	0	0	0	0	0
Average daily consumption (millions of gallons)	16.00	18.36	0	0	0	0	0	0	0	0
Wastewater (2)										
Average daily sewage treatment (millions of gallons)	30.91	31.17	0	0	0	0	0	0	0	0

(Continued)

CITY OF ALLENTOWN, PENNSYLVANIA

TABLE 17

Operating Indicators By Function
Last Ten Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Function										
Golf										
Number of patrons (3)	48,500	45,600	64,396	64,956	61,500	59,500	50,000	66,053	73,123	95,038
Number of days of service	310	285	251	266	270	256	247	250	208	262
E-911 (5)										
Number of calls:										
Police	119,686	120,355	123,840	119,647	110,260	113,749	98,063	0	0	0
EMS	14,528	13,998	14,583	15,542	15,595	15,531	15,814	0	0	0
Fire	9,409	11,685	11,607	12,036	11,497	10,452	9,930	0	0	0
Other	7,901	7,843	8,630	9,455	11,497	11,397	10,366	0	0	0

Source:
Various City departments.

Notes:

- (1) The Lead Screening part of the program ended in June 2013. The focus has shifted to assessing the homes of children with lead poisoning.
- (2) Reflects activity up to August 7, 2013.
- (3) Starting 2014 number includes golf course and driving range patrons.
- (4) 2015 number changed to actual, originally used estimate, 2016 is also estimated
- (5) As of January 1, 2019, the 911 responsibility was transferred to Lehigh County.
- (6) The 2018 amount included 207 Home Healthy Visits in error.
- (7) Due to COVID-19, the swimming pools were not open in 2020.

On August 7, 2013, the City of Allentown and Lehigh County Authority (LCA) closed a 50 year lease allowing LCA to operate, service and maintain the City water resource and waste water operations system.

CITY OF ALLENTOWN, PENNSYLVANIA

Capital Asset Statistics By Function
Last Ten Years

Function	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Public Safety										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Police officers	209	200	208	211	218	210	208	210	213	217
Patrol units	108	114	114	107	108	124	120	123	120	119
Fire:										
Stations	6	6	6	6	6	6	6	6	6	6
Fire fighters	120	123	120	118	122	121	121	123	120	120
Sanitation										
Collection trucks	4	4	4	3	3	5	3	5	5	4
Highways and Streets										
Streets (miles)	427.5	427.5	427.5	427.5	427.5	433.9	433.9	433.9	433.9	433.9
Streetlights	8097	8,106	8,106	8,136	8,461	8,461	8476	8622	8622	8622
Traffic signals (1)	1622	1,622	195	198	196	196	196	196	196	196
Recreation										
Parks acreage	2022	2,022	2,022	2,022	2,022	2,022	2022	2022	2022	2022
Parks (2)	32	32	32	45	45	45	45	45	45	45
Swimming pools (3)	4	4	4	4	4	4	4	4	4	4
Playgrounds	19	19	19	19	21	21	21	21	21	21
Water										
Water mains (miles)	310	310	310	310	310	310	310	310	310	310
Fire hydrants	1817	1,817	1,817	1,817	1,817	1,817	1,817	1,817	1,817	1817
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	165	165
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) Prior to 2014 the number included any type of traffic signals, starting 2014, the number only includes traffic light signals.

(2) Starting 2015, the number also includes pocket parks.

(3) In 2021, only two of the pools were operational.

On August 7, 2013, the City of Allentown and Lehigh County Authority (LCA) closed a 50 year lease allowing LCA to operate, service and maintain the City water resource and waste water operations system.

Year ending 2013 all remaining assets, liabilities and net position for the Water and Sewer Fund were transferred to the General Fund.

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