CITY OF ALLENTOWN
PENNSYLVANIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

MATT TUERK
MAYOR

BINA PATEL
DIRECTOR OF FINANCE

ERIKA STROHLER
TREASURY & ACCOUNTING MANAGER

Michael Sinclair – Senior Accountant
Sheri Young – Accountant
Xuemei Lu – Senior Accountant
Hector Rodriguez – Accountant

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025

CITY OF ALLENTOWN, PENNSYLVANIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2025

MAYOR
Matt Tuerk

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

CITY CONTROLLER
Jeff Glazier

CITY SOLICITOR
Jack Gross

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

Maher Duessel, Certified Public Accountants

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

PERTINENT FACTS ABOUT THE CITY OF ALLENTOWN

GENERAL

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

CITY GOVERNMENT

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

INDUSTRIES/LABOR FORCE

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

TRANSPORTATION

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

AMENITIES

The City of Allentown is home to a variety of cultural, recreational and educational facilities including two colleges, satellite locations on Hamilton Street for two more universities, a AAA minor league baseball stadium, multiple museums, theater companies, orchestras, and bands. The 10,000 seat PPL Arena serves as home to the Lehigh Valley Phantoms of the American Hockey League. It is also a popular concert venue along with Archer Music Hall which opened in 2025. The City continues to maintain 2,000 acres of park land, well above the national average.

CITY OF ALLENTOWN

THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2025

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INTRODUCTORY SECTION

Bina Patel
Director of Finance
435 Hamilton St, Room 227
Allentown PA 18101-1699
610-437-7500 x2221

August 28, 2026

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

On behalf of the Finance Department, I am pleased to submit the City of Allentown's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2025.

Management is responsible for the accuracy, completeness, and fair presentation of the information contained in this report. To the best of our knowledge and belief, the accompanying financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles (GAAP). This report presents an accurate and comprehensive view of the City's financial position, results of operations, and cash flows and is intended to provide elected and appointed officials, residents, creditors, investors, and other interested parties with a transparent and reliable assessment of the City's financial condition.

The Annual Comprehensive Financial Report is organized into four sections: Introductory, Financial, Statistical, and Appendix. The Introductory Section includes this transmittal letter and the City's organizational chart identifying principal officials. The Financial Section contains Management's Discussion and Analysis (MD&A), the basic financial statements, notes to the financial statements, required supplementary information, and combined and individual fund statements and schedules. It also includes the financial statements of the City's discretely presented component units, including the Allentown Parking Authority and the Allentown Redevelopment Authority. The Statistical Section presents selected financial, economic, and demographic information, generally on a multi-year basis, to provide historical perspective and to facilitate trend analysis.

The City of Allentown provides a broad range of municipal services that enhance the quality of life for its residents and businesses. These services include public safety, sanitation, construction and maintenance of streets and transportation infrastructure, traffic signal operations, stormwater management, and other essential public works functions. The City is recognized for its exceptional parks and recreation system, including municipal swimming pools, golf course, and extensive recreational programming. In addition, the City supports community and economic development through planning, zoning, code enforcement, historic preservation, business attraction and retention, and community events such as *Lights in the Parkway* and *Blues, Brews & Barbecue*. Distinguishing Allentown from many other third-class cities in Pennsylvania, the City also operates a full-service Health Bureau that provides a wide range of public health programs and services for the community.

This report has been prepared in accordance with GAAP for state and local governments as established by the Governmental Accounting Standards Board (GASB). The reporting entity includes the City of Allentown, as the primary government, together with its component units. These component units are included because of the significance of their financial and operational relationships with the City and are presented as discrete component units in accordance with GAAP.

Financial Information

Internal Controls

Management is responsible for establishing and maintaining a comprehensive system of internal controls designed to safeguard the City's assets against loss, theft, or misuse and to ensure the reliability of financial records used in preparing financial statements. These controls are designed to provide reasonable, rather than absolute, assurance that assets are protected and that financial information is accurate and complete. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits expected to be derived and that management must exercise judgment in evaluating both costs and benefits.

This report includes Management's Discussion and Analysis (MD&A) section, which provides readers with an overview and analysis of the City's financial performance and condition for fiscal year 2025.

Budgetary Controls

The City maintains a comprehensive budgetary control system to ensure compliance with the legal provisions of the annual operating budget adopted by City Council. Annual appropriated budgets are prepared for the General Fund, certain Special Revenue Funds, and the Debt Service Fund, while project-length financial plans are adopted for Capital Project Funds.

The City Charter establishes the legal level of budgetary control at the fund level. As an administrative control, the Finance Director is authorized to approve transfers of up to $10,000 between accounts within a fund. Transfers between $5,001 and $9,999.99 are also reviewed and approved by the City Controller. Transfers exceeding $10,000 require approval by City Council.

Encumbrance Accounting

The City utilizes an encumbrance accounting system as an integral component of its budgetary control process. Purchase orders are encumbered prior to issuance to reserve available appropriations for anticipated expenditures. In accordance with the City’s Administrative Code, Purchase orders that would exceed available appropriations are not released unless sufficient unencumbered funds are available for transfer, and until a supplemental appropriation is authorized by City Council.

Other Information

The City's Administrative Code requires an annual independent audit of its financial records and transactions. Maher Duessel was selected by City Council to perform the City's annual audit for fiscal years 2022 through 2025. In addition, various bond indentures require the completion of an annual independent audit. The City has complied with these requirements, and the independent auditor's report is included in this Annual Comprehensive Financial Report.

During 2025, the City received $4,170,721 in settlement proceeds related to litigation involving Per- and polyfluoroalkyl substances (PFAS), commonly referred to as "forever chemicals." These settlements provide financial assistance to public water systems, municipalities, states, and other eligible entities to address contamination of drinking water and the environment. The proceeds are intended to reimburse eligible costs associated with testing, monitoring, treatment, remediation, and regulatory compliance while helping reduce the financial burden of protecting public health and environmental resources.

The City's continued commitment to sound financial management has been recognized by national credit rating agencies. In 2024, Moody's Investors Service upgraded the City's General Obligation bond rating from **A3 to A2**. In 2026, S&P Global Ratings raised the City's rating from **A (Stable) to A+ (Stable)**. These upgrades reflect continued confidence in the City's financial management practices, fiscal stability, and long-term planning.

Acknowledgments

The accomplishments reflected in this report would not have been possible without the dedication and professionalism of the employees of the Finance Department. Their expertise and commitment support a wide range of critical financial and administrative functions including budgeting, accounting, financial reporting, payroll, accounts payable, procurement, contract administration, risk management, employee benefits, workers' compensation, property taxation, utility billing and collections, accounts receivable, pension administration, business taxation, cashiering, delinquent collections, municipal liens, bankruptcy administration, capital planning, and numerous other essential services that contribute to the City's financial integrity and operational success.

Finally, I extend my sincere appreciation to the Mayor, Managing Director, Members of City Council, the City Controller, department directors, and all City employees for their continued cooperation and commitment to responsible fiscal stewardship. Their collaborative efforts have been instrumental in maintaining the City's strong financial position and ensuring the effective delivery of services to the residents and businesses of Allentown.

Sincerely,

Bina Patel

Bina Patel
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Allentown
Pennsylvania

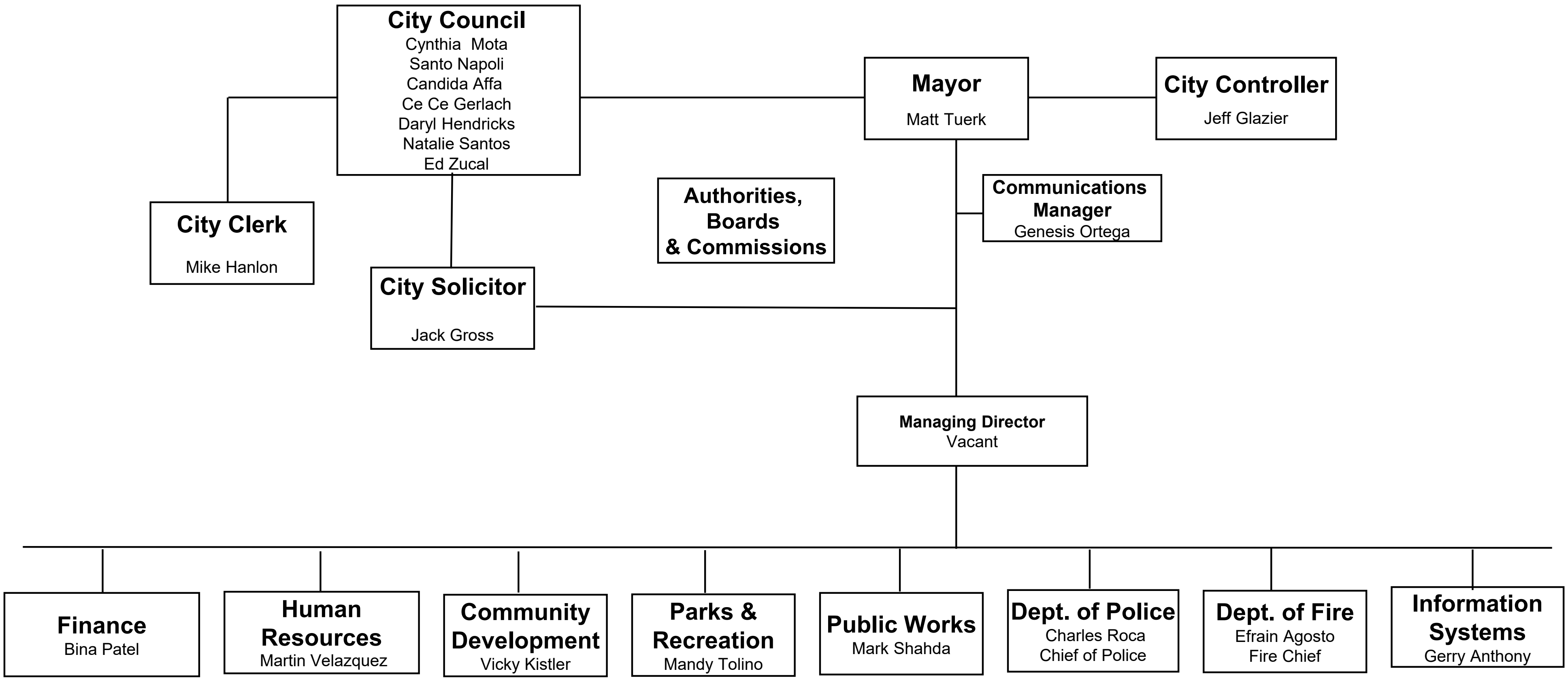
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

City of Allentown
2025 Organizational Chart



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Allentown, Pennsylvania (City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Allentown Parking Authority, which represent 97 percent, 90 percent, and 99 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Allentown Parking Authority is based solely on the report of the other auditors.

Basis for Opinions

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maher Duessel

Harrisburg, Pennsylvania
August 28, 2026

CITY OF ALLENTOWN, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025

INTRODUCTION

Management's Discussion and Analysis (MD&A) provides an objective overview and analysis of the financial activities of the City of Allentown (City) for the year ended December 31, 2025. It should be read in conjunction with the accompanying basic financial statements and related notes in order to obtain a complete understanding of the City's financial position and results of operations. Additional information is provided in the Transmittal Letter preceding this MD&A.

This discussion focuses on the City's primary government. Unless otherwise noted, the financial activities of the City's discretely presented component units are not included in the discussion.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's Annual Comprehensive Financial Report (ACFR) consists of four principal sections:

- Management's Discussion and Analysis;
- Basic financial statements, including the notes to the financial statements;
- Required supplementary information; and
- Supplementary information.

The MD&A provides a narrative overview and analysis of the City's financial activities and is intended to assist readers in understanding the information presented in the basic financial statements. The notes to the financial statements provide additional information necessary for a complete understanding of the financial statements. Required supplementary information includes information relating to the City's pension and other postemployment benefit plans and budgetary information for the General Fund. Supplementary information provides additional detail regarding certain nonmajor governmental funds.

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

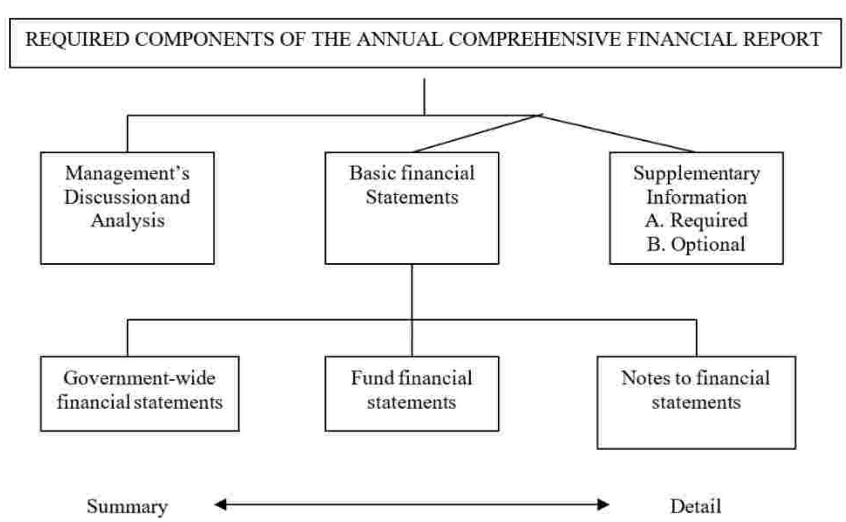


Table A-2: Major features of the government-wide and fund financial statements

	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

The government-wide financial statements provide information about the City as a whole, using the economic resources measurement focus and the accrual basis of accounting. These statements include the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position excluding fiduciary activities. Net position represents the residual difference between the City's assets and deferred outflows of resources, and its liabilities and deferred inflows of resources.

The Statement of Activities presents information about the City's revenues and expenses and shows how the City's net position changed during the year. Program revenues, including charges for services, operating grants and contributions, and capital grants and contributions, are reported separately from general revenues such as taxes and investment earnings.

Changes in net position provide one measure of the City's financial condition. However, changes in net position should be considered together with other financial and economic factors, including changes in the City's tax base, economic conditions, capital investment, debt obligations, pension and other postemployment benefit obligations, and the City's ability to provide services within available resources.

The City's government-wide financial statements have been prepared for the primary government and two discretely presented component units: the Allentown Parking Authority and the Redevelopment Authority of the City of Allentown.

The City's governmental activities include general government, public safety, community development, public works, health and sanitation, and parks and recreation. These activities are financed primarily through taxes, operating grants and contributions, charges for services, and other general revenues.

The City's business-type activities include the Solid Waste Fund and the Municipal Golf Course Fund. These activities are financed primarily through charges for services and other operating revenues.

Fund Financial Statements

Fund financial statements provide more detailed information about the City's individual funds and focus on the sources and uses of financial resources available to provide services and meet legal and budgetary requirements.

The City maintains governmental, proprietary, and fiduciary funds.

Governmental funds include the General Fund, Liquid Fuels Fund, Community Development Block Grant Fund, Revolving Loan Fund, Debt Service Fund, Capital Projects Fund, Trexler Fund, Lease A.O. Fund, Stormwater Fund, American Rescue Plan Fund, Housing Fund, Rental Unit Fund and Building Code Fund and Equipment Fund. Governmental funds use the modified accrual basis of accounting and the current financial resources measurement focus.

The General Fund is the City's principal operating fund. Special revenue funds account for resources restricted or committed for specific purposes. The Debt Service Fund accounts for resources used to pay principal and interest on outstanding debt. The Capital Projects Fund accounts for bond proceeds and other resources used to finance capital projects.

Proprietary funds account for activities that operate in a manner similar to private-sector businesses and use the accrual basis of accounting. The City's proprietary funds are the Municipal Golf Course Fund and the Solid Waste Fund.

Fiduciary funds account for resources held by the City in a trustee or custodial capacity for the benefit of others. The City's fiduciary activities include the Officers and Employees Pension Fund, Police Pension Fund, Firemen Pension Fund, and certain agency or custodial activities. Fiduciary resources are excluded from the government-wide financial statements because they are not available to finance the City's operations.

FINANCIAL SUMMARY

Government-wide Financial Position

At December 31, 2025, the City reported total assets of $483.5 million, including $302.8 million of capital assets, net of accumulated depreciation. Total assets increased from $460.1 million at December 31, 2024. Total liabilities decreased from $281.4 million in 2024 to $242.4 million in 2025. Long-term liabilities decreased from $242.4 million to $199.7 million over that time.

Table A-3: Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 137,974,263	$ 143,397,893	$ 6,964,032	$ 5,678,718	$ 144,938,295	$ 149,076,611
Capital assets, net	297,309,655	275,525,802	5,472,565	4,013,007	302,782,220	279,538,809
Other non-current assets	34,752,886	30,384,554	1,040,840	1,134,759	35,793,726	31,519,313
Total Assets	470,036,804	449,308,249	13,477,437	10,826,484	483,514,241	460,134,733
Deferred Outflows of Resources:						
Deferred outflows of resources for pensions	17,204,373	11,336,771	876,065	1,035,731	18,080,438	12,372,502
Deferred outflows of resources for OPEB	19,878,342	24,931,572	1,228,296	1,440,206	21,106,638	26,371,778
Deferred charge on refunding	200,785	220,862	-	-	200,785	220,862
Total Deferred Outflows of Resources	37,283,500	36,489,205	2,104,361	2,475,937	39,387,861	38,965,142
Current and other liabilities	40,147,087	37,318,457	2,598,037	1,665,540	42,745,124	38,983,997
Long-term liabilities	192,527,240	238,279,779	6,585,168	4,092,073	199,112,408	242,371,852
Total Liabilities	232,674,327	275,598,236	9,183,205	5,757,613	241,857,532	281,355,849
Deferred Inflows of Resources:						
Utility system concession lease	206,424,103	199,531,748	-	-	206,424,103	199,531,748
Deferred inflows of resources for OPEB	19,555,704	16,908,191	1,208,359	976,724	20,764,063	17,884,915
Deferred infows of resources for pensions	34,741,027	5,867,202	531,475	-	35,272,502	5,867,202
Deferred inflows of resources for leases	-	-	579,847	41,533	579,847	41,533
Total Deferred Inflows of Resources	260,720,834	222,307,141	2,319,681	1,018,257	263,040,515	223,325,398
Net position:						
Net investment in capital assets	248,326,290	225,384,802	5,085,920	4,536,760	253,412,210	229,921,562
Restricted	35,719,090	20,258,521	502,437	-	36,221,527	20,258,521
Unrestricted	(270,120,237)	(257,751,246)	(1,509,445)	(1,010,209)	(271,629,682)	(258,761,455)
Total Net Position (Deficit)	$ 13,925,143	$ (12,107,923)	$ 4,078,912	$ 3,526,551	$ 18,004,055	$ (8,581,372)

The City reported total net position of $18 million at December 31, 2025, compared with a net deficit of $8.6 million at December 31, 2024. Governmental activities reported net position of $13.9 million, compared with a net deficit of $12.1 million in 2024. Business-type activities reported net position of $4.1 million, compared with $3.5 million in 2024.

The City's unrestricted net position was negative $271.6 million at December 31, 2025. This measure reflects the cumulative effect of long-term obligations and other items reported under the government-wide economic resources measurement focus. Accordingly, this measure should be considered together with the City's governmental fund balances, capital assets, debt capacity, and other financial resources when evaluating the City's overall financial position.

Changes in Net Position

The following statement of activities represents changes in net position for the years ended December 31, 2025, and 2024. 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	
	2025	2024	2025	2024	2025	2024
Program revenues:						
Charges for services	$ 32,818,040	$ 32,010,673	$ 25,922,741	$ 18,823,503	$ 58,740,781	$ 50,834,176
Operating grants and contributions	21,265,403	47,633,076	672,618	640,094	21,938,021	48,273,170
Capital grants	11,069,076	6,548,715	-	-	11,069,076	6,548,715
General revenues:						
Taxes	105,980,001	102,395,309	-	-	105,980,001	102,395,309
Investment earnings	5,132,354	5,235,537	324,276	237,318	5,456,630	5,472,855
Gain on sale of asset	208,117	30,554	(3,425)	-	204,692	30,554
Unrestricted grants/contributions	18,374,161	12,772,846	-	-	18,374,161	12,772,846
Total revenues	194,847,152	206,626,710	26,916,210	19,700,915	221,763,362	226,327,625
Expenses:						
General government	20,140,088	27,118,733	-	-	20,140,088	27,118,733
Public safety	84,023,534	84,267,111	-	-	84,023,534	84,267,111
Community development	14,376,704	13,342,011	-	-	14,376,704	13,342,011
Public works	31,047,143	28,392,246	-	-	31,047,143	28,392,246
Health and sanitation	6,053,812	5,736,491	-	-	6,053,812	5,736,491
Parks and recreation	10,312,335	9,934,677	-	-	10,312,335	9,934,677
Water and sewer	-	-	-	-	-	-
Interest on long-term debt	4,517,592	4,710,835	-	-	4,517,592	4,710,835
Municipal golf course	-	-	1,827,144	1,728,964	1,827,144	1,728,964
Solid waste fund	-	-	22,879,583	16,791,177	22,879,583	16,791,177
Total expenses	170,471,208	173,502,104	24,706,727	18,520,141	195,177,935	192,022,245
Change in net position before transfers	24,375,944	33,124,606	2,209,483	1,180,774	26,585,427	34,305,380
Transfers	1,657,122	1,578,212	(1,657,122)	(1,578,212)	-	-
Change in net position	26,033,066	34,702,818	552,361	(397,438)	26,585,427	34,305,380
Net position (deficit) beginning	(12,107,923)	(46,810,741)	3,526,551	3,923,989	(8,581,372)	(42,886,752)
Net position (deficit) ending	$ 13,925,143	$ (12,107,923)	$ 4,078,912	$ 3,526,551	$ 18,004,055	$ (8,581,372)

Government-wide revenues totaled $221.8 million in 2025, compared with $226.3 million in 2024, a decrease of approximately $4.6 million, or 2.0 percent.

Tax revenues increased approximately $3.6 million, or 3.5 percent from 2024 as the City continues to collect 96% of taxes in the year they are due. Taxes represented approximately 47.8 percent of total government-wide revenues.

Operating grants and contributions totaled $21.9 million in 2025, compared with $48.3 million in 2024. The $26.3 million decrease in 2025 primarily reflects lower levels of American Rescue Plan Act funding and public safety grant revenue recognized during 2025.

The improvement in total net position reflects a $26.5 million increase during 2025. Governmental activities accounted for a $26 million increase in net position, while business-type activities increased net position by approximately $0.6 million.

Capital grants increased from $6.5 million in 2024 to $11.1 million in 2025. Unrestricted grants and contributions increased from $12.8 million to $18.4 million in that time.

Charges for services increased by approximately $7.9 million, or 15.5 percent, from 2024. The increase was primarily attributable to changes in business-type activity revenues.

Governmental Activities

Governmental activities generated $194.8 million of revenues and incurred $170.4 million of expenses in 2025. Revenues exceeded expenses by $24.4 million before transfers. Net transfers of $1.7 million increased governmental activities net position, resulting in a total increase of $26 million. The $26 million increase compares with a $34.7 million increase in governmental activities net position in 2024. The lower increase in 2025 primarily reflects changes in grant revenue and other revenues compared with the prior year.

The City's tax revenues increased to $106.0 million, while operating grants and contributions decreased substantially compared with 2024. The reduction in grant revenue was primarily attributable to lower ARPA and public safety grant activity.

Business-type Activities

Business-type activities generated $26.9 million of revenues in 2025 and incurred $24.7 million of expenses. Business-type activities increased net position by approximately $0.6 million after transfers.

The Solid Waste Fund generated $22.9 million of expenses and reported a net cost of services of approximately $1.1 million. The Municipal Golf Course Fund incurred $1.8 million of expenses and reported a net cost of approximately $0.8 million.

The results of the City's business-type activities reflect the relationship between charges for services, operating costs, and other revenues and expenses associated with providing these services.

Net cost of services

Net cost of services represents the amount of resources required from general revenues, including taxes and other unrestricted revenues, to support governmental programs after consideration of program revenues. Table A-5 depicts the net program expenses for the years ended December 31, 2025, and 2024.

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

	Total cost of services		Net cost of services	
	2025	2024	2025	2024
Program:				
General government	$ 20,140,088	$ 27,118,733	$ (10,762,461)	$ (17,268,028)
Public safety	84,023,534	84,267,111	(76,381,358)	(76,781,561)
Community development	14,376,704	13,342,011	209,202	6,884,480
Public works	31,047,143	28,392,246	(9,873,928)	4,278,583
Health and sanitation	6,053,812	5,736,491	(2,010,689)	(1,084,255)
Parks and recreation	10,312,335	9,934,677	(7,815,518)	(4,404,660)
Water and sewer	-	-	5,833,655	5,776,636
Interest on long-term debt	4,517,592	4,710,835	(4,517,592)	(4,710,835)
Municipal golf course	1,827,144	1,728,964	798,341	196,624
Solid waste fund	22,879,583	16,791,177	1,090,291	746,832
Total expenses	$ 195,177,935	$ 192,022,245	$ (103,430,057)	$ (86,366,184)

Government-wide expenses totaled $195.2 million in 2025, compared with $192.0 million in 2024, an increase of approximately $3.2 million, or 1.7 percent.

Public safety remained the City's largest program expense at $84.0 million, representing approximately 42.9 percent of total government-wide expenses. Public works expenses totaled $31.0 million, or approximately 15.9 percent of total expenses.

General government expenses declined from $27.1 million in 2024 to $20.1 million in 2025. Community development expenses increased from $13.3 million to $14.4 million, while public works expenses increased from $28.4 million to $31.0 million.

Solid Waste Fund expenses increased from $16.8 million in 2024 to $22.9 million in 2025. The increase was primarily associated with higher costs related to the City's waste management operations and the new waste management contract.

As a result of these changes, the City reported a $26.0 million increase in total net position during 2025, compared with an increase of $34.3 million in 2024.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital Assets

Table A-6: Capital assets, net at December 31, 2025 and 2024

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 9,804,219	$ 9,809,945	$ 1,134,759	$ 1,134,759	$ 10,938,978	$ 10,944,704
Assets under concession lease - LCA	113,387,643	101,142,184	-	-	113,387,643	101,142,184
Assets under concession lease - COA	11,905,226	11,763,064	-	-	11,905,226	11,763,064
Right-to-use leased asset	1,749,308	1,985,170	-		1,749,308	1,985,170
Construction in progress	7,119,466	1,217,665	-	-	7,119,466	1,217,665
Buildings	6,425,612	6,524,469	673,937	699,739	7,099,549	7,224,208
Land and building improvements	22,093,779	23,430,281	618,000	338,727	22,711,779	23,769,008
Machinery and equipment	8,641,566	8,969,320	2,210,532	2,163,209	10,852,098	11,132,529
Vehicles	11,633,702	9,730,122	810,169	785,786	12,443,871	10,515,908
Infrastructure	104,549,134	100,953,582	-	-	104,549,134	100,953,582
Distribution and collection systems	-	-	25,168	25,546	25,168	25,546
Total	$ 297,309,655	$ 275,525,802	$ 5,472,565	$ 5,147,766	$ 302,782,220	$ 280,673,568

At December 31, 2025, the City reported $302.8 million of capital assets, net of accumulated depreciation. Capital assets include land, buildings, improvements, machinery and equipment, vehicles, infrastructure, construction in progress, assets under concession leases, and right-to-use leased assets.

Governmental activities accounted for $297.3 million of capital assets, while business-type activities accounted for $5.5 million.

Construction in progress increased from $1.2 million in 2024 to $7.1 million in 2025, reflecting the City's continued investment in capital projects.

Infrastructure increased from $101.0 million to $104.5 million. Vehicles increased from $9.7 million to $11.6 million.

Additional information regarding the City's capital assets is presented in Note 6 to the financial statements.

Long-term Debt

At December 31, 2025, the City had approximately $92 million of outstanding bonds, notes, and financed purchases. This represented a decrease of approximately $5.6 million from December 31, 2024.

The decrease primarily reflects scheduled principal payments during the year. The City did not issue new debt during 2025.

Table A-7: Summary of outstanding debt

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Financed purchases payable	$ 2,214,750	$ 2,519,428	$ 386,645	$ 611,006	$ 2,601,395	$ 3,130,434
Bonds and notes	89,368,805	94,389,896	-	-	89,368,805	94,389,896
Total	$ 91,583,555	$ 96,909,324	$ 386,645	$ 611,006	$ 91,970,200	$ 97,520,330

Governmental activities accounted for approximately $91.6 million of the City's outstanding debt, while business-type activities accounted for approximately $0.4 million.

The City's outstanding debt consisted of approximately $89.4 million of bonds and notes and $2.6 million of financed purchases.

Under the Pennsylvania Local Government Unit Debt Act, the City's debt limit was approximately $389.6 million based on a borrowing base of $156.0 million. Outstanding debt of approximately $92 million resulted in approximately $297.6 million of remaining debt capacity.

Additional information regarding the City's long-term obligations is presented in Note 11 to the financial statements.

DETAILED ANALYSES

Governmental Funds

The City uses fund accounting to demonstrate compliance with legal and financial requirements and to provide information regarding near-term financial resources.

Governmental fund revenues by source for the years ended December 31, 2025, and 2024 are as follows as shown in Table A-8.

Table A-8: Revenues by source, governmental funds

	2025	2024	Changes from 2024 to 2025	Percent change
Revenues:				
Taxes	$ 104,685,375	$ 102,558,626	$ 2,126,749	2.1%
Licenses and permits	9,872,253	7,631,906	2,240,347	29.4%
Charges for services	14,877,149	14,254,698	622,451	4.4%
Fines and forfeits	249,686	207,837	41,849	20.1%
Investment earnings	4,948,760	5,092,730	(143,970)	-2.8%
Intergovernmental revenues	45,560,966	66,462,506	(20,901,540)	-31.4%
PFAS settlement revenue	4,170,721	-	4,170,721	100.0%
Other	4,061,626	5,687,715	(1,626,089)	-28.6%
Total revenues	$ 188,426,536	$ 201,896,018	$ (13,469,482)	-6.7%

Governmental fund revenues totaled $188.4 million in 2025, a decrease of $13.5 million, or 6.7 percent, from 2024.

The principal changes in governmental fund revenues were:

- Taxes increased by $2.1 million, or 2.1 percent;
- Licenses and permits increased by $2.2 million, or 29.4 percent;
- Charges for services increased by $0.6 million, or 4.4 percent;
- Fines and forfeitures increased by approximately $0.04 million, or 20.1 percent;
- Investment earnings decreased by $0.1 million, or 2.8 percent;
- Intergovernmental revenues decreased by $20.9 million, or 31.4 percent;
- PFAS settlement revenue totaled $4.2 million in 2025 and was not reported in 2024;
- Other revenues decreased by $1.6 million, or 28.6 percent.

The overall decrease in governmental fund revenues was primarily attributable to the reduction in intergovernmental revenues and grants, partially offset by increases in tax revenues, licenses and permits, charges for services, and PFAS settlement revenue.

The PFAS settlement proceeds represent a significant nonrecurring source of governmental fund revenue in 2025 and contributed to the increase in the Capital Projects Fund balance.

Governmental Fund Expenditures

Governmental fund expenditures by function for the years ended December 31, 2025, and 2024 are as follows as shown in Table A-9.

Table A-9: Expenditures by function, governmental funds

	2025	2024	Changes from 2024 to 2025	Percent change
Expenditures:				
General government	$ 21,042,233	$ 28,427,386	$ (7,385,153)	-26.0%
Public safety	86,993,519	85,183,647	1,809,872	2.1%
Community development	14,576,358	13,366,998	1,209,360	9.0%
Public works	24,301,102	21,912,945	2,388,157	10.9%
Health and sanitation	5,801,432	5,561,210	240,222	4.3%
Parks and recreation	8,754,140	8,641,168	112,972	1.3%
Debt service:				
Principal	7,290,134	7,293,860	(3,726)	-0.1%
Interest	2,328,889	2,502,877	(173,988)	-7.0%
Capital outlay	20,836,081	11,544,527	9,291,554	80.5%
Total expenditures	$ 191,923,888	$ 184,434,618	$ 7,489,270	4.1%

Governmental fund expenditures totaled $191.9 million in 2025, an increase of $7.5 million, or 4.1 percent, from 2024.

The principal changes included:

- General government expenditures decreased by $7.4 million, or 26.0 percent;
- Public safety expenditures increased by $1.8 million, or 2.1 percent;
- Community development expenditures increased by $1.2 million, or 9.0 percent;
- Public works expenditures increased by $2.4 million, or 10.9 percent;
- Health and sanitation expenditures increased by $0.2 million, or 4.3 percent;
- Parks and recreation expenditures increased by $0.1 million, or 1.3 percent;
- Debt service principal expenditures remained substantially unchanged;
- Debt service interest expenditures decreased by $0.2 million, or 7.0 percent; and
- Capital outlay increased by $9.3 million, or 80.5 percent.

The increase in governmental fund expenditures primarily reflects higher expenditures for personnel and related benefits, contractual and purchased services, and capital outlay.

The significant increase in capital outlay reflects the City's continued investment in capital improvements and infrastructure.

Governmental Fund Balances

Table A-10 reflects ending fund balances for governmental funds and the net position for the enterprise funds at December 31, 2025, and 2024.

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

	2025		2024	
	Governmental Funds	Enterprise Funds	Governmental Funds	Enterprise Funds
General	$ 71,270,788	$ -	$ 77,940,612	$ -
Liquid Fuels Fund	4,189,964	-	3,782,456	-
Community Development Block Grant	5,778,290	-	5,578,678	-
Trexler	1,929,506	-	1,991,653	-
Capital Projects	14,271,556	-	5,008,177	-
American Rescue Plan	(361,678)	-	3,290,714	-
Grants	-	-	50,000	-
Revolving Loan	1,905,491	-	1,811,169	-
Debt Service Fund	-	-	-	-
Stormwater Fund	3,940,705	-	3,843,947	-
Lease A.O. Fund	573,437	-	724,509	-
Municipal Golf Course	-	3,638,517	-	3,141,856
Solid Waste Fund	-	440,395	-	384,695
Total	$ 103,498,059	$ 4,078,912	$ 104,021,915	$ 3,526,551

Governmental funds reported combined ending fund balances of $103.5 million at December 31, 2025, compared with $104.0 million at December 31, 2024.

The General Fund reported an ending fund balance of $71.3 million, a decrease of approximately $6.7 million from 2024.

Although the General Fund balance declined, the overall governmental fund balance declined by only approximately $0.5 million. The difference reflects the transfers and other changes in resources among governmental funds during the year.

Transfers from the General Fund to other governmental funds supported State regulatory requirements for the Liquid Fuels Fund, provided additional resources to the Risk Management Fund in response to increased healthcare costs, and supported capital improvement initiatives.

The Capital Projects Fund balance increased by approximately $9.3 million, primarily reflecting PFAS settlement proceeds and reimbursements from other funds.

The American Rescue Plan Fund balance decreased by approximately $3.6 million as projects progressed and related expenditures were incurred.

At December 31, 2025, significant restricted governmental fund balances included $5.8 million for Community Development Block Grant projects, $14.3 million for capital acquisitions, $4.2 million for the Liquid Fuels Fund, $1.9 million for the Revolving Loan Fund, $0.6 million for the Lease A.O. Fund, and $1.9 million for the Trexler Fund.

Budgetary Analysis

The City adopts annual budgets for the General Fund and other governmental funds in accordance with applicable legal requirements.

The City's budget process considers expected revenues, expenditures, beginning fund balances, anticipated grant funding, and other known financial conditions. Because the City's fiscal year differs from the fiscal years of the Commonwealth and federal government, the timing and amount of certain grant revenues can create uncertainty in the budget process.

During the year, budgetary adjustments may be made through transfers among budgetary line items, transfers from contingency accounts, and the recognition and appropriation of new revenues when received.

The Finance Department monitors actual financial activity throughout the year and adjusts expenditure projections as information becomes available. This process assists management in evaluating the City's financial position and developing subsequent-year budget estimates.

Bond Ratings

In 2024, Moody's Investors Service upgraded the City's bond rating from A3 to A2.

In 2026, subsequent to the 2025 fiscal year, S&P Global Ratings revised the City's rating from A to A+ with a stable outlook. This subsequent rating action reflects information known after the end of the 2025 fiscal year and is discussed further in the Currently Known Facts, Decisions, or Conditions section of this MD&A.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The City's financial outlook is influenced by economic conditions, changes in the tax base, labor and benefit costs, grant funding, capital requirements, debt service, pension obligations, healthcare costs, and other factors affecting the City's ability to provide services within available resources.

The City maintains a diversified local economy that includes healthcare, education, finance, logistics, manufacturing, and other industries. Allentown's location within the broader Lehigh Valley and its access to major transportation networks continue to support commercial and residential development.

The City's Neighborhood Improvement Zone continues to contribute to investment and development activity within the City. Continued development may affect the City's future tax base and revenue structure. The financial effects of the NIZ development on the City's revenues and tax base depend on the applicable tax allocation provisions and the level and type of future development.

The City was awarded a $20.0 million grant from the U.S. Economic Development Administration in November 2024 to support initiatives intended to assist City residents in entering the labor force and obtaining employment. During 2025, $0.5 million of grant revenue was recognized. The grant represents a significant source of external funding for eligible activities.

The City also received $4.2 million of PFAS settlement revenue during 2025. These proceeds were recognized in governmental fund revenues and contributed to the Capital Projects Fund balance. The settlement proceeds represent a nonrecurring revenue source and therefore should not be considered a recurring component of the City's ongoing operating revenues.

The City did not issue new debt during 2025, and outstanding bonds, notes, and financed purchases declined by approximately $5.0 million. The City retains substantial borrowing capacity under applicable Pennsylvania law.

The City's 2026 S&P Global Ratings upgrade from A to A+ with a stable outlook represents a favorable development subsequent to the 2025 fiscal year-end. The rating action should be considered together with the City's ongoing financial responsibilities, including pension and other postemployment benefit obligations, healthcare costs, personnel expenditures, contractual services, and capital investment requirements.

Future financial planning will continue to focus on maintaining adequate operating resources, managing recurring expenditures, preserving appropriate fund balances, meeting debt and pension obligations, supporting essential public services, and addressing the City's ongoing capital and infrastructure needs.

CONCLUSION

The City ended 2025 with several significant positive financial developments. Total government-wide net position increased by $26.5 million, including a $26 million increase in governmental activities net position and a $0.6 million increase in business-type activities net position.

Governmental fund balances remained relatively stable at $103.5 million, compared with $104.0 million at the end of 2024. Although the General Fund balance decreased by approximately $6.7 million, changes in other governmental funds substantially offset that decrease.

Governmental fund revenues decreased by $13.5 million, primarily due to lower intergovernmental revenues and grant funding. This decline was partially offset by increases in taxes, licenses and permits, charges for services, and PFAS settlement proceeds.

Governmental fund expenditures increased by $7.5 million, reflecting higher personnel-related and contractual costs and increased capital outlay. The City continued to invest in capital assets and infrastructure, with total capital assets increasing to approximately $302.8 million.

The City did not issue new debt during 2025, and outstanding bonds, notes, and financed purchases decreased by approximately $5.0 million. The City continues to maintain significant legal debt capacity.

At the same time, the City's long-term financial position continues to be affected by pension and other postemployment benefit obligations, healthcare and personnel costs, contractual service costs, infrastructure requirements, and other recurring expenditure pressures. These factors will remain important considerations in the City's future financial planning and budgeting.

Overall, the 2025 financial results reflect an increase in the City's reported net position, stable governmental fund balances, continued capital investment, and a reduction in outstanding debt.

REQUESTS FOR INFORMATION

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

CITY OF ALLENTOWN

STATEMENT OF NET POSITION

DECEMBER 31, 2025

	Primary Government			
Assets	Governmental Activities	Business-Type Activities	Total	Component Units
Current assets:				
Cash and cash equivalents	$ 108,933,970	$ 5,020,626	$ 113,954,596	$ 2,702,754
Cash - restricted	797,448	-	797,448	2,300
Investments	-	-	-	266,210
Receivables (net of allowance for uncollectible):				
Due from primary government	-	-	-	435,464
Taxes	18,468,992	-	18,468,992	-
Accounts	3,226,879	1,883,527	5,110,406	876,146
Grants	6,418,021	-	6,418,021	-
Lease receivable	-	41,344	41,344	74,176
Inventory	-	18,535	18,535	-
Prepaid expenses	-	-	-	354,817
Prepaid debt insurance	128,953	-	128,953	-
Internal balances	-	-	-	-
Total current assets	137,974,263	6,964,032	144,938,295	4,711,867
Noncurrent assets:				
Capital assets, not being depreciated	130,311,328	1,134,759	131,446,087	9,580,735
Capital assets, net of depreciation	166,998,327	4,337,806	171,336,133	77,681,969
Loans and notes receivable	11,957,968	-	11,957,968	290,119
Lease receivable, net	-	538,403	538,403	3,649,460
Utility system concession lease receivable	17,761,487	-	17,761,487	-
Property held for development	-	-	-	637,893
Net OPEB asset	-	-	-	217,049
Net pension asset	5,033,431	502,437	5,535,868	703,209
Total noncurrent assets	332,062,541	6,513,405	338,575,946	92,760,434
Total Assets	470,036,804	13,477,437	483,514,241	97,472,301
Deferred Outflows of Resources				
Deferred outflows of resources - pensions	17,204,373	876,065	18,080,438	-
Deferred outflows of resources - OPEB	19,878,342	1,228,296	21,106,638	-
Deferred charge of refunding	200,785	-	200,785	320,243
Total Deferred Outflows of Resources	37,283,500	2,104,361	39,387,861	320,243

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

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Liabilities				
Current liabilities:				
Accounts payable and other current liabilities	8,757,609	2,133,040	10,890,649	513,884
Wages payable	2,044,301	73,939	2,118,240	-
Accrued interest payable	428,238	-	428,238	-
Claims liability	692,200	-	692,200	-
Other liabilities	4,766,146	757	4,766,903	2,300
Due to other governments	2,724,469	-	2,724,469	-
Unearned revenue	-	-	-	158,697
Compensated absences	7,192,764	190,482	7,383,246	-
Facility contractual obligation	118,434	-	118,434	-
Financed purchases payable	927,433	199,819	1,127,252	-
Notes and bonds payable, current maturities	7,505,622	-	7,505,622	2,959,795
Other postemployment benefit liability, current	4,901,874	-	4,901,874	-
Lease payable	87,997	-	87,997	-
Total current liabilities	40,147,087	2,598,037	42,745,124	3,634,676
Noncurrent liabilities:				
Unearned revenue - grants	5,959,810	-	5,959,810	-
Unearned revenue	-	-	-	148,200
Other non current liabilities	-	-	-	5,000,000
Financed purchase payable	1,287,317	186,826	1,474,143	-
Compensated absences	165,675	15,111	180,786	-
Net pension liability	2,555,417	-	2,555,417	-
Other postemployment benefit liability	98,402,260	6,383,231	104,785,491	-
Notes and bonds payable, net	81,863,183	-	81,863,183	54,241,348
Lease payable	2,293,578	-	2,293,578	-
Total noncurrent liabilities	192,527,240	6,585,168	199,112,408	59,389,548
Total Liabilities	232,674,327	9,183,205	241,857,532	63,024,224
Deferred Inflows of Resources				
Utility system concession lease	206,424,103	-	206,424,103	-
Deferred inflows of resources - pensions	34,741,027	531,475	35,272,502	202,812
Deferred inflows of resources - OPEB	19,555,704	1,208,359	20,764,063	36,845
Deferred inflows of resources - leases	-	579,847	579,847	9,798,249
Total Deferred Inflows of Resources	260,720,834	2,319,681	263,040,515	10,037,906
Net Position				
Net investment in capital assets	248,326,290	5,085,920	253,412,210	25,381,804
Restricted for:				
Capital projects	11,800,314	-	11,800,314	-
Public works	9,272,058	-	9,272,058	-
Community development	7,683,781	-	7,683,781	-
Parks and recreation	1,929,506	-	1,929,506	-
Net pension and OPEB assets	5,033,431	502,437	5,535,868	920,258
Unrestricted	(270,120,237)	(1,509,445)	(271,629,682)	(1,571,648)
Total Net Position	$ 13,925,143	$ 4,078,912	$ 18,004,055	$ 24,730,414

(Concluded)

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

CITY OF ALLENTOWN

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 20,140,088	$ 8,239,273	$ 1,138,354	$ -
Public safety	84,023,534	2,459,772	5,182,404	-
Community development	14,376,704	8,366,721	6,219,185	-
Public works	31,047,143	6,936,010	3,168,129	11,069,076
Health and sanitation	6,053,812	383,794	3,659,329	-
Parks and recreation	10,312,335	598,815	1,898,002	-
Water and sewer	-	5,833,655	-	-
Interest on long-term debt	4,517,592	-	-	-
Total governmental activities	170,471,208	32,818,040	21,265,403	11,069,076
Business-type activities:				
Solid Waste Fund	22,879,583	23,336,583	633,291	-
Municipal Golf Course	1,827,144	2,586,158	39,327	-
Total business-type activities	24,706,727	25,922,741	672,618	-
Total Primary Government	$ 195,177,935	$ 58,740,781	$ 21,938,021	$ 11,069,076
Component units:				
Redevelopment Authority of the City of Allentown	$ 237,838	$ 20,555	$ 436,871	$ -
Allentown Parking Authority	15,385,959	15,396,412	-	-
Total Component Units	$ 15,623,797	$ 15,416,967	$ 436,871	$ -

General Revenues:
- Property taxes
- Act 511
- Utility realty
- Deed transfer tax
- Grants and contributions not restricted to specific purposes
- Investment earnings
- Gain (loss) on sale of assets
- PFAS settlement revenue

Transfers - internal activities

Total general revenues and transfers

Change in Net Position

Net Position:

Beginning of year

End of year

Net (Expenses) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (10,762,461)	$ -	$ (10,762,461)	$ -
(76,381,358)	-	(76,381,358)	-
209,202	-	209,202	-
(9,873,928)	-	(9,873,928)	-
(2,010,689)	-	(2,010,689)	-
(7,815,518)	-	(7,815,518)	-
5,833,655	-	5,833,655	-
(4,517,592)	-	(4,517,592)	-
(105,318,689)	-	(105,318,689)	-
-	1,090,291	1,090,291	-
-	798,341	798,341	-
-	1,888,632	1,888,632	-
(105,318,689)	1,888,632	(103,430,057)	-
-	-	-	219,588
-	-	-	10,453
-	-	-	230,041
40,070,721	-	40,070,721	-
63,407,413	-	63,407,413	-
86,678	-	86,678	-
2,415,189	-	2,415,189	-
14,203,440	-	14,203,440	-
5,132,354	324,276	5,456,630	218,869
208,117	(3,425)	204,692	(15,788)
4,170,721	-	4,170,721	-
1,657,122	(1,657,122)	-	-
131,351,755	(1,336,271)	130,015,484	203,081
26,033,066	552,361	26,585,427	433,122
(12,107,923)	3,526,551	(8,581,372)	24,297,292
$ 13,925,143	$ 4,078,912	$ 18,004,055	$ 24,730,414

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

CITY OF ALLENTOWN

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2025

	General Fund	Capital Projects	Community Development Block Grant	American Rescue Plan	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 64,502,418	$ 22,275,218	$ 3,291,131	$ -	$ 12,328,444	$ 102,397,211
Restricted cash	-	-	-	-	797,448	797,448
Receivable, net:						
Taxes	18,468,992	-		-	-	18,468,992
Loans	-	-	3,032,968	-	-	3,032,968
Accounts	2,119,982	6,125		-	1,038,522	3,164,629
Grants	4,196,106	272,447	1,366,038	-	583,430	6,418,021
Utility system concession lease	17,761,487	-	-	-	-	17,761,487
Due from other funds	1,238,725	135,995	-	-	-	1,374,720
Total Assets	$ 108,287,710	$ 22,689,785	$ 7,690,137	$ -	$ 14,747,844	$ 153,415,476
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities:						
Accounts payable	$ 1,295,685	$ 4,310,629	$ 665,444	-	$ 1,272,191	$ 7,543,949
Wages payable	1,861,337	-	-	-	179,392	2,040,729
Due to other funds	116,836	-	683,134	-	714,849	1,514,819
Due to other governments	2,724,469	-		-	-	2,724,469
Unearned revenues - grants	1,017,758	4,081,921	456,144	361,678	42,309	5,959,810
Other liabilities	4,633,342	25,679	107,125	-	-	4,766,146
Total Liabilities	11,649,427	8,418,229	1,911,847	361,678	2,208,741	24,549,922
Deferred Inflows of Resources:						
Unavailable revenue - taxes	7,606,008	-	-	-	-	7,606,008
Unavailable revenue - utility system concession lease	17,761,487	-	-	-	-	17,761,487
Total Deferred Inflows of Resources	25,367,495	-	-	-	-	25,367,495
Fund Balance:						
Restricted	567,952	14,271,556	5,778,290	-	12,539,103	33,156,901
Assigned	3,958,265	-	-	-	-	3,958,265
Unassigned	66,744,571	-	-	(361,678)	-	66,382,893
Total Fund Balance	71,270,788	14,271,556	5,778,290	(361,678)	12,539,103	103,498,059
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 108,287,710	$ 22,689,785	$ 7,690,137	$ -	$ 14,747,844	$ 153,415,476

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

CITY OF ALLENTOWN

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

DECEMBER 31, 2025

Total Fund Balance - Governmental Funds		$ 103,498,059
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.		297,309,655
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in governmental funds.		25,367,495
Certain loans receivable are not reported as assets in the governmental funds, but are reported on the statement of net position.		8,925,000
Prepaid debt insurance is reported as an asset and amortized on the statement of net position.		128,953
Utility system concession lease is required to be amortized over the life of the lease for the governmental activities.		(206,424,103)
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	$ (428,238)	
Facility contractual obligation	(118,434)	
Notes and bonds payable, net	(89,368,805)	
Less: deferred charge on refunding	200,785	
Financed purchases payable	(2,214,750)	
Compensated absences	(7,329,851)	
Lease payable	(2,381,575)	
Other postemployment benefits liability, net of related deferred inflows and outflows of resources	(102,981,496)	
Net pension asset/liability, net of related deferred inflows and outflows of resources	(15,058,640)	(219,681,004)
Assets and liabilities of the internal service fund reported in the statement of net position are used to charge the costs of insurance to individual funds and are not reported in the government funds.		4,801,088
Total Net Position - Governmental Activities		$ 13,925,143

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

CITY OF ALLENTOWN

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

YEAR ENDED DECEMBER 31, 2025

	General Fund	Capital Projects	Community Development Block Grant	American Rescue Plan	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	$ 104,685,375	$ -	$ -	$ -	$ -	$ 104,685,375
Licenses and permits	9,872,253	-	-	-	-	9,872,253
Charges for services	8,966,089	39,744	-	-	5,871,316	14,877,149
Fines and forfeits	249,686	-	-	-	-	249,686
Investment earnings	3,340,754	416,941	76,775	725,862	388,428	4,948,760
Intergovernmental revenues	21,680,967	4,665,064	4,603,290	6,404,012	8,207,633	45,560,966
PFAS settlement revenue	-	4,170,721	-	-	-	4,170,721
Other	2,798,024	2,384	155,474	-	1,105,744	4,061,626
Total revenues	151,593,148	9,294,854	4,835,539	7,129,874	15,573,121	188,426,536
Expenditures:						
Current:						
General government	16,088,387	-	-	2,299,597	2,654,249	21,042,233
Public safety	86,993,519	-	-	-	-	86,993,519
Community development	10,332,336	-	4,174,810	69,212	-	14,576,358
Public works	12,893,199	2,268,538	-	355,996	8,783,369	24,301,102
Health and sanitation	5,801,432	-		-	-	5,801,432
Parks and recreation	7,242,812	-	-	152,563	1,358,765	8,754,140
Debt service:						
Principal	80,134	-	230,000	-	6,980,000	7,290,134
Interest	72,766	-	256,713	-	1,999,410	2,328,889
Capital outlay	4,474,558	15,841,898	-	-	519,625	20,836,081
Total expenditures	143,979,143	18,110,436	4,661,523	2,877,368	22,295,418	191,923,888
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,614,005	(8,815,582)	174,016	4,252,506	(6,722,297)	(3,497,352)
Other Financing Sources (Uses):						
Proceeds from financed purchase:	562,874	-	-	-	-	562,874
Sale of capital assets	508,555	-	-	-	-	508,555
Transfers in	5,617,626	18,078,961	25,596	2,003,327	8,994,347	34,719,857
Transfers out	(20,972,884)	-	-	(9,908,225)	(1,936,682)	(32,817,791)
Total other financing sources (uses)	(14,283,829)	18,078,961	25,596	(7,904,898)	7,057,665	2,973,495
Net Change in Fund Balance	(6,669,824)	9,263,379	199,612	(3,652,392)	335,368	(523,857)
Fund Balance:						
Beginning of year	77,940,612	5,008,177	5,578,678	3,290,714	12,203,735	104,021,916
End of year	$ 71,270,788	$ 14,271,556	$ 5,778,290	$ (361,678)	$ 12,539,103	$ 103,498,059

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

CITY OF ALLENTOWN

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

YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Governmental Funds	$	(523,857)
Amounts reported for governmental activities in the statement of net position are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.		20,836,081
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources; therefore, depreciation expense is not reported as expenditures in governmental funds.		(10,997,249)
Loss on disposal of capital assets are net against the sale proceeds recognized on the modified accrual basis		(300,438)
Revenues related to grants, real estate and other taxes are revenue in the statement of activities. Those that do not provide current financial resources are not reported as revenues in governmental funds.		1,294,626
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.		(142,464)
Activities of the internal service fund are reported as net revenue in the statement of activities.		(1,132,357)
The issuance of long-term debt (e.g. bonds, notes, leases, and financed purchases) provides current financial resources to the governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of those differences in the treatment of long-term debt:		
Proceeds from issuance of financed purchase leases		(562,874)
Principal payments on financed purchases		867,552
Principal of long-term debt		7,210,000
Accretion of capital appreciation bonds		(2,374,531)
Principal payments on leases payable		80,134
Governmental funds report the effect of debt issuance premiums, discounts, insurance premiums, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.		152,798
Accrued interest expense on long-term debt is reported in the statement of activities but does not require the use of current financial resources.		33,030
The net pension asset/liability is recorded as an asset/liability in the government wide financial statements, but not in the fund financial statements. This amount represents the change in the net pension asset/liability, net of related deferred inflows and outflows of resources.		11,367,083
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.		(4,488,750)
The deferred inflow of resources from the utility system concession lease is amortized over the life of the lease in the statement of activities.		4,714,282
Change in Net Position - Governmental Activities	$	26,033,066

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

CITY OF ALLENTOWN

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS

DECEMBER 31, 2025

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Fund	Non-Major Municipal Golf Course	Total	Internal Service Fund
Assets				
Current assets:				
Cash and cash equivalents	$ 3,062,094	$ 1,958,532	$ 5,020,626	$ 6,536,759
Receivables:				
Accounts	1,902,548	-	1,902,548	62,250
Total accounts receivable	1,902,548	-	1,902,548	62,250
Allowance for doubtful accounts	19,021	-	19,021	-
Net accounts receivable	1,883,527	-	1,883,527	62,250
Lease receivable	-	41,344	41,344	-
Due from other funds	-	-	-	140,099
Inventories	-	18,535	18,535	-
Total current assets	4,945,621	2,018,411	6,964,032	6,739,108
Noncurrent assets:				
Lease receivable	-	538,403	538,403	-
Net pension asset	440,914	61,523	502,437	-
Capital assets, not being depreciated	-	1,134,759	1,134,759	-
Capital assets, net of depreciation	3,102,226	1,235,580	4,337,806	-
Total noncurrent assets	3,543,140	2,970,265	6,513,405	-
Total Assets	8,488,761	4,988,676	13,477,437	6,739,108
Deferred Outflows of Resources				
Deferred outflows of resources - pension	768,791	107,274	876,065	-
Deferred outflows of resources - OPEB	1,102,960	125,336	1,228,296	-
Total Deferred Outflows of Resources	1,871,751	232,610	2,104,361	-

(Continued)

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Fund	Non-Major Municipal Golf Course	Total	Internal Service Fund
Liabilities				
Current liabilities:				
Accounts payable	$ 2,112,761	$ 20,279	$ 2,133,040	$ 1,213,660
Wages payable	63,172	10,767	73,939	3,572
Claims liability	-	-	-	692,200
Other liabilities	409	348	757	-
Compensated absences	161,981	28,501	190,482	27,944
Financed purchase	139,567	60,252	199,819	-
Total current liabilities	2,477,890	120,147	2,598,037	1,937,376
Noncurrent liabilities:				
Financed purchase, net	146,042	40,784	186,826	-
Compensated absences	12,850	2,261	15,111	644
Other postemployment benefit liability	5,731,881	651,350	6,383,231	-
Total noncurrent liabilities	5,890,773	694,395	6,585,168	644
Total Liabilities	8,368,663	814,542	9,183,205	1,938,020
Deferred Inflows of Resources				
Deferred inflows of resources - pension	466,396	65,079	531,475	-
Deferred inflows of resources - OPEB	1,085,058	123,301	1,208,359	-
Deferred inflows of resources - leases	-	579,847	579,847	-
Total Deferred Inflows of Resources	1,551,454	768,227	2,319,681	-
Net Position				
Restricted - net pension asset	440,914	61,523	502,437	-
Net investment in capital assets	2,816,617	2,269,303	5,085,920	-
Unrestricted	(2,817,136)	1,307,691	(1,509,445)	4,801,088
Total Net Position	$ 440,395	$ 3,638,517	$ 4,078,912	$ 4,801,088

(Concluded)

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

CITY OF ALLENTOWN

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

YEAR ENDED DECEMBER 31, 2025

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Fund	Non-Major Municipal Golf Course	Total	Internal Service Fund
Operating Revenues:				
Charges for services:				
Refuse collections	$ 22,739,019	$ -	$22,739,019	$ -
Recycling	123,431	-	123,431	-
Miscellaneous	474,133	2,543,851	3,017,984	34,425,930
Total operating revenues	23,336,583	2,543,851	25,880,434	34,425,930
Operating Expenses:				
Personnel services	5,148,480	924,680	6,073,160	-
Utility services	9,162	-	9,162	-
Contracted services	16,719,215	166,000	16,885,215	-
Materials and supplies	310,159	428,135	738,294	-
Claims and benefits	-	-	-	35,516,934
Depreciation expense	522,608	175,773	698,381	-
Miscellaneous	169,959	132,556	302,515	-
Total operating expenses	22,879,583	1,827,144	24,706,727	35,516,934
Operating Income (Loss)	457,000	716,707	1,173,707	(1,091,004)
Non-Operating Revenues (Expenses):				
Lease principal revenue	-	41,433	41,433	-
Lease interest revenue	-	874	874	-
Loss on capital asset disposal	(3,425)	-	(3,425)	-
Grants	633,291	39,327	672,618	19,997
Investment income	261,225	63,051	324,276	183,594
Total non-operating revenues (expenses)	891,091	144,685	1,035,776	203,591
Change in net position before transfers	1,348,091	861,392	2,209,483	(887,413)
Transfers out	(1,292,391)	(364,731)	(1,657,122)	(244,944)
Change in Net Position	55,700	496,661	552,361	(1,132,357)
Net Position:				
Beginning of year	384,695	3,141,856	3,526,551	5,933,445
End of year	$ 440,395	$ 3,638,517	$ 4,078,912	$ 4,801,088

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

CITY OF ALLENTOWN

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2025

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Fund	Non-Major Municipal Golf Course	Total	Internal Service Fund
Cash Flows From Operating Activities:				
Receipts from customers and users	$23,031,162	$ 2,543,851	$25,575,013	$ 34,566,236
Payments to suppliers for services	(16,269,857)	(726,319)	(16,996,176)	(35,256,812)
Payments to employees	(4,776,350)	(957,490)	(5,733,840)	-
Net cash provided by (used in) operating activities	1,984,955	860,042	2,844,997	(690,576)
Cash Flows From Non-Capital Financing Activities:				
Operating grants received	967,390	39,327	1,006,717	19,997
Advance from/to other funds	-	-	-	48,603
Net transfers in (out)	(1,292,391)	(364,731)	(1,657,122)	(244,944)
Net cash provided by (used in) non-capital financing activities	(325,001)	(325,404)	(650,405)	(176,344)
Cash Flows From Investing Activities				
Investment income	261,227	70,757	331,984	183,674
Cash Flows From Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(652,650)	(373,956)	(1,026,606)	-
Payments received on lease receivable	-	41,433	41,433	-
Payments of financed purchase	(133,378)	(90,983)	(224,361)	-
Net cash provided by (used in) capital and related financing activities	(786,028)	(423,506)	(1,209,534)	-
Net Increase (Decrease) in Cash and Cash Equivalents	1,135,153	181,889	1,317,042	(683,246)
Cash and Cash Equivalents:				
Beginning of year	1,926,941	1,776,643	3,703,584	7,220,005
End of year	$ 3,062,094	$ 1,958,532	$ 5,020,626	$ 6,536,759

(Continued)

CITY OF ALLENTOWN

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2025
(Continued)

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Fund	Non-Major Municipal Golf Course	Total	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	$ 457,000	$ 716,707	$ 1,173,707	$ (1,091,004)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	522,608	175,773	698,381	-
Changes in:				
Receivables	(305,421)	-	(305,421)	140,306
Inventories	-	(3,872)	(3,872)	-
Net pension asset	(440,914)	(61,523)	(502,437)	-
Deferred outflows of resources for pension and OPEB	336,274	35,302	371,576	-
Accounts payable	938,229	4,534	942,763	222,836
Wages payable	3,883	1,474	5,357	(1,385)
Other liabilities	409	(290)	119	49,647
Compensated absences	14,586	1,084	15,670	(10,976)
Net pension liability	(487,456)	(56,681)	(544,137)	-
Other postemployment benefit liability	262,503	(32,322)	230,181	-
Deferred inflows of resources for pension and OPEB	683,254	79,856	763,110	-
Total adjustments	1,527,955	143,335	1,671,290	400,428
Net cash provided by (used in) operating activities	$ 1,984,955	$ 860,042	$ 2,844,997	$ (690,576)

(Concluded)

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

CITY OF ALLENTOWN

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

DECEMBER 31, 2025

	Component Unit Pension Trust Funds
Assets	
Cash and cash equivalents	$ 13,645,953
Interest receivable	327,015
Other receivables	70,443
Investments, at fair value:	
Equity mutual funds	291,592,547
Fixed income mutual funds	65,788,169
Real estate investment fund	38,650,770
Corporate bonds	15,994,639
U.S. government obligations	17,069,036
U.S. government agency obligations	249,075
Total investments	429,344,236
Total Assets	443,387,647
Liabilities	
Accounts payable	85,276
Total Liabilities	85,276
Net Position	
Restricted for pension benefits	443,302,371
Total Net Position	$ 443,302,371

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

CITY OF ALLENTOWN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2025

	Component Unit Pension Trust Funds
Additions:	
Contributions:	
Employer	$ 13,115,003
Plan members	2,168,647
Total contributions	15,283,650
Investment income (loss):	
Net appreciation in fair value of investments	48,500,571
Interest and dividends	9,969,433
Less investment expenses	(192,359)
Net investment income (loss)	58,277,645
Total additions	73,561,295
Deductions:	
Benefits paid to recipients	26,042,966
Administrative and other fees	62,276
Total deductions	26,105,242
Change in Net Position	47,456,053
Net Position:	
Beginning of year	395,846,318
End of year	$ 443,302,371

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

CITY OF ALLENTOWN

COMBINING STATEMENT OF NET POSITION -
COMPONENT UNITS

DECEMBER 31, 2025

Assets	Redevelopment Authority of the City of Allentown	Allentown Parking Authority	Total
Current assets:			
Cash and cash equivalents	$ 1,109,877	$ 1,592,877	$ 2,702,754
Restricted cash	2,300	-	2,300
Investments	-	266,210	266,210
Due from City of Allentown	435,464	-	435,464
Accounts receivables	-	876,146	876,146
Prepaid expenses	10,977	343,840	354,817
Other current assets	-	-	-
Lease receivable, current	-	74,176	74,176
Total current assets	1,558,618	3,153,249	4,711,867
Noncurrent assets, net:			
Construction in progress	-	36,949	36,949
Land	-	9,543,786	9,543,786
Building and improvements	-	34,062	34,062
Machinery and equipment	-	77,495,101	77,495,101
Vehicles	-	152,806	152,806
Total capital assets, net	-	87,262,704	87,262,704
Loans receivable	290,119	-	290,119
Property held for development	637,893	-	637,893
Net pension asset	-	703,209	703,209
Net OPEB asset	-	217,049	217,049
Lease receivable, net	-	3,649,460	3,649,460
Total noncurrent assets	928,012	91,832,422	92,760,434
Total Assets	2,486,630	94,985,671	97,472,301
Deferred Outflows of Resources			
Deferred charge on refunding	-	320,243	320,243
Total Deferred Outflows of Resources	-	320,243	320,243

Liabilities	Redevelopment Authority of the City of Allentown	Allentown Parking Authority	Total
Current liabilities:			
Accounts payable and other current liabilities	$ 8,642	$ 505,242	$ 513,884
Other liabilities	2,300	-	2,300
Unearned revenue	-	158,697	158,697
Line of credit	-	1,000,000	1,000,000
Notes and bonds payable, current maturities	-	1,959,795	1,959,795
Total current liabilities	10,942	3,623,734	3,634,676
Noncurrent liabilities:			
Unearned revenue, net	-	148,200	148,200
Other long term liabilities	-	5,000,000	5,000,000
Bonds payable, net	-	54,241,348	54,241,348
Total noncurrent liabilities	-	59,389,548	59,389,548
Total Liabilities	10,942	63,013,282	63,024,224
Deferred Inflows of Resources			
Deferred inflows of resources - pension	-	202,812	202,812
Deferred inflows of resources - OPEB	-	36,845	36,845
Deferred inflows of resources - leases	-	9,798,249	9,798,249
Total Deferred Inflows of Resources	-	10,037,906	10,037,906
Net Position			
Net investment in capital assets	-	25,381,804	25,381,804
Restricted - net pension and OPEB assets	-	920,258	920,258
Unrestricted	2,475,688	(4,047,336)	(1,571,648)
Total Net Position	$ 2,475,688	$22,254,726	$24,730,414

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

CITY OF ALLENTOWN

COMBINING STATEMENT OF ACTIVITIES -
COMPONENT UNITS

YEAR ENDED DECEMBER 31, 2025

		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	$ 237,838	$ 20,555	$ 436,871	$ 219,588	$ -	$ 219,588
Allentown Parking Authority	15,385,959	15,396,412	-	-	10,453	10,453
Total component units	$ 15,623,797	$ 15,416,967	$ 436,871	219,588	10,453	230,041
General revenues:						
Investment earning				71,366	147,503	218,869
Gain (loss) on sale of asset				-	(15,788)	(15,788)
Total general revenues				71,366	131,715	203,081
Change in Net Position				290,954	142,168	433,122
Net Position:						
Beginning of year				2,184,734	22,112,558	24,297,292
End of year				$ 2,475,688	$ 22,254,726	$ 24,730,414

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

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

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

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

Redevelopment Authority of the City of Allentown

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

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

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

rates and associated benefit and indirect costs for the employee time, not to exceed $100,000 per calendar year. Such reimbursements are expected to be covered under Community Development Block Grants available to the Redevelopment Authority by the City. This Amount was fully reimbursed to the City from the Authority during the year ended December 31, 2025.

During the year ended December 31, 2025, the Redevelopment Authority recognized total intergovernmental grant revenue of $436,871 under a Community Development Block Grant agreement with the City, with $435,464 due from the City as of December 31, 2025.

Allentown Parking Authority

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

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

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

Related Organizations

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

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

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

The amounts the City appropriated to these entities during the year ended December 31, 2025 were immaterial to the basic financial statements.

Basis of Presentation

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and pension trust funds financial statements. Revenues are recorded when earned and expenses

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

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 including lease liabilities, pension, other postemployment benefits, and compensated absences expenditures are recorded only when payment is due.

Property and other taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period to the extent that they meet the available criteria. All other revenue items are considered to be measurable and available only when cash is received by the government and eligibility/allowability requirements have been met. PFAS settlement revenue is recognized when received as future amounts are not yet known.

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

The City reports the following major governmental funds:

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

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

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

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

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.

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

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

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

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

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

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

The City reports the following major proprietary fund:

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

The City reports the following nonmajor proprietary fund:

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

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

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 to account for the City's self-insured programs for workers' compensation, property, casualty, automobile, and general liability claim losses.

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

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

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

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

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

Sometimes a government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts reported as restricted net position

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

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

Cash and Cash Equivalents and Investments

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

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

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

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

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

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.

Component Units

Parking Authority

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

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

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

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

The City and Parking Authority had no deposit or investment transactions during the year ended December 31, 2025, 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 is limited to that set forth in the bond documents.

Internal Balances

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

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

Allowance for Uncollectible Receivables

All property tax, per capita tax, 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 $39,400 at December 31, 2025. The allowance for accounts receivable presented in the Stormwater Fund was approximately $9,400 at December 31, 2025. The allowance for doubtful accounts, presented in the Solid Waste Fund, was approximately $19,000 at December 31, 2025.

Component Units

Redevelopment Authority

The Redevelopment Authority loans funds to private developers in connection with redevelopment projects in the City. The collectability of the loans is evaluated and an

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

allowance is recorded for amounts which may not be collected by the Redevelopment Authority. The loans are under a revolving loan fund program financed by the Commonwealth

of Pennsylvania, Department of Community and Economic Development. Management has determined that no allowance is necessary at December 31, 2025.

Parking Authority

The Parking Authority's estimate of the allowance for doubtful accounts receivable is based on an analysis of specific receivables taking into account the age of the past due receivable and the assessment of the ultimate collectability. Management has determined that no allowance is necessary at December 31, 2025.

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, 2025 are immaterial.

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

Capital Assets

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

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

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

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

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

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

Component Units

Parking Authority

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

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

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

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

Property Held for Development

Component Units

Redevelopment Authority

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

Encumbrances

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

General Fund	$ 4,071,854	Golf Course	$ 142,678
Capital Fund	11,295,384	CDBG Fund	2,924,399
Liquid Fuels Fund	375,951	Solid Waste Fund	324,583
Stormwater Fund	961,052	Internal Service Fund	500,197

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.

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

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

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

Net Position

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

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

Compensated Absences

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

Component Units

Parking Authority

The Parking Authority accrues employees' right to receive compensation for vacation and sick benefits to the extent they are attributable to services already rendered, accumulate and are more likely than not (>50%) to be paid or otherwise settled. The liability for compensated absences is calculated on a first-in, first-out basis for tracking leave usage and liability flows, consistent with usage patterns. The Parking Authority estimates the compensated absences liability based on the value which employees may receive as cash payments (for time off payable to employees upon termination measured at employee current pay rates and salary-related payments) or noncash settlements (probable use measured at employee current pay rates and salary-related payments). Personal time, jury duty, military leave and parental leave (unless probable) are recognized only when ended or settled.

Compensated absences pay for both salaried and hourly employees is based on length of service and accrues as of each employee's anniversary date. Compensated absences pay for both salary and hourly employees accrue five PTO hours per pay period with a max of 10 hours per month (not accrued in third pay period of the month). The Authority's policy has changed effective January 1, 2026 and unused accrued time will be forfeited at the end of each year. The balances remaining under the previous policy are grandfathered and will be through December 31, 2030, at which time they are forfeited.

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

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

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.

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

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

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

Component Units

Parking Authority

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

Deferred Charge on Refunding

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

Component Units

Parking Authority

The Parking Authority has deferred the difference between the reacquisition price (the amount deposited into escrow to pay off the bonds) and the net carrying amount of previously refunded debt. This deferred amount on refunding is being amortized into interest expense on a straight-line basis over the shorter of the life of the new or old bonds. During the year ended December 31, 2025, such amortization amounted to $35,915. The unamortized deferred

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

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

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

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

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

The 2025 tax levy was 23.5376 mills on land and 4.4528 mills on improvements.

Tax Abatement Programs

In accordance with Pennsylvania Act 50 of 2009 and Act 26 of 2011, the City has established a Neighborhood Improvement Zone (NIZ) within the City of Allentown whereby state and local taxes collected from eligible businesses located in and individuals working within the NIZ are collected and remitted to the Commonwealth of Pennsylvania. The taxes collected from business and individuals within the NIZ are used to fund the various economic development projects within the NIZ. All potential NIZ projects must be geographically located within the NIZ and must go through a pre-qualification, application and, if approved, closing process. Once in operation, the payment of taxes associated with the project can go toward payment of the debt service on the project. The types of taxes include earned income, local services, and business privilege along with the business privilege license fees. For program year 2025, the City only remitted payment on behalf of the City not the portion related to Allentown School District. The total amount collected within the NIZ and remitted to the Commonwealth during the year ended December 31, 2025 was $4.36 million.

Leases

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

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

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

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

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

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

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

Component Unit

Parking Authority

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

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

Interfund Transactions

As a result of its operations, the City affects a variety of transactions between funds to finance operations. Accordingly, to the extent that certain interfund transactions have not been paid or received as of December 31, 2025, appropriate interfund receivables or payables have been established.

Self-Insurance

The City is self-insured for workers' compensation, property, casualty, automobile, and general liability claim losses. At December 31, 2025, the City carries excess loss insurance policies, which limited its liability to $1,000,000 per occurrence for workers' compensation, $500,000 per occurrence for property and flood loss, $1,000,000 for cyber liability, and $1,000,000 per occurrence for employee theft. Governmental and proprietary funds are charged based on historical loss patterns. These charges are reimbursed through the various funds. The City's funds reported loss claims based upon the evaluation of an independent claims manager. The City maintains the integrity of funds so provided, together with earnings thereon, in the Risk Management Internal Service Fund solely for the purpose of liquidating claims incurred. Under its self-insurance plan, the City accrues the estimated expense of workers' compensation, property, casualty, and general liability claim costs based on claims filed subsequent to year-end, and an additional amount for incurred but not yet reported claims based on prior experience. An accrual for such costs of $692,200 is included in the accompanying financial statements. Claim payments based on actual claims ultimately filed could differ materially from these estimates. Settled claims from these risks have not exceeded commercial insurance coverage for the past five years.

Budgets

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

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

The City Administration, 75 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 31, 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 $10,000 between departments. Transfers exceeding $10,000 must be approved by City Council.

Use of Estimates

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

Adoption of Governmental Accounting Standards Board (GASB) Statements

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

The following GASB Statement was adopted for the year ended December 31, 2025: Statement Nos. 102 (Certain Risk Disclosures). This statement had no significant impact on the City, Redevelopment Authority, or Parking Authority's December 31, 2025 financial statements.

Pending Changes in Accounting Principles

GASB has issued statements that will become effective in future years including Statement Nos. 103 (Financial Reporting Model Improvements), 104 (Disclosure of Certain Capital Assets), and 105 (Subsequent Events). Management has not yet determined the impact of these statements on the financial statements.

2. Utility System Concession Lease

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

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

The deferred inflow of resources resulting from the Agreement, in the amount of $165,243,473, 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 $41,180,630 is being amortized over the estimated useful life of the constructed asset. The total deferred inflow of resources on the governmental activities statement of net position is being amortized as follows:

Year Ending	Total
2026	$ 5,542,276
2027	5,542,276
2028	5,542,276
2029	5,542,276
2030	5,542,276
Thereafter	178,712,723
Total	$ 206,424,103

For the year ended December 31, 2025, the City recognized $4,714,282 in charges for services – water and sewer related to the lease.

3. Lease Receivable

The City leases the restaurant and bar facility at the Allentown Municipal Golf Course to a third party. The lease is a two-year lease beginning on January 1, 2021 through December 31, 2023, with an option to extend the lease for two additional two-year terms. The City did not extend the lease after December 31, 2025, but instead entered into a new lease agreement (see next paragraph). The City records this lease transaction in the business-type activities and Non-Major Municipal Golf Course Fund. The City recognized $41,433 in lease revenue and $874 in interest revenue during the year ended December 31, 2025 related to this lease. As of December 31, 2025, the City's receivable for lease payments is $0, and the balance of the deferred inflow of resources is $0.

On December 12, 2025, the City entered into a new noncancelable lease agreement with a term through December 31, 2035. The lease requires monthly payments of $5,000, with annual increases of 3%. The City records this lease transaction in the business-type activities and Non-Major Municipal Golf Course Fund. As of December 31, 2025, the City's receivable for lease payments was $579,747. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of December 31, 2025, the balance of the deferred inflow of resources was $579,847. No amounts had been received under the new lease as of December 31, 2025.

On September 1, 2007, the Parking Authority entered into a 99 year lease term as Lessor with LANTA for the use of building space. The Parking Authority received $8,000,000 upfront from the Lessee at the initial lease term, and therefore, no lease receivable is reported on the Statement of Net Position for this lease. Annual lease payments in the amount of $80,808 are amortized each year and recognized as lease revenue. As of December 31, 2025, the Parking Authority had a deferred inflow of future lease payments in the amount of $6,525,254 related to this lease for payments already made but not recognized.

As of December 31, 2025, future principal and interest payment to be received under the lease are as follows:

Year	Principal	Interest	Total
2026	$ 41,344	$ 18,656	$ 60,000
2027	44,568	17,232	61,800
2028	47,956	15,698	63,654
2029	51,514	14,049	65,563
2030	55,251	12,279	67,530
2031-2035	339,114	30,172	369,286
	$ 579,747	$ 108,086	$ 687,833

3. Lease Receivable (Continued)

Component Units

Parking Authority

On January 1, 2005, the Parking Authority entered into a 288 month lease with the Montessori School as Lessor for the use of building space. The lease ends on December 31, 2028. As of January 1, 2022, an initial lease receivable was recorded in the amount of $136,682. The lease receivable is discounted at its present value over the life of the lease using the Parking Authority's incremental borrowing rate as of January 1, 2022 of 3.25%. As of December 31, 2025, the present value of the lease receivable is $63,329. The Parking Authority recognized lease related revenue of $22,124 during 2025.

On December 14, 2012, the Parking Authority entered into a 359 month lease as Lessor with Two City Center for the use of building space. The lease ends on June 30, 2043. As of January 1, 2022, an initial lease receivable was recorded in the amount of $3,772,515. The lease receivable is discounted at its present value over the life of the lease using the Parking Authority's incremental borrowing rate as of January 1, 2022 of 3.25%. As of December 31, 2025, the present value of the lease receivable is $3,660,307. For the first five years of the lease, the annual rent was $120,000. Beginning in Year 6, the annual rent increases based on the Consumer Price Index published by the US Bureau of Labor Statistics for the Northeast Urban Area. All future annual rental payments were based on the CPI increase as of January 1, 2022, which was 5.90%. The Parking Authority recognized lease related revenue of $261,291 during 2025.

Future principal and interest expected to maturity as of December 31, 2025 is as follows:

Year	Principal	Interest	Total
2026	$ 74,176	$ 119,365	$ 193,541
2027	86,921	116,769	203,690
2028	100,694	113,711	214,405
2029	93,047	110,581	203,628
2030	108,348	107,297	215,645
2031-2035	817,193	467,631	1,284,824
2036-2040	1,423,234	288,180	1,711,414
2041-2043	1,020,023	41,498	1,061,521
	$ 3,723,636	$ 1,365,032	$ 5,088,668

4. Deposits and Investments

The carrying amounts of cash and investments at December 31, 2025 consist of the following:

Deposits	$ 128,397,997
Investments	429,344,236
	$ 557,742,233

Reconciliation to Statement of Net Position

Cash and cash equivalents:	
Governmental activities	$ 109,731,418
Business-type activities	5,020,626
Fiduciary funds	13,645,953
	128,397,997
Investments:	
Fiduciary funds	429,344,236
	429,344,236
	$ 557,742,233

Cash and Cash Equivalents

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

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

At December 31, 2025, the City's book balance was $128,397,997 and the bank balance was $131,603,755. Of the bank balance, $1,000,000 was covered by federal depository insurance, $167,894 was covered by National Credit Union Administration deposit insurance, $69,623,670 was held in an external investment pool, and $47,166,791 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

4. Deposits and Investments (Continued)

limits. The remaining $13,645,400 held in the fiduciary funds is invested in money market funds.

As of December 31, 2025, the City's investments were comprised of the following:

Equity mutual funds	$ 291,592,547
Fixed Income mutual funds	65,788,169
Real estate investment fund	38,650,770
Corporate bonds	15,994,639
U.S. government obligations	17,069,036
U.S. government agency obligations	249,075
Total	$ 429,344,236

<u>Component Units</u>

<u>Redevelopment Authority</u>

<u>Custodial Credit Risk</u>

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

The Redevelopment Authority's available cash is invested in demand deposit accounts. At December 31, 2025, the carrying amount of the Authority's bank deposits is $1,112,177. The corresponding bank balance at December 31, 2025 is $1,112,177, of which $250,000 is covered by Federal Deposit Insurance. The remaining deposits are exposed to custodial risk because they are uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Redevelopment Authority's name. The Redevelopment Authority is covered by a collateral pool consisting of acceptable securities as outlined under Act No. 72, 1971 Session of Pennsylvania Legislature.

4. Deposits and Investments (Continued)

Parking Authority

Custodial Credit Risk – Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Parking Authority's deposits may not be returned to it. The Parking Authority does not have a deposit policy for custodial credit risk. As of December 31, 2025, $250,000 of the Parking Authority's bank balance was insured by the FDIC and $1,895,122 was uninsured and collateralized with collateral held by the pledging banks trust department not in the Parking Authority's name.

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

Investments

Fair Value Measurement

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

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

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

4. Deposits and Investments (Continued)

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

4. Deposits and Investments (Continued)

As of December 31, 2025, the City had the following investments in money market funds, and debt and equity securities:

	12/31/2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	$ 13,645,400	$ 13,645,400	$ -	$ -
Investments by fair value level				
Debt securities				
Corporate bonds	$ 15,994,639	$ -	$ 15,994,639	$ -
U.S. government obligations	17,069,036	17,069,036	-	-
U.S. government agency obligations	249,075	249,075	-	-
Total debt securities	33,312,750	17,318,111	15,994,639	-
Equity securities				
Equity mutual funds	291,592,547	291,592,547	-	-
Fixed Income mutual funds	65,788,169	65,788,169	-	-
Real estate investment fund	38,650,770	-	-	38,650,770
Total equity securities	396,031,486	357,380,716	-	38,650,770
Total investments at fair value	$ 429,344,236	$ 374,698,827	$ 15,994,639	$ 38,650,770

Custodial Credit Risk

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

The City's pension plans have a formal investment policy that seeks to minimize the risk of investment losses by requiring diversification of the investment portfolio targeted at 52% domestic equities, 14% international equities, 31% fixed income, and 3% cash for the Police

4. Deposits and Investments (Continued)

pension plan; 52% domestic equities, 14% international equities, 29% fixed income, and 5% cash for the Firemen pension plan; and 35% domestic equities, 11% international equities, 34.7% fixed income and 19.3% cash for the Officers and Employees pension plan.

Interest Rate Risk

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

The City has the following recurring fair value measurements as of December 31, 2025:

		Investment Maturities			Rating
Investment Type	Fair Value	2026	2027-2031	2032-2036	
Money Market	$ 13,645,400	$ 13,645,400	$ -	$ -	Aaa
Fixed income mutual fund	65,788,169	-	-	65,788,169	N/A
Corporate bonds	2,217,198	119,651	2,097,547	-	A1
Corporate bonds	5,401,736	555,340	4,846,396	-	A2
Corporate bonds	3,643,185	24,825	3,618,360	-	A3
Corporate bonds	220,924	-	220,924	-	Aa1
Corporate bonds	1,654,161	40,400	1,613,761	-	Aa3
Corporate bonds	1,323,473	-	1,323,473	-	Baa1
Corporate bonds	1,103,201	-	1,103,201	-	Baa2
Corporate bonds	430,761	430,761	-	-	WR
Real estate investment fund	38,650,770	-	-	38,650,770	N/A
U.S. government obligations	16,959,311	9,394,976	7,564,335	-	Aa1
U.S. government obligations	109,725	109,725	-	-	WR
U.S. government agency obligations	249,075	-	249,075	-	Baa1
Total	$ 151,397,089	$ 24,321,078	$ 22,637,072	$ 104,438,939	

Participation in External Investment Pools

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

4. Deposits and Investments (Continued)

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

At December 31, 2025, the City held PLGIT/PRIME shares in the amount of $25,948,000. PLGIT/PRIME is a variable rate investment portfolio, requires no minimum balance and no minimum initial investment, and limits redemptions or exchanges to two per calendar month. At December 31, 2025, the City held PLGIT Class shares in the amount of $2,042. PLGIT-Class requires no minimum balance, no minimum initial investment, and a one-day minimum investment period. At December 31, 2025, the City held PLGIT/Reserve-Class shares of $1,929. PLGIT/Reserve-Class shares require a minimum investment of $50,000, a one-day minimum investment period, and limits redemptions or exchanged to two per calendar month. At December 31, 2025, the City held PLGIT/Term shares of $43,671,699. PLGIT/Term is a fixed term investment portfolio with maturity up to one year depending upon the termination date of any particular series within the PLGIT/Term portfolio. PLGIT/Term requires a minimum investment of $100,000, a minimum investment period of sixty days, and has a premature withdrawal penalty. PLGIT/PRIME, PLGIT-Class, and PLGIT/Reserve-Class carried an AAA rating and had an average maturity of less than one year.

Component Units

Parking Authority

The Parking Authority invests 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 Fund 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. The fund is managed by a Board of Trustees, who oversees, reviews and supervises the activities of all consultants and professional Advisers to the Fund. The Trustees also retain an Executive Director of the Fund who acts as a consultant to the Fund and performs such consulting and advisory services with respect to matters concerning the operations and

4. Deposits and Investments (Continued)

activities of the Fund 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 the Fund's Investment Adviser.

As of December 31, 2025, the carrying amount of external investment pool assets were $266,210 and the weighted-average maturity is 41 days. The fair value of external investment pool assets approximate their carrying values as of December 31, 2025.

Concentration of Credit Risk

The Parking Authority places no limit on the amount the Parking Authority may invest in any one issuer. 100% of the Authority's investments are in PSDLAF GTS accounts at December 31, 2025.

Credit Risk

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

Interest Rate Risk

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

4. Deposits and Investments (Continued)

The Parking Authority has the following fair value measurements as of December 31, 2025:

Investment	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
PSDLAF GTS series	$ 266,210	$ 266,210	$ -	$ -
	$ 266,210	$ 266,210	$ -	$ -

The Parking Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Parking Authority's investment in PSDLAF GTS Series consists of shares of the overall investment pool, and represents the Parking Authority's proportionate share of the net assets of that investment pool. The short-term assets within PSDLAF GTS Series have same day liquidity, and the intermediate/long-term assets within PSDLAF GTS Series have weekly/monthly liquidity. The investment with PSDLAF GTS Series are rebalanced for a weighted-average maturity to be actively managed within a 60-day limit to ensure the Parking Authority liquidity needs are met. There are no unfunded commitments.

5. Loans and Notes Receivable

Loans and notes receivable comprise loan programs under the City’s Community Development Block Grant and Revolving Loan federal loan programs. The collectability of the loans is evaluated and an allowance is recorded for amounts which may not be collected by the City. Management has determined that no allowance is necessary at December 31, 2025.

5. Loans and Notes Receivable (Continued)

Component Units

Redevelopment Authority

Loans receivable consist of the following as of December 31, 2025:

In November 2014, the Redevelopment Authority conveyed a property to the Community Action Committee of Lehigh Valley (CACLV). In consideration of the transfer, the CACLV entered into a noninterest bearing promissory note for $314,999. Principal payments of the greatest of (a) 50% of the excess of operating proceeds for the related property for the year ended June 30 or (b) $700 are due annually commencing August 1, 2015 through 2029. After the initial 15-year term, no additional payments are due if the property remains in the ownership of the owner or another organization as approved by the Redevelopment Authority. If, at the end of the 15-year term, certain conditions, as defined in the loan agreement, are not met, the remaining balance of the loan will be due upon the sale or transfer of the property over an additional 15-year term, unless the sale price is less than the remaining balance owed to the Redevelopment Authority, then the remaining balance owed shall follow the ownership of the property for an additional 15 years or until August 1, 2044, whichever is sooner. If the property remains in the ownership of the CACLV as of August 1, 2044, the remaining balance of the loan will be forgiven. For the year ended December 31, 2025, the remaining balance of the loan is $290,119.

6. Capital Assets

Capital asset activity for the year ended December 31, 2025, was as follows:

	January 1, 2025	Additions/ Transfers in	Disposals/ Transfers out	December 31, 2025
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 9,809,945	$ -	$ (5,726)	$ 9,804,219
Assets under concession lease - LCA*	101,142,184	$ 12,245,459	-	113,387,643
Construction in progress	1,217,665	15,825,458	(9,923,657)	7,119,466
Total capital assets, not being depreciated	112,169,794	28,070,917	(9,929,383)	130,311,328
Capital assets, being depreciated:				
Right-to-use leased asset	2,948,272	-	-	2,948,272
Assets under concession lease - City	14,045,028	610,570	-	14,655,598
Buildings	29,011,330	310,283	(134,612)	29,187,001
Land and building improvements	55,607,664	663,620	(177,084)	56,094,200
Machinery and equipment	45,449,810	1,343,369	(5,450,174)	41,343,005
Vehicles	33,477,103	4,332,392	(5,650,358)	32,159,137
Infrastructure	170,178,204	7,674,045	-	177,852,249
Total capital assets, being depreciated	350,717,411	14,934,279	(11,412,228)	354,239,462
Less accumulated depreciation for:				
Right-to-use leased asset	1,081,033	117,931	-	1,198,964
Assets under concession lease - City	2,281,964	468,408	-	2,750,372
Buildings	22,486,861	299,578	(25,050)	22,761,389
Land and building improvements	32,177,383	1,988,145	(165,107)	34,000,421
Machinery and equipment	36,384,980	1,618,235	(5,301,776)	32,701,439
Vehicles	23,746,982	2,404,037	(5,625,584)	20,525,435
Infrastructure	69,202,200	4,100,915	-	73,303,115
Total accumulated depreciation	187,361,403	10,997,249	(11,117,517)	187,241,135
Total capital assets, being depreciated, net	163,356,008	3,937,030	(294,711)	166,998,327
Governmental activities, capital assets, net	$ 275,525,802	$ 32,007,947	$ (10,224,094)	$ 297,309,655

* 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*

6. Capital Assets (Continued)

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

	January 1, 2025	Additions/ Transfers in	Disposals/ Transfers out	December 31, 2025
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	1,474,388		(10,849)	1,463,539
Land and building improvements	4,891,218	337,176	(11,220)	5,217,174
Machinery and equipment	7,388,495	469,392	(1,202,705)	6,655,182
Vehicles	4,472,859	220,038	(1,993,515)	2,699,382
Distribution and collection systems	37,465			37,465
Total capital assets, being depreciated	18,264,425	1,026,606	(3,218,289)	16,072,742
Less accumulated depreciation for:				
Buildings	774,647	25,804	(10,849)	789,602
Land and building improvements	4,552,149	58,245	(11,220)	4,599,174
Machinery and equipment	5,225,631	418,298	(1,199,279)	4,444,650
Vehicles	3,687,073	195,655	(1,993,515)	1,889,213
Distribution and collection systems	11,918	379	-	12,297
Total accumulated depreciation	14,251,418	698,381	(3,214,863)	11,734,936
Total capital assets, being depreciated, net	4,013,007	328,225	(3,426)	4,337,806
Business-type activities, capital assets, net	$ 5,147,766	$ 328,225	$ (3,426)	$ 5,472,565

6. Capital Assets (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	$ 2,060,607
Public safety	932,459
Community development	182,696
Public works	6,539,312
Parks and recreation	1,282,175
Total	$ 10,997,249

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

Solid Waste Fund	$ 522,608
Municipal Golf Course Fund	175,773
Total	$ 698,381

6. Capital Assets (Continued)

Component Units

Parking Authority

Activity in the Parking Authority's capital assets for the year ended December 31, 2025 is as follows:

	January 1, 2025	Additions/ Transfers in	Disposals/ Transfers out	December 31, 2025
Parking Authority				
Capital assets, not being depreciated:				
Land	$ 9,480,325	$ 63,461	$ -	$ 9,543,786
Construction in progress	67,450	36,949	(67,450)	36,949
Total capital assets, not being depreciated	9,547,775	100,410	(67,450)	9,580,735
Capital assets, being depreciated:				
Buildings and improvements	1,693,911	-	-	1,693,911
Leasehold improvements	507,650	-	-	507,650
Parking garages and lots	103,787,073	1,408,411	67,450	105,262,934
Furniture and equipment	5,113,862	24,134	-	5,137,996
Vehicles	796,740	76,169	(83,586)	789,323
Total capital assets, being depreciated	111,899,236	1,508,714	(16,136)	113,391,814
Less accumulated depreciation for:				
Buildings and improvements	1,639,686	20,163	-	1,659,849
Leasehold improvements	507,650	-	-	507,650
Parking garages and lots	27,190,643	2,322,318	-	29,512,961
Furniture and equipment	2,967,548	425,320	-	3,392,868
Vehicles	605,757	87,758	(56,998)	636,517
Total accumulated depreciation	32,911,284	2,855,559	(56,998)	35,709,845
Total capital assets, being depreciated, net	78,987,952	(1,346,845)	40,862	77,681,969
Parking Authority activities, capital assets, net	$ 88,535,727	$ (1,246,435)	$ (26,588)	$ 87,262,704

7. Interfund Receivable and Payable Balances

A summary of the total amounts due from and due to other funds, by fund, at December 31, 2025 is as follows:

	Due From Other Funds	Due To Other Funds
Governmental funds:		
General Fund	$ 1,238,725	$ 116,836
Capital Projects Fund	135,995	-
Community Development Block Grant	-	683,134
American Rescue Plan	-	-
Other Non-Major Governmental Funds	-	714,849
Proprietary funds:		
Internal Services Fund	140,099	-
Total	$ 1,514,819	$ 1,514,819

Interfund balances are primarily for reimbursement of expenses paid on behalf of another fund, with the exception of the amount due to/from between the CDBG and General funds in the amount of $683,134 of which is a short-term loan for cash flow purposes.

8. Individual and Fund Interfund Transfers

Interfund transfers for the year ended December 31, 2025 consisted of the following:

	Transfers In	Transfers Out
Governmental funds:		
General Fund	$ 5,617,626	$ 20,972,884
Capital Projects Fund	18,078,961	-
Community Development Block Grant	25,596	-
American Rescue Plan	2,003,327	9,908,225
Other Non-Major Governmental Funds	8,994,347	1,936,682
Proprietary funds:		
Solid Waste Fund	-	1,292,391
Non-Major Municipal Golf Course Fund	-	364,731
Internal Service Fund	-	244,944
Total	$ 34,719,857	$ 34,719,857

8. Individual and Fund Interfund Transfers (Continued)

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

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

The remaining transfers were initiated to fulfill budgetary transfer requirements.

9. Lease Payable

The City entered into a noncancelable lease agreement for a hangar facility on November 1, 2015. The initial 10-year term that expired on October 31, 2025, and the lease has since been extended under its renewal provisions. The lease agreement provides for up to three additional 5-year terms. An initial lease liability was recorded in the amount of $2,948,272 in governmental activities during the year ended December 31, 2022 due to GASB 87 implementation. As of December 31, 2025, the lease liability was $2,381,575. The lease has an interest rate of 3%. The hangar facility has a 25-year estimated useful life. The net value of the right-to-use leased asset as of December 31, 2025 is $1,749,308, net of accumulated amortization of $1,198,964.

The future principal and interest payment on the lease payable as of December 31, 2025, were as follows:

	Principal	Interest	Total
2026	$ 87,997	$ 70,255	$ 158,252
2027	96,289	67,502	163,791
2028	105,029	64,495	169,524
2029	114,239	61,218	175,457
2030	123,939	57,659	181,598
2031-2035	783,989	223,908	1,007,897
2036-2040	1,070,093	83,041	1,153,134
Totals	$ 2,381,575	$ 628,078	$ 3,009,653

9. Lease Payable (Continued)

The change in lease payable for the year ended December 31, 2025 is as follows:

	Balance January 1, 2025	Additions	Reductions	Balance December 31, 2025	Current Portion
Lease payable	$ 2,461,709	$ -	$ 80,134	$ 2,381,575	$ 87,997

10. Pension Plans

Plan Description and Administration

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

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

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

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

The City also participates in a defined benefit pension plan administered by the Pennsylvania Municipal Retirement System (PMRS). The full-time non-uniformed City employees hired after June 8, 1976 are eligible to participate in the PMRS Plan. PMRS is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Annual

10. Pension Plans (Continued)

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

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

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

Summary of Significant Accounting Policies

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

10. Pension Plans (Continued)

The combining information as of the year ended December 31, 2025 for the plans is as follows:

	Component Unit Pension Trust Funds			
	Police Pension Fund	Firemen Pension Fund	Officers and Employees Pension Fund	Total
Assets				
Cash and cash equivalents	$ 8,311,997	$ 4,867,715	$ 466,241	$ 13,645,953
Interest receivable	141,913	155,675	29,427	327,015
Other receivables	44,185	26,258	-	70,443
Investments, at fair value:				
Equity mutual funds	181,693,047	106,886,285	3,013,215	291,592,547
Fixed income mutual funds	46,526,271	19,261,898	-	65,788,169
Real estate investment fund	24,286,648	14,364,122	-	38,650,770
Corporate bonds	6,278,574	8,045,687	1,670,378	15,994,639
U.S. government obligations	7,980,997	7,881,829	1,206,210	17,069,036
U.S. government agency obligations	249,075	-	-	249,075
Total Assets	275,512,707	161,489,469	6,385,471	443,387,647
Liabilities				
Accounts payable	59,998	22,195	3,083	85,276
Total Liabilities	59,998	22,195	3,083	85,276
Net Position				
Restricted for pension benefits	275,452,709	161,467,274	6,382,388	443,302,371
Total Net Position	$275,452,709	$161,467,274	$ 6,382,388	$443,302,371

10. Pension Plans (Continued)

	Component Unit Pension Trust Funds			
	Police Pension Fund	Firemen Pension Fund	Officers and Employees Pension Fund	Total
Additions:				
Contributions:				
Employer	$ 9,746,228	$ 3,214,237	$ 154,538	$ 13,115,003
Plan members	1,383,802	784,845	-	2,168,647
Total contributions	11,130,030	3,999,082	154,538	15,283,650
Investment income(loss):				
Net appreciation in fair value of investments	30,138,044	17,770,319	592,208	48,500,571
Interest and dividends	6,154,881	3,652,554	161,998	9,969,433
Less investment expenses	(113,998)	(73,330)	(5,031)	(192,359)
Net investment income	36,178,927	21,349,543	749,175	58,277,645
Total additions	47,308,957	25,348,625	903,713	73,561,295
Deductions:				
Benefits paid to recipients	15,268,301	9,537,178	1,237,487	26,042,966
Administrative and other fees	43,385	12,448	6,443	62,276
Total deductions	15,311,686	9,549,626	1,243,930	26,105,242
Change in Net Position	31,997,271	15,798,999	(340,217)	47,456,053
Net Position:				
Beginning of year	243,455,438	145,668,275	6,722,605	395,846,318
End of year	$275,452,709	$161,467,274	$ 6,382,388	$443,302,371

10. Pension Plans (Continued)

Plan Membership

Plan memberships consisted of the following per the January 1, 2025 actuarial valuation:

	Police	Firemen	Officers and Employees	PMRS
Active employees	211	135	-	496
Inactive plan members entitled to but not yet receiving benefits	18	3	-	53
Inactive plan members or beneficiaries currently receiving benefits	319	196	72	524

Benefit Provisions

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

Police Pension Plan

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

For participants hired prior to January 1, 2009:

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

10. Pension Plans (Continued)

For participants hired on or after January 1, 2009:

- Eligibility: Age 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 $1,200 in total annual benefit increase (i.e., $100 additional monthly benefit). Service after attaining age 65 is excluded.
- Maximum benefit is 50% plus eligible service increment not to exceed $100 per month.
- Salary will include base pay, longevity, holiday pay, festive pay, shift differential and overtime. Overtime shall be limited to 10% of base pay for the rate of monthly pay.
- The minimum benefit is $10,400 per year.

For all participants, benefits vest at 100% after 12 years of service. Prior to 20 years, the benefit is based upon a pro-rated portion of the normal retirement benefit. 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% of officer’s wages if prior to retirement eligibility, or the normal retirement benefit if the participant is retirement eligible. If death occurs before retirement age, the amount paid to the surviving spouse is equal to 62.5% of the officer’s wages or 50.5% plus service increments which the officer would be entitled to receive at the time of death, whichever is higher.

Firemen Pension Plan

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

For participants hired prior to January 1, 2012:

- Eligibility: 20 years of service
- Basic Benefit: The retirement benefit shall be determined by the rate of monthly pay of the employee at the time of retirement or the highest average annual salary during any five years of service.

10. Pension Plans (Continued)

- Salary will include base pay, longevity, holiday pay, festive pay, shift differential and overtime, but overtime is not limited in the determination of the highest average annual salary during any five years of service. Overtime shall be limited to 10% of base pay for the rate of monthly 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%

<u>For participants hired on or after January 1, 2012:</u>

- Eligibility: Age 50 with 20 years of service
- Basic Benefit: The retirement benefit shall be 50% of monthly pay at time of retirement or the highest average annual salary due any five years of service.
- Salary will include base pay, longevity, holiday pay, festive pay, shift differential and overtime, but overtime is not limited in the determination of the highest average annual salary during any five years of service. Overtime shall be limited to 10% of base pay for the rate of monthly pay.
- 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.

For all participants, benefits vest at 100% after 12 years of service. Prior to 20 years, the benefit is based upon a pro-rated portion of the normal retirement benefit. If a participant becomes disabled as a result of accident or sickness occurring in the line of duty, the participant is entitled to receive 10% of salary if less than two years of service, 20% of salary with at least two years of service but less than five years, 30% of salary with at least five years of service but less than 10 years, 40% of salary with at least 10 years of service but less than 15 years, 50% of salary with at least 15 years but less than 20 years, and same as normal retirement if at least 20 years of service. If death occurs before retirement age, the amount paid to the surviving spouse is equal to 100.0% of the pension benefit applicable to the member.

10. Pension Plans (Continued)

Officers and Employees Pension Plan

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

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

- Eligibility: Age 55 and 20 years of service or age 60 with 12 years of service
- Basic Benefit: 50% of the larger of the final annual salary or the highest average compensation of any 5 years of service, not less than $10,400 per year. If the member has less than twenty (20) years of service, then the basic benefit is prorated based upon credited service at retirement to twenty years. Payments are made bi-weekly.
- Service Increment: One-fortieth (1/40th) of the basic benefit for each full year of service in excess of twenty (20). Service after age sixty-five shall not be counted. In order to be eligible for the service increment benefit, the employee must make additional contributions of one half of one percent (1/2%) of the salary.

PMRS Pension Plan

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

Service connected to disability is 50%.

10. Pension Plans (Continued)

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

Contributions

Pennsylvania Act 205 of 1984 (Act 205) requires that annual contributions to the Plans be based upon each plan's Minimum Municipal Obligation (MMO), which is based on the Plans' biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses, and an amortization of the unfunded actuarial accrued liability. According to Act 205, actuarial valuations may be completed biennially and the most recent valuations for all City plans were completed as of January 1, 2025. 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, 2025, the City contributed $9,746,228 to the Police Pension Plan, $3,214,237 to the Firemen Pension Plan, $154,538 to the Officers and Employees Plan, and $5,514,378 to the PMRS Pension Plan.

During the year ended December 31, 2025, active members contributed $1,383,802 to the Police Pension Plan, $784,845 to the Firemen Pension Plan, $0 to the Officers and Employees Pension Plan. For 2024, members contributed $2,592,617 to the PMRS Plan.

10. Pension Plans (Continued)

Changes in the Net Pension Liability

The changes in the net pension liability of the City for the year ended December 31, 2025 were as follows:

Police Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
Balances at December 31, 2024	$ 266,366,908	$ 243,455,437	$ 22,911,471
Changes for the year:			
Service cost	4,894,713	-	4,894,713
Interest	19,406,035	-	19,406,035
Differences between expected and actual experience	2,074,188	-	2,074,188
Contributions - employer	-	9,746,228	(9,746,228)
Contributions - member	-	1,383,802	(1,383,802)
Net investment income	-	36,178,927	(36,178,927)
Benefit payments, including refunds	(15,268,301)	(15,268,301)	-
Administrative expense	-	(43,383)	43,383
Net changes	11,106,635	31,997,273	(20,890,638)
Balances at December 31, 2025	$ 277,473,543	$ 275,452,710	$ 2,020,833
Plan fiduciary net position as a percentage of the total pension liability			99.3%

10. Pension Plans (Continued)

Firemen Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
Balances at December 31, 2024	$ 149,156,045	$ 145,668,274	$ 3,487,771
Changes for the year:			
Service cost	2,442,717	-	2,442,717
Interest	11,296,576	-	11,296,576
Differences between expected and actual experience	7,833,451	-	7,833,451
Contributions - employer	-	3,214,237	(3,214,237)
Contributions - member	-	784,845	(784,845)
Net investment income (loss)	-	21,349,544	(21,349,544)
Benefit payments, including refunds	(9,537,178)	(9,537,178)	-
Administrative expense	-	(12,447)	12,447
Net changes	12,035,566	15,799,001	(3,763,435)
Balances at December 31, 2025	$ 161,191,611	$ 161,467,275	$ (275,664)
Plan fiduciary net position as a percentage of the total pension liability			100.2%

10. Pension Plans (Continued)

Officers and Employees Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
Balances at December 31, 2024	$ 7,593,494	$ 6,722,606	$ 870,888
Changes for the year:			
Interest	447,173	-	447,173
Differences between expected and actual experience	62,784	-	62,784
Changes of assumptions	51,007	-	51,007
Contributions - employer	-	154,538	(154,538)
Net investment income (loss)	-	749,177	(749,177)
Benefit payments, including refunds	(1,237,487)	(1,237,487)	-
Administrative expense	-	(6,447)	6,447
Net changes	(676,523)	(340,219)	(336,304)
Balances at December 31, 2025	$ 6,916,971	$ 6,382,387	$ 534,584
Plan fiduciary net position as a percentage of the total pension liability			92.3%

10. Pension Plans (Continued)

PMRS Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
Balances at December 31, 2024 (based on the measurement date of December 31, 2023)	$ 201,070,332	$ 195,901,033	$ 5,169,299
Changes for the year:			
Service cost	5,036,182	-	5,036,182
Interest	10,503,742	-	10,503,742
Changes of assumptions	(5,559,482)	-	(5,559,482)
Differences between expected and actual experience	3,333,277	-	3,333,277
Contributions - employer	-	4,484,532	(4,484,532)
Contributions - member	-	2,592,617	(2,592,617)
PMRS assessment	-	21,680	(21,680)
PMRS investment income	-	9,546,927	(9,546,927)
Market value investment gain	-	7,642,035	(7,642,035)
Benefit payments, including refunds	(12,226,888)	(12,226,888)	-
PMRS administrative expense	-	(21,680)	21,680
Additional administrative expense	-	(522,889)	522,889
Net changes	1,086,831	11,516,334	(10,429,503)
Balances at December 31, 2025 (based on the measurement date of December 31, 2024)	$ 202,157,163	$ 207,417,367	$ (5,260,204)
Plan fiduciary net position as a percentage of the total pension liability			102.6%

At December 31, 2025, the net pension asset of the PMRS is allocated between the governmental activities and the business-type activities in the amounts of ($4,757,767) and ($502,437), respectively.

10. Pension Plans (Continued)

Actuarial Assumptions

The total pension liability for the Police, Firemen, and Officers and Employees pension plans was determined as part of the January 1, 2025 actuarial valuation, updated to December 31, 2025, using the following actuarial assumptions, applied to all periods in the measurement:

	Police	Firemen	Officers and Employees
Valuation date	1/1/2025	1/1/2025	1/1/2025
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level dollar closed period	Level dollar closed period	Level dollar closed period
Amortization period	11 years	13 years	1 year
Asset valuation method	*Five-year smoothed fair value 80%/20% corridor around fair value		
Actuarial Assumptions:			
Investment rate of return	7.30%	7.30%	6.30%
Projected salary increases	4.50%	4.50%	4.50%
Mortality - Healthy Lives	Blue Collar Adjusted RP-2000 Combined Health Mortality Table, projected generationally from base year 2000 using 50% of scale AA		Pub-2016(B) General Healthy Annuitant Below-Median Table projected generationally using 50% of Scale MP-2021
Mortality - Disability Lives	RP-2000 Disabled Mortality Table		
Cost of Living Adjustment	2.4% per year upon eligibility to receive a COLA		0%

Changes of Assumptions:

For the Officer's and Employees Pension Plan, the mortality table was changed from RP-2000 Combined Mortality Table projected generationally using 50% of Scale AA to Pub-2016(B) General Healthy Annuitant Below-Median Table projected generationally using 50% of Scale MP-2021.

10. Pension Plans (Continued)

The total pension liability for the PMRS pension plan was determined as part of the January 1, 2025 actuarial valuation, with liabilities rolled forward to December 31, 2024, using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial assumptions:	
Investment rate of return	5.50%
Projected salary increases	2.8% - 6.2%*
*includes inflation rate of 2.2%	
Cost-of-living adjustments	2.2%, subject to plan limitations

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

Preretirement mortality:
Males: Pub-2010 General Employees male table
Females: Pub-2010 General Employees female table

Postretirement mortality:
Males: RP 2006 Male Annuitant table
Females: RP 2006 Female Annuitiant table

Changes in Actuarial Assumptions - investment rate of return was updated from 5.25% from the January 1, 2023 valuation to 5.50% from the January 1, 2025 valuation.

Investment Policy

Police, Firemen, and Officers and Employees Pension Plans

The policies in regard to the allocation of invested assets for the Police, Firemen, and Officers and Employees Pension Plans are established and may be amended by the respective Boards. The Boards seek to optimize the total return of these Plans' portfolios through a policy of well diversified multi-asset portfolios, which facilitate control of investment risk and afford reasonably predictable long-term investment returns. There were no amendments to the investment policy of the Police, Firemen, and Officers and Employees Pension Plans during the year ended December 31, 2025. At December 31, 2025, 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.

10. Pension Plans (Continued)

In order to meet its needs, the investment strategy of the Police, Firemen, and Officers and Employees Pension Plans is to responsibly and prudently maximize total return; that is, the aggregate return from capital appreciation and dividend and interest income. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class for the plans as of December 31, 2025 are summarized from the following table:

	Target Allocation			Long-Term Expected Real Rate of Return
Asset Class	Police	Firemen	Officers and Employees	
Domestic equity	52.0%	52.0%	35.0%	4.8%
International equity	14.0%	14.0%	11.0%	4.9%
Core fixed income	17.0%	11.0%	0.0%	2.4%
Fixed income	4.0%	8.0%	34.7%	1.4%
Real estate	10.0%	10.0%	0.0%	3.6%
Cash	3.0%	5.0%	19.3%	0.2%
	100.0%	100.0%	100.0%	

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, 2025, the market value of assets returned 15.11% for the Police Plan, 15.02% for the Firemen Plan, and 12.21% for the Officers and Employees Plan.

10. Pension Plans (Continued)

PMRS Pension Plan

The PMRS System’s (System) long-term expected rate of return on plan investments was determined using a building-block method in which best - estimates of expected future real rates of return are developed for each major asset class. The methodology used by the System and an in-depth description of the process, including the anticipated rate of return by asset class, can be found at www.pmrs.state.pa.us. Based on this methodology, the PMRS Board established the System's long-term expected rate of return at 7.29%. The rationale for the difference between the System's long-term expected rate of return and the discount rate can be found at www.pmrs.state.pa.us.

10. Pension Plans (Continued)

Discount Rate

Police, Firemen, and Officers and Employees Pension Plans

The discount rate as of December 31, 2025 is 7.30% for the Police and Firemen's Pension Plans and 6.30% for the Officers and Employees Pension Plan. These rates are the assumed long-term expected rate of return on Plan investments.

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

PMRS Pension Plan

Discount Rate - The discount rate adopted by the PMRS Board and used to measure the individual participating municipalities' total pension liability as of December 31, 2024 was 5.50%. The projection of cash flows for each underlying municipal plan, used to determine if any adjustment to the discount rate was required, 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.

10. Pension Plans (Continued)

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

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

	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
Police	$ 36,949,633	$ 2,020,833	$ (26,774,129)
Firemen	$ 18,020,170	$ (275,664)	$ (15,692,212)

	1% Decrease (5.30%)	Current Discount Rate (6.30%)	1% Increase (7.30%)
Officers and Employees	$ 880,352	$ 534,584	$ 221,275

	1% Decrease (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
PMRS	$ 18,524,148	$ (5,260,204)	$ (25,260,335)

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

For the year ended December 31, 2025, the City recognized pension expense of $6,906,865 as a whole; in the governmental activities, $6,735,583 and $171,282 in the business-type activities. By plan as follows: $2,936,902 police, $2,482,050 for fireman, $171,232 for O&E, and $1,316,681 for PMRS.

10. Pension Plans (Continued)

At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police	Firemen	O&E	PMRS	Total
Deferred Outflows of Resources:					
Differences between expected and actual experience	$ 1,555,641	$ 6,266,762	$ -	$ 3,657,468	$ 11,479,871
Changes in assumptions	711,876	374,313	-	-	1,086,189
City contributions subsequent to measurement date	-	-	-	5,514,378	5,514,378
Net difference between projected and earnings on pension plan investments	-	-	-	-	-
Total deferred outflows of resources	$ 2,267,517	$ 6,641,075	$ -	$ 9,171,846	$ 18,080,438
Deferred Inflows of Resources:					
Differences between expected and actual experience	$ 588,375	$ 343,858	$ -	$ -	932,233
Changes in assumptions	-	-	-	4,169,611	4,169,611
Net difference between projected and actual earnings on pension plan investments	17,728,177	10,691,836	356,049	1,394,596	30,170,658
Total deferred inflows of resources	$ 18,316,552	$ 11,035,694	$ 356,049	$ 5,564,207	$ 35,272,502

10. Pension Plans (Continued)

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

	Police	Firemen	O & E	PMRS	Total
2026	$ 1,169,545	$ 1,893,985	$ 68,266	$ 635,350	$ 3,767,146
2027	(8,115,474)	(3,672,061)	(217,478)	3,085,664	(8,919,349)
2028	(5,391,780)	(2,000,275)	(134,948)	(4,099,346)	(11,626,349)
2029	(3,711,326)	(616,268)	(71,889)	(1,528,407)	(5,927,890)
	$ (16,049,035)	$ (4,394,619)	$ (356,049)	$ (1,906,739)	$ (22,706,442)

At December 31, 2025, the City reported deferred outflows of resources related to pension from the following sources:

	Governmental Activities	Business-Type Activity
Deferred Outflows of Resources:		
Differences between expected and actual experience	$ 11,130,521	$ 349,350
Changes in assumptions	1,086,189	-
City contributions subsequent to measurement date	4,987,663	526,715
Net difference between projected and actual earning on pension plan investments	-	-
Total deferred outflows of resources	$ 17,204,373	$ 876,065
Deferred Inflows of Resources:		
Differences between expected and actual experience	$ (932,233)	$ -
Changes in assumptions	(3,771,344)	$ (398,268)
Net difference between projected and actual earning on pension plan investments	(30,037,450)	(133,207)
Total deferred inflows of resources	$ (34,741,027)	$ (531,475)

10. Pension Plans (Continued)

The differences in the City's expected and actual experience and changes in assumptions are recognized over the average expected remaining service lives of active and inactive members. The difference between the projected and actual earnings on the pension plan investments is recognized over five years. City contributions subsequent to the measurement date totaling $5,514,378 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:

Year ending December 31,	Governmental Activities	Business-Type Activities
2026	$ 3,706,459	$ 60,687
2027	(9,214,081)	294,732
2028	(11,234,793)	(391,556)
2029	(5,781,902)	(145,988)
	$ (22,524,317)	$ (182,125)

Component Units

Parking Authority

Allentown Parking Authority Union Employees' Defined Contribution Retirement Plan

The Allentown Parking Authority Union Employees' Defined Contribution Retirement Plan is designed to provide retirement benefits to the Parking Authority's eligible union employees. The plan covers all eligible employees over the age of 18 with six months of service with the Parking Authority. Employer contributions to the plan are established by the Union's collective bargaining agreement. Employer contributions were fixed at 5% by the collective bargaining agreement for the year ended December 31, 2025. Participant contributions are on a voluntary basis up to 3% of compensation. The plan's provisions may be amended by resolution of the Parking Authority's Board of Directors, subject to 90 days written notice to the plan's Trustee. No modification that affects the rights, duties, and responsibilities of the Trustee may be made without the Trustee's consent.

10. Pension Plans (Continued)

Allentown Parking Authority Salaried Employees' Defined Contribution Retirement Plan

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

Allentown Parking Authority Salaried Employees' Defined Benefit Pension Plan

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

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

At December 31, 2025, 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	1
	13

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

10. Pension Plans (Continued)

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

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

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

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

Changes in the Total Pension Liability – An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation as of January 1, 2025. Update procedures were used to roll forward to the plan's fiscal year ending December 31, 2025.

10. Pension Plans (Continued)

The changes in the total pension liability, the plan fiduciary net position (i.e., fair value of plan assets), and the net pension liability (asset) of the Parking Authority for the year ended December 31, 2025 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at December 31, 2024	$ 2,753,376	$ 3,193,616	$ (440,240)
Changes for the year:			
Interest	183,730	-	183,730
Differences between expected and actual experience	43,408	-	43,408
Net investment income (loss)	-	490,107	(490,107)
Benefit payments, including refunds	(257,313)	(257,313)	-
Net changes	(30,175)	232,794	(262,969)
Balance at December 31, 2025	$ 2,723,201	$ 3,426,410	$ (703,209)

10. Pension Plans (Continued)

<u>Component Units</u> <u>(Continued)</u>

<u>Parking Authority</u>

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

Salary increases	None assumed
Pre-retirement mortality	None
Post-retirement mortality	PUBG-2010 Healthy Retiree Mortality projected 5 years past the valuation date using Scale MP-2021
Termination	None
Disability	None
Retirement age	Normal retirement age or age on valuation date, if greater

10. Pension Plans (Continued)

Long-term Expected Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pensions plan investment expense and inflation) 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, 2025 are summarized in the following table:

Asset Class	Target Asset Allocation	Expected Real Rate of Return
Domestic Equity	38.00%	5.88%
International Equity	33.00%	3.64
Real Estate	2.00%	1.20
Large cap	3.00%	6.94
Mid cap	4.00%	6.94
Small cap	20.00%	6.55
Fixed income	0.00%	5.18
Cash	38.00%	5.88

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.

10. Pension Plans (Continued)

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)	$ 467,589	$ 703,209	$ 901,832

Pension Expense and Deferred Inflows of Resources Related to Pensions – At December 31, 2025, the Parking Authority reported deferred inflows of resources related to pensions from the following source:

Deferred Inflows of Resources:	
Net difference between projected and actual investment earnings on pension plan investments	$ 202,812
	$ 202,812

For the year ended December 31, 2025, the Parking Authority recognized pension expense under the defined benefit pension plan of $29,628. Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	
2026	$ 51,061
2027	(123,457)
2028	(75,304)
2029	(55,112)
	$ (202,812)

11. Long-Term Debt

The City issues notes and bonds payable to finance the capital projects of the City, with the exception of pension funding (Series A of 2007 Note and Series 2019 Bond). Long-term debt activity of the City's governmental activities for the year ended December 31, 2025 was as follows:

	Notes and Bonds	Balance Outstanding January 1, 2025	Additions	Reductions	Balance Outstanding December 31, 2025	Current Portion
	General Obligation Notes and Bonds:					
2007	Taxable General Obligation Note, Series A, original amount of $14,773,981, semiannual accretion to produce yields of 6.66% to 6.99%, payable in increasing installments of $3,655,000 in 2025 to $7,040,000 in 2036.	$ 34,304,270	$ 2,374,531	$ 3,660,000	$ 33,018,801	$ 3,655,000
2015	General Obligation Bonds, Series A, original amount of $15,360,000, 3.00% to 3.85% interest, payable in varying annual installments of $470,000 in 2025 to $870,000 in 2045.	12,050,000	-	450,000	11,600,000	470,000
2015	General Obligations Bonds, Series B, original amount of $11,425,000, 3.00% to 3.65% interest, payable in varying annual installments of $390,000 in 2025 to $545,000 in 2036.	5,490,000	-	380,000	5,110,000	390,000
2017	General Obligation Bonds, Series of 2017, original amount of $9,025,000, to refund GOB Series 2011A and 2012, payable in varying installments. $185,000 in 2025.	2,595,000	-	180,000	2,415,000	185,000

11. Long-Term Debt (Continued)

	Notes and Bonds	Balance Outstanding January 1, 2025	Additions	Reductions	Balance Outstanding December 31, 2025	Current Portion
	General Obligation Notes and Bonds:					
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.	4,735,000	-	595,000	4,140,000	615,000
2019	Federally Taxable General Obligation Refunding Bonds, Series 2019, original amount of $12,460,000 to refund the 2004 Federally Taxable General Obligation Pension Refunding Bonds, payable in varying installments with interest of variable rates.	9,115,000	-	770,000	8,345,000	795,000
2020	General Obligation Notes, Series 2020, original amount of $15,720,000 to refund the 2009 General Obligation Note, refund the October 1, 2020 payment for General Obligations bonds Series A 2015, Series B 2015, Series 2017, and for City capital projects, payable in varying installments with interest of variable rates through 2045.	13,135,000	-	490,000	12,645,000	505,000
Subtotal Governmental Activities	General Obligation Notes and Bonds	81,424,270	2,374,531	6,525,000	77,273,801	6,615,000

11. Long-Term Debt (Continued)

	Notes and Bonds	Balance Outstanding January 1, 2025	Additions	Reductions	Balance Outstanding December 31, 2025	Current Portion
Direct Borrowing:						
2022	HUD Section 108 Loan, original amount of $5,605,000 to finance the Da Vinci Center for Discovery and Science, payable in varying installments, variable rate interest, 3.92% at December 31, 2025.	5,605,000	-	230,000	5,375,000	235,000
2020	Special Revenue Note Series 2020, original amount of $7,090,000 to refund the 2016 Series Special Revenue Note, fund a Debt Service Reserve Fund and provide funds for capital projects, payable in varying installments with interest of 3.326% through 2034.	5,320,000	-	455,000	4,865,000	470,000
Subtotal Direct Borrowings		10,925,000	-	685,000	10,240,000	705,000
Premium on bond and note issuance		2,040,626	-	185,622	1,855,004	185,622
	Total	$ 94,389,896	$ 2,374,531	$ 7,395,622	$ 89,368,805	$ 7,505,622

11. Long-Term Debt (Continued)

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

General Obligation Bonds and Notes

Year Ending December 31,	Principal Maturity	Interest Maturity	Total
2026	$ 6,615,000	$ 1,866,383	$ 8,481,383
2027	5,624,776	1,986,985	7,611,761
2028	5,679,813	2,108,668	7,788,481
2029	5,581,638	2,209,802	7,791,440
2030	5,493,258	2,295,294	7,788,552
2031-2035	25,233,240	15,237,482	40,470,722
2036-2040	11,771,076	6,975,184	18,746,260
2041-2045	11,275,000	1,369,370	12,644,370
	$ 77,273,801	$ 34,049,168	$ 111,322,969

Loans from Direct Borrowing

Year Ending December 31,	Principal Maturity	Interest Maturity	Total
2026	$ 705,000	$ 370,207	$ 1,075,207
2027	735,000	345,265	1,080,265
2028	760,000	319,265	1,079,265
2029	785,000	292,375	1,077,375
2030	810,000	264,643	1,074,643
2031-2035	3,845,000	874,048	4,719,048
2036-2040	1,795,000	356,181	2,151,181
2041-2042	805,000	39,739	844,739
	$ 10,240,000	$ 2,861,723	$ 13,101,723

11. Long-Term Debt (Continued)

Total Outstanding Debt			
Year Ending December 31,	Principal Maturity	Interest Maturity	Total
2026	$ 7,320,000	$ 2,236,590	$ 9,556,590
2027	6,359,776	2,332,250	8,692,026
2028	6,439,813	2,427,933	8,867,746
2029	6,366,638	2,502,177	8,868,815
2030	6,303,258	2,559,937	8,863,195
2031-2035	29,078,240	16,111,530	45,189,770
2036-2040	13,566,076	7,331,365	20,897,441
2041-2045	12,080,000	1,409,109	13,489,109
	$ 87,513,801	$ 36,910,891	$ 124,424,692

The following represents changes in the long-term liabilities for compensated absences (reported at net) and financed purchases:

	Balance January 1, 2025	Additions	Reductions	Balance December 31, 2025	Current Portion
Compensated absences:					
Governmental activities	$ 7,226,951	$ 131,488	$ -	$ 7,358,439	$ 7,192,764
Business-type activities	189,923	15,670	-	205,593	190,482
Total accrued compensated absences	$ 7,416,874	$ 147,158	$ -	$ 7,564,032	$ 7,383,246
Financed purchases:					
Governmental activities	$ 2,519,428	$ 562,874	$ 867,552	$ 2,214,750	$ 927,433
Business-type activities	611,006	-	224,361	386,645	199,819
Total capital assets	$ 3,130,434	$ 562,874	$ 1,091,913	$ 2,601,395	$ 1,127,252

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

11. Long-Term Debt (Continued)

The capital assets acquired through financed purchases are as follows:

	Governmental Activities	Business-Type Activities
Machinery, equipment and vehicles	$ 5,457,763	$ 1,001,503
Less accumulated depreciation	1,174,009	337,044
	$ 4,283,754	$ 664,459

Debt service requirements for financed purchases are as follows:

Year Ending	Governmental Activities	Business-Type Activities	Total
2026	$ 998,441	$ 216,620	$ 1,215,061
2027	569,397	195,091	764,488
2028	569,397	-	569,397
2029	124,730	-	124,730
2030	124,730	-	124,730
	2,386,695	411,711	2,798,406
Less interest	171,945	25,066	197,011
Total	$ 2,214,750	$ 386,645	$ 2,601,395

11. Long-Term Debt (Continued)

Component Units

Parking Authority

Long-term debt activity of the Parking Authority for the year ended December 31, 2025 consisted of the following:

	Balance January 1, 2025	Additions	Reductions	Balance December 31, 2025	Current Portion
Bonds:					
Tax exempt parking revenue bond - 2018A	$ 21,737,337	$ -	$ (903,252)	$ 20,834,085	$ 919,278
Taxable parking revenue bond - 2018B	4,960,414	-	(446,238)	4,514,176	466,971
Tax exempt note - 2021	6,575,316	-	(132,099)	6,443,217	140,222
Taxable note - 2021	11,258,584	-	(181,198)	11,077,386	195,374
Taxable parking revenue note - Series A of 2024	11,900,000	-	(156,000)	11,744,000	219,000
Unsecured promissory note - Series of 2024	1,600,000	-	(11,721)	1,588,279	18,950
	58,031,651	-	(1,830,508)	56,201,143	1,959,795
Line of credit	5,000	995,000	-	1,000,000	1,000,000
Financed purchases	8,049	-	(8,049)	-	-
Capital contribution payable	5,000,000	-	-	5,000,000	-
	$ 63,044,700	$ 995,000	$ (1,838,557)	$ 62,201,143	$ 2,959,795

11. Long-Term Debt (Continued)

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

Year Ending December 31,	Principal Maturity	Interest Maturity	Total
2026	$ 1,959,795	3,399,049	$ 5,358,844
2027	2,074,756	3,284,357	5,359,113
2028	2,191,284	3,166,287	5,357,571
2029	2,323,733	3,034,408	5,358,141
2030	2,459,731	2,898,001	5,357,732
2031-2035	26,034,031	10,304,916	36,338,947
2036-2040	19,157,813	3,861,859	23,019,672
	$ 56,201,143	$ 29,948,877	$ 86,150,020

The Parking Authority bonds are subject to certain financial covenants. As of December 31, 2025, the Parking Authority is in compliance with those covenants.

Tax Exempt Parking Revenue Bond, Series A of 2018

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

Taxable Parking Revenue Bond, Series B of 2018

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

11. Long-Term Debt (Continued)

Maple Street Garage Construction Loan (Drawn Down Loan)

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

2021 Taxable Note

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

2021 Tax-Exempt Note

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

2024 Parking Revenue Note Series A of 2024

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

11. Long-Term Debt (Continued)

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

Unsecured Promissory Parking Note

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

Line of Credit

The Parking Authority has an unsecured $1,000,000 line of credit with ESSA Bank. The interest on the line of credit is payable quarterly at the Wall Street Journal prime rate. The Parking Authority had an outstanding balance on the line of credit as of December 31, 2025 in the amount of $1,000,000.

Capital Contribution Payable

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

12. Fund Balance Classifications

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

	General	Capital Projects	Development Block Grant	American Rescue Plan	Governmental Funds	Total
Restricted for:						
Capital acquisitions	$ -	$ 14,271,556	$ -	$ -	$ -	$ 14,271,556
Public works	567,952	-	-	-	8,704,106	9,272,058
Community development	-	-	5,778,290	-	1,905,491	7,683,781
Parks and recreation	-	-	-	-	1,929,506	1,929,506
	$ 567,952	$ 14,271,556	$ 5,778,290	$ -	$ 12,539,103	$ 33,156,901
Assigned for:						
General government	$ 689,300	$ -	$ -	$ -	$ -	$ 689,300
Public works	695,584	-	-	-	-	695,584
Community development	607,174	-	-	-	-	607,174
Public safety	1,613,399	-	-	-	-	1,613,399
Parks and recreation	352,808	-	-	-	-	352,808
	$ 3,958,265	$ -	$ -	$ -	$ -	$ 3,958,265

The $567,952 reported as restricted fund balance for public works under the General Fund represents the amount the City is required to reimburse the Liquid Fuels fund during the year 2026 as a result of the most recent Commonwealth of Pennsylvania Department of the Auditor General's Liquid Fuels Tax Fund audit report.

13. Risk Management, Accrued Claims Liability

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

13. Risk Management, Accrued Claims Liability (Continued)

Changes in the accrued claims liability are as follows:

Accrued claims liability, January 1	$	642,553
Incurred claims, including estimated claims incurred but not reported as of December 31:		1,093,278
Provision for current year events		
Payments		(1,043,631)
Accrued claims liability, December 31		692,200
Current portion		692,200
Long-term portion	$	-

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

Component Units

Parking Authority

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

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

14. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

The City retiree healthcare plan is a self-funded program, whereby retiree premiums are determined annually based on comparable premium rates offered by health insurance providers. The cost of the benefits provided by the plan is currently being paid by the City on a pay-as-you-go basis. For the year ended December 31, 2025, the City contributed $4,901,874.

Plan Membership

At December 31, 2025, the Plan's membership consisted of the following:

Inactive participants - retired and disabled	253
Active plan members	828
Total	1,081

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.

14. Other Postemployment Benefits (OPEB) (Continued)

Changes in Total OPEB Liability

Changes in the City's total OPEB liability for the plan for the year ended December 31, 2025, as measured at December 31, 2024 were as follows:

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Balances at December 31, 2023	$ 112,669,177	$ -	$ 112,669,177
Changes for the year:			
Service cost	5,769,891	-	5,769,891
Interest on total OPEB liability	3,687,050	-	3,687,050
Difference between expected and actual experience	-	-	-
Changes in assumptions	(7,536,878)	-	(7,536,878)
Contributions - employer	-	4,901,874	(4,901,874)
Benefit payments, including employee refunds	(4,901,874)	(4,901,874)	-
Net changes	(2,981,811)	-	(2,981,811)
Balances at December 31, 2024	$ 109,687,366	$ -	$ 109,687,366

The total OPEB liability is allocated between governmental activities and business-type activities in the amounts of $103,304,134 and $6,383,231, respectively.

14. Other Postemployment Benefits (OPEB) (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	12/31/2024	
Methods and assumptions used to determine contribution rates:		
Discount rate:	4.08% per annum for the valuation measured as of December 31, 2024 3.26% for the valuation measured as of December 31, 2023	
Expected return on assets	N/A	
Salary increase assumptions (with merit)		
Police and Fire	4.5% per year	
PMRS	Based on age and service Added to the aged-based rates are 3% for each of the first 2 years of service, 2% for years 3 and 4, and 1% for years 5 and 6.	
Healthcare cost trends:	2024 7.00%	2035 4.24%
	2025 6.75%	2036 4.13%
	2026 6.50%	2037 4.07%
	2027 6.25%	2038 4.03%
	2028 6.00%	2039 4.00%
	2029 5.76%	2040 3.98%
	2030 5.51%	2041 3.96%
	2031 5.26%	2042 3.95%
	2032 5.02%	2043 3.89%
	2033 4.77%	2044 3.83%
	2034 4.45%	
Retirement rates:		
Police:	Age 50 and 20 years of service	
Fire:	Immediately upon attainment of age 62 with 20 years of service, if younger than 62, a select and ultimate table with increasing rates	

14. Other Postemployment Benefits (OPEB) (Continued)

Actuarial Assumptions (continued):

Rates of Mortality:	
Police and Fire	
Healthy Mortality:	Blue collar adjusted RP 2000 with projected generationally from base year 2000 using 50% of Scale AA
Disabled Mortality:	RP 2000 disabled mortality table
PMRS	
Healthy Mortality, Pre-Retirement:	Males: PUB-2010 General employees'' male table projected to 2023 MP-2018 Females: PUB-2010 General employees' female table projected to 2023 with MP-2018 Males: RP-2006 annuitant male table projected to 2023 with MP-2018
Healthy Mortality, Post-Retirement:	Females: RP-2006 annuitant female table projected to 2023 with MP-
Disabled Mortality:	Male and females: RP-2006 disabled annuitant male and female table projected to 2023 with MP-2018

Changes in Assumptions

The discount rate as of December 31, 2024 is 4.08%, up from 3.26% as of December 31, 2023, which decreased the liability approximately $7.5 million as of the end of the year.

The discount rate will increase to about 4.83% as of the December 31, 2025 measurement date based on the 20-year Bond Buyer Index rate. This increase in the discount rate will decrease the OPEB liability.

Discount Rate

The discount rate used to measure the plan's total OPEB liability as of December 31, 2024 was 4.08%. The discount rate is based on the 20-year bond buyer index rate as of December 31, 2024. This is an increase from the December 31, 2023 rate of 3.26%. Since the OPEB Plan has insufficient assets to meet projected benefit payments, the municipal bond rate was applied to all periods of the projected benefit payments to determine the total OPEB liability. The projection of cash flows used to determine the single discount rate for each measurement period assumed that employer contributions will be made based on the current funding policy for future years.

14. Other Postemployment Benefits (OPEB) (Continued)

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

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

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Total OPEB Liability	$ 118,965,929	$ 109,687,366	$ 101,322,338

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

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

	1% Decrease	Healthcare Trend Rate	1% Increase
Total OPEB Liability	$ 98,060,523	$ 109,687,366	$ 123,234,561

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

For the year ended December 31, 2025, the City recognized OPEB expense of ($4,488,750) in the governmental activities and $(673,726) in the business-type activities.

14. Other Postemployment Benefits (OPEB) (Continued)

At December 31, 2025, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources

	Governmental Activities	Business-Type Activities	Total Primary Government
Changes of assumptions	$ 15,860,219	$ 980,013	$ 16,840,232
Contributions subsequent to the measurement date	4,018,123	248,283	4,266,406
	$ 19,878,342	$ 1,228,296	$ 21,106,638

Deferred Inflows of Resources

	Governmental Activities	Business-Type Activities	Total Primary Government
Differences between expected and actual experience	$ 5,745,612	$ 355,025	$ 6,100,637
Changes of assumptions	13,810,092	853,334	14,663,426
	$ 19,555,704	$ 1,208,359	$ 20,764,063

14. Other Postemployment Benefits (OPEB) (Continued)

The differences in the City's change in assumptions and expected and actual experience are recognized over the average expected remaining service lives of active and inactive members. City contributions subsequent to the measurement date of $4,266,405 will be recorded as a decrease to the total OPEB liability during the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Governmental Activities	Business-Type Activities	Total Primary Government
Year ending December 31,			
2026	$ (26,430)	$ (1,633)	$ (28,063)
2027	35,644	2,202	37,846
2028	(1,707,007)	(105,477)	(1,812,484)
2029	(1,457,560)	(90,064)	(1,547,624)
2030	473,907	29,283	503,190
Thereafter	(1,014,038)	(62,657)	(1,076,695)
	$ (3,695,484)	$ (228,346)	$ (3,923,830)

Component Units

Parking Authority

Plan Description

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

Benefits Provided

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

14. Other Postemployment Benefits (OPEB) (Continued)

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

All benefits to management employees will be reviewed at various times in the future and, thus, costs and benefits are subject to change with the approval of the Parking Authority's Board of Directors. As of December 31, 2025, there were no fully eligible active employees, no other active employees not fully eligible, and 4 retirees and beneficiaries currently receiving benefits.

Contributions

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

Net OPEB Liability (Asset)

An actuarial valuation of the total OPEB liability is performed biennially. The total OPEB liability was determined as part of an actuarial valuation as of January 1, 2023. Update procedures were used to roll forward to the plan's fiscal year ended December 31, 2025.

14. Other Postemployment Benefits (OPEB) (Continued)

The table below shows the changes in the total OPEB liability, the plan fiduciary net position and the net OPEB liability (asset) for the year ended December 31, 2025.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a-b
Balances at December 31, 2024	$ 434,073	$ 524,787	$ (90,714)
Interest	20,823	-	20,823
Differences between expected	(1,021)		(1,021)
and actual experience	-	-	-
Changes in assumptions	29,609	-	29,609
Contributions - employer	-	110,374	(110,374)
Net investment income	-	65,916	(65,916)
Benefit payments (1)	(110,374)	(110,374)	
Administrative expenses	-	(544)	544
Net changes	(60,963)	65,372	(126,335)
Balances at December 31, 2025	$ 373,110	$ 590,159	$ (217,049)

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

14. Other Postemployment Benefits (OPEB) (Continued)

Actuarial Assumptions

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

Actuarial Assumptions	
Valuation Date:	January 1, 2025
Actuarial cost method:	Entry Age, Normal
Discount rate:	5.50%
Salary increases:	5% compounded annually
Inflation	2.41%
Healthcare cost trends:	Medical - initial rate of 19.78% in fiscal year 2025 reduced by .25% per year thereafter to an ultimate level of 5% per year Dental - 5% in 2025 and 2% per year thereafter
Pre-retirement mortality:	None
Post-retirement mortality:	Pub-2010 General Amount Weighted Mortality Tables for Healthy Retirees projected to 5 years past the valuation date using Scale MP-2021
Termination:	None
Disability:	None
Retirement age:	Minimum of 20 years of service and be a minimum of age 54 by January 1 ,2019 to be eligible for OPEB. Must be actively employed to age 55 to be eligible. All other actives are not eligible for OPEB
Participation:	100% of management retirees. 0% spouses and dependents

14. Other Postemployment Benefits (OPEB) (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 2.41%) 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, 2025 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Core Bonds	42.2%	2.78%
Non-U.S. Bonds	3.4%	1.78%
U.S. Large Cap Equity	18.5%	5.26%
U.S. Small Cap Equity	18.2%	8.87%
Non-U.S. Equity	9.9%	6.17%
Cash & Cash Equivalents	7.8%	1.19%

Discount Rate

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

Net OPEB Liability (Asset) Sensitivity – Discount Rate

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

	1% Decrease (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
Net OPEB Liability (Asset)	$ (210,754)	$ (217,049)	$ (223,143)

14. Other Postemployment Benefits (OPEB) (Continued)

Net OPEB Liability (Asset) Sensitivity – Healthcare Trend

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

	1% Decrease	Current Trend Rates	1% Increase
Net OPEB Liability (Asset)	$ (224,491)	$ (217,049)	$ (209,483)

OPEB Expense and Deferred Inflows Resources

As of December 31, 2025, the Parking Authority reported deferred inflows of resources related to OPEB from the following sources:

Net difference between projected and actual investment earnings on pension plan investments	$ 36,845
	$ 36,845

For the year ended December 31, 2025, the Parking Authority recognized OPEB benefit of $17,105.

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

Year ending	Total
2026	$ 164
2027	(17,930)
2028	(11,664)
2029	(7,415)
Total	$ (36,845)

15. Deferred Compensation Plan

Component Units

Parking Authority

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

The Parking Authority makes contributions to a deferred compensation plan through contributions to three 401(a) Money Purchase Plans. The Parking Authority made total contributions of $286,256 to the plans for the year ended December 31, 2025.

16. Commitments and Contingencies

Construction

The City, through the Capital Projects Fund, entered into contracts with construction contractors with a remaining commitment at December 31, 2025 of approximately $4.2 million.

Other

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of December 31, 2025, significant amounts of grant expenditures have not been audited by the grantor government, but the City believes that disallowed

16. Commitments and Contingencies (Continued)

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

Litigation

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

Component Units

Parking Authority

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

17. Conduit Debt

Component Units

Parking Authority

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

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

17. Conduit Debt (Continued)

accompanying financial statements. The mortgage note is further guaranteed by CCIC and Strata III OP, LP (Apartment Developer). As of December 31, 2025, the principal amount outstanding under the mortgage is $2,155,348. The Parking Authority's participation in the Condominium Association is subject to a Parking License Agreement. Under the terms of the agreement, the parking facility of the condominium is managed by the Parking Authority. The Parking Authority charges the Apartment Developer a management fee equal to its share of the direct operating costs and expenses of the parking facility each month.

Redevelopment Authority

In July 2006, the Redevelopment Authority and a developer entered into a financing agreement for the Redevelopment Authority to provide a $3,400,000 Section 108 Loan through the Federal Department of Housing and Urban Development (HUD) for a project (Allentown Brew Works). The loan is secured by a second lien mortgage on the property, the corporate and personal guarantees of the developer, and the assignment of leases and rents. In November 2012, the note was converted from a variable interest rate to a fixed interest rate as a result of a public offering of the note by HUD. The Redevelopment Authority has an indemnity agreement from the developer, which limits the Redevelopment Authority's obligation to repay the loan to amounts it receives from the developer. The Redevelopment Authority treats this loan as conduit debt and; therefore, does not recognize either the loan receivable or long-term debt on its statement of net position. The balance on this loan was officially paid off as of May 2025.

18. Subsequent Events

Component Units

Redevelopment Authority

On March 12, 2026, the Redevelopment Authority's Board approved a loan to Community Action Lehigh Valley in the amount of $150,000. The loan bears interest at 5% per annum and is payable upon the earlier of 12 months from closing or the sale of 136 S. 8th Street to an income-qualified homeowner. The loan will be secured by a first lien on the property and will be governed by a developer's agreement and a deed of reconveyance. No amounts were outstanding under this loan at December 31, 2025.

18. Subsequent Events (Continued)

Subsequent to year-end, the Redevelopment Authority entered into agreements to acquire four properties as part of its redevelopment efforts. The financial impact of these acquisitions has not yet been determined.

Parking Authority

In February 2026, the Parking Authority executed a parking revenue note for $3,200,000 for acquisition and capital improvements to lots and parking decks.

In April 2026, the Parking Authority sold a property held to a third party. Sale of the property will not effect the operations of the Authority.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALLENTOWN

BUDGETARY COMPARISON SCHEDULE -
BUDGETARY BASIS - GENERAL FUND

YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance
	Original Amounts	Final Amounts	Actual Amounts	with Final Budget
Revenues:				
Taxes:				
Real Estate:				
Real estate - current	$ 39,057,200	$ 39,057,200	$ 38,789,284	$ (267,916)
Real estate - prior	1,100,000	1,100,000	1,157,215	57,215
Total Real Estate Taxes	40,157,200	40,157,200	39,946,499	(210,701)
Act 511 Taxes:				
Earned income	42,665,000	42,665,000	36,880,751	(5,784,249)
Earned Income Tax - ACT 205	4,500,000	4,500,000	3,414,771	(1,085,229)
Deed transfer	2,700,000	2,700,000	2,422,714	(277,286)
Local services	1,947,500	1,947,500	1,477,243	(470,257)
Per Capita Tax	2,500	2,500	5,728	3,228
Business privilege	12,800,000	12,800,000	12,209,682	(590,318)
Total Act 511 Taxes	64,615,000	64,615,000	56,410,889	(8,204,111)
Total Taxes	104,772,200	104,772,200	96,357,388	(8,414,812)
Licenses and Permits:				
Business licenses	425,000	425,000	432,915	7,915
Liquor licenses	2,000	2,000	44,640	42,640
Building permits and licenses	1,800,000	1,800,000	3,700,104	1,900,104
Plumbing permits and licenses	175,000	175,000	67,421	(107,579)
Electrical permits and licenses	400,000	400,000	214,196	(185,804)
Sheet metal technician license	20,000	20,000	10,350	(9,650)
Billboard and sign permits/licenses	12,000	12,000	5,115	(6,885)
Zoning permits and fees	280,000	280,000	322,686	42,686
Plan review fees	250,000	250,000	116,382	(133,618)
Health bureau permits and licenses	260,000	260,000	290,315	30,315
Fire department inspection fees	115,000	115,000	119,839	4,839
Other permits and licenses	210,000	210,000	615,732	405,732
CATV franchise fees	800,000	800,000	560,402	(239,598)
Presales inspection program	270,000	270,000	187,854	(82,146)
Vacant Property Registration	50,000	50,000	50,400	400
Rental inspection program	2,350,750	2,350,750	2,386,696	35,946
Total Licenses and Permits	7,419,750	7,419,750	9,125,047	1,705,297
Fines and Forfeits:				
District court	150,000	150,000	115,419	(34,581)
Fines and restitutions	105,000	105,000	134,267	29,267
Parking Authority transfer	2,000	2,000	-	(2,000)
Total Fines and Forfeits	257,000	257,000	249,686	(7,314)

(Continued)

CITY OF ALLENTOWN

BUDGETARY COMPARISON SCHEDULE -
BUDGETARY BASIS - GENERAL FUND

YEAR ENDED DECEMBER 31, 2025
(Continued)

	Budgeted Amounts Original Amounts	Budgeted Amounts Final Amounts	Actual Amounts	Variance with Final Budget
Revenues (Continued):				
Intergovernmental Revenue:				
Health grants	2,486,277	2,486,277	1,539,464	(946,813)
Police Inter Gov Reimbursement	225,500	225,500	145,239	(80,261)
Health COVID grants	2,415,722	2,415,722	519,650	(1,896,072)
Opioid settlement	110,000	110,000	79,678	(30,322)
Police/fire training	380,000	380,000	335,650	(44,350)
Police grants/reimbursements	2,063,053	3,291,519	1,242,179	(2,049,340)
Other grants/miscellaneous	3,033,230	3,835,291	1,601,242	(2,234,049)
State aid for pension	5,654,900	5,654,900	7,166,927	1,512,027
Casino fee	4,300,000	4,300,000	3,267,792	(1,032,208)
Fire dept hiring grant	1,390,032	1,390,032	184,162	(1,205,870)
Workforce development Grant	455,076	455,076	560,606	105,530
Total Intergovernmental Revenue	22,513,790	24,544,317	16,642,589	(7,901,728)
Charges for Services:				
Departmental Earnings:				
Tax and municipal certifications	120,000	120,000	100,325	(19,675)
Printing and copier fees	75,000	75,000	101,608	26,608
Street excavation/restoration	118,000	118,000	95,557	(22,443)
Warrants of survey	10,000	10,000	1,504	(8,496)
Vehicle towing agreement	334,800	334,800	292,920	(41,880)
Health bureau services	96,520	96,520	61,189	(35,331)
EMS transit fees	5,750,000	5,750,000	7,234,658	1,484,658
EMS-miscellaneous	20,000	20,000	60,153	40,153
Credit Card Fees	10,000	10,000	6,006	(3,994)
Other charges for service	70,000	70,000	13,310	(56,690)
Police extra duty jobs	300,000	300,000	179,324	(120,676)
Total Departmental Earnings	6,904,320	6,904,320	8,146,554	1,242,234
Municipal Recreation:				
Swimming pool fees	250,000	250,000	258,010	8,010
Recreation fees	92,000	92,000	73,957	(18,043)
Total Municipal Recreation	342,000	342,000	331,967	(10,033)
General Fund Service Charges:				
Other services charges	3,582,152	3,582,152	3,582,152	-
Total General Fund Service Charges	3,582,152	3,582,152	3,582,152	-
Total Charges for Services	10,828,472	10,828,472	12,060,673	1,232,201
Investment Income	1,986,297	1,986,297	3,340,756	1,354,459

(Continued)

CITY OF ALLENTOWN

BUDGETARY COMPARISON SCHEDULE -
BUDGETARY BASIS - GENERAL FUND

YEAR ENDED DECEMBER 31, 2025
(Continued)

	Budgeted Amounts			Variance
	Original Amounts	Final Amounts	Actual Amounts	with Final Budget
Revenues (Continued):				
Other Income:				
Water and Sewer Prior	25,000	25,000	21,076	(3,924)
Pennsylvania Utility Realty tax	80,000	80,000	86,678	6,678
PILOT	160,000	160,000	420,339	260,339
Rental of City property	126,251	126,251	108,810	(17,441)
ANIZDA	129,755	129,755	404,423	274,668
Sale of property	525,000	525,000	508,555	(16,445)
Health Violation Tickets	10,000	10,000	22,310	12,310
Miscellaneous	516,000	516,000	851,060	335,060
Muni claim recovery	275,000	275,000	225,354	(49,646)
Fire Dept. miscellaneous	17,000	17,000	11,330	(5,670)
Lights in Parkway	290,000	290,000	174,201	(115,799)
Recreation/DCED/special events	20,000	20,000	32,181	12,181
RACA Reimbursement	-	-	100,000	100,000
Fire Cost Recovery	-	-	44,963	44,963
Water/Sewer Lease - Annual Sec.3.23	1,119,373	1,119,373	1,119,373	-
Total Other Income	3,293,379	3,293,379	4,130,653	837,274
Total Revenues	151,070,888	153,101,415	141,906,792	(11,194,623)
Expenditures:				
General Government:				
City Council	899,168	787,350	659,009	128,341
Office of the Mayor	968,189	958,673	899,192	59,481
City Controller	280,194	308,297	299,146	9,151
Law	1,415,959	1,742,556	1,623,161	119,395
Total Nondepartmental	3,563,510	3,796,876	3,480,508	316,368
Department of Finance	4,669,776	4,648,192	4,554,277	93,915
Total Department of Finance	4,669,776	4,648,192	4,554,277	93,915
Human Resources	2,027,731	1,855,587	1,601,335	254,252
Total Human Resources	2,027,731	1,855,587	1,601,335	254,252
Management Systems				
Management Director and Information Services	7,093,121	7,328,577	6,601,603	726,974
Total Management Systems	7,093,121	7,328,577	6,601,603	726,974
Total General Government	17,354,138	17,629,232	16,237,723	1,391,509

(Continued)

CITY OF ALLENTOWN

BUDGETARY COMPARISON SCHEDULE -
BUDGETARY BASIS - GENERAL FUND

YEAR ENDED DECEMBER 31, 2025
(Continued)

	Budgeted Amounts			
	Original Amounts	Final Amounts	Actual Amounts	Variance with Final Budget
Expenditures (Continued):				
Public Safety:				
Department of Public Safety:				
Police	48,417,475	51,130,389	47,406,988	3,723,401
Fire	30,359,741	32,191,840	31,361,822	830,018
Communications	1,916,906	1,927,391	1,818,078	109,313
Total Public Safety	80,694,122	85,249,620	80,586,888	4,662,732
Public Works:				
Department of Public Works:				
Director's office	532,411	553,916	482,836	71,080
Engineering	1,853,139	1,860,491	1,519,780	340,711
Building maintenance	4,233,973	4,450,162	3,782,348	667,814
Fleet maintenance operation	5,503,781	5,606,752	4,489,754	1,116,998
Streets	1,090,479	1,255,979	1,131,557	124,422
Traffic planning and control	1,812,706	2,057,495	1,657,726	399,769
Total Public Works	15,026,489	15,784,795	13,064,001	2,720,794
Health and Sanitation:				
Department of Community Development				
Health:	6,828,217	6,525,003	5,883,255	641,748
Total Health and Sanitation	6,828,217	6,525,003	5,883,255	641,748
Parks and Recreation:				
Department of Parks and Recreation:				
Park maintenance	6,224,727	6,503,728	5,748,034	755,694
Recreation	1,216,287	1,211,787	1,071,916	139,871
Swimming pool operation	646,923	574,678	540,375	34,303
Total Parks and Recreation	8,087,937	8,290,193	7,360,325	929,868
Community Development and Planning:				
Department of Community Development:				
Director's office	1,463,121	2,965,086	2,203,057	762,029
Planning and zoning	1,860,010	1,975,978	1,705,670	270,308
Building standards and safety	9,604,925	8,514,873	7,553,251	961,622
Total Community Development and Planning	12,928,056	13,455,937	11,461,978	1,993,959
Capital Outlays	1,803,633	4,194,090	3,851,073	343,017
Total Captial Outlays	1,803,633	4,194,090	3,851,073	343,017
Total Expenditures	142,722,592	151,128,870	138,445,243	12,683,627

(Continued)

CITY OF ALLENTOWN

BUDGETARY COMPARISON SCHEDULE -
BUDGETARY BASIS - GENERAL FUND

YEAR ENDED DECEMBER 31, 2025
(Continued)

	Budgeted Amounts			
	Original Amounts	Final Amounts	Actual Amounts	Variance with Final Budget
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,348,296	1,972,545	3,461,549	1,489,004
Other Financing Sources/(Uses):				
Transfers in:				
Capital Fund	-	-	44,937	44,937
ARPA	-	-	22,452,623	22,452,623
Revolving Loan Fund	-	-	537	537
Transfers out:				
Capital Fund	-	-	(10,074,010)	(10,074,010)
Debt Service Fund	(8,249,219)	(8,249,219)	(8,249,219)	-
Risk Fund	-	-	(336,480)	(336,480)
Liquid Fuels Fund	-	-	(567,951)	(567,951)
Trexler	(108,000)	(108,000)	(115,305)	(7,305)
ARPA	-	-	(20,392,477)	(20,392,477)
Total other financing sources (uses)	(8,357,219)	(8,357,219)	(17,237,345)	(8,880,126)
Net Change in Fund Balance	$ (8,923)	$ (6,384,674)	(13,775,796)	$ (7,391,122)
Net effect of agency fund, other income and expenditure accruals			7,105,972	
Net Change in Fund Balance			(6,669,824)	
Fund Balance:				
Beginning of year			77,940,612	
End of year			$ 71,270,788	

(Concluded)

CITY OF ALLENTOWN

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - AMERICAN RESCUE PLAN FUND

YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			
	Original Amounts	Final Amounts	Actual Amounts	Variance with Final Budget
Revenues:				
ARPA Grant	$ 1,300,000	$ 1,300,000	$ 50,098	$ (1,249,902)
Investment earnings	600,000	600,000	699,979	99,979
Interest Income	10,000	10,000	25,886	15,886
Total revenues	1,910,000	1,910,000	775,963	(1,134,037)
Expenditures:				
Bureau of EMHS	-	-	-	-
Departmental	1,114,526	1,114,526	712,739	401,787
Nondepartmental	4,792,857	4,792,857	2,164,632	2,628,225
Total expenditures	5,907,383	5,907,383	2,877,371	3,030,012
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,997,383)	(3,997,383)	(2,101,408)	1,895,975
Other Financing Sources (Uses):				
Transfers in	-	-	2,003,327	2,003,327
Transfers out	5,524,152	5,524,152	(9,908,225)	(15,432,377)
Total other financing sources (uses)	5,524,152	5,524,152	(7,904,898)	(13,429,050)
Net Change in Fund Balance	$ 1,526,769	$ 1,526,769	(10,006,306)	$(11,533,075)
Net effect of agency fund, other income and expenditure accruals			6,353,914	
Net Change in Fund Balance			(3,652,392)	
Fund Balance:				
Beginning of year			3,290,714	
End of year			$ (361,678)	

CITY OF ALLENTOWN

BUDGETARY COMPARISON SCHEDULE -
BUDGETARY BASIS - COMMUNITY DEVELOPMENT BLOCK GRANT FUND

YEAR ENDED DECEMBER 31, 2025

	Budget			Variance
	Original Amounts	Final Amounts	Actual Amounts	with Final Budget
Revenues:				
Intergovernmental revenues:				
HUD Grant Revenue	$ -	$ 554,775	$ 5,330,984	$ 4,776,209
HUD 108 - Grant Revenue			86,713	86,713
Program revenue	-	-	73,576	73,576
Rental/Rehab loan repayments	-	-	5,817	5,817
State Aid	-	-	60,947	60,947
Program income/home	-	1,600,121	-	(1,600,121)
Repayment to Local Account			120,000	120,000
Total intergovernmental revenues	-	2,154,896	5,678,037	3,523,141
Other income:				
Interest	-	-	76,775	76,775
Total other income	-	-	76,775	76,775
Total revenues	-	2,154,896	5,754,812	3,599,916
Expenditures:				
CDBG:				
Community Development:				
CDBG, Home & ESG	19,253,947	25,098,333	4,426,602	20,671,731
Total CDBG	19,253,947	25,098,333	4,426,602	20,671,731
Total expenditures	19,253,947	25,098,333	4,426,602	20,671,731
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,253,947)	(22,943,437)	1,328,210	(17,071,815)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(48,890)	(48,890)
Total other financing sources (uses)	-	-	(48,890)	(48,890)
Net Change in Fund Balance	$ (19,253,947)	$ (22,943,437)	1,279,320	$ (17,120,705)
Net effect of other income and expenditure accruals			(1,079,708)	
Net Change in Fund Balance			199,612	
Fund Balance:				
Beginning of year			5,578,678	
End of year			$ 5,778,290	

1. Budgetary Basis

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

The City Administration, 75 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 31, 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 $10,000 must be approved by City Council.

2. Adjustment to Convert from Budgetary Basis to GAAP

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

General Fund

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Budgetary basis	$ 164,404,889	$ 178,180,685
Accrual adjustments:		
Receivables:		
Beginning of year	-	-
End of year	13,268,510	-
Due from other funds:		
Beginning of year	-	-
End of year	(19,391,196)	(18,762,558)
Due to other governments		
Beginning of year	-	-
End of year	-	-
Accrued liabilities:		
Beginning of year	-	-
End of year	-	5,533,900
Reclassifications	-	-
GAAP basis	$ 158,282,203	$ 164,952,027

ARPA Fund

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Budgetary basis	$ 2,779,290	$ 12,785,596
Accrual adjustments:		
Due to other funds		
Beginning of year	-	-
End of year	6,515,466	-
Unearned revenues - grants:		
Beginning of year	(161,552)	-
End of year	-	-
GAAP basis	$ 9,133,204	$ 12,785,596

CDBG Fund

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Budgetary basis	$ 5,754,812	$ 4,475,492
Accrual adjustments:		
Grants receivable		
Beginning of year	(2,107,353)	-
End of year	1,366,038	-
Loans receivable		
Beginning of year	-	-
End of year	(177,958)	(247,715)
Accrued liabilities		
Beginning of year	-	(308,516)
End of year	-	791,153
Due to other funds		
Beginning of year	-	-
End of year	74,487	-
GAAP basis	$ 4,910,026	$ 4,710,414

CITY OF ALLENTOWN

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service cost	$ 4,894,713	$ 4,712,349	$ 4,509,424	$ 4,371,591	$ 4,183,341	$ 3,662,083	$ 3,567,206	$ 3,496,148	$ 3,500,391	$ 3,039,127
Interest	19,406,035	18,626,425	18,014,753	17,609,616	16,988,330	15,670,774	15,010,083	14,586,053	14,049,286	13,161,554
Differences between expected and actual experience	2,074,188	-	(2,353,503)	-	5,224,332	1,011,115	(1,518,678)	377,097	4,018,311	(205,379)
Changes of assumptions	-	-	2,847,507	-	8,273,246	-	-	-	-	7,903,467
Benefit payments, including refunds	(15,268,301)	(14,575,340)	(14,128,583)	(13,486,372)	(12,460,263)	(11,811,083)	(11,334,444)	(10,833,661)	(10,700,027)	(10,506,610)
Net Changes in Total Pension Liability	11,106,635	8,763,434	8,889,598	8,494,835	22,208,986	8,532,889	5,724,167	7,625,637	10,867,961	13,392,159
Total Pension Liability - Beginning	$ 266,366,908	257,603,474	248,713,876	240,219,041	218,010,055	209,276,166	203,551,999	195,926,362	185,058,401	171,666,242
Total Pension Liability - Ending (a)	$ 277,473,543	$ 266,366,908	$ 257,603,474	$ 248,713,876	$ 240,219,041	$ 217,809,055	$ 209,276,166	$ 203,551,999	$ 195,926,362	$ 185,058,401
Plan Fiduciary Net Position:										
Contributions - employer	$ 9,746,228	$ 9,407,824	$ 9,254,353	$ 9,318,319	$ 7,884,257	$ 7,918,392	$ 7,046,609	$ 6,924,460	$ 4,341,381	$ 4,216,537
Contributions - member	1,383,802	1,286,804	1,230,499	1,050,124	1,108,736	1,052,012	1,069,615	988,224	931,395	991,017
Net investment income (loss)	36,178,927	26,945,081	27,814,056	(29,019,342)	32,483,053	21,593,429	30,934,769	(7,348,536)	22,256,156	10,741,586
Benefit payments, including refunds	(15,268,301)	(14,575,340)	(14,128,583)	(13,486,372)	(12,460,263)	(11,811,083)	(11,133,444)	(10,833,661)	(10,700,026)	(10,506,610)
Administrative expense	(43,383)	(18,132)	(21,563)	(3,226)	(32,173)	(34,160)	(65,707)	(98,985)	(85,076)	(9,593)
Net Change in Plan Fiduciary Net Position	31,997,273	23,046,237	24,148,762	(32,140,497)	28,983,610	18,718,590	27,851,842	(10,368,498)	16,743,830	5,432,937
Plan Fiduciary Net Position - Beginning	243,455,437	220,409,200	196,260,438	228,400,935	199,417,325	180,698,735	152,846,893	163,215,391	146,471,561	141,038,624
Plan Fiduciary Net Position - Ending (b)	$ 275,452,710	$ 243,455,437	$ 220,409,200	$ 196,260,438	$ 228,400,935	$ 199,417,325	$ 180,698,735	$ 152,846,893	$ 163,215,391	$ 146,471,561
Net Pension Liability - Ending (a-b)	$ 2,020,833	$ 22,911,471	$ 37,194,274	$ 52,453,438	$ 11,818,106	$ 18,391,730	$ 28,577,431	$ 50,705,106	$ 32,710,971	$ 38,586,840
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.27%	91.40%	85.56%	78.91%	95.08%	91.56%	86.34%	75.09%	83.30%	79.15%
Covered Payroll	$ 25,566,220	$ 24,507,715	$ 23,228,196	$ 22,097,635	$ 22,306,245	$ 21,013,019	$ 20,904,708	$ 19,781,764	$ 19,231,733	$ 18,931,433
Net Pension Liability as a Percentage of Covered Payroll	7.90%	93.49%	160.13%	237.37%	52.98%	87.53%	136.70%	256.32%	170.09%	203.82%

See accompanying notes to required supplementary information - pension plans.

CITY OF ALLENTOWN

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - FIREMEN PENSION PLAN

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service cost	$ 2,442,717	$ 2,165,535	$ 2,072,281	$ 2,041,817	$ 1,953,892	$ 1,813,315	$ 1,800,136	$ 1,789,346	$ 1,735,550	$ 1,544,110
Interest	11,296,576	10,466,929	10,223,171	10,084,191	9,828,850	9,607,882	9,388,037	9,292,591	9,101,734	8,940,922
Changes of benefit terms	-	-	178,046	-	-	-	-	-	-	-
Differences between expected and actual experience	7,833,451	-	(1,375,429)	-	367,152	(507,438)	(1,788,062)	(324,574)	(513,486)	(502,487)
Changes of assumptions	-	-	1,497,249	-	1,436,239	-	-	-	-	4,219,884
Benefit payments, including refunds	(9,537,178)	(9,224,481)	(8,880,691)	(8,495,601)	(8,347,280)	(8,222,890)	(8,031,919)	(8,032,161)	(8,011,716)	(8,113,374)
Net Changes in Total Pension Liability	12,035,566	3,407,983	3,714,627	3,630,407	5,238,853	2,690,869	1,368,192	2,725,202	2,312,082	6,089,055
Total Pension Liability - Beginning	$ 149,156,045	145,748,062	142,033,435	138,403,028	133,164,175	130,473,306	129,105,114	126,379,912	124,067,830	117,978,775
Total Pension Liability - Ending (a)	$ 161,191,611	$ 149,156,045	$ 145,748,062	$ 142,033,435	$ 138,403,028	$ 133,164,175	$ 130,473,306	$ 129,105,114	$ 126,379,912	$ 124,067,830
Plan Fiduciary Net Position:										
Contributions - employer	$ 3,214,237	$ 2,996,738	$ 3,857,404	$ 3,841,351	$ 4,107,655	$ 4,063,701	$ 3,779,843	$ 3,714,299	$ 3,068,607	$ 2,965,478
Contributions - member	784,845	775,191	738,443	667,563	769,281	596,751	600,769	537,852	520,536	495,834
Net investment income (loss)	21,349,544	16,548,402	17,094,595	(17,240,451)	20,705,169	13,386,653	19,883,204	(4,686,690)	14,584,721	7,093,225
Benefit payments, including refunds	(9,537,178)	(9,224,481)	(8,880,691)	(8,495,601)	(8,347,280)	(8,222,890)	(8,031,919)	(8,032,161)	(8,011,715)	(8,113,274)
Administrative expense	(12,447)	(2,571)	(11,689)	(1,964)	(12,090)	(10,729)	(11,183)	(78,361)	(85,633)	(9,592)
Net Change in Plan Fiduciary Net Position	15,799,001	11,093,279	12,798,062	(21,229,102)	17,222,735	9,813,486	16,220,714	(8,545,061)	10,076,516	2,431,671
Plan Fiduciary Net Position - Beginning	145,668,274	134,574,995	121,776,933	143,006,035	125,783,300	115,969,814	99,749,100	108,294,161	98,217,645	95,786,074
Plan Fiduciary Net Position - Ending (b)	$ 161,467,275	$ 145,668,274	$ 134,574,995	$ 121,776,933	$ 143,006,035	$ 125,783,300	$ 115,969,814	$ 99,749,100	$ 108,294,161	$ 98,217,745
Net Pension Liability (Asset) - Ending (a-b)	$ (275,664)	$ 3,487,771	$ 11,173,067	$ 20,256,502	$ (4,603,007)	$ 7,380,875	$ 14,503,492	$ 29,356,014	$ 18,085,751	$ 25,850,085
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.17%	97.66%	92.33%	85.74%	103.33%	94.46%	88.88%	77.26%	85.69%	79.16%
Covered Payroll	$ 15,969,011	$ 15,062,806	$ 14,297,002	$ 13,173,304	$ 13,300,238	$ 11,979,474	$ 11,226,704	$ 10,776,923	$ 10,408,858	$ 9,901,453
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-1.73%	23.15%	78.15%	153.77%	-34.61%	61.61%	129.19%	272.40%	173.75%	261.07%

See accompanying notes to required supplementary information - pension plans.

CITY OF ALLENTOWN

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service cost	$ -	$ -	$ -	$ 9,991	$ 9,561	$ 9,877	$ 9,577	$ 9,983	$ 9,614	$ 8,894
Interest	447,173	490,167	542,857	593,625	650,040	733,543	782,628	842,606	917,538	1,010,525
Differences between expected and actual experience	62,784	-	162,309	-	(174,860)	166,473	61,654	(132,092)	(49,185)	278,360
Changes of assumptions	51,007	-	47,364	-	(24,284)	-	-	-	-	294,664
Benefit payments, including refunds	(1,237,487)	(1,333,828)	(1,423,221)	(1,499,098)	(1,582,620)	(1,696,249)	(1,794,179)	(1,877,646)	(2,016,648)	(2,136,355)
Net Changes in Total Pension Liability	(676,523)	(843,661)	(670,691)	(895,482)	(1,122,163)	(786,356)	(940,320)	(1,157,149)	(1,138,681)	(543,912)
Total Pension Liability - Beginning	7,593,494	8,437,155	9,107,846	10,003,328	11,125,491	11,911,847	12,852,167	14,009,316	15,147,997	15,691,909
Total Pension Liability - Ending (a)	$ 6,916,971	$ 7,593,494	$ 8,437,155	$ 9,107,846	$ 10,003,328	$ 11,125,491	$ 11,911,847	$ 12,852,167	$ 14,009,316	$ 15,147,997
Plan Fiduciary Net Position:										
Contributions - employer	$ 154,538	$ 154,538	$ 232,650	$ 232,542	$ 230,757	$ 230,346	$ 203,401	$ 203,427	$ 149,845	$ 149,540
Contributions - member	-	-	950	4,686	4,733	4,485	4,336	4,212	4,073	3,930
Net investment income (loss)	749,177	730,537	849,263	(851,955)	971,892	716,230	1,481,190	(264,012)	1,281,494	647,814
Benefit payments, including refunds	(1,237,487)	(1,333,828)	(1,423,221)	(1,499,098)	(1,582,620)	(1,696,249)	(1,794,179)	(1,877,646)	(2,016,648)	(2,136,355)
Administrative expense	(6,447)	(1,071)	(6,082)	(840)	(6,349)	(10,729)	(11,278)	(64,142)	(68,931)	(9,592)
Net Change in Plan Fiduciary Net Position	(340,219)	(449,824)	(346,440)	(2,114,665)	(381,587)	(755,917)	(116,530)	(1,998,161)	(650,167)	(1,344,663)
Plan Fiduciary Net Position - Beginning	6,722,606	7,172,430	7,518,870	9,633,535	10,015,122	10,771,039	10,887,569	12,885,730	13,535,897	14,880,560
Plan Fiduciary Net Position - Ending (b)	$ 6,382,387	$ 6,722,606	$ 7,172,430	$ 7,518,870	$ 9,633,535	$ 10,015,122	$ 10,771,039	$ 10,887,569	$ 12,885,730	$ 13,535,897
Net Pension Liability - Ending (a-b)	$ 534,584	$ 870,888	$ 1,264,725	$ 1,588,976	$ 369,793	$ 1,110,369	$ 1,140,808	$ 1,964,598	$ 1,123,586	$ 1,612,100
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.27%	88.53%	85.01%	82.55%	96.30%	90.02%	90.42%	84.71%	91.98%	89.36%
Covered Payroll	$ -	$ -	$ 19,527	$ 85,201	$ 86,050	$ 81,552	$ 78,833	$ 76,590	$ 74,062	$ 71,512
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	6476.80%	1864.97%	429.74%	1361.55%	1447.12%	2565.08%	1517.09%	2254.31%

See accompanying notes to required supplementary information - pension plans.

CITY OF ALLENTOWN

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - PMRS PLAN

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service cost	$ 5,036,182	$ 4,375,379	$ 4,145,958	$ 4,092,285	$ 3,643,652	$ 3,246,716	$ 3,247,031	$ 3,134,334	$ 2,885,308	$ 3,121,592
Interest	10,503,742	10,352,945	9,976,244	9,806,530	9,256,599	9,149,791	8,949,043	8,808,742	8,772,091	8,484,310
Differences between expected and actual experience	3,333,277	-	4,630,040	-	937,112	-	1,588,051	-	-	-
Changes of assumptions	(5,559,482)	-	-	-	6,939,844	-	-	-	4,474,139	2,584,899
Transfers	-	-	-	44,974	-	11,956	(82,469)	79,165	1,235,476	-
Benefit payments, including refunds	(12,226,888)	(12,799,407)	(10,838,491)	(10,653,468)	(10,885,534)	(10,647,603)	(9,219,033)	(9,546,663)	(9,172,560)	(8,283,599)
Net Changes in Total Pension Liability	1,086,831	1,928,917	7,913,751	3,290,321	9,891,673	1,760,860	4,482,623	2,475,578	8,194,454	5,907,202
Total Pension Liability - Beginning	201,070,332	199,141,415	191,227,664	187,937,343	178,045,670	176,284,810	171,802,187	169,326,609	161,132,155	155,224,953
Total Pension Liability - Ending (a)	$ 202,157,163	$ 201,070,332	$ 199,141,415	$ 191,227,664	$ 187,937,343	$ 178,045,670	$ 176,284,810	$ 171,802,187	$ 169,326,609	$ 161,132,155
Plan Fiduciary Net Position:										
Contributions - employer	$ 4,506,212	$ 4,399,776	$ 3,668,694	$ 3,377,766	$ 3,258,437	$ 3,252,975	$ 2,648,140	$ 2,630,992	$ 2,240,743	$ 2,230,827
Contributions - member	2,592,617	2,253,842	2,112,959	2,091,457	1,936,561	1,848,891	1,840,181	1,775,180	1,738,658	1,710,952
Net investment income (loss)	17,188,962	19,417,394	(26,612,793)	27,094,029	24,757,115	30,555,108	(5,210,426)	24,702,348	11,603,111	(36,944)
Transfers	-	-	-	44,974	-	11,956	(82,469)	79,165	-	-
Benefit payments, including refunds	(12,226,888)	(12,799,407)	(10,838,491)	(10,653,468)	(10,885,534)	(10,647,603)	(9,219,033)	(9,546,663)	(9,172,560)	(8,283,599)
Administrative expense	(544,569)	(544,819)	(511,793)	(531,573)	(386,945)	(301,821)	(365,857)	(367,920)	(397,521)	(338,130)
Net Change in Plan Fiduciary Net Position	11,516,334	12,726,786	(32,181,424)	21,423,185	18,679,634	24,719,506	(10,389,464)	19,273,102	6,012,431	(4,716,894)
Plan Fiduciary Net Position - Beginning	195,901,033	183,174,247	215,355,671	193,932,486	175,252,852	150,533,346	160,922,810	141,649,708	135,637,277	140,354,171
Plan Fiduciary Net Position - Ending (b)	$ 207,417,367	$ 195,901,033	$ 183,174,247	$ 215,355,671	$ 193,932,486	$ 175,252,852	$ 150,533,346	$ 160,922,810	$ 141,649,708	$ 135,637,277
Net Pension Liability (Asset) - Ending (a-b)	$ (5,260,204)	$ 5,169,299	$ 15,967,168	$ (24,128,007)	$ (5,995,143)	$ 2,792,818	$ 25,751,464	$ 10,879,377	$ 27,676,901	$ 25,494,878
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	102.60%	97.43%	91.98%	112.62%	103.19%	98.43%	85.39%	93.67%	83.65%	84.18%
Covered Payroll	$ 34,488,828	$ 29,963,506	$ 28,139,863	$ 27,746,390	$ 27,531,948	$ 24,532,647	$ 24,535,775	$ 23,651,715	$ 23,169,719	$ 23,067,602
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-15.25%	17.25%	56.74%	-86.96%	-21.78%	11.38%	104.95%	46.00%	119.45%	110.52%

See accompanying notes to required supplementary information - pension plans.

CITY OF ALLENTOWN

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Interest	$ 183,730	$ 188,544	$ 193,043	$ 193,994	$ 198,203	$ 202,439	$ 204,066	$ 203,074	$ 212,438	$ 220,605
Differences between expected and actual experience	43,408	-	49,737	-	(40,512)	-	14,591	-	(11,100)	-
Changes of assumptions	-	-	-	-	221,434	-	-	-	6,096	-
Benefit payments, including refunds	(257,313)	(257,313)	(257,313)	(257,313)	(259,343)	(242,815)	(208,700)	(200,199)	(474,376)	(174,612)
Net Changes in Total Pension Liability	(30,175)	(68,769)	(14,533)	(63,319)	119,782	(40,376)	9,957	2,875	(266,942)	45,993
Total Pension Liability - Beginning	2,753,376	2,822,145	2,836,678	2,899,997	2,780,215	2,820,591	2,810,634	2,807,759	3,074,701	3,028,708
Total Pension Liability - Ending (a)	$ 2,723,201	$ 2,753,376	$ 2,822,145	$ 2,836,678	$ 2,899,997	$ 2,780,215	$ 2,820,591	$ 2,810,634	$ 2,807,759	$ 3,074,701
Plan Fiduciary Net Position:										
Net investment income (loss)	$ 490,107	$ 311,701	$ 438,805	$ (613,603)	$ 417,306	$ 677,131	$ 643,072	$ (111,811)	$ 498,292	$ 246,491
Contributions - member	-	-	-	-	13,202	13,202	9,198	-	-	-
Benefit payments, including refunds	(257,313)	(257,313)	(257,313)	(257,313)	(259,343)	(242,815)	(208,700)	(200,199)	(474,376)	(174,612)
Net Change in Plan Fiduciary Net Position	232,794	54,388	181,492	(870,916)	171,165	447,518	443,570	(312,010)	23,916	71,879
Plan Fiduciary Net Position - Beginning	3,193,616	3,139,228	2,957,736	3,828,652	3,657,487	3,209,969	2,766,399	3,078,409	3,054,493	2,982,614
Plan Fiduciary Net Position - Ending (b)	$ 3,426,410	$ 3,193,616	$ 3,139,228	$ 2,957,736	$ 3,828,652	$ 3,657,487	$ 3,209,969	$ 2,766,399	$ 3,078,409	$ 3,054,493
Net Pension Liability (Asset) - Ending (a-b)	$ (703,209)	$ (440,240)	$ (317,083)	$ (121,058)	$ (928,655)	$ (877,272)	$ (389,378)	$ 44,235	$ (270,650)	$ 20,208
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	125.82%	115.99%	111.24%	104.27%	132.02%	131.55%	113.80%	98.43%	109.64%	99.34%
Covered Payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Pension Liability (Asset) as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

See accompanying notes to required supplementary information - pension plans.

CITY OF ALLENTOWN

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

SCHEDULES OF CITY CONTRIBUTIONS AND INVESTMENT RETURNS

POLICE PENSION PLAN:

Schedule of City Contributions	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution under Act 205	$ 9,746,228	$ 9,407,824	$ 9,254,353	$ 9,318,319	$ 7,884,257	$ 7,918,392	$ 7,046,609	$ 6,924,460	$ 4,341,381	$ 4,216,537
Contributions in relation to the actuarially determined contributions	9,746,228	9,407,824	9,254,353	9,318,319	7,884,257	7,918,392	7,046,609	6,924,460	4,341,381	4,216,537
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 25,566,220	$ 24,507,715	$ 23,228,196	$ 22,097,635	$ 22,306,245	$ 21,013,019	$ 20,904,708	$ 19,718,764	$ 19,231,733	$ 18,931,433
Contributions as a percentage of covered payroll	38.12%	38.39%	39.84%	42.17%	35.35%	37.68%	33.71%	35.12%	22.57%	22.27%
Investment Returns										
Annual money-weighted rate of return, net of investment expense	15.11%	12.40%	14.40%	-12.77%	15.20%	7.40%	18.55%	-4.65%	15.20%	7.30%

FIREMEN PENSION PLAN:

Schedule of City Contributions	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution under Act 205	$ 3,214,237	$ 2,996,738	$ 3,857,404	$ 3,841,351	$ 4,107,655	$ 4,063,701	$ 3,779,843	$ 3,714,299	$ 3,068,607	$ 2,965,478
Contributions in relation to the actuarially determined contributions	3,214,237	2,996,738	3,857,404	3,841,351	4,107,655	4,063,701	3,779,843	3,714,299	3,068,607	2,965,478
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 15,969,011	$ 15,062,806	$ 14,297,002	$ 13,173,304	$ 13,300,238	$ 11,979,474	$ 11,266,704	$ 10,776,923	$ 10,408,858	$ 9,901,453
Contributions as a percentage of covered payroll	20.13%	19.89%	26.98%	29.16%	30.88%	33.92%	33.55%	34.47%	29.48%	29.95%
Investment Returns										
Annual money-weighted rate of return, net of investment expense	15.02%	12.57%	14.38%	-12.19%	15.40%	7.40%	13.68%	-4.51%	14.80%	7.10%

See accompanying notes to required supplementary information - pension plans.

CITY OF ALLENTOWN

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

SCHEDULES OF CITY CONTRIBUTIONS AND INVESTMENT RETURNS

OFFICERS AND EMPLOYEES PENSION PLAN:

Schedule of City Contributions	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution under Act 205	$ 154,538	$ 154,538	$ 232,650	$ 232,542	$ 230,757	$ 230,346	$ 203,401	$ 203,427	$ 149,845	$ 149,540
Contributions in relation to the actuarially determined contributions	154,538	154,538	232,650	232,542	230,757	230,346	203,401	203,427	149,845	149,540
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ -	$ -	$ 19,527	$ 85,201	$ 86,050	$ 81,552	$ 78,833	$ 76,590	$ 74,062	$ 71,512
Contributions as a percentage of covered payroll	N/A	N/A	1191.43%	272.93%	268.17%	282.45%	258.02%	265.61%	202.32%	209.11%
Investment Returns										
Annual money-weighted rate of return, net of investment expense	12.21%	11.10%	12.40%	-9.37%	9.90%	6.40%	13.68%	-2.22%	9.50%	4.80%

PMRS PLAN:

Schedule of City Contributions	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution under Act 205	$ 4,504,552	$ 4,398,096	$ 3,667,714	$ 3,376,666	$ 3,257,977	$ 3,252,315	$ 2,647,644	$ 2,629,868	$ 2,239,534	$ 2,229,106
Contributions in relation to the actuarially determined contributions	4,506,212	4,399,776	3,668,694	3,377,766	3,258,437	3,252,975	2,648,140	2,630,992	2,240,743	2,230,827
Contribution deficiency (excess)	$ (1,660)	$ (1,680)	$ (980)	$ (1,100)	$ (460)	$ (660)	$ (496)	$ (1,124)	$ (1,209)	$ (1,721)
Covered payroll	$ 36,855,229	$ 34,488,828	$ 29,963,506	$ 28,139,863	$ 27,746,390	$ 27,531,948	$ 24,532,647	$ 24,535,775	$ 23,651,715	$ 23,169,719
Contributions as a percentage of covered payroll	12.23%	12.76%	12.24%	12.00%	11.74%	11.82%	10.79%	10.72%	9.47%	9.63%

See accompanying notes to required supplementary information - pension plans.

CITY OF ALLENTOWN

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

SCHEDULES OF PARKING AUTHORITY CONTRIBUTIONS AND INVESTMENT RETURNS

PARKING AUTHORITY PENSION PLAN:

Schedule of Parking Authority Contributions	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution under Act 205	$ -	$ -	$ -	$ -	$ 13,202	$ 13,202	$ 4,313	$ -	$ -	$ -
Contributions in relation to the actuarially determined contributions	-	-	-	-	13,202	13,202	9,198	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ (4,885)	$ -	$ -	$ -
Covered payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Investment Returns										
Annual money-weighted rate of return, net of investment expense	N/A	N/A	N/A	N/A	N/A	N/A	14.17%	-3.75%	17.69%	8.50%

See accompanying notes to required supplementary information - pension plans.

1. Actuarial Methods and Assumptions

Primary Government

The information presented in the required supplementary information was determined as part of the actuarial valuations at the dates indicated. Methods and assumptions used to determine contribution rates for the Police, Firemen, and Officers and Employees Pension Plans under Act 205 for the year ended December 31, 2025 are as follows:

	Police	Firemen	Officers and Employees
Valuation date	1/1/2025	1/1/2025	1/1/2025
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level dollar closed period	Level dollar closed period	Level dollar closed period
Amortization period	11 years	13 years	1 year
Asset valuation method	*Five-year smoothed market 80%/120% corridor around market		
Actuarial assumptions:			
Investment rate of return	7.30%	7.30%	6.30%
Projected salary increases	4.50%	4.50%	4.50%
Mortality - Healthy Lives:	Blue Collar Adjusted RP-2000 Combined Health Mortality Table		Pub-2016(B) General Healthy Annuitant Below-Median Table
Mortality - Disability Lives:	RP-2000 Disabled Mortality Table		
Cost of Living Adjustment	2.4% per year upon eligibility to receive a COLA		0%

Changes in Actuarial Assumptions

The following assumptions were changed from the January 1, 2023 actuarial valuation to the January 1, 2025 actuarial valuation:

Police and Fire

None

Officers and Employees

The mortality table was changed from RP-2000 Combined Mortality Table projected generationally using 50% of Scale AA to Pub-2016(B) General Healthy Annuitant Below-Median Table projected generationally using 50% of Scale MP-2021.

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

Police and Fire

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

Officers and Employees

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

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

Police

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

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

Fire and Officers and Employees

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

Officer's and Employees

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

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

Methods and assumptions used to determine the contribution rate required under Act 205 for the PMRS Pension Plan for the year ended December 31, 2025 are as follows:

Valuation date	1/1/2023
Actuarial cost method	Entry Age
Amortization method	Level dollar closed period
Amortization period	Based upon Amortization Tables in Act 205
Asset valuation method	Based Upon municipal reserves
Actuarial assumptions:	
Investment rate of return	5.25%
Projected salary increases	Age related scale with merit and inflation component
Underlying inflation rate	2.20%
Cost-of-living adjustment	2.20%
Pre-retirement mortality	Males: PUB-2010 General Employees male table
	Females: PUB-2010 General Employees female table
Post-retirement mortality	Males: RP-2006 annuitant male table
	Females: RP-2006 annuitant female table

Changes in Actuarial Assumptions

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

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

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

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

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

The December 31, 2024, Investment Return Assumption for municipal assets increased from 5.25% to 5.50%.

Discretely Presented Component Unit

Parking Authority	
Valuation date	1/1/2025
Actuarial cost method	Entry Age Normal
Investment rate of return	7.00% per annum
Salary increases	None assumed
Pre-retirement mortality	None
Post-retirement mortality	PubG-2010 Healthy Retiree Mortality projected 5 years past 2021 valuation date
Termination	None
Disability	None
Retirement age	Normal retirement age or age on valuation, if greater
Significant plan changes	None
Significant assumption changes	None

Changes in Assumptions

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

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

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

CITY OF ALLENTOWN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
AND RELATED RATIOS

	2025*	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service cost	$ 5,769,891	$ 4,292,201	$ 5,571,228	$ 5,069,955	$ 3,861,863	$ 3,238,776	$ 3,502,641	$ 2,976,784
Interest	3,687,050	3,639,284	2,257,745	2,310,087	2,558,747	3,710,197	3,217,857	3,206,665
Differences between expected and actual experience	-	(6,439,134)	-	(3,118,203)	-	(1,154,202)	-	(1,722,009)
Changes in assumptions	(7,536,878)	17,498,319	(14,355,682)	1,264,179	12,952,367	692,815	(4,924,689)	9,034,134
Benefit payments	(4,901,874)	(4,013,771)	(5,191,290)	(5,094,104)	(3,698,334)	(4,105,453)	(5,315,182)	(4,780,529)
Net Changes in Total OPEB Liability	(2,981,811)	14,976,899	(11,717,999)	431,914	15,674,643	2,382,133	(3,519,373)	8,715,045
Total OPEB Liability - Beginning	112,669,177	97,692,278	109,410,277	108,978,363	93,303,720	90,921,587	94,440,960	85,725,915
Total OPEB Liability - Ending	$ 109,687,366	$ 112,669,177	$ 97,692,278	$ 109,410,277	$ 108,978,363	$ 93,303,720	$ 90,921,587	$ 94,440,960
Plan Fiduciary Net Position:								
Contributions - employer	$ 4,901,874	$ 4,013,771	$ 5,191,290	$ 5,094,104	$ 3,698,334	$ 4,105,453	$ 5,315,182	$ 4,780,529
Benefit payments, including employee refunds	(4,901,874)	(4,013,771)	(5,191,290)	(5,094,104)	(3,698,334)	(4,105,453)	(5,315,182)	(4,780,529)
Net Changes	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning **	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending **	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total OPEB Liability - Ending	$ 109,687,366	$ 112,669,177	$ 97,692,278	$ 109,410,277	$ 108,978,363	$ 93,303,720	$ 90,921,587	$ 94,440,960
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0.00%	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 full 10-year trend is compiled, the City is presenting information for those years only for which information is available.

** There are no assets accumulated in a trust.

See accompanying notes to required supplementary information - OPEB plan

CITY OF ALLENTOWN

REQUIRED SUPPLEMENTARY INFORMATION

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

	2025*	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service cost	$ -	$ -	$ -	$ -	$ -	$ 11,424	$ 10,881	$ 30,445
Interest	20,823	25,606	28,787	31,994	35,937	51,049	53,092	72,054
Changes in Benefits	-	-	-	-	-	-	(177,069)	-
Differences between expected and actual experience	(1,021)	-	6,622	-	(17,633)	-	(146,934)	-
Changes in assumptions	29,609	-	19,503	-	(107,508)	-	(13,625)	-
Benefit payments	(110,374)	(112,675)	(99,773)	(95,406)	(119,809)	(126,879)	(70,233)	(52,464)
Net Changes in Total OPEB Liability	(60,963)	(87,069)	(44,861)	(63,412)	(209,013)	(64,406)	(343,888)	50,035
Total OPEB Liability - Beginning	434,073	521,142	566,003	629,415	838,428	902,834	1,246,722	1,196,687
Total OPEB Liability - Ending	$ 373,110	$ 434,073	$ 521,142	$ 566,003	$ 629,415	$ 838,428	$ 902,834	$ 1,246,722
Plan Fiduciary Net Position:								
Contributions - employer	$ 110,374	$ 112,675	$ 99,773	$ 95,406	$ -	$ 25,000	$ 25,000	$ 25,000
Contributions - member	-	-	-	-	-	-	-	-
Net investment income	65,915	47,511	54,621	(64,906)	45,209	43,219	47,673	(13,459)
Benefit payments, including employee refunds	(110,374)	(112,675)	(99,773)	(95,406)	-	-	-	-
Administrative expense	(543)	(491)	(440)	-	-	-	-	-
Net Changes	65,372	47,020	54,181	(64,906)	45,209	68,219	72,673	11,541
Plan Fiduciary Net Position - Beginning	524,787	477,767	423,586	488,492	443,283	375,064	302,391	290,850
Plan Fiduciary Net Position - Ending	$ 590,159	$ 524,787	$ 477,767	$ 423,586	$ 488,492	$ 443,283	$ 375,064	$ 302,391
Net OPEB Liability (Asset) - Ending	$ (217,049)	$ (90,714)	$ 43,375	$ 142,417	$ 140,923	$ 395,145	$ 527,770	$ 944,331
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	158.20%	120.90%	91.68%	74.84%	77.61%	52.87%	41.54%	24.30%

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

See accompanying notes to required supplementary information - OPEB plan

1. Actuarial Methods and Assumptions

Discount rate:	4.08% per annum for the valuation measured as of December 31, 2024 3.26% for the valuation measured as of December 31, 2023	
Expected return on assets	N/A	
Salary increase assumptions (with merit)		
Police and Fire	4.5% per year	
PMRS	Based on age and service Added to the aged-based rates are 3% for each of the first 2 years of service, 2% for years 3 and 4, and 1% for years 5 and 6.	
Healthcare cost trends:	2024 7.00%	2035 4.25%
	2025 6.75%	2036 4.13%
	2026 6.50%	2037 4.07%
	2027 6.25%	2038 4.03%
	2028 6.00%	2039 4.00%
	2029 5.76%	2040 3.98%
	2030 5.51%	2041 3.96%
	2031 5.26%	2042 3.95%
	2032 5.02%	2043 3.89%
	2033 4.77%	2044 3.83%
	2034 4.45%	
Retirement rates:		
Police:	Based on years of service starting at 20	
Fire:	Immediately upon attainment of age 62 with 20 years of service, if younger than 62, a select and ultimate table with increasing rates	
O&E	Participants eligible for retirement under age 58 will delay retirement until age 58. Participants aged 58 or older and eligibile for retirement are assumed to retire immediately.	

Rates of Mortality:	
Police, Fire and Non-PMRS O&E	
Healthy Mortality:	Blue collar adjusted RP 2000 with projected generationally from base year 2000 using 50% of Scale AA
Disabled Mortality:	RP 2000 disabled mortality table
PMRS	
Healthy Mortality, Pre-Retirement:	Males: PUB-2010 General employees'' male table projected to 2023 MP-2018
	Females: PUB-2010 General employees' female table projected to 2023 with MP-2018
	Males: RP-2006 annuitant male table projected to 2023 with MP-2018
Healthy Mortality, Post-Retirement:	
	Females: RP-2006 annuitant female table projected to 2023 with MP-
Disabled Mortality:	Male and females: RP-2006 disabled annuitant male and female table projected to 2023 with MP-2018

Changes in Assumptions

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

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

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

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

Parking Authority	
Valuation date	1/1/2025
Actuarial cost method	Entry Age Normal
Discount rate	5.50%
Salary increases	5% compounded annually
Inflation	2.41%
Healthcare cost trends	Initial rate of 19.78% in fiscal year 2025 based on actual COBRA rate increase, 6.75% in 2026 reduced by 0.25% per year thereafter to ultimate trend of 5.0% per year.
Dental Inflation	5.0% in 2025 and 2% per year thereafter
Pre-retirement mortality	None
Post-retirement mortality	PubG-2010 General Amount Weighted mortality Tables for Healthy Retirees projected to 5 uears past the valuation date using Scale MP-2021
Termination	None
Disability	None
Retirement age	Minimum of 20 years of service and be a minimum of age 54 by January 1 ,2019 to be eligible for OPEB. Must be actively employed to age 55 to be eligible. All other actives are not eligible for OPEB.
Participation	100% of management retirees. 0% spouses and dependents

Changes in Assumptions

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

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

SUPPLEMENTARY INFORMATION

CITY OF ALLENTOWN

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2025

	Special Revenue Funds							
Assets	Liquid Fuels	Revolving Loan	Trexler	Grants	Lease A.O.	Stormwater	Debt Service	Total Nonmajor Governmental Funds
Cash and cash equivalents	$ 4,248,847	$ 1,906,811	$ 1,595,590	$ 1,055,841	$ 360,686	$ 3,160,669	$ -	$ 12,328,444
Cash - resctricted	-	-	-	-	797,448	-	-	797,448
Receivables:								
Loans	-	-	-	-	-	-	-	-
Accounts	-	-	11,363	-	94,694	932,465	-	1,038,522
Grants	-	-	439,506	143,924	-	-	-	583,430
Total Assets	$ 4,248,847	$ 1,906,811	$ 2,046,459	$ 1,199,765	$ 1,252,828	$ 4,093,134	$ -	$ 14,747,844
Liabilities and Fund Balance								
Liabilities:								
Accounts payable	$ 9,567	$ -	$ 100,493	$ 1,084,763	$ -	$ 77,368	$ -	$ 1,272,191
Wages payable	49,316	-	16,460	38,555	-	75,061	-	179,392
Due to other funds	-	1,320	-	34,138	679,391	-	-	714,849
Other liabilities	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	42,309	-	-	-	42,309
Total Liabilities	58,883	1,320	116,953	1,199,765	679,391	152,429	-	2,208,741
Fund Balance:								
Restricted	4,189,964	1,905,491	1,929,506	-	573,437	3,940,705	-	12,539,103
Total Fund Balance	4,189,964	1,905,491	1,929,506	-	573,437	3,940,705	-	12,539,103
Total Liabilities, and Fund Balance	$ 4,248,847	$ 1,906,811	$ 2,046,459	$ 1,199,765	$ 1,252,828	$ 4,093,134	$ -	$ 14,747,844

CITY OF ALLENTOWN

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

YEAR ENDED DECEMBER 31, 2025

	Special Revenue Funds							
	Liquid Fuels	Revolving Loan	Trexler	Grants	Lease/A.O.	Stormwater	Debt Service	Total Nonmajor Governmental Funds
Revenues:								
Investment earnings	$ 134,321	$ 94,859	$ 7,604	$ -	$ 18,642	$ 133,002	$ -	$ 388,428
Intergovernmental revenues	3,368,099	-	1,971,991	2,604,249	-	263,294	-	8,207,633
Charges for services	-	-	-	-	-	5,871,316	-	5,871,316
Other	137,886	-	38,465	-	929,393	-	-	1,105,744
Total revenues	3,640,306	94,859	2,018,060	2,604,249	948,035	6,267,612	-	15,573,121
Expenditures:								
Current:								
General government	-	-	-	2,654,249	-	-	-	2,654,249
Community development	-	-	-	-	-	-	-	-
Public works	3,475,274	-		-	-	5,308,095	-	8,783,369
Parks and recreation	-	-	1,358,765	-	-	-	-	1,358,765
Debt service:							-	
Principal	-	-	-	-	455,000	-	6,525,000	6,980,000
Interest	-	-	-	-	213,319	-	1,786,091	1,999,410
Capital outlay	263,603	-	58,406	-	-	197,616	-	519,625
Total expenditures	3,738,877	-	1,417,171	2,654,249	668,319	5,505,711	8,311,091	22,295,418
Excess (Deficiency) of Revenues Over (Under) Expenditures	(98,571)	94,859	600,889	(50,000)	279,716	761,901	(8,311,091)	(6,722,297)
Other Financing Sources (Uses):								
Transfers in	567,951	-	115,305	-	-	-	8,311,091	8,994,347
Transfers out	(61,872)	(537)	(778,342)	-	(430,788)	(665,143)	-	(1,936,682)
Total other financing sources (uses)	506,079	(537)	(663,037)	-	(430,788)	(665,143)	8,311,091	7,057,665
Net Change in Fund Balance	407,508	94,322	(62,148)	(50,000)	(151,072)	96,758	-	335,368
Fund Balance:								
Beginning of year	3,782,456	1,811,169	1,991,654	50,000	724,509	3,843,947	-	12,203,735
End of year	$ 4,189,964	$ 1,905,491	$ 1,929,506	$ -	$ 573,437	$ 3,940,705	$ -	$ 12,539,103

CITY OF ALLENTOWN

BUDGETARY COMPARISON SCHEDULE -
BUDGETARY BASIS - CAPITAL PROJECTS FUND

YEAR ENDED DECEMBER 31, 2025

	Budget			Variance
	Original Amounts	Final Amounts	Actual Amounts	with Final Budget
Revenues:				
Charges for services	$ -	$ -	$ 39,744	$ 39,744
Intergovernmental	-	15,337,811	11,113,695	(4,224,116)
Interest	-	-	416,942	416,942
Other	-	-	2,381	2,381
Total revenues	-	15,337,811	11,572,762	(3,765,049)
Expenditures:				
Capital outlay	88,341,544	105,002,604	16,003,653	88,998,951
Total expenditures	88,341,544	105,002,604	16,003,653	88,998,951
Excess (Deficiency) of Revenues Over (Under) Expenditures	(88,341,544)	(89,664,793)	(4,430,891)	85,233,902
Other Financing Sources (Uses):				
Transfers in	-	96,000	10,897,288	10,801,288
Total other financing sources (uses)	-	96,000	10,897,288	10,801,288
Net Change in Fund Balance	$ (88,341,544)	$ (89,568,793)	6,466,398	$ 96,035,190
Net effect of other income and expenditure accruals			2,796,981	
Net Change in Fund Balance			9,263,379	
Fund Balance:				
Beginning of year			5,008,177	
End of year			$ 14,271,556	

CITY OF ALLENTOWN

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - DEBT SERVICE FUND

YEAR ENDED DECEMBER 31, 2025

	Budget			Variance
	Original Amounts	Final Amounts	Actual Amounts	with Final Budget
Expenditures:				
Current:				
Debt service - principal	$ 6,586,872	$ 6,586,872	$ 6,525,000	$ 61,872
Debt service - interest	1,786,091	1,786,091	1,786,091	-
Total expenditures	8,372,963	8,372,963	8,311,091	61,872
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,372,963)	(8,372,963)	(8,311,091)	61,872
Other Financing Sources (Uses):				
Transfers in	8,372,963	8,372,963	8,311,091	(61,872)
Total other financing sources (uses)	8,372,963	8,372,963	8,311,091	(61,872)
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

BUDGETARY COMPARISON SCHEDULE -
BUDGETARY BASIS - LIQUID FUELS FUND

YEAR ENDED DECEMBER 31, 2025

	Budget Original Amounts	Budget Final Amounts	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental revenues:				
PA Liquid Fuels Tax	$ 3,000,000	$ 3,000,000	$ 3,168,129	$ 168,129
State aid for pension	150,000	150,000	199,970	49,970
Total intergovernmental revenues	3,150,000	3,150,000	3,368,099	218,099
Other income:				
Interest income	55,000	55,000	134,322	79,322
Miscellaneous	127,859	127,859	137,886	10,027
Transfer from General Fund	-	567,951	567,951	-
Total other income	182,859	750,810	840,159	89,349
Total revenues	3,332,859	3,900,810	4,208,258	307,448
Expenditures:				
Public Works:				
Department of Public Works:				
Streets	3,978,412	3,978,412	3,458,880	(519,532)
Capital Outlay	270,000	640,545	263,603	(376,942)
Total expenditures	4,248,412	4,618,957	3,722,483	(896,474)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(915,553)	(718,147)	485,775	1,203,922
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(61,872)	(61,872)	(61,872)	-
Total other financing sources (uses)	(61,872)	(61,872)	(61,872)	-
Net Change in Fund Balance	$ (977,425)	$ (780,019)	423,903	$ 1,203,922
Net effect of other income and expenditure accruals			(16,395)	
Net Change in Fund Balance			407,508	
Fund Balance:				
Beginning of year			3,782,456	
End of year			$ 4,189,964	

CITY OF ALLENTOWN

BUDGETARY COMPARISON SCHEDULE -
BUDGETARY BASIS - TREXLER FUND

YEAR ENDED DECEMBER 31, 2025

	Budget			Variance
	Original Amounts	Final Amounts	Actual Amounts	with Final Budget
Revenues:				
Intergovernmental revenues:				
Trexler Maintenance grant	$ 1,800,000	$ 1,921,750	$ 1,458,496	$ (463,254)
Springwood Trust	25,000	25,000	27,102	2,102
Romper Day Grant	2,000	2,000	2,000	-
State aid for pension	60,000	60,000	71,989	11,989
Total intergovernmental revenues	1,887,000	2,008,750	1,559,587	(449,163)
Other income:				
Interest on investments	1,500	1,500	7,604	6,104
Total other income	1,500	1,500	7,604	6,104
Total revenues	1,888,500	2,010,250	1,567,191	(443,059)
Expenditures:				
Parks and Recreation:				
Department of Parks and Recreation:				
Grounds maintenance	1,313,947	1,403,744	1,368,039	35,705
Springwood Trust	25,000	43,186	41,019	2,167
Capital outlay	-	-	-	-
Total expenditures	1,338,947	1,446,930	1,409,058	37,872
Excess (Deficiency) of Revenues Over (Under) Expenditures	549,553	563,320	158,133	(405,187)
Other Financing Sources (Uses):				
Transfers in	108,000	108,000	115,305	7,305
Transfers out	(540,000)	-	(778,342)	(778,342)
Total other financing sources (uses)	(432,000)	108,000	(663,037)	(771,037)
Net Change in Fund Balance	$ 117,553	$ 671,320	(504,904)	$ (1,176,224)
Net effect of other income and expenditure accruals			442,756	
Net Change in Fund Balance			(62,148)	
Fund Balance:				
Beginning of year			1,991,654	
End of year			$ 1,929,506	

CITY OF ALLENTOWN

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - GRANTS FUND

YEAR ENDED DECEMBER 31, 2025

	Budget			Variance
	Original Amounts	Final Amounts	Actual Amounts	with Final Budget
Revenues:				
Intergovernmental revenues:				
Other grants	$ -	$ -	$ 50,000	$ 50,000
Federal Funds	20,500,000	20,500,000	920,412	(19,579,588)
State funds	1,834,882	8,261,585	1,532,222	(6,729,363)
Total revenues	22,334,882	28,761,585	2,502,634	(26,258,951)
Expenditures:				
Non-departmental	6,423,812	11,423,812	557,691	10,866,121
Police	43,606	43,606	-	43,606
Community development	21,504,917	22,931,620	2,064,436	20,867,184
				-
Total expenditures	27,972,335	34,399,038	2,622,127	31,776,911
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,637,453)	(5,637,453)	(119,493)	5,517,960
Other Financing Sources (Uses):				
Issuance of long-term debt				
Transfers in	$ -	$ -	$ -	$ -
Transfers out	(3,368)	(3,368)	-	3,368
Total other financing sources (uses)	(3,368)	(3,368)	-	3,368
Net Change in Fund Balance	$ (5,640,821)	$ (5,640,821)	(119,493)	$ 5,521,328
Net effect of other income and expenditure accruals			69,493	
Net Change in Fund Balance			(50,000)	
Fund Balance:				
Beginning of year			50,000	
End of year			$ -	

CITY OF ALLENTOWN

BUDGETARY COMPARISON SCHEDULE -
BUDGETARY BASIS - STORMWATER FUND

YEAR ENDED DECEMBER 31, 2025

	Budget Original Amounts	Budget Final Amounts	Actual Amounts	Variance with Final Budget
Revenues:				
Interest	$ 70,000	$ 70,000	$ 133,003	$ 63,003
State aid for pension	175,000	175,000	263,294	88,294
Stormwater fee	5,809,387	5,809,387	5,801,838	(7,549)
Collection fees - prior years	5,000	5,000	6,712	1,712
Total revenues	6,059,387	6,059,387	6,204,847	145,460
Expenditures:				
Stormwater:				
Department of Public Works:				
Compliance	2,367,723	2,451,379	2,092,098	359,281
Maintenance	3,717,045	3,716,560	3,475,674	240,886
Capital outlay	1,365,680	1,365,680	402,522	963,158
Total expenditures	7,450,448	7,533,619	5,970,294	1,563,325
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,391,061)	(1,474,232)	234,553	1,708,785
Other Financing Sources (Uses):				
Transfers out	(166,871)	(166,871)	(166,871)	-
Total other financing sources (uses)	(166,871)	(166,871)	(166,871)	-
Net Change in Fund Balance	$ (1,557,932)	$ (1,641,103)	67,682	$ 1,708,785
Net effect of other income and expenditure accruals			29,076	
Net Change in Fund Balance			96,758	
Fund Balance:				
Beginning of year			3,843,947	
End of year			$ 3,940,705	

CITY OF ALLENTOWN

BUDGETARY COMPARISON SCHEDULE -
BUDGETARY BASIS - A.O. FUND

YEAR ENDED DECEMBER 31, 2025

	Budget Original Amounts	Budget Final Amounts	Actual Amounts	Variance with Final Budget
Revenues:				
Service charge fee collection	866,240	$ 866,240	$ 932,966	$ 66,726
Interest income	15,000	15,000	18,643	3,643
Total revenues	881,240	881,240	951,609	70,369
Expenditures:				
General government	1,780	1,780	-	(1,780)
Debt service - principal	643,000	643,000	455,000	(188,000)
Debt service - interest	223,240	223,240	213,319	(9,921)
Total expenditures	868,020	868,020	668,319	(199,701)
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,220	13,220	283,290	270,070
Other Financing Sources (Uses):				
Transfers out	(250,000)	(250,000)	(430,788)	(180,788)
Total other financing sources (uses)	(250,000)	(250,000)	(430,788)	(180,788)
Net Change in Fund Balance	$ (236,780)	$ (236,780)	(147,498)	$ 89,282
Net effect of other income and expenditure accruals			(3,574)	
Net Change in Fund Balance			(151,072)	
Fund Balance:				
Beginning of year			724,509	
End of year			$ 573,437	

STATISTICAL SECTION

CITY OF ALLENTOWN

STATISTICAL SECTION

YEAR ENDED DECEMBER 31, 2025

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

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net Investment in Capital Assets	$ 151,528,530	$ 189,628,005	$ 189,787,321	$ 202,001,108	$ 195,284,967	$ 194,860,192	$ 208,494,648	$ 222,864,048	$ 225,384,802	$ 248,326,290
Restricted	8,538,881	9,034,864	16,159,253	16,770,597	35,172,694	22,128,770	38,179,493	19,587,992	20,258,521	35,719,090
Unrestricted	(248,954,870)	(297,490,757)	(361,236,456)	(362,991,592)	(370,779,551)	(326,619,440)	(331,607,921)	(289,262,781)	(257,751,246)	(270,120,237)
Total governmental activities net position	(88,887,459)	(98,827,888)	(155,289,882)	(144,219,887)	(140,321,890)	(109,630,478)	(84,933,780)	(46,810,741)	(12,107,923)	13,925,143
Business - type activities										
Net Investment in Capital Assets	4,971,644	5,512,206	5,368,849	5,202,335	4,993,363	4,587,722	4,790,708	4,663,515	4,536,760	5,085,920
Restricted	-	-	-	-	-	-	2,356,451	-	-	502,437
Unrestricted	4,864,161	5,388,229	492,583	(822,631)	(1,275,950)	(142,461)	(2,318,195)	(739,526)	(1,010,209)	(1,509,445)
Total business - type activities net position	9,835,805	10,900,435	5,861,432	4,379,704	3,717,413	4,445,261	4,828,964	3,923,989	3,526,551	4,078,912
Primary government										
Net Investment in Capital Assets	156,500,174	195,140,211	195,156,170	207,203,443	200,278,330	199,447,914	213,285,356	227,527,563	229,921,562	253,412,210
Restricted	8,538,881	9,034,864	16,159,253	16,770,597	35,172,694	22,128,770	40,535,944	19,587,992	20,258,521	36,221,527
Unrestricted	(244,090,709)	(292,102,528)	(360,743,873)	(363,814,223)	(372,055,501)	(326,761,901)	(333,926,116)	(290,002,307)	(258,761,455)	(271,629,682)
Total primary government activities net position	$ (79,051,654)	$ (87,927,453)	$ (149,428,450)	$ (139,840,183)	$ (136,604,477)	$ (105,185,217)	$ (80,104,816)	$ (42,886,752)	$ (8,581,372)	$ 18,004,055

CITY OF ALLENTOWN, PENNSYLVANIA

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental Activities:										
General government	$ 14,922,641	$ 14,870,717	$ 17,862,356	$ 16,641,885	$ 11,517,854	$ 6,611,752	$ 7,941,408	$ 19,774,490	$ 27,118,733	$ 20,140,088
Public safety	65,369,233	67,712,399	70,750,446	65,999,897	57,119,662	59,873,132	76,935,181	75,340,455	84,267,111	84,023,534
Community development	9,774,957	8,735,099	11,768,151	11,243,886	11,034,659	12,848,615	11,976,945	12,105,757	13,342,011	14,376,704
Public works	21,801,546	21,464,580	21,858,634	20,916,551	29,650,419	25,355,126	25,762,632	27,886,830	28,392,246	31,047,143
Health and sanitation	3,276,428	3,527,955	3,374,484	3,814,779	4,390,225	5,252,669	5,041,372	5,390,518	5,736,491	6,053,812
Parks and recreation	6,622,705	6,806,202	6,623,619	7,411,353	7,166,384	7,301,167	7,565,946	8,804,127	9,934,677	10,312,335
Other	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	4,964,746	4,601,557	4,341,979	4,812,958	4,609,638	4,778,424	5,341,686	4,893,201	4,710,835	4,517,592
Total governmental activities expenses	126,732,256	127,718,509	136,579,669	130,841,309	125,488,841	122,020,885	140,565,170	154,195,378	173,502,104	170,471,208
Business - type activities:										
Water fund	-	-	-	-	-	-	-	-	-	-
Sewer fund	-	-	-	-	-	-	-	-	-	-
Solid waste fund	14,590,672	14,377,533	14,389,435	15,701,270	15,009,176	14,671,002	14,507,693	15,705,233	16,791,177	22,879,583
Municipal golf course	1,207,239	1,259,924	1,230,688	1,225,306	1,156,632	1,350,574	1,151,143	1,624,036	1,728,964	1,827,144
Total business - type activities expenses	15,797,911	15,637,457	15,620,123	16,926,576	16,165,808	16,021,576	15,658,836	17,329,269	18,520,141	24,706,727
Total primary government expenses	$ 142,530,167	$ 143,355,966	$ 152,199,792	$ 147,767,885	$ 141,654,649	$ 138,042,461	$ 156,224,006	$ 171,524,647	$ 192,022,245	$ 195,177,935
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 4,452,307	$ 4,333,343	$ 5,252,229	$ 5,468,069	$ 4,802,479	$ 5,323,728	$ 5,939,936	$ 6,561,407	$ 9,768,584	$ 8,239,273
Public safety	4,772,625	4,890,164	4,623,068	4,407,864	2,234,458	2,091,690	2,124,939	2,262,982	2,453,980	2,459,772
Community development	3,539,435	3,893,058	6,514,071	5,411,553	5,480,748	6,326,274	6,135,690	7,690,210	6,057,853	8,366,721
Public works	1,139,669	1,053,964	6,508,377	6,595,548	6,407,327	6,688,327	6,900,439	6,763,582	6,880,916	6,936,010
Health and sanitation	390,794	379,396	397,593	374,413	264,037	263,396	345,623	376,159	375,968	383,794
Parks and recreation	528,225	530,315	589,419	634,297	470,709	704,037	716,367	716,889	696,736	598,815
Water and sewer	5,973,852	4,292,734	4,967,803	5,190,913	4,981,141	5,359,128	5,420,028	5,551,270	5,776,636	5,833,655
Operating grants and contributions	12,775,516	8,285,549	19,945,131	13,727,175	12,859,939	21,464,521	1,763,362	28,948,677	47,633,076	21,265,403
Capital grants and contributions	6,282,366	698,555	802,464	340,703	6,400,538	1,715,946	10,635,432	9,077,019	6,548,715	11,069,076
Total governmental activities program revenues	39,854,789	28,357,078	49,600,155	42,150,535	43,901,376	49,937,047	39,981,816	67,948,195	86,192,464	65,152,519
Business - type activities:										
Changes for services:										
Water fund	-	-	-	-	-	-	-	-	-	-
Sewer fund	-	-	-	-	-	-	-	-	-	-
Solid waste fund	14,543,018	16,052,450	14,461,730	14,590,321	14,386,329	15,047,192	15,116,823	14,658,278	16,379,165	23,336,583
Municipal golf course	1,201,372	1,248,675	1,219,555	1,523,123	1,562,064	2,227,414	2,091,182	2,423,856	2,444,338	2,586,158
Operating grants and contributions	508,689	555,724	1,060,856	552,475	990,913	877,227	225,267	586,378	640,094	672,618
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	16,253,079	17,856,849	16,742,141	16,665,919	16,939,306	18,151,833	17,433,272	17,668,512	19,463,597	26,595,359
Total primary government program revenues	$ 56,107,868	$ 46,213,927	$ 66,342,296	$ 58,816,454	$ 60,840,682	$ 68,088,880	$ 57,415,088	$ 85,616,707	$ 105,656,061	$ 91,747,878
Net (expense)/revenue:										
Governmental activities	$ (86,877,467)	$ (99,361,431)	$ (86,979,514)	$ (88,690,774)	$ (81,587,465)	$ (72,083,838)	$ (85,283,354)	$ (86,247,183)	$ (87,309,640)	$ (105,318,689)
Business - type activities	455,168	2,219,392	1,122,018	(260,657)	773,498	2,130,257	1,774,436	339,243	943,456	1,888,632
Total primary government net expense	$ (86,422,299)	$ (97,142,039)	$ (85,857,496)	$ (88,951,431)	$ (80,813,967)	$ (69,953,581)	$ (83,508,918)	$ (85,907,940)	$ (86,366,184)	$ (103,430,057)

TABLE 2

CITY OF ALLENTOWN, PENNSYLVANIA

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenue and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes and other taxes	$ 63,611,493	$ 73,585,762	$ 78,881,070	$ 85,451,237	$ 74,723,537	$ 89,877,674	$ 95,801,585	$ 104,887,074	$ 102,395,309	$ 105,980,001
Grants and charges not restricted to specific purposes	12,970,519	14,592,416	11,798,217	12,294,357	9,359,985	11,460,534	11,834,312	12,640,045	12,772,846	14,203,440
Investment earnings	61,158	88,062	609,832	579,507	139,840	89,940	727,017	5,340,044	5,235,537	5,132,354
Gain on sale of asset	-	-	-	85,238	11,731	21,349	152,533	-	30,554	208,117
PFAS Settlement	-	-	-	-	-	-	-	-	-	4,170,721
Transfers	876,988	1,154,762	1,364,031	1,350,430	1,450,369	1,423,713	1,464,605	1,503,059	1,578,212	1,657,122
Total governmental activities	77,520,158	89,421,002	92,653,150	99,760,769	85,685,462	102,873,210	109,980,052	124,370,222	122,012,458	131,351,755
Business - type activities:										
Rental Income	43,680	43,680	43,680	43,680	43,680	43,680	43,680	43,680	-	-
Investment earnings	-	-	-	74,784	14,580	7,336	30,192	207,876	237,318	324,276
Gain on sale of asset	-	-	-	-	-	13,968	-	7,285	-	(3,425)
Transfers	(876,988)	(1,154,762)	(1,364,031)	(1,350,430)	(1,450,369)	(1,423,713)	(1,464,605)	(1,503,059)	(1,578,212)	(1,657,122)
Total business - type activities	(833,308)	(1,111,082)	(1,320,351)	(1,231,966)	(1,392,109)	(1,358,729)	(1,390,733)	(1,244,218)	(1,340,894)	(1,336,271)
Total primary government	$ 76,686,850	$ 88,309,920	$ 91,332,799	$ 98,528,803	$ 84,293,353	$ 101,514,481	$ 108,589,319	$ 123,126,004	$ 120,671,564	$ 130,015,484
Special items:										
Gain on cancellation of post-employment benefits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loss on on disposal of capital assets	(4,250,092)	-	-	-	-	-	-	-	-	-
Tax settlement	-	-	-	-	-	-	-	-	-	-
Total special items	$ (4,250,092)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Change in Net Position										
Governmental activities	$ (13,607,401)	$ (9,940,429)	$ 5,673,636	$ 11,069,995	$ 4,097,997	$ 30,789,372	$ 24,696,698	$ 38,123,039	$ 34,702,818	$ 26,033,066
Business - type activities	(378,140)	1,108,310	(198,333)	(1,492,623)	(618,611)	771,528	383,703	(904,975)	(397,438)	552,361
Total primary government	$ (13,985,541)	$ (8,832,119)	$ 5,475,303	$ 9,577,372	$ 3,479,386	$ 31,560,900	$ 25,080,401	$ 37,218,064	$ 34,305,380	$ 26,585,427

CITY OF ALLENTOWN, PENNSYLVANIA

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

Year	Total Taxes	General Property Tax	Earned Income Tax	Business Privilege Tax	Other Local Taxes
2016	64,969,817	30,800,125	23,840,629	6,571,105	3,757,958
2017	73,709,271	32,519,646	29,802,821	7,483,984	3,902,820
2018	76,648,713	31,353,086	33,789,071	7,904,804	3,601,752
2019	84,529,132	36,860,819	35,592,554	8,082,551	3,993,208
2020	84,393,026	38,365,253	34,419,934	7,263,912	4,343,927
2021	89,845,354	39,572,785	36,674,171	8,921,652	4,676,746
2022	95,042,096	39,538,469	40,615,973	9,620,092	5,267,562
2023	104,648,017	39,453,340	50,939,899	9,965,479	4,289,299
2024	106,717,448	39,782,120	50,998,202	11,037,525	4,899,601
2025	105,980,001	40,070,721	50,226,542	11,424,016	4,258,722

CITY OF ALLENTOWN, PENNSYLVANIA

TABLE 4

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Restricted	$ 862,397	-	-	-	-	-	-	$ 1,703,854	$ 1,135,903	$ 567,952
Assigned	6,434,577	-	-	$ 1,634,591	-	$ 2,352,171	$ 2,716,763	6,889,225	7,829,375	3,958,265
Unassigned	12,237,375	$ 13,251,806	$ 18,896,146	21,829,026	$ 25,594,283	32,989,087	42,596,305	51,744,716	68,975,334	66,744,571
Total general fund	19,534,349	13,251,806	18,896,146	23,463,617	25,594,283	35,341,258	45,313,068	60,337,795	77,940,612	71,270,788
All other governmental funds										
Restricted	14,875,182	14,155,933	16,159,253	16,770,597	35,172,694	31,412,296	21,090,950	22,197,255	22,790,590	32,588,949
Assigned	46,047	-	-	-	-	17,414	160,710	2,183,420	3,290,714	-
Unassigned	(298,517)	(118,840)	(246,234)	-	-	-	-	-	-	(361,678)
Total all other governmental funds	14,622,712	14,037,093	15,913,019	16,770,597	35,172,694	31,429,710	21,251,660	24,380,675	26,081,304	32,227,271
TOTAL	$ 34,157,061	$ 27,288,899	$ 34,809,165	$ 40,234,214	$ 60,766,977	$ 66,770,968	$ 66,564,728	$ 84,718,470	$ 104,021,916	$ 103,498,059

Notes:

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

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

CITY OF ALLENTOWN, PENNSYLVANIA

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes	$ 64,853,652	$ 71,512,921	$ 76,085,821	$ 86,200,830	$ 84,325,272	$ 89,893,149	$ 94,850,708	$ 101,321,033	$ 102,558,626	$ 104,685,375
Licenses and permits	5,907,269	6,095,884	8,768,619	7,648,361	7,512,497	8,092,586	7,928,615	7,378,906	7,631,906	9,872,253
Charges for services	5,422,775	4,450,086	6,094,400	6,582,276	5,228,472	6,099,831	12,715,944	13,428,939	14,254,698	14,877,149
Fines and forfeits	1,180,590	593,368	623,181	377,686	263,588	254,657	199,767	210,630	207,837	249,686
Investment earnings	61,159	87,816	609,832	579,507	123,953	78,549	702,507	5,182,524	5,092,730	4,948,760
Intergovernmental revenues	30,798,475	24,512,139	32,875,745	26,192,040	27,104,518	34,619,828	38,482,600	49,712,067	66,462,506	45,560,966
PFAS Settlement Revenue	-	-	-	-	-	-	-	-	-	4,170,721
Other	2,910,028	2,989,734	8,842,875	9,348,091	7,400,008	9,142,527	3,328,026	5,343,960	5,687,715	4,061,626
Total revenues	111,133,948	110,241,948	133,900,473	136,928,791	131,958,308	148,181,127	158,208,167	182,578,059	201,896,018	188,426,536
Expenditures										
General government	9,925,924	10,073,023	17,015,637	12,330,677	11,622,331	12,635,923	14,156,470	18,050,272	28,427,386	21,042,233
Public safety	58,337,847	61,595,723	64,725,057	65,667,143	66,463,915	66,930,799	69,666,976	76,225,600	85,183,647	86,993,519
Community development	9,625,276	8,523,967	11,500,007	11,194,135	10,843,958	12,753,124	18,862,274	14,201,932	13,366,998	14,576,358
Public works	14,558,597	15,009,623	16,589,541	14,469,632	17,860,252	26,928,971	20,320,319	20,856,287	21,912,945	24,301,102
Health and sanitation	3,301,982	3,543,585	3,489,864	3,712,218	4,150,877	5,087,754	4,803,291	5,172,189	5,561,210	5,801,432
Parks and recreation	5,833,745	5,939,343	5,889,408	6,225,680	5,923,640	6,489,456	6,620,178	7,348,832	8,641,168	8,754,140
Other	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	7,933,320	17,121,284	13,686,108	18,967,566	10,568,245	6,152,305	7,702,609	7,123,106	7,293,860	7,290,134
Interest	3,271,606	2,899,745	2,459,911	2,523,288	2,372,007	3,927,860	2,547,394	2,640,107	2,502,877	2,328,889
Capital outlay	14,164,247	10,728,546	5,834,064	10,421,825	8,603,945	2,919,993	23,025,687	16,659,975	11,544,527	20,836,081
Total expenditures	126,952,544	135,434,839	141,189,597	145,512,164	138,409,170	143,826,185	167,705,198	168,278,300	184,434,618	191,923,888
Excess (deficiency) of revenues over (under) expenditures	(15,818,596)	(25,192,891)	(7,289,124)	(8,583,373)	(6,450,862)	4,354,942	(9,497,031)	14,299,759	17,461,400	(3,497,352)
Other Financing Sources (uses):										
Issuance of long term debt	1,427,418	13,491,272	11,973,631	12,649,529	22,810,000	-	5,605,000	-	-	-
Refunding of bonds issued	-	-	-	-	-	-	-	-	-	-
Premium on refunded bonds	-	-	-	-	-	-	-	-	-	-
Payment to refunded bonds escrow agent	-	-	-	-	-	-	-	-	-	-
Bond premium	-	232,667	184,212	-	1,943,521	-	-	-	-	-
Bond discount	-	-	-	-	-	-	-	-	-	-
Proceeds from financed purchase	-	3,295,820	1,174,098	-	585,074	-	1,934,439	1,997,848	-	562,874
Sale of capital assets	-	-	-	92,525	72,925	97,514	152,533	130,905	30,554	508,555
Transfers in	15,826,665	26,303,545	20,508,704	25,754,047	11,001,453	21,634,613	24,769,417	25,483,744	31,097,039	34,719,857
Transfers out	(14,881,721)	(24,998,575)	(19,031,255)	(24,287,679)	(9,429,348)	(20,083,078)	(23,170,598)	(23,758,514)	(29,285,547)	(32,817,791)
Total other financing sources and uses	2,372,362	18,324,729	14,809,390	14,208,422	26,983,625	1,649,049	9,290,791	3,853,983	1,842,046	2,973,495
Special Item	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	$ (13,446,234)	$ (6,868,162)	$ 7,520,266	$ 5,625,049	$ 20,532,763	$ 6,003,991	$ (206,240)	$ 18,153,742	$ 19,303,446	$ (523,857)
Debt service as a percentage of noncapital expenditures	9.9%	16.1%	11.9%	15.9%	10.0%	7.2%	7.1%	6.4%	5.7%	5.6%

Notes:

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

TABLE 6

CITY OF ALLENTOWN, PENNSYLVANIA

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

Fiscal Year Ended December 31	Real Property: Residential Property	Real Property: Commercial Property	Real Property: Multi-Family Property	Real Property: Combination Property	Real Property: Vacant Lots	Total Taxable Assessed Value	Tax Exempt Real Property	Total Direct Tax Rate (1)	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2016	2,988,820,300	1,282,432,100	775,529,400	175,946,800	50,594,800	5,273,323,400	1,663,243,900	0.00581	5,273,323,400	100%
2017	2,989,073,100	1,233,981,000	785,079,000	181,837,400	51,656,800	5,241,627,300	1,699,800,400	0.00581	5,241,627,300	100%
2018	2,990,553,500	1,281,765,900	782,654,900	185,016,600	58,322,200	5,298,313,100	1,707,931,600	0.00581	5,298,313,100	100%
2019	2,871,421,345	1,445,225,744	686,999,649	173,009,480	112,139,182	5,288,795,400	1,696,212,500	0.00731	5,288,795,400	100%
2020	2,990,646,200	1,334,679,300	783,615,400	185,644,800	55,779,500	5,350,365,200	1,711,705,200	0.00728	5,350,365,200	100%
2021	2,994,047,900	1,333,232,700	786,351,500	185,215,000	54,421,200	5,353,268,300	1,704,733,500	0.00728	5,353,268,300	100%
2022	2,996,872,200	1,342,466,200	793,521,400	184,643,600	63,892,800	5,381,396,200	1,708,193,200	0.00728	5,381,396,200	100%
2023	2,995,776,500	1,382,514,300	794,025,600	185,271,100	77,476,500	5,435,064,000	1,726,431,000	0.00728	5,435,064,000	100%
2024	2,995,564,000	1,410,841,600	788,876,400	185,544,200	112,592,100	5,493,418,300	1,751,865,100	0.00728	5,493,418,300	100%
2025	2,992,427,200	1,436,936,800	797,999,100	185,299,300	114,771,600	5,527,434,000	1,753,827,100	0.00723	5,527,434,000	100%

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

CITY OF ALLENTOWN, PENNSYLVANIA

TABLE 7

Property Tax Rates
Direct and Overlapping Governments
Last Ten Years

	Direct Rates	Overlapping Rates		
	Allentown City	School District	County	
Fiscal Year	Total City Millage(1)	Total School Millage	Total County Millage	Total Direct & Overlapping Rates
2016	5.81	18.329	3.640	27.77
2017	5.81	19.025	3.640	28.47
2018	5.81	19.729	3.640	29.18
2019	7.31	20.074	3.780	31.16
2020	7.28	20.877	3.780	31.94
2021	7.28	21.504	3.780	32.56
2022	7.28	22.643	3.780	33.70
2023	7.28	22.643	3.780	33.70
2024	7.28	22.643	3.780	33.70
2025	7.23	22.643	3.780	33.65

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) 7.2272 is the base on which the land value tax is calculated (23.5376 - land and 4.4528 - improvements).

CITY OF ALLENTOWN, PENNSYLVANIA

Principal Property Taxpayers
Current Year and Nine Years Ago

	2025			2016		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total taxable Assessed Valuation
Five City Center OP LP	$ 45,857,700	1	0.83%			
Two City Center OP LP	45,000,000	2	0.81%	56,585,400	1	1.08%
Home Properties Trexler Park LLC	34,614,100	3	0.63%	$ 34,614,100	4	0.66%
EPC-Allentown LLC	29,865,400	4	0.54%			
One City Center OP LP	29,000,000	5	0.52%	$ 35,005,500	3	0.67%
Dechomai Asset Trust Number One LLC	25,529,300	6	0.46%			
Congress Associates	25,200,000	7	0.46%	25,200,000	6	0.48%
IPX MF Lakes Apartment Assoc. LLC	21,834,500	8	0.40%	21,834,500	9	0.42%
Tower Six OP LP	21,474,000	9	0.39%			
DDCAP Allentown LLC	21,094,300	10	0.38%			
Pennsylvania Power & Light Co.				21,982,200	8	0.42%
Four City Center OP LP				28,344,100	5	0.54%
Lehigh Valley Hospital Inc.				22,423,700	7	0.43%
Plaza at 835 W Hamilton Street LP				52,756,000	2	1.01%
Sharma Baldev Raj & Sudesh				20,200,000	10	0.39%
Total	$ 299,469,300		5.42%	$ 318,945,500		6.10%

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
2016	31,040,343	29,551,096	95.2%	89,920	29,641,016	95.5%
2017	30,594,033	29,187,108	95.4%	113,585	29,300,693	95.8%
2018	30,465,047	29,346,327	96.3%	454,575	29,800,902	97.8%
2019	38,647,946	37,285,155	96.5%	1,228,722	38,513,877	99.7%
2020	38,959,783	37,246,147	95.6%	1,290,912	38,537,059	98.9%
2021	38,978,854	38,159,972	97.9%	1,001,725	39,161,697	100.5%
2022	39,096,987	38,080,168	97.4%	1,080,193	39,160,361	100.2%
2023	39,367,590	38,289,614	97.3%	1,032,402	39,322,016	99.9%
2024	39,689,350	38,414,064	96.8%	857,141	39,271,205	98.9%
2025	39,873,442	38,789,284	97.3%		38,789,284	97.3%

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

The Collectiions in Subsequent Years includes penalty collected.

CITY OF ALLENTOWN, PENNSYLVANIA

TABLE 10

Ratios of Outstanding Debt By Type

	Governmental Activities			Business-Type Activities				
Fiscal Year	General Obligation Bonds	Facility Financed Purchases	Facility Capital Leases	Facility Financed Purchases	Facility Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
2016	98,341,716		1,002,341		395,189	99,739,246	1.77%	845
2017	96,708,953		3,756,786		499,495	100,965,234	1.75%	855
2018	97,127,878		4,003,545		704,351	101,835,774	1.68%	863
2019	92,812,488		3,009,918		436,137	96,258,543	1.51%	816
2020	109,113,518		2,681,322		160,110	111,954,950	1.60%	890
2021	103,969,654		1,649,058		293,967	105,912,679	1.42%	842
2022	104,198,133		4,864,087		272,799	109,335,019	1.39%	869
2023	99,399,529		6,053,617		889,318	106,342,464	1.34%	845
2024	94,389,896	2,519,428	2,461,709	611,006	-	99,982,039	1.19%	794
2025	89,368,805	2,214,750	2,381,575	386,645	-	94,351,775	1.12%	749

CITY OF ALLENTOWN, PENNSYLVANIA

TABLE 11

Ratios of General Bonded Debt Outstanding
Last Ten Years

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2016	98,341,716	1.86%	833
2017	96,708,953	1.85%	819
2018	97,127,878	1.83%	823
2019	92,812,488	1.75%	786
2020	109,113,518	2.04%	867
2021	103,969,654	1.94%	826
2022	104,198,133	1.94%	828
2023	99,399,529	1.83%	790
2024	94,389,896	1.72%	750
2025	89,368,805	1.62%	709

CITY OF ALLENTOWN, PENNSYLVANIA

TABLE 12

Direct and Overlapping Governmental Activities Debt
As of December 31, 2025

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Allentown School District	$ 176,209,821	100.0%	$ 176,209,821
Lehigh County General Obligation Bonds	165,421,744	19.0%	31,473,720
Subtotal, overlapping debt			207,683,541
City of Allentown Direct Debt			94,528,004
Total direct and overlapping debt			$ 302,211,545

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

TABLE 13

CITY OF ALLENTOWN, PENNSYLVANIA

Legal Debt Margin Information
Last Ten Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	$ 226,325,594	$ 241,969,130	$ 267,454,815	$ 295,207,324	$ 296,249,113	302,951,654	$ 310,839,935	$ 347,444,437	$ 367,661,263	$ 389,615,948
Total net debt applicable to limit	81,837,886	82,992,950	83,778,507	79,327,274	87,385,404	83,512,162	79,426,263	75,953,281	72,309,270	68,928,801
Legal debt margin	$ 144,487,708	$ 158,976,180	$ 183,676,308	$ 215,880,050	$ 208,863,709	$ 219,439,492	$ 231,413,672	$ 271,491,156	$ 295,351,993	$ 320,687,147
Total net debt applicable to the limit as a percentage of debt limit	36.16%	34.30%	31.32%	26.87%	29.50%	27.57%	25.55%	21.86%	19.67%	17.69%

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Legal Debt Margin Calculation for Fiscal year 2025

Borrowing base (1)	-
Percentage limitation	250%
Debt limit	389,615,948
Debt applicable to limit:	
General obligation debt	77,273,801
Less: Amount set aside for pension funding liability	(8,345,000)
	68,928,801
	$ 320,687,147

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

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

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

CITY OF ALLENTOWN, PENNSYLVANIA

TABLE 14

Demographic and Economic Statistics
Last Ten Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
2016	118,032	5,638,388,640	47,770	20,804	4.6%
2017	118,032	5,766,807,456	48,858	20,939	4.3%
2018	118,032	6,075,579,168	51,474	21,813	3.9%
2019	118,032	6,387,891,840	54,120	20,725	4.5%
2020	125,845	7,006,420,375	55,675	21,277	6.6%
2021	125,845	7,449,143,085	59,193	21,216	4.3%
2022	125,845	7,880,162,210	62,618	20,637	3.7%
2023	125,845	7,917,160,640	62,912	21,682	3.2%
2024	125,845	8,367,811,585	66,493	22,918	3.4%
2025	126,044	8,433,982,172	66,913	21,637	3.9%

Source:
(1) US Department of Commerce, Bureau of the Census https://www.census.gov/quickfacts/allentowncitypennsylvania
(2) US Department of Commerce, Bureau of Economic Analysis https://www.bea.gov/data/income-saving/personal-income-by-county
(3) Allentown School District, starting 2014, also includes Charter School Enrollment
(4) US Department of Labor, Bureau of Labor Statistics

CITY OF ALLENTOWN, PENNSYLVANIA TABLE 15

Principal Employers
Current Year and Nine Years Ago

	2025			2016		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Allentown School District	2,701	1	4.55%	2,522	2	3.50%
Lehigh Valley Hospital/Health Services	2,198	2	3.70%	3,065	1	4.25%
St Lukes Hospital/Health Care	2,189	3	3.68%			
CJKANTRG PA LLC	1,800	4	3.03%			
Lehigh County & Institutions	1,676	5	2.82%	1,675	5	2.32%
ADP Inc	1,638	6	2.76%			
Twenty Four Services Inc	1,248	7	2.10%			
AAHC Allentown LLC	885	8	1.49%			
Lehigh Valley Physicians Group	712	9	1.20%			
City of Allentown	676	10	1.14%	1,103	9	1.53%
PPL Co.			0.00%	1,550	6	2.15%
Muhlenberg College			0.00%	2,108	4	2.92%
Allied Personnel Services			0.00%	2,196	3	3.04%
Intergrity Staffing Solutions			0.00%	1,392	7	1.93%
Sacred Heart Hospital/Health Care			0.00%	1,205	8	1.67%
Good Shepherd Rehab			0.00%	961	10	1.33%
	15,723		26.46%	17,777		24.64%

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.

TABLE 16

CITY OF ALLENTOWN, PENNSYLVANIA

Full-Time Equivalent Employees By Function
Last Ten Years

Function		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government		95	88	93	106	117	139	136	109	135	120
Public Safety											
Police											
Officers		222	222	222	222	222	217	214	213	212	207
Civilians		27	22	22	22	22	19	20	21	21	24
E-911		33	31	30	-	-	-	-	-		
Fire											
Firefighters and officers		125	126	126	125	129	125	128	124	130	137
Civilians		1	1	1	2	2	2	3	3	2	2
EMS		34	34	34	34	38	40	47	44	47	46
Highways and Streets	(1)	79	83	63	62	58	48	40	79	45	57
Sanitation/Recycling		38	41	42	43	42	32	22	38	40	33
Building Maintenance		15	15	15	15	15	17	20	17	17	19
Building Standards & Safety		31	34	38	41	41	39	38	48	36	46
Culture and Recreation		56	56	56	58	57	55	55	58	58	60
Golf		6	5	5	5	4	5	18	5	5	6
Health		35	35	36	36	36	30	41	43	43	49
Stormwater		-	-	26	26	26	28	28	35	33	48
Total		797	793	809	797	809	796	810	837	824	854

Notes:
The City set up of the Stormwater fund in 2018.

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

(1) The City garage was returned to the City at the end of 2022, increasing the number of employees in 2023.

CITY OF ALLENTOWN, PENNSYLVANIA

Operating Indicators By Function
Last Ten Years

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function											
Police											
Law violations		11,742	11,839	10,406	10,068	9,553	9,071	9,433	8,749	4,391	3,853
Traffic violations	(2)	8,500	9,000	4,768	2,403	2,795	3,609	2,830	2,320	3,182	4,089
Fire											
Number of calls answered		11,497	10,445	9,930	10,982	11,809	13,293	14,680	14,212	14,745	14,618
Inspections and investigations		954	862	836	940	851	857	879	664	660	587
Highways and Streets											
Street reconstruction (miles)		0	1	0	0	-	0	1	-	0.2	0.34
Overlays (miles)		3	2	1	2	2	4	8	7	9.04	7
Potholes repaired		7,223	11,286	18,971	9,566	9,009	9,550	9,625	9,892	8,650	4
Sanitation											
Refuse collected (tons/year)		35,780	40,536	39,461	39,860	42,596	44,644	40,879	40,005	40,922	41,112
Recyclables collected (tons/year)		10,730	12,177	10,277	12,532	13,265	10,618	12,076	13,468	13,380	9,687
Sweep tickets issued		5,719	5,317	8,025	9,706	6,100	8,378	11,272	8,982	13,884	9,859
Animal related complaints		1,556	1,706	1,638	1,680	1,086	662	535	695	565	696
Health											
Home hazard surveys		173	37	24	19	6	7	53	178	233	156
Food service inspections		1,693	1,675	1,703	1,875	920	1,397	1,385	1,308	1210	1,218
Number of home visits		437	379	336	295	281	211	348	488	488	301
Total lead screenings/Healthy home visits		5	240	207	219	71	72	42	65	53	84
Persons tested & counseled for HIV infection		2,032	2,071	2,009	2,085	661	682	1,049	1,181	1181	1,220
Recreation											
Pavilion permits		503	703	678	373	246	592	462	457	180	339
Swimming pool season passes	(4)	256	355	1,019	112	-	273	338	370	227	222
Swimming pool patrons (non season pass)	(4)	25,458	32,449	37,488	45,383	-	26,872	36,018	46,014	67,177	61,446
Number of golf patrons	(1)	61,500	59,500	50,000	66,053	73,123	95,038	83,600	95,789	98,835	98,287
Number of golf days of service		270	256	247	250	208	262	231	299		281
E-911	(3)										
Number of calls:											
Police		110,260	113,749	98,063	-	-	-	-	-	-	-
EMS		15,595	15,531	15,814	-	-	-	-	-	-	-
Fire		11,497	10,452	9,930	-	-	-	-	-	-	-
Other		11,497	11,397	10,366	-	-	-	-	-	-	-

Source:
Various City departments.

Notes:
(1) Starting 2014 number includes golf course and driving range patrons.
(2) 2015 number changed to actual, originally used estimate, 2016 is also estimated
(3) As of January 1, 2019, the 911 responsibility was transferred to Lehigh County.
(4) Due to COVID-19, the swimming pools were not open in 2020.
(5) Pavilion permits were much lower than in previous years due to the YMCA utilizing pavilions through the summer in 2024 due to the fire at their facility.

TABLE 18

CITY OF ALLENTOWN, PENNSYLVANIA

Capital Asset Statistics By Function
Last Ten Years

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function											
Public Safety											
Police:											
Stations		2	2	2	2	2	2	2	2	2	2
Police officers		218	210	208	210	213	217	214	211	212	212
Patrol units		108	124	120	123	120	119	127	121	120	135
Fire:											
Stations		6	6	6	6	6	6	6	6	6	6
Fire fighters		122	121	121	123	120	120	131	131	143	135
Sanitation											
Collection trucks		3	5	3	5	5	4	4	4	4	5
Highways and Streets											
Streets (miles)	(3)	427.5	433.9	433.9	433.9	433.9	433.9	434.9	434.9	443	474
Streetlights		8,461	8,461	8476	8622	8622	8622	8677	8677	8727	8727
Traffic signals		196	196	196	196	196	196	197	197	198	198
Recreation											
Parks acreage		2,022	2,022	2,022	2,022	2,022	2,022	2,022	2,022	2022	1945
Parks	(1)	45	45	45	45	45	45	45	45	45	40
Swimming pools	(2)	4	4	4	4	4	4	4	4	3	3
Playgrounds		21	21	21	21	21	21	21	21	24	24
Water											
Water mains (miles)		310	310	310	310	310	310	310	325	325	325
Fire hydrants		1,817	1,817	1,817	1,817	1,817	1,817	1,817	1843	1843	1843
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	290
Storm sewers (miles)		165	165	165	165	165	165	165	160	160	160
Maximum daily treatment capacity (millions of gallons)		40	40	40	40	40	40	40	40	40	40
Golf											
Number of courses		1	1	1	1	1	1	1	1	1	1

Source:
Various city departments.

Notes:
(1) Starting 2015, the number also includes pocket parks.
(2) In 2021 and 2022, only two of the pools were operational, all other years three pools were operational.
(3) Prior to 2024 the number of miles was low, due to a field in the GIS not previously filled in.
(4) 2025: Most recent Parks Master Plan identified 40 official parts at 1945 acres. Reference on page 23 on the report, which can be found https://www.allentownpa.gov/en-us/ParksPlan

City of Allentown

Independent Auditor's Report
in Accordance with
Government Auditing Standards

Year Ended December 31, 2025

MaherDuessel

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Allentown, Pennsylvania (City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 28, 2026.

Our report includes a reference to other auditors who audited the financial statements of the Allentown Parking Authority, as described in our report on the City's financial statements. The financial statements of the Allentown Parking Authority were not audited in accordance with *Government Auditing Standards,* and accordingly this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Allentown Parking Authority or that are reported on separately by those auditors who audited the financial statements of the Allentown Parking Authority. The financial statements of the Redevelopment Authority of the City of Allentown, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Redevelopment Authority of the City of Allentown.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Maher Duessel

Harrisburg, Pennsylvania
August 28, 2026

CITY OF ALLENTOWN

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED DECEMBER 31, 2025

I. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

Finding 2025-001 Financial Reporting

Condition: The City did not have sufficient controls in place to ensure the balances of accounts payable and expenditures in the Capital Fund were properly stated as of December 31, 2025. As a result, a material audit adjustment was required to correct the City's understatement of expenditures and accounts payable in the amount of $1,061,886.

Management does review and accept the financial statements prior to their final issuance and approves the adjustments to the financial statements.

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting to ensure that amounts in the financial statements are properly recorded, processed, summarized and reported in conformity with generally accepted accounting principles (GAAP).

Cause: The City does not have adequate internal controls in place to ensure the financial statements were prepared and presented in accordance with GAAP.

Effect: The absence of effective controls resulted in a material misstatement to the City's financial statements. This misstatement was of such magnitude an audit adjustments was necessary to prevent the financial statements from being materially misstated.

Accordingly, there is a reasonable possibility that a material misstatement of the City's financial statements would not have been prevented or detected and corrected on a timely basis by the City's internal control over financial reporting.

Recommendation: We recommend that the City implement procedures for adequate review of financial information to ensure that all accounts are properly stated and to ensure that the financial statements are prepared in accordance with GAAP. Further, we recommend the City implement reconciliation procedures for liabilities at year-end to ensure accuracy and completeness.

Management's Response: The City understands the finding and will have a second reviewer in order to ensure accuracy of the financial statements.

CITY OF ALLENTOWN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2025

I. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

Finding 2024-001 Financial Reporting

Condition: The City did not have sufficient controls in place to ensure the following balances were properly stated as of December 31, 2024: grant revenues and receivables in the Solid Waste Fund; accounts payable and expenses in the Capital Fund; and grant revenue, transfers out, due to other funds, and unearned revenue in the ARPA fund.

Management does review and accept the financial statements prior to their final issuance and approves the adjustments to the financial statements.

Recommendation: We recommend that the City implement procedures for adequate review of financial information to ensure that all accounts are properly stated and to ensure that the financial statements are prepared in accordance with GAAP.

Current Status: Beginning January 2026, The City will implement a more formal month end close procedure that occurs in the City's ERP software. Senior accountants will also be secondary reviewers for any accruals or adjusting journal entries at year end.