PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 15, 2026

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. The Notes may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: S&P: "__" (__ Outlook) (__ Insured)
S&P: "AA-" (Stable Outlook) (Underlying)
(See "RATINGS" herein)

In the opinion of Barnes & Thornburg LLP, Note Counsel, interest on the Notes is excludable from gross income for purposes of federal income tax, under existing laws as of the date of initial delivery of the Notes and assuming continuing compliance with the requirements of federal tax law. Interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on such corporations. Note Counsel is also of the opinion that the interest on the Notes is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax, under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date of initial delivery of the Notes. See "TAX MATTERS" herein.

$11,700,000*

CITY OF BETHLEHEM

Lehigh and Northampton Counties, Pennsylvania
General Obligation Notes, Series of 2026

Notes Dated: October __, 2026 | **Principal Due:** December 1
Interest Due: June 1 and December 1 | **First Interest Payment:** June 1, 2027

The General Obligation Notes, Series of 2026 in the aggregate principal amount of $11,700,000* (the "2026 Notes" or "Notes") will be issued in book-entry form, registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Notes may be acquired in denominations of $5,000 or any integral multiple thereof only under the book-entry system maintained by DTC through brokers and dealers who are, or act through, DTC Participants. The purchasers of the Notes will not receive physical delivery of the Notes. While any purchaser is the beneficial owner of a Note, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein. If, under the circumstances described herein, Notes are ever issued in certificated form, the Notes will be subject to registration of transfer, exchange and payment as described herein.

The Notes are general obligations of the City of Bethlehem, Lehigh and Northampton Counties, Pennsylvania (the "City"), payable from its tax and other general revenues. The City has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Notes for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Ordinance of the City, which secures the Notes, or any other of its revenues or funds, the principal of every Note and the interest thereon on the dates, at the place and in the manner stated in the Notes, and for such budgeting, appropriation and payment the City irrevocably has pledged its full faith, credit and taxing power, which taxing power presently includes the power to levy "ad valorem" taxes on all taxable real property within the City presently unlimited as to rate or amount for the payment of debt services due on the Notes. Interest on each of the Notes is payable initially on June 1, 2027, and thereafter, semiannually on June 1 and December 1 of each year until the maturity date of such Note or, if such Note is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for on such date of redemption. The City has appointed The Bank of New York Mellon Trust Company, N.A., as paying agent and sinking fund depositary (together, the "Paying Agent") for the Notes. So long as Cede & Co., as nominee for DTC, is the registered owner of the Notes, payments of the principal and interest on the Notes, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Notes. If the use of the book-entry only system for the Notes is ever discontinued, the principal on each of the Notes will be payable, when due, upon surrender of such Note to the Paying Agent at its specified corporate trust office (or any successor paying agent at its designated office(s)) and interest on such Note will be payable by check made out and mailed to the person(s) in whose name(s) such Note is registered as of the Record Date providing the particular interest payment date (See "THE BONDS," *infra*).

The Notes are subject to optional redemption and mandatory sinking fund redemption prior to maturity as described herein.

Proceeds of the Notes will be used to: (1) refund [all/a portion] of the City's General Obligation Bonds, Series A of 2017 (the "2017A Bonds"); (2) refund [all/a portion] of the City's General Obligation Bonds, Series B of 2017 (the "2017B Bonds"); (3) refund [all/a portion] of the City's General Obligation Bonds, Series E of 2017 (the "2017E Bonds); (4) refund [all/a portion] of the City's General Obligation Bonds, Series of 2019 (the "2019 Bonds"); and (5) pay the costs and expenses related to the issuance and insurance of the Notes.

The Notes are an authorized investment for fiduciaries in the Commonwealth of Pennsylvania pursuant to the Pennsylvania Probate, Estate and Fiduciaries Code, Act of June 30, 1972, No. 164, P.L. 508, as amended and supplemented.

The scheduled payment of principal of and interest on the Notes when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Notes by __ ("__").

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES/YIELDS
(As Shown on Inside Cover)

The Notes are offered when, as and if issued by the City and received by the Underwriter, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Barnes & Thornburg LLP, Philadelphia, Pennsylvania, Note Counsel, to be furnished upon delivery of the Notes. Certain matters will be passed upon for the City by John F. Spirk, Jr., Esquire, City Solicitor, by Goudsouzian & Associates, Easton, Pennsylvania, City Council Solicitor, and for the Underwriter by McNees Wallace & Nurick LLC, Harrisburg, Pennsylvania, Limited Scope Underwriter's Counsel. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, serves as Municipal Advisor to the City in connection with the issuance of the Notes. It is expected that the Notes will be available for delivery in New York, New York, on or about October __, 2026.

RAYMOND JAMES®

Dated:

*Estimated, subject to change.

$11,700,000*
CITY OF BETHLEHEM
Lehigh and Northampton Counties, Pennsylvania
General Obligation Notes, Series of 2026

MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES AND YIELDS

Notes Dated: October __, 2026 **Principal Due:** December 1
Interest Due: June 1 and December 1 **First Interest Payment:** June 1, 2027

Due (December 1)	Principal Amounts	Interest Rates	Yields	Prices	CUSIP Numbers(1)
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					

(1) The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the City or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the City nor the Underwriter has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

____

*Estimated, subject to change.

CITY OF BETHLEHEM

Lehigh and Northampton Counties, Pennsylvania

MAYOR

WILLIAM REYNOLDS

CITY COUNCIL

Rachel Leon	President
Colleen S. Laird	Vice President
Justin K. Amann	Council
Bryan G. Callahan	Council
Michael G. Colón	Council
Jo C. Daniels	Council
Hillary Kwiatek	Council

OTHER CITY OFFICIALS

George Yasso	City Controller
Kathy Fox	City Treasurer
Tad J. Miller	City Clerk
Laura Collins, Esq.	Director, Community and Economic Development
Michelle Kott	Police Chief
Matthew Griffin	Fire Chief
Michael Alkhal	Director, Public Works
Edward J. Boscola, P.E.	Director, Water/Sewer Resources
John F. Spirk, Esq.	City Solicitor
Stephanie J. Steward, Esq.	City Council Solicitor
Eric Evans	Business Administrator

NOTE COUNSEL

BARNES & THORNBURG LLP

Philadelphia, Pennsylvania

MUNICIPAL ADVISOR

PFM FINANCIAL ADVISORS LLC

Harrisburg, Pennsylvania

UNDERWRITER

RAYMOND JAMES & ASSOCIATES, INC.

Lancaster, Pennsylvania

LIMITED SCOPE UNDERWRITER'S COUNSEL

MCNEES WALLACE & NURICK LLC

Harrisburg, Pennsylvania

PAYING AGENT

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A

Philadelphia, Pennsylvania

CITY ADDRESS

10 East Church Street

Bethlehem, PA 18018

No dealer, broker, salesman or other person has been authorized by the City to give information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and from other sources which are believed to be reliable but the City does not guarantee the accuracy or completeness of information from sources other than the City. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof.

All quotations from, and summaries and explanations of, provisions of laws and documents in this Official Statement do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Notes shall under any circumstances create any implication that there has been no change in the affairs of the City since the date of this Official Statement.

IN CONNECTION WITH THIS OFFERING OF SUCH BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABLILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE PUBLIC OFFERING PRICES STATED ON THE COVER HEREOF MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER WITHOUT PRIOR NOTICE.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

________ ("__") makes no representation regarding the Notes or the advisability of investing in the Notes. In addition, ________ has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding ________, supplied by ________ and presented under the heading "Note Insurance" and "Appendix C - Specimen Municipal Note Insurance Policy".

TABLE OF CONTENTS

OFFICIAL STATEMENT

$11,700,000*
CITY OF BETHLEHEM
Lehigh and Northampton Counties, Pennsylvania
General Obligation Notes, Series of 2026

INTRODUCTION

This Official Statement, including the cover and inside cover pages and Appendices hereto, is furnished by the City of Bethlehem, Lehigh and Northampton Counties, Pennsylvania (the "City"), in connection with the offering of $11,700,000* aggregate principal amount of its General Obligation Notes, Series of 2026 (the "Notes"). The Notes are being issued pursuant to, and are secured by an Ordinance of the Council ("City Council") of the City enacted on August 18, 2026 (the "Ordinance"), in accordance with the Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (the "Act"), of the Commonwealth of Pennsylvania (the "Commonwealth").

THE CITY

In 1962, the City adopted its current mayor-council (strong mayor) form of local government, pursuant to Sections 417 and 418 of the Optional Third Class Charter Law (Act of July 15, 1957, P.L. 901). The Mayor, as chief executive, supervises the City government and has the responsibility for enforcement of the charter and ordinances of the City. The Mayor annually reports to City Council and the public on the work of the previous year and on the existing conditions and requirements of the City, making recommendations, as he deems necessary. All bonds, notes, contracts and written obligations of the City are executed by the Mayor and the City Controller. The Mayor appoints an eight-member cabinet consisting of the Business Administrator, Police Commissioner, Fire Commissioner, Director of Parks and Public Property, Director of Public Works, Director of Water/Sewer Resources, Director of Community and Economic Development and Solicitor.

AUTHORITY FOR ISSUANCE

The Notes are issued in accordance with the requirements of the Act and pursuant to the Ordinance. Issuance of the Notes will be validated by the Department of Community and Economic Development of the Commonwealth pursuant to the Act.

PURPOSE OF THE ISSUE

Proceeds of the Notes will be used to: (1) refund [all/a portion] of the City's General Obligation Bonds, Series A of 2017 (the "2017A Bonds"); (2) refund [all/a portion] of the City's General Obligation Bonds, Series B of 2017 (the "2017B Bonds"); (3) refund [all/a portion] of the City's General Obligation Bonds, Series E of 2017 (the "2017E Bonds); (4) refund [all/a portion] of the City's General Obligation Bonds, Series of 2019 (the "2019 Bonds"); and (5) pay the costs and expenses related to the issuance and insurance of the Notes.

Future Financing

The City does not currently anticipate issuing additional long-term, non-refunding debt within the next succeeding twelve months following the date of delivery of the Notes.

SOURCES AND USES OF FUNDS

The following is a summary of the sources and uses of the proceeds from the issuance of the Notes.

	Total
Source of Funds	
Par Amount	
Net Original Issue Premium/(Discount)	
Total Source of Funds	
Use of Funds	
Amount Required to Redeem the 2017A Bonds	
Amount Required to Redeem the 2017B Bonds	
Amount Required to Redeem the 2017E Bonds	
Amount Required to Redeem the 2019 Bonds	
Costs of Issuance(1)	
Total Use of Funds	

(1) Includes legal, Municipal Advisor, printing, credit rating, Underwriter's discount, CUSIP, paying agent, municipal bond insurance premium, and miscellaneous costs.

*Estimated, subject to change.

THE BONDS

Description

The Notes will be issued only as fully registered book-entry only form in the denominations of $5,000 and integral multiples thereof. The Notes will be issued as one fully registered Note for each maturity of each series of the Notes in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"), as registered owner of all Notes. See "BOOK-ENTRY ONLY SYSTEM" herein. The Notes will be dated October __, 2026, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Official Statement. Interest on the Notes will be payable initially on June 1, 2027 and semiannually thereafter on December 1 and June 1 of each year until the principal sum thereof is paid in full.

Payment of Principal and Interest

Subject to the provisions described under "BOOK-ENTRY ONLY SYSTEM" herein, principal of the Notes will be paid to the registered owners thereof or assigns, when due, upon surrender of the Notes at the specified corporate trust office of the Paying Agent.

Interest is payable to the registered owner of a Note from the interest payment date next preceding the date of registration and authentication of the Note, unless: (a) such Note is registered and authenticated as of an interest payment date, in which event such Note shall bear interest from said interest payment date, or (b) such Note is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Note shall bear interest from such interest payment date, or (c) such Note is registered and authenticated on or prior to the Record Date preceding June 1, 2027, in which event such Note shall bear interest from October __, 2026 or (d) as shown by the records of the Paying Agent, interest on such Note shall be in default, in which event such Notes shall bear interest from the date to which interest was last paid on such Note. Interest shall be paid initially on June 1, 2027, and thereafter, semiannually on June 1 and December 1 of each year, until the principal sum is paid. Interest on each Note is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth day of the month (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Note subsequent to such Record Date and prior to such interest payment date, unless the City shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Note is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Notes not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such Notes are registered at the close of business on the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal of or interest on any Notes shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

Transfer, Exchange and Registration of Notes

The City and the Paying Agent shall not be required (a) to register the transfer of or exchange any Notes then considered for redemption during a period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of Notes to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is mailed or (b) to register the transfer of or exchange any portion of any Note selected for redemption until after the redemption date. Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations of the same series, maturity, and interest rate.

Notes are transferable or exchangeable by the registered owners thereof upon surrender of Notes to the Paying Agent, at its specified corporate trust office, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of such Note or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of Notes in the registration books and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered bond/Notes/notes of authorized denominations of the same series, maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive. The City and the Paying Agent may deem and treat the registered owner of any Note as the absolute owner thereof (whether or not a Note shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the City and the Paying Agent shall not be affected by any notice to the contrary.

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*Estimated, subject to change.

SECURITY FOR BONDS

General Obligation Pledge

The Notes are unsecured, general obligations of the City, payable from its taxes and other general revenues. The City has covenanted in the Ordinance that it will include in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Notes for such year, and will duly and punctually pay or cause to be paid from the Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Notes and the interest thereon at the dates and place and in the manner stated on the Notes, and for such budgeting, appropriation and payment the City irrevocably has pledged its full faith, credit and taxing power. The City's taxing powers presently include the power to levy *ad valorem* taxes on all taxable property within the City, without limitation as to rate or amount for the payment of debt service on the Notes. The Act provides for the enforcement of debt service payments as hereinafter described (see "Default Remedies Under the Act" below and "BONDHOLDERS' RISK – Statutory Remedies Under the Debt Act").

Note Sinking Fund

A sinking fund for the payment of the debt service on the Notes, entitled "Sinking Fund, General Obligation Notes, Series of 2026" (the "Sinking Fund"), has been created under the Ordinance to be maintained by the Paying Agent as sinking fund depositary. The City shall deposit in the respective Sinking Fund a sufficient sum not later than the date when interest and/or principal is to become due on the Notes such that, on each principal and interest payment date, the Sinking Fund will contain an amount which, together with any other funds available therein, is sufficient to pay, in full, interest and/or principal then due on the Notes .

The Sinking Fund shall be held by the Paying Agent, as sinking fund depositary, and invested by the Paying Agent in securities or deposits authorized by the Act, upon direction of the City. Such deposits and securities shall be in the name of the City but subject to withdrawal or collection only by the Paying Agent for the payment of debt service due on the Notes, without further order from the City.

Default Remedies Under the Act

In the event of failure by the City to pay or cause to be paid the interest on or principal of the Notes, as the same becomes due and payable, the holders of the Notes shall be entitled to certain remedies provided by the Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Notes shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas of Northampton or Lehigh County in which the City is located. The Act provides any judgment shall have an appropriate priority upon the funds next coming into the treasury of the City. The Act also provides that upon a default of at least 30 days, holders of at least 25 percent of the Notes may appoint a trustee to represent them. The Act provides certain other remedies in the event of a default, and further qualifies the remedies hereinbefore described.

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from materials provided by DTC for such purpose. The City (in this section referred to as the "Issuer") and the Underwriter does not guaranty the accuracy or completeness of such information and such information is not to be construed as a representation of the City or the Underwriter.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered bonds/notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each maturity of each series of the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The Ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the documents pursuant to which the Notes were issued. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes within a series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series and maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption payments on the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to Issuer or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

NEITHER THE ISSUER NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY TO ANY BENEFICIAL OWNER BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

The Issuer and the Paying Agent cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Notes paid to DTC or its nominee, as the registered owner of the Notes, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

REDEMPTION

Optional Redemption

The Notes stated to mature on or after ________, shall be subject to redemption prior to maturity, at the option of the City, as a whole or in part, on ________, or on any date thereafter, (and if in part, if any order of maturity as selected by the City and within a maturity by lot), in either case upon payment of a redemption price of 100% of the principal amount of such Notes, together with accrued interest to the redemption date.

Mandatory Redemption

The Notes stated to mature on ________ are subject to redemption prior to maturity as required by the Ordinance, in the amounts and on December 1 of the years shown below, from moneys in the Mandatory Sinking Fund created pursuant to the Ordinance, upon payment of the principal amount being redeemed, together with interest accrued to the date fixed for redemption.

Notes stated to mature December 1, 20__:

Year	Amount

*Final Stated Maturity

Notice of Redemption

Notice of any redemption shall be given by depositing a copy of the redemption notice by first class mail not more than forty-five (45) days and not less than thirty (30) days prior to the date fixed for redemption addressed to each of the registered owners of Notes to be redeemed, in whole or in part, at the addresses shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Notes called for redemption as to which proper notice has been given.

With respect to any optional redemption of Notes, if at the time of mailing such notice of redemption, the City shall not have deposited with the Paying Agent moneys sufficient to redeem all the Notes called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Paying Agent not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by the Paying Agent, interest on the Notes or portions thereof so called for redemption shall cease to accrue and such Notes or portions thereof shall cease to be entitled to any benefit or security under the Resolution, and registered owners of such Notes or portions thereof so called for redemption shall have no rights with respect to such Notes, except to receive payment of the principal of and accrued interest on such Notes to the date fixed for redemption.

Manner of Redemption

If a Note is of a denomination larger than $5,000, a portion of such Note may be redeemed. For the purposes of redemption, a Note shall be treated as representing that number of Notes which is obtained by dividing the principal amount thereof by $5,000, each $5,000 portion of such Note being subject to redemption. In the case of partial redemption of a Note, payment of the redemption price shall be made only upon surrender of such Note in exchange for Notes of authorized denominations in aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

If the redemption date for any Notes shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or executive order to close, then the date for payment of the principal, premium, if any, and interest upon such redemption shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

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BOND INSURANCE

[To Be Determined]

BONDHOLDERS' RISKS

The following discussion of some of the risk factors associated with the Notes is not, and is not intended to be exhaustive, and such risks are not necessarily presented in the order of their importance or potential magnitude.

This Official Statement does not describe all of the risks of an investment in the Notes and the Underwriter disclaim any responsibility to advise prospective investors of such risks as they exist at the date of this Official Statement or as they change from time to time. Prospective investors should consult their own legal and tax advisors as to the risks associated with an investment in the Notes and the suitability of investing in the Notes in light of their particular circumstances. Prospective investors should be able to bear the risks relating to an investment in the Notes and should carefully consider, among other factors, the matters described below.

Economic and Other Factors Affecting the Financial Condition of the City

Future economic and other factors may adversely affect the City's revenues and expenses and, consequently, the City's ability to pay its operating expenses and fund its obligations, including debt service on the Notes as and when due. Among the factors that could have such adverse effects are: decreases in property tax collections; increases in unemployment in the City and Commonwealth; the City's ability to gain concessions from its unionized workers and the consequent impact on wage scales and operating costs of the City; the City's ability to access capital markets; adverse changes to Commonwealth budgets and appropriations affecting crucial revenue streams from the Commonwealth to the City; changes in real estate values within the City; changes in demographic trends; changes to the City's taxing powers resulting from future changes in Pennsylvania law; the City's ability to provide governmental services as and when obligated by residents; and closure or disinvestment of key industries located in the City. The City cannot assess or predict the ultimate effect of these factors on its operations or financial results of its operations or on its ability to make debt service payments on the Notes.

Uncertainty of Tax Revenues

The ability of the City to generate sufficient revenue to meet its operating expenses, working capital needs and its obligations on the Notes and other indebtedness is subject to many factors including the availability of current revenues of the City to make required payments in full, when due, prior to the levy of additional taxes on the City residents and real property.

Operating Results

There can be no assurances or representations that the City will realize revenue in sufficient amounts or that the City will be able to generate sufficient revenue through its taxing and other revenue generating powers to pay debt service on the Notes and other payments necessary to meet the obligations of the City. The City has never defaulted on the payment of principal of or interest on any outstanding general obligation debt.

Access to Capital and Market Acceptance

The City, like most large political subdivisions, relies from time to time on access to the capital markets and financial institutions to finance its cash flow needs and for funding of capital improvements. Any limitation on or unavailability of such access would likely have an adverse effect on the City's liquidity position and/or ability to fund necessary and appropriate capital improvements and renewals.

Pension Plans

Pennsylvania's Municipal Pension Plan Funding Standard and Recovery Act, Act of 1984, P.L. 1005, No. 205, as amended ("Act 205") provides, among other things, for mandatory actuarial funding standards for all municipal pension systems in the Commonwealth, requires that municipalities eliminate any unfunded actuarial liabilities, over time, in annual installments, and establishes a recovery program for such systems as are determined to be financially distressed. It also provides for the allocation of General Municipal Pension State Aid ("GMPSA"). GMPSA is allocated to municipalities, other than counties and authorities, based upon the number of full-time employees in each municipality's pension system and is funded from a 2% tax on casualty and fire insurance premiums for insurance policies sold in the Commonwealth by out-of-state insurance companies.

If amounts on deposit in one or more pension funds held by the City were exhausted prior to satisfaction of the pension liabilities for which it is funded, the City would be legally obligated to pay the pension obligation shortfall from its current revenues. Any future changes in actuarial assumptions, benefit plan modifications or variations in actual experience from actuarial assumptions may result in unfunded liability (and amortization payments) or over funding (and credits), as the case may be, that are not currently reflected in reports prepared by the City's actuary.

For a detailed discussion of the City's pension plans, funding history and unfunded liabilities, see "APPENDIX A -Pension Plans and Funding Status" attached hereto.

Changes in Law

The Commonwealth retains broad authority to fundamentally alter the rights, powers, and obligations of its political subdivisions, including without limitation, their authority to levy and collect taxes, subject to certain constitutional limitations. Various changes in law could affect the City's finances and operations.

Statutory Remedies Under the Act

The remedies available to registered bondholders upon failure to pay principal of or interest on the Notes when due include those prescribed in the Act and the Ordinance.

The Act provides that any judgment shall have "an appropriate priority" upon the moneys next coming into the treasury of the City. If the City defaults in the payment of principal of or interest on the Notes and such default continues for 30 days, or the City fails to comply with any provision of the Notes or the Ordinance, the registered owners of 25% in aggregate principal amount of the Notes may also appoint a trustee (who may be the Paying Agent) to represent the registered owners. Such trustee may, and upon written request of the owners of 25% on aggregate principal amount of Notes being furnished with satisfactory indemnity shall, take one or more of the following actions: (i) bring suit in the Court of Common Pleas for Northampton County, Pennsylvania to enforce all rights of the registered owners, (ii) bring suit on the Notes, (iii) petition the court to levy on property subject to *ad valorem* taxation for the amount due on the Notes, (iv) after 30 days' prior written notice to the City, declare the unpaid principal of the Notes to be immediately due and payable with interest to the date of payment (which may be annulled as described in the Act), and (v) by suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of registered owners all as set forth more fully in the Act. The taking of such action by such trustee shall preclude the taking of similar action by individual registered owners of the Notes.

Remedies Under Court Issued Writ of Mandamus

If the City fails or neglects to budget, appropriate, and pay debt service on the Notes when due, a holder or trustee may petition the Court of Common Pleas of Northampton County, upon a finding of such failure or neglect, to direct by order of mandamus the City Treasurer to pay into the sinking funds established for all outstanding bonds/notes of the City, including the Notes, the first tax moneys or other available revenues or moneys thereafter received by the City Treasurer for the payment of debt service due on outstanding bonds/notes. Such order could mandate that the City pay such debt service prior to all other City expenses, including City employee wages and benefits. Courts may be allowed certain discretion in deciding whether to grant a writ of mandamus. Additionally, municipal officials could resign rather than carry out the mandamus order, in which case it is uncertain the extent to which bondholders would be able to cause other City officials to pay amounts then due and owing.

Enforceability of Remedies

Enforcement of a claim for payment of principal of and/or interest on the Notes may be subject to applicability of general principles of equity as well as provisions of federal bankruptcy laws (as described below) and to the provisions of other statutory laws enacted by the United States Congress or the General Assembly of the Commonwealth or case law developed by competent courts having jurisdiction extending the time for payment or imposing other constraints upon enforcement insofar as such laws may be constitutionally applied.

Limitation of Remedies Under Pennsylvania Distressed Municipality Law

Under Pennsylvania's Municipalities Financial Recovery Act, Act No. 1987-47, as amended and supplemented ("Act 47"), municipalities who meet certain criteria of fiscal distress can petition the Department of Community and Economic Development (“DCED”) for designation as a "distressed municipality." The evaluation of a municipality's financial stability by the DCED includes each of the following criteria. At least one criteria must be present and be determined an indicator of financial distress by the DCED.

1. The municipality has maintained a deficit over a three-year period, with a deficit of 1% or more in each of the previous fiscal years.

2. The municipality's expenditures have exceeded revenues for a period of three years or more.

3. The municipality has defaulted in payment of principal or interest on any of its bonds or notes or in payment of rentals due any authority.

4. The municipality has missed a payroll for 30 days.

5. The municipality has failed to make required payments to judgment creditors for 30 days beyond the date of the recording of the judgment.

6. The municipality, for a period of at least 30 days beyond the due date, has failed to forward taxes withheld on the income of employees or has failed to transfer employer or employee contributions for Social Security.

7. The municipality has accumulated and has operated for each of two successive years a deficit equal to 5% or more of its revenues.

8. The municipality has failed to make the budgeted payment of its minimum municipal obligation as required by section 302, 303 or 602 of the act of December 18, 1984 (P.L.1005, No.205), known as the Municipal Pension Plan Funding Standard and Recovery Act, or "Act 205," with respect to a pension fund during the fiscal year for which the payment was budgeted and has failed to take action within that time period to make required payments. ((8) amended Dec. 19, 1988, P.L.1272, No.157)

9. A municipality has sought to negotiate resolution or adjustment of a claim in excess of 30% against a fund or budget and has failed to reach an agreement with creditors.

10. A municipality has filed a municipal debt readjustment plan pursuant to Chapter 9 of the Bankruptcy Code (11 U.S.C. 901 et seq.).

11. The municipality has experienced a decrease in a quantified level of municipal service from the preceding fiscal year which has resulted from the municipality reaching its legal limit in levying real estate taxes for general purposes.

If the City, upon appropriate petition, were determined to be fiscally distressed under Act 47, the Secretary of DCED would have the power to (1) monitor the financial affairs of the City; (2) identify conditions of municipal financial distress using enumerated objective criteria; (3) make a determination of municipal financial distress; (4) appoint a coordinator for the City; and (5) through the coordinator, develop, approve and implement a plan of financial recommendations for the City.

Act 47 does not provide for the mandatory adjustment of debt or other obligations of the City, but would permit, with the consent of the Secretary of DCED, a financially distressed municipality to file under Chapter 9 of the Bankruptcy Code. In the event the City were designated as a distressed municipality under Act 47 and filed for bankruptcy, any court determination of a mandamus and/or other remedial actions taken by creditors will be stayed pending approval of a plan of adjustment by the Bankruptcy Court or dismissal of the bankruptcy filing is dismissed.

Act 199 of 2014 (“Act 199”) was signed into law by the Governor of the Commonwealth of Pennsylvania on October 31, 2014 and is currently effective.

Act 199 amends Act 47 in several areas. Amendments to Act 47 by Act 199 include, but are not limited to: (i) allowing municipalities in Act 47 to levy a local services tax not to exceed $156 per year (currently capped at $52); (ii) authorizing the Governor’s Center for Local Government Services to award annual grants to one or more municipalities up to $200,000 in the initial year of the grant award; (iii) granting authority to Secretary of DCED beginning July 1, 2015, to evaluate the Act 47 Coordinator’s performance on an annual basis, and if this evaluation is deemed unsatisfactory, to have the option to terminate the Act 47 Coordinator’s contract; (iv) requiring a municipality in Act 47 to submit its annual budget to the Act 47 Coordinator at least 75 days prior to each fiscal year end for review, and if the Act 47 Coordinator determines that the budget does not meet the requirements of the adopted Act 47 Plan, the Act 47 Coordinator will notify the Secretary of DCED and the Secretary of DCED will have the authority to take remedial actions authorized under Act 47; and (v) providing for a five (5) year limitation of the distressed status of a municipality, subject to an additional three (3) year exit plan extension upon the approval of DCED.

Investors should refer to Act 199 for a complete summary of the changes to Act 47.

Limitation on the Remedies Under Bankruptcy

Enforcement of a claim for payment of principal of and interest on the Notes may be subject to the provisions of the federal bankruptcy laws and to the provisions of other statutory and case laws enacted by Congress or the General Assembly of the Commonwealth or developed by competent courts having jurisdiction extending the time for payment or imposing other constraints upon enforcement insofar as such laws may be constitutionally applied.

The rights and remedies of bondholders with respect to the City's obligations are subject to the provisions of Chapter 9 of the Bankruptcy Code. Chapter 9 permits, under prescribed circumstances (but only after an authorization by the applicable state legislature or by a governmental office or organization empowered by state law to give such authorization), a political subdivision of a state to file a petition for relief in a bankruptcy court of the United States if it is insolvent or unable to meet its debts as they mature, and it desires to effect a plan to adjust its debt. Such plan may, subject to approval by creditors (in accordance with voting thresholds set forth in the Bankruptcy Code) and the court, include provisions modifying or altering the rights of creditors. Under current law, the City would be permitted to voluntarily file a municipal debt adjustment action under Chapter 9 of the Bankruptcy Code upon satisfaction of certain conditions precedent set forth in Act 47 and with the prior consent of the Secretary of DCED (an involuntary filing is not permitted under Chapter 9).

If the City were to commence a case under the Bankruptcy Code, there could be adverse effects on the holders of the Notes, including (a) delay in payments due on the Notes and in the enforcement of bondholder remedies, (b) subordination of bondholder claims to claims arising after the commencement of the case, including claims of the providers of goods and services, and claims arising in connection with administration of the case, and (c) imposition without bondholder consent of a plan of adjustment affecting the amount, interest rate, or amortization of the Notes.

In addition, the filing of a bankruptcy petition would act as an automatic stay of any enforcement actions by or on behalf of the bondholders, including any action seeking a writ of mandamus, and would relieve the debtor, during the pendency of the proceeding, from the obligation to make debt service payments on the Notes. In bankruptcy, the remedies provided under the Act would not be available to bondholders, holders of the Notes would be considered to be unsecured creditors of the City, and holders of the Notes should not expect to receive any payment of debt service prior to confirmation of a plan of adjustment or dismissal of the case. Moreover, holders of the Notes, as unsecured creditors, generally will not be entitled to a claim for interest accruing during the pendency of the proceeding.

The Bankruptcy Code contains provisions intended to ensure that in any plan of adjustment, each class of creditors is treated equitably in relation to each other and to the financial capabilities of the City. The plan may, however, under circumstances set forth in the Bankruptcy Code, alter a creditor's rights as set forth above, even if the creditor has voted against the plan. Like all aspects of the bankruptcy process, however, the ultimate result in any particular case will be affected significantly by the specific facts and circumstances of the case.

All legal opinions with respect to the enforcement of the Ordinance and the Notes will be expressly subject to a qualification that such agreement may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights generally and by applicable principles of equity if equitable remedies are sought.

Risk of Tax Audit by Internal Revenue Service

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. Certain types of transactions are being targeted for audit; including certain refundings.

No assurances can be given as to whether or not the Internal Revenue Service will commence a tax audit of the Notes. If a tax audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the holders of Notes may have no right to participate in such procedure. Neither the Underwriter for the Notes nor Note Counsel is obligated to defend the tax-exempt status of the Notes on behalf of the holders of Notes. Neither the City nor Note Counsel are responsible to pay or reimburse the cost of any holders of the Notes with respect to any tax audit or litigation relating to the Notes.

Climate

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The City cannot predict the timing, extend, or severity of climate change and its impact on its operations and finances. The City has not experienced increases in extreme weather events and believes it has adequate reserves to address severe weather disasters. The City maintains a comprehensive insurance policy.

Cyber Security

The City, like many other governmental entities, relies on a technology environment to conduct their operations. As a recipient and provider of personal, private or other electronic sensitive information, the City may be the subject of cyber threats including, but no limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the City's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The City has never had a cyber breach or a cyber breach that resulted in a material financial loss. No assurance can be given that the City's current efforts to manage cyber threats and security will, in all cases, be successful. The City cannot predict what future cyber security events may occur and what impact said effects could have on its operations or finances. In addition to the various processes in place to safeguard against cyber security attacks, the City also maintains a comprehensive insurance policy which includes privacy liability, cyber incident response, data breach, network security, internet media and network extortion coverages. The City relies on other entities and service providers in the course of operating the City, including its accountants, attorneys, the paying agent, and banks, as well as vendors with respect to outsourced critical digital network operations and functions. No assurance can be given that future cyber threats and attacks against other third-party entities or service providers will not impact the City and the owners, including the possibility of impacting the timely payments of debt service on the Notes or timely filings pursuant to the Form of Continuing Disclosure Certificate (hereinafter defined).

Note Insurance Risk Factors

In the event of default of the payment of principal or interest with respect to the Notes when all or some becomes due, any owner of the Notes shall have a claim under the applicable Note Insurance Policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against the failure by the City to pay a redemption premium, if any due on the Notes subject to optional redemption. The payment of principal and interest in connection with mandatory or optional prepayment of the Notes by the City which is recovered by the City from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Note Insurer at such time and in such amounts as would have been due absence such prepayment by the City unless the Note Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Note Insurer without appropriate Note Insurer consent. The Note Insurer may direct and must consent to any remedies and the Note Insurer's consent may be required in connection with amendments to any applicable note or bond documents.

In the event the Note Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Notes will be payable solely from the moneys paid by the City under the Ordinance or by court order. In the event the Note Insurer becomes obligated to make payments with respect to the Notes, no assurance is given that such event will not adversely affect the market price of the Notes or the marketability (liquidity) for the Notes.

The long-term ratings on the Notes are dependent in part on the financial strength of the Note Insurer and its claim paying ability. The Note Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long- term ratings of the Note Insurer and of the ratings on the Notes insured by the Note Insurer will not be subject to downgrade and such event could adversely affect the market price of the Notes or the marketability (liquidity) for the Notes. See description of Rating herein.

The obligations of the Note Insurer are contractual obligations and in an event of default by the Note Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Issuer or Underwriter have made independent investigation into the claims paying ability of the Note Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Note Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Issuer to pay principal and interest on the Notes and the claims paying ability of the Note Insurer, particularly over the life of the investment. See "Note Insurance" herein for further information provided by the Note Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Note Insurer.

OVERVIEW OF CITY FINANCES AND RECENT DEVELOPMENTS

Historical Operating Performance

The City’s general fund balance decreased from $59,897,356 at the end of fiscal year 2023 to $58,876,684 at the end of fiscal year 2024. The $1,020,669 decrease in fund balance is mainly due to the following:

- Real Estate tax revenue increased from $32.7 million to $34.8 million.
- Ambulance transport revenue increased from $3.52 million to $4.47 million.
- Public Safety equipment purchase of $2.35 million, which included radio upgrades and body cameras.
- Transfers from general fund to non-utility capital fund increased by $2.4 million.

City Revitalization and Improvement Zone

In December 2013, the City was awarded one of two “City Revitalization and Improvement Zone (“CRIZ”) designations. See “Appendix A – The City of Bethlehem - ECONOMIC DEVELOPMENT AND OUTLOOK”**.**

Fiscal Year 2026 Adopted Budget

The City's fiscal year 2026 budget was approved by City Council on December 17, 2025, and signed into law on December 18, 2025. The City projects a balanced budget for 2026 with estimated revenues and expenditures of $112,792,300.

LITIGATION

At the time of delivery of the Notes, the Solicitor will deliver a certificate stating that there is no litigation pending with respect to the Notes, the Ordinance, the Resolution or the right of the City to issue said Notes.

There is no other litigation of any nature pending or threatened against the City as of the date of this Official Statement to restrain or enjoin the issuance, sale, execution or delivery of the Notes or in any way contesting the validity of the Notes, or any proceedings of the City taken with respect to the issuance or sale thereof. At the time of delivery of the Notes, the City and its Solicitor will furnish a certificate to the effect that no litigation to restrain or enjoin the issuance, sale, execution or delivery of the Notes or in any way contesting the validity of the Notes is then pending. In addition, there is no litigation pending, or to best of City's knowledge, threatened, which, if decided adversely to the City, would adversely impact the City's ability to make payments on the Notes.

DEFAULTS AND REMEDIES

The remedies available to registered owners of the Notes upon any failure to pay principal or interest when due include those prescribed by the Act. If such failure should continue for 30 days, any registered owner will (subject to certain priorities) have the right to bring suit for the amount due such registered owner in the Court of Common Pleas of Lehigh or Northampton Counties, Pennsylvania (the “Court”). If the City defaults in the payment of principal or interest, or if the City fails to comply with any provision of the Notes or of the Ordinance, the registered owners of 25% in aggregate principal amount of the Notes may appoint a trustee to represent the registered owners. Such trustee may, and upon written request of the registered owners of 25% in aggregate principal amount of the Notes and being furnished with satisfactory indemnity must, take one or more of the following actions, which will preclude similar action by the individual registered owners: (i) bring suit to enforce all rights of the registered owners; (ii) bring suit on the Notes; (iii) petition the Court to levy the amount due plus estimated costs of collection as an assessment upon all real estate and other property subject to ad valorem taxation in the City (any such assessment will have the same priority and preference as to other liens or security interests as a lien for unpaid taxes); and (iv) by suit in equity, enjoin any acts and things which may be unlawful or in violation of the rights of the registered owners all as set forth more fully in the Act. See "BONDHODLERS' RISKS" herein.

TAX MATTERS

The following is a summary of the material federal and Pennsylvania income tax consequences of holding and disposing of the Notes. Such summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). It does not discuss all aspects of federal income taxation that may be relevant to investors in light of their own particular investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (including, but not limited to, dealers in securities or other persons who do not hold the Notes as a capital asset, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the Commonwealth, it does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Notes in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of purchasing, holding, and disposing of the Notes.

Federal Tax Exemption

In the opinion of Barnes & Thornburg LLP, Note Counsel, interest on the Notes is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Notes, assuming the accuracy of the certifications of the Issuer and continuing compliance by the Issuer with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the "adjusted financial statement income" of "applicable corporations" for purposes of computing the alternative minimum tax imposed on such corporations, as such quoted terms are defined in the Code.

The Code contains a number of restrictions and requirements that apply to the Notes including, without limitation, (i) investment restrictions, (ii) requirements for periodic payments of arbitrage profits to the United States, and (iii) rules regarding the proper use of the proceeds of the Notes and the facilities financed or refinanced with such proceeds. The City has covenanted to comply with all of the restrictions and requirements of the Code that must be satisfied in order for the interest on the Notes to be and remain excludable from the gross income of the owners thereof for federal income tax purposes (the "Tax Covenants"). Failure to comply with certain of the Tax Covenants could result in the inclusion of the interest on the Notes in the gross income of the owners for federal income tax purposes, retroactive to the date of issuance of the Notes or some other date.

Original Issue Discount. Certain of the Notes may be offered at a discount ("original issue discount") equal generally to the difference between the public offering price and the principal amount. For federal income tax purposes, original issue discount on a Note accrues periodically over the term of such Note as interest with the same tax exemption and alternative minimum tax status as stated interest. The accrual of original issue discount increases the bondholder's tax basis in the Note for determining taxable gain or loss upon sale or redemption prior to maturity. Noteholders should consult their tax advisers for an explanation of the accrual rules.

Original Issue Premium. Certain of the Notes may be offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a Note through reductions in the bondholder's tax basis for the Note for determining taxable gain or loss upon sale or redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Noteholders should consult their tax advisers for an explanation of the amortization rules.

Information Reporting and Backup Withholding. A person making payments of tax-exempt interest to a bondholder is generally required to make an information report of the payments to the Internal Revenue Service and to perform "backup withholding" from the interest if the bondholder does not provide an IRS Form W-9 to the payor. "Backup withholding" means that the payor withholds tax from the interest payments at the backup withholding rate, currently 24%. Form W-9 sets forth the bondholder's taxpayer identification number or basis of exemption from backup withholding.

If a holder purchasing a Note through a brokerage account has executed a Form W-9 in connection with the account, as generally can be expected, there should be no backup withholding from the interest on the Note.

If backup withholding occurs, it does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

No Other Opinions. Note Counsel expresses no opinion regarding other federal tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Notes.

State Tax Exemption

The interest on the Notes is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax, under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date of initial delivery of the Notes. Note Counsel expresses no opinion regarding other state or local tax consequences arising with respect to the Notes, including whether interest on the Notes is exempt from taxation under the laws of any jurisdiction other than the Commonwealth of Pennsylvania.

General

The opinions expressed by Note Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Notes, and Note Counsel will not express any opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not purport to be complete; holders of the Notes should consult their own tax advisors as to the effects, if any, of the Code in their particular circumstances.

See APPENDIX B hereto for the proposed Form of Note Counsel Opinion.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirement of Rule 15-c2-12 (the "Rule") of the United States Securities and Exchange Commission (the "SEC"), the City (being an "obligated person" with respect to the Bonds, within the meaning of the Rule), will agree to provide certain financial information and operating data to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as prescribed by the MSRB, either directly, or indirectly through a designated agent, as set forth in its Continuing Disclosure Agreement substantially in the form attached hereto as Appendix D.

With respect to the filing of annual financial information and operating data, the City reserves the right to modify from time to time the specific types of information and data provided or the format of the presentation of such information to the extent necessary or appropriate as a result of a change in legal requirements or a change in the nature of the City or it operations or financial reporting, but the City will agree that any such modification will be done in a manner consistent with the Rule.

The City is required to give notice of certain events as set forth in the Continuing Disclosure Agreement (not all of which will be relevant to the City). The City may from time to time choose to file notice of other events in addition to those specified in the Continuing Disclosure Agreement.

The City acknowledges that its undertaking pursuant to the Rule described herein and in the Continuing Disclosure Agreement is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the holder and beneficial owner of the Bonds, but the right of the holders and beneficial owners of the Bonds to enforce the provisions of the City's continuing disclosure undertaking shall be limited to a right to obtain specific enforcement, and any failure by the City to comply with the provisions of the undertaking shall not be an event of default with respect to the Bonds.

The City's obligations with respect to continuing disclosure described herein shall terminate upon the prior defeasance, redemption or payment in full of all of the Bonds or if and when the City is no longer an "obligated person" with respect to the Bonds, within the meaning of the Rule.

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other defined "obligated persons") with respect to municipal securities issues) are made available through the MSRB's Electronic Municipal Market Access (EMMA) System, which may be accessed on the internet at http://www.emma.msrb.org.

The City has previously entered into Continuing Disclosure Agreements with respect to each one of its previously issued bond issues that are currently outstanding. The City's filing history of its annual financial and operating information during the past five (5) years is outlined in the following table.

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		Filing Dates:		
Fiscal Year Ending	**Filing Due Date**	**Audit**	**Operating Data**	**Budget**
12/31/2020	9/27/2021	12/21/2021 (1)	9/22/2021 (6)	9/22/2021
12/31/2021	9/27/2022	12/21/2022 (2)	9/14/2022 (6)	9/14/2022
12/31/2022	9/27/2023	10/12/2023 (3)	10/12/2023 (6)(7)	9/21/2023
12/31/2023	9/27/2024	10/9/2024 (4)	10/9/2024 (6)(7)	10/9/2024
12/31/2024	9/27/2025	10/27/2025 (5)	10/27/2025 (6)(7)	9/19/2025

(1). A failure to file notice was filed timely September 22, 2021 regarding the fiscal year ended December 31, 2020 audited financial statements. The audited financial statements were subsequently filed on December 21, 2021.

(2). A failure to file notice was filed timely September 14, 2022 regarding the fiscal year ended December 31, 2021 audited financial statements. The audited financial statements were subsequently filed on December 21, 2022.

(3). A failure to file notice was filed timely on September 21, 2023 regarding the fiscal year ended December 31, 2022 audited financial statements. The audited financial statements and operating data were subsequently filed on October 12, 2023.

(4). A failure to file notice was filed timely on September 25, 2024 regarding the fiscal year ended December 31, 2023 audited financial statements. The audited financial statements, budget, and operating data were subsequently filed on October 9, 2024.

(5). A failure to file notice was filed timely on September 19, 2025 regarding the fiscal year ended December 31, 2024 audited financial statements. The audited financial statements and operating data were subsequently filed on October 27, 2025.

(6). The "Composition of Labor", "Table VI Bethlehem Authority Revenues and Expenses", and "Table VII City of Bethlehem - Bureau of Water and Revenues and Expenses" was missing from the operating data filings for FY 2024, 2023, 2022, 2021, and 2020. The missing operating data, Table IV and Table VII, was include in the city's Audit report each fiscal year. The “Composition of Labor Force” is publicly available through the Department of Labor and Industry website.

(7). A failure to file notice was filed on September 11, 2026 regarding the operating data for FY 2024, 2023, and 2022.

RATINGS

S&P Global Ratings is expected to assign its municipal bond rating of "__" (__ Outlook) to this issue of Notes, and has done so with the understanding that upon delivery and issuance of the Notes, a municipal bond insurance policy covering the Notes will be issued by __. S&P Global Ratings has assigned an underlying rating of “AA-” (Stable Outlook) on the Notes. Such ratings reflect only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: 55 Water Street, 38th Floor, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

UNDERWRITING

Raymond James & Associates, Inc., Lancaster, Pennsylvania (the “Underwriter”) subject to certain conditions, has purchased the Bonds from the City at a purchase price of $_____________ (representing the par amount of the Bonds of $_______________, plus an original issue premium of $_________________ less an underwriting discount of $________________). The Underwriter's obligations are subject to certain conditions precedent; however, the Underwriter will be obligated to purchase all such Bonds on the Delivery Date if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the City. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the City. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

LEGAL OPINION

The Notes are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Barnes & Thornburg LLP, Philadelphia, Pennsylvania, Note Counsel, to be furnished upon delivery of the Notes. Certain matters will be passed upon for the City by John F. Spirk, Jr., Esquire, City Solicitor, by Stephanie J. Steward, Esquire, Goudsouzian & Associates, Easton, Pennsylvania, City Council Solicitor, and for the Underwriter by McNees Wallace & Nurick LLC, Harrisburg, Pennsylvania, Limited Scope Underwriter’s Counsel.

MUNICIPAL ADVISOR

The City has retained PFM Financial Advisors LLC, Harrisburg, Pennsylvania as Municipal Advisor (the "Municipal Advisor") in connection with the preparation, authorization, and issuance of the Notes. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. PFM Financial Advisors LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

MISCELLANEOUS

This Official Statement has been prepared under the direction of the City by PFM Financial Advisors LLC, Harrisburg, Pennsylvania, in its capacity as Municipal Advisor to the City. The information set forth in this Official Statement has been obtained from the City and from other sources believed to be reliable. Insofar as any statement herein includes matters of opinion or estimates about future conditions, it is not intended as representation of fact, and there is no guarantee that it is, or will be, realized. Summaries or descriptions of provisions of the Notes, the Ordinance, the Resolution, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof. Reference is hereby made to the complete documents, copies of which will be furnished by the City or the Municipal Advisor upon request. The information assembled in this Official Statement is not to be construed as a contract with holders of the Notes.

The City has authorized the distribution of this Official Statement.

CITY OF BETHLEHEM
Lehigh and Northampton Counties, Pennsylvania

By: ________________________________
Mayor, City of Bethlehem

APPENDIX A
The City of Bethlehem

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THE CITY OF BETHLEHEM

Location

The City of Bethlehem (the “City”) is located in the Counties of Lehigh and Northampton within the Lehigh Valley region of the eastern portion of the Commonwealth of Pennsylvania. The City of Bethlehem is the largest city in Northampton County with 75,781 residents as of the 2020 census. It ranks as Pennsylvania's seventh largest city. The City is located at the confluence of the Monocacy Creek and Lehigh River, with thirteen of its wards in Northampton County and four in Lehigh County. The Allentown-Bethlehem-Easton Metropolitan Statistical Area (the "ABE MSA"), comprised of Carbon, Lehigh and Northampton counties in Pennsylvania and Warren County in New Jersey, is the third largest urbanized area in the Commonwealth, with a population estimated at approximately 862,000. Only the Metropolitan Statistical Areas around Philadelphia and Pittsburgh have more residents.

The City is located within a 300-mile radius of the largest metropolitan areas in the eastern seaboard of the United States. New York City is 85 miles east via Interstate 78,; Philadelphia is 50 miles south of the City via the Pennsylvania Turnpike and Harrisburg is 85 miles west, via U.S. 22 and Interstate 78. Because of its proximity, the area has experienced significant immigration in the last five years from New York and northern New Jersey.

History

Founded in 1741, the City was the first permanent settlement of the Moravians in North America. A Protestant faith originally from central Europe, the Moravians came to the New World as missionaries to the Indians and slaves, and as evangelists to the recent German immigrants to Pennsylvania.

The Moravians established the City as a planned community integrating social, cultural, educational and industrial interests. Many of the buildings erected by the early Moravians still stand in the downtown area of the City. These include the Germain Haus (1741), the oldest building in the City; the Sisters’ House (1744), home for single women; the Bell House (1746), home for married people; and the Brethren's House (1748), residence and craft center for single men. Many of these buildings are still owned by the Moravian Church and are still used for their original purposes.

The industrial enterprises that the Moravians developed along the Monocacy Creek enabled them to become a self-sufficient community shortly after settlement. Craftsmen produced a variety of goods from a tannery, grist mill, dye house, oil mill, pottery, forge and fulling mill. The City had the first pumped municipal water works in the colonies. These buildings have been restored and are open as museums.

During the Revolutionary War, the City provided food and supplies for the Continental Army. Twice, during 1777 and 1778, the Brethren's House served as a hospital for the Army, and hundreds died there. The community grew slowly after the war. The City was incorporated as a borough in 1845, and other communities developed on its borders.

The Civil War brought the iron and steel industry to the City. In 1863, the first blast furnace opened to produce iron rails for the Union. The steel industry continued to grow through the nineteenth century, culminating in Charles M. Schwab's founding of the Bethlehem Steel Corporation in 1904. The same year, the boroughs of Bethlehem and West Bethlehem consolidated.

America's entry into World War I dramatically increased demand for steel from the City's foundries. The growing population led to the consolidation in 1917 of Bethlehem and South Bethlehem across the Lehigh River, and the incorporation of the consolidated community as the City.

Today, the City has approximately 97 different manufacturers and the Wind Creek Casino Complex, which includes a casino, shopping center, dining, and event center. The City is much more diverse than it was 10 and 20 years ago. The City's economy is increasingly characterized by retail and commercial concerns. A bustling Center City draws numerous tourists, especially during the Christmas season and the summer during a 10-day music festival known as Musikfest.

Government

In 1962, the City adopted its current mayor-council (strong mayor) form of local government, pursuant to Sections 417 and 418 of the Optional Third-Class Charter Law (Act of July 15, 1957, P.L. 901). The Mayor, as chief executive, supervises the City government and has the responsibility for enforcement of the charter and ordinances of the City. The Mayor reports annually to City Council and the public on the work of the previous year and on the existing conditions and requirements of the City, making recommendations as s/he deems necessary. All bonds, notes, contracts and written obligations of the City are approved by City Council and executed by the Mayor and the City Controller. The Mayor appoints a seven-member cabinet consisting of the Business Administrator, Police Chief, Fire Chief, Director of Public Works, Director of Water/Sewer Resources, Director of Community Development, and Solicitor.

FINANCIAL INFORMATION AND FINANCIAL REPORTING

Budgeting and Accounting

The City's budget is prepared primarily on a cash basis for expenditure and includes appropriations to cover prior and current encumbrances. Under the cash basis of accounting, revenues are recorded when received in cash and expenses are recorded when paid. Budgets are approved that contain estimated revenues adequate to fully fund appropriations. Control is exercised at the bureau level. Transfers between bureaus require the approval of designated officials and, if above certain limits, a majority of City Council.

Budgetary control is maintained as an integral part of the City's accounts payable function. Estimated purchase amounts are encumbered prior to the release of purchase orders to vendors. Purchase orders that result in an overrun of approved appropriation balances are not released unless and until supplemental appropriations are made available. Open encumbrances are reported as reservations of fund balance at the end of each fiscal year, except for proprietary funds.

The fiscal affairs of the City have been organized into twelve independent funds, each of which is a separate fiscal entity. These funds are: General Fund, Employee Benefits Trust Fund, Custodial Fund, Water Enterprise Fund, Sewer Enterprise Fund, Golf Course Enterprise, Liquid Fuels Fund, Community Development Block Grant Fund, Sewer Capital Fund, Non-Utility Capital Fund, Water Capital Fund and Storm Water Fund.

All governmental and fiduciary funds are on the modified accrual basis of accounting. Under this accounting method, revenues are recorded when received in cash except for those susceptible to accrual, which are recorded as receivables when measurable and available to finance current City operations. Receivables accrued include reimbursements from other governments for grant expenditures, receivables from other governmental entities for services rendered and property and residence taxes. Delinquent property taxes, which are not expected to be available to finance current operations, are recorded as revenue when collected. Governmental and fiduciary fund expenditures are accrued when liability is incurred. Interest on long-term debt is recorded when due. Proprietary funds used the accrual basis of accounting; revenues are recognized when earned and measurable and expenses are recognized when incurred.

The City's internal financial statements are prepared on the cash basis of accounting. However, for financial reporting purposes to the public, the financial statements are presented as described in the preceding paragraph. Shown below is a summary of the City's revenues and expenditures for the fiscal years 2020 through 2024 on a modified accrual basis.

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STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE ON A MODIFIED ACCRUAL BASIS

	2020	2021	2022		2023	2024
REVENUES						
Taxes	$43,974,846	$48,807,916	$51,081,156		$51,650,568	$54,320,065
Licenses & Permits	2,927,435	3,489,634	3,222,313		3,535,918	3,240,632
Intergovernmental	11,378,972	24,107,689	21,659,406		14,733,862	15,569,701
Departmental Earnings	5,727,798	6,808,771	7,488,812		8,666,727	9,743,923
Charges for Services	1,182,262	1,162,429	1,341,697		1,481,090	1,368,860
Fines & Forfeits	481,704	422,564	333,554		330,542	346,993
Interest	101,659	59,945	510,629		2,682,891	2,809,896
Municipal Recreation	194,380	575,022	617,945		626,669	696,474
Host Fee	9,387,171	11,986,402	11,649,408		11,678,178	11,613,494
Miscellaneous	103,848	420,839	445,863		465,511	684,854
Total Revenues	$75,460,075	$97,841,211	$98,350,783		$95,851,956	$100,394,892
EXPENDITURES						
General Government	$862,088	$840,362	$832,840		$855,006	$900,306
Administration	1,198,668	1,065,876	1,013,045		1,194,518	1,258,391
Community Development	9,481,515	7,839,654	8,322,441		10,369,746	14,852,737
Public Works	8,734,315	8,497,289	9,717,335		10,051,076	10,414,486
Police	20,706,474	22,459,890	23,168,301		23,019,579	25,133,185
Fire	14,952,826	15,919,263	16,416,763		15,628,081	17,910,689
Library	1,416,274	1,416,274	1,431,503		1,431,503	1,431,503
General Expenditures	10,045,047	10,662,930	12,084,164		12,573,636	12,906,600
Civic	118,468	396,004	631,683		1,066,639	1,395,484
Debt Services	1,104,918	1,087,856	1,077,354		1,095,757	543,385
Total Expenditures	$68,620,593	$70,185,398	$74,695,429		$77,285,541	$86,746,766
Excess/(Deficiency) of Revenues Over Expenditures	$6,839,482	$27,655,813	$23,655,354		$18,566,415	$13,648,126
OTHER FINANCING SOURCES (USES)						
Lease Proceeds	$0	$0	$182,516		$282,596	$289,350
Operating Transfers In	2,150,143	2,611,089	3,033,896		3,124,251	3,030,533
Operating Transfers Out	(8,169,715)	(14,279,170)	(13,177,367)		(15,408,050)	(17,988,678)
Sale of General Capital Asset	341,750	341,750	341,750		0	0
Proceeds from Capital Lease	311,799	435,440	0		0	0
Total Other Financing Sources (Uses)	($5,366,023)	($10,890,891)	($9,619,205)		($12,001,203)	($14,668,795)
Net Change in Fund Balance	$1,473,459	$16,764,922	$14,036,149	[1]	$6,565,212	($1,020,669)
Prior Period Adjustment GASB 87	0	0	588,540		0	0
Fund Balance, Beginning of Year	$20,469,074	21,942,533	38,707,455		53,332,144	59,897,356
Fund Balance, End of Year	**$21,942,533**	**$38,707,455**	**$53,332,144**		**$59,897,356**	**$58,876,687**

[1] Restatement.

Source: City's Annual Audited Financial Statements.

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SUMMARY OF GENERAL FUND ASSETS,
LIABILITIES AND FUND BALANCES

	2020	2021	2022	2023	2024
ASSETS					
Cash and Equivalents	$17,487,221	$39,543,920	$50,070,107	$55,337,400	$48,668,193
Receivables:					
Taxes	4,251,606	4,320,296	4,261,410	5,481,595	5,054,538
Accounts	905,637	892,199	934,045	1,123,935	1,254,190
Leases	0	0	3,959,459	3,834,736	3,703,475
Other	1,006,406	1,337,831	1,133,568	1,075,164	1,202,947
Due from Other Funds	880,162	0	2,580,162	2,580,162	6,548,116
Due from Other Govt's	4,113,511	4,622,478	4,541,319	4,400,616	6,488,151
Due from Component Unit	425,000	0	0	0	0
Prepaid Expenditures	147,457	0	0	0	0
Total Assets	$29,217,000	$50,716,724	$67,480,070	$73,833,608	$72,919,610
LIABILITIES					
Accounts Payable and Other Accrued Liabilities	$743,143	$741,345	$726,248	$1,404,303	$3,224,824
Escrow Liabilities	662,097	880,735	1,353,346	1,383,492	1,019,908
Payroll Payable	1,635,483	1,839,667	1,846,175	1,910,031	2,315,507
Accrued Vacation & Other Compensated Absences	1,043,810	1,019,750	1,059,788	810,617	844,068
Due to Other Funds	0	2,119,838	0	0	0
Unearned Revenues	236,136	3,026,469	4,540,619	2,404,074	1,392,085
Total Liabilities	$4,347,669	$9,627,804	$9,526,176	$7,912,517	$8,796,392
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue – Taxes	$2,243,298	$2,039,715	$1,290,887	$2,848,241	$0
Unavailable Revenue – Leases	0	0	3,330,863	3,175,494	2,226,406
Unavailable Revenue – Sale Proceeds	$683,500	341,750	0	0	3,020,125
Total Deferred Inflows of Resources	$2,926,798	$2,381,465	$4,621,750	$6,023,735	$5,246,531
FUND BALANCES					
Reserved for:					
Community Development	$230,995	$231,467	$231,467	$231,467	$253,111
Parks and Public Property	0	0	0	0	0
Police	0	0	0	0	0
Assigned	7,036,199	6,766,599	7,702,818	10,763,949	14,247,825
Unassigned	14,675,339	31,709,389	45,397,859	48,901,940	44,375,751
Total Fund Balances	$21,942,533	$38,707,455	$53,332,144	$59,897,356	$58,876,687
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$29,217,000**	**$50,716,724**	**$67,480,070**	**$73,833,608**	**$72,919,610**

Source: City's Annual Audited Financial Statements.

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BUDGETED GENERAL FUND REVENUES
AND EXPENDITURES ON A CASH BASIS

REVENUES	2025 Budget	2026 Budget
Taxes	$53,956,517	$55,351,153
Licenses & Permits	3,290,000	3,475,000
Grants & Gifts	27,644,042	23,105,118
Departmental Earnings	8,544,470	8,877,192
Fines & Forfeits	320,000	380,000
Municipal Recreation	750,000	750,000
General Fund Service	4,253,725	4,271,837
Returns & Allowances	1,921,000	1,627,000
Int. Income.	1,100,000	750,000
Miscellaneous	10,712,650	14,205,000
Total Revenues	**$112,492,404**	**$112,792,300**
EXPENDITURE APPROPRIATIONS		
Personnel Costs	71,350,773	$74,382,983
Materials & Supplies	2,271,368	2,305,312
Purchased Services	18,544,547	16,934,328
Equipment	1,121,652	757,533
Long-Term Debt	9,124,687	9,119,914
Civic Expenses	10,079,377	9,292,230
Total Expenditure Appropriations	**$112,492,404**	**$112,792,300**

Source: Budget Reports and City Officials.

The cash basis of accounting is used by the City for bookkeeping purposes. Revenues and expenditures are recognized as cash are received and disbursed. The balance sheet reflects only a balance in the cash and fund balance accounts, while the activity statement simply summarizes cash receipts and cash disbursements for the period. The City's auditors then convert the records to the modified accrual basis.

Results of Operations

The City's General Fund has generated an excess of Revenues over Expenditures before other financing sources and uses in five out of the last five years. Total Revenues and Expenditures have fluctuated within a narrow range over the past five years and have maintained a balanced composition. A surplus of revenues has been generated in the past five years after operating transfers.

Close fiscal control has kept increases in expenditures at modest levels.

The General Fund debt service, which is included in operating transfers out, has decreased as a percent of revenues. Recent debt issues for water system improvements are self-liquidating from the revenues of the respective operations.

TAX ADMINISTRATION

Tax Authority and Taxes Levied

The Third-Class City Code (P.L. 662), as amended, provides for the levy of certain general-purpose taxes, not all of which are levied by the City. The following is a description of those taxes and those levied by the City.

Real Estate Tax: The City may levy a tax for general purposes on the appraised value of real estate up to 25 mills and may also levy an additional five mills with permission of the Court of Common Pleas (except as provided by Act 205 for Pension programs). Additionally, the City may levy taxes on the appraised value of real estate, unlimited as to rate or amount, sufficient for payment of the principal of and interest on the City's indebtedness. The Third-Class City Code also provides for the levy of certain special purpose taxes. The City may levy a library tax of unlimited millage. Other applicable, special purpose levies permitted under state law, but not levied by the City, include the imposition of taxes to support shade trees (1/10 mill) and charity (10 mills). The following is a table of the millage rates for the respective Counties imposed for the items described above for 2026.

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Purpose	Northampton County City Mills on Each Dollar of Assessed Valuation	Lehigh County City Mills on Each Dollar of Assessed Valuation
General	8.61	2.72
Public Safety	6.70	2.12
Debt	3.10	0.98
Landfill Debt	0.40	0.13
Library	0.83	0.26
Total All Purposes	19.64	6.21

Source: City Officials.

Residence Tax: A residence tax for general revenue purposes not exceeding $5 may be levied on all residents 18 years of age and older. For 2026, the City did not levy the residence tax.

License Tax: The City levies a tax of $25 per year per license for certain businesses operating within the City.

The Local Tax Enabling Act, Act 511 of the Commonwealth, permits political subdivisions to levy certain taxes, not all of which are levied by the City. The following is a description of the various taxes authorized under such act and those levied by the City.

Earned Income Tax: The City currently levies this tax at the maximum rate allowed of one percent (except as provided by Act 205 for pension programs), which is, in turn, shared equally with Bethlehem Area School District. The tax is levied on the gross wages, salaries, fees and commissions of employees and self-employment net income. The tax is collected by the municipality where employed but returned to each employee's place of residence.

Deed Transfer Tax: This tax is levied by the City at the maximum rate allowed of one percent on the selling price of any real estate transaction within the City. This tax is shared equally with Bethlehem Area School District.

Business Privilege Tax: This tax is levied on the gross receipts of any business transacted within the City. The City levies the tax on retail sales at a rate of one and one-half mill, which is the maximum allowed and on wholesale sales at one mill, which is the maximum allowed. The collections are shared equally with Bethlehem Area School District.

Amusement and Music Device Tax: The City levies this unlimited tax on establishments that have coin-operated amusement and music devices on their premises, each with the following rates: (1) amusement device-- $75 and (2) arcade license-- $100.

Occupational Tax: The tax could be, but is not currently, levied by the City at either a flat rate of $10 or by assessing the occupations of City residents and applying a millage rate thereto. There is no rate on the millage assessment method.

Per Capita Tax: This tax could be levied at a minimum rate of $10 on every resident over the age of 18 years. Bethlehem Area School District currently levies this tax, and if the City decided also to do so, the tax revenues would be shared equally.

Amusement Tax: This tax is levied on the admission prices paid to places of amusement, entertainment or recreation except admissions to motion picture theaters with the maximum rate allowed by law of 10 percent. The City levies a 5% tax with a cap of $2.00 per ticket.

Local Services Tax: The City levies the maximum rate of $52 on income of $12,000 or more. The Bethlehem Area School District receives $5 of the $52 levy.

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Historical Tax Levies

Shown below are the taxes levied during the past thirteen years and the current year for the City, Bethlehem Area School District, Lehigh County, and Northampton County.

Year	Northampton County - City Real Estate (Mills)	Lehigh County - City Real Estate (Mills)	Earned Income (%)[1]	Business Privilege (%)[1]	Deed Transfer (%)[1]	Occupational Privilege/ Emergency Services ($)[1]	School District Real Estate (Mills)	Per Capita ($)	Northampton County - Real Estate (Mills)	Lehigh County - Real Estate (Mills)
2013	15.89	5.02[3]	1.00	0.5/1.5	1.00	52.00	48.36[4]	10.00	10.40[2]	3.79
2014	15.89	5.02[3]	1.00	0.5/1.5	1.00	52.00	50.99[4]	10.00	10.40[2]	3.79
2015	16.78	5.31[3]	1.00	0.5/1.5	1.00	52.00	52.51[4]	10.00	11.70[2]	3.75
2016	17.15	5.42[3]	1.00	0.5/1.5	1.00	52.00	54.05[4]	10.00	11.70[2]	3.68
2017	17.15	5.42[3]	1.00	0.5/1.5	1.00	52.00	54.55[4]	10.00	11.80	3.64
2018	17.55	5.55[3]	1.00	0.5/1.5	1.00	52.00	55.97[4]	10.00	11.80	3.64
2019	18.22	5.76[3]	1.00	0.5/1.5	1.00	52.00	56.26[4]	10.00	11.80	3.64
2020	18.22	5.76[3]	1.00	0.5/1.5	1.00	52.00	56.17[4]	10.00	11.80	3.78
2021	19.14	6.05[3]	1.00	0.5/1.5	1.00	52.00	57.76[4]	10.00	11.80	3.78
2022	19.14	6.05[3]	1.00	0.5/1.5	1.00	52.00	58.45[4]	10.00	10.80	3.78
2023	19.14	6.05[3]	1.00	0.5/1.5	1.00	52.00	58.20[4]	10.00	10.80	3.78
2024	19.64	6.21[3]	1.00	0.5/1.5	1.00	52.00	59.99[4]	10.00	10.80	3.78
2025	19.64	6.21[3]	1.00	0.5/1.5	1.00	52.00	63.17[4]	10.00	10.80	3.78
2026	19.64	6.21[3]	1.00	0.5/1.5	1.00	52.00	65.53[4]	10.00	10.80	3.78

(1) Shared equally with the School District.
(2) Bethlehem resident rate (911 adjustment).
(3) Lehigh County properties were reassessed effective January 1, 2013. Therefore, the City's Lehigh County taxpayers pay an adjusted millage rate.
(4) Millage rate for Northampton County taxpayers.
Source: City Officials.

Taxes Collected

Shown below are the taxes collected by the City for the past thirteen years. Data in the table below is presented on a cash basis.

Year	Total Taxes	Real Estate Tax	Earned Income Tax	Mercantile & Business Privilege Tax	Other Local Taxes
2013	$36,479,198	$24,557,553	$7,541,467	$1,874,557	$2,505,621
2014	36,470,069	24,642,438	7,323,981	1,930,246	2,573,404
2015	38,972,079	26,327,757	7,506,100	2,201,246	2,936,976
2016	40,947,770	27,177,510	8,360,238	2,536,745	2,873,277
2017	41,662,090	27,369,282	8,586,982	2,437,489	3,268,337
2018	43,018,139	28,431,555	8,663,901	2,462,399	3,460,284
2019	45,427,951	30,079,973	9,096,596	2,557,175	3,694,208
2020	45,338,747	30,419,808	8,898,390	2,658,458	3,362,091
2021	48,542,445	32,342,912	9,717,256	2,569,555	3,912,722
2022	49,989,965	32,390,504	10,827,985	2,691,858	4,079,618
2023	52,007,922	32,960,416	11,858,234	3,399,953	3,789,319
2024	54,103,527	34,922,967	11,815,028	3,422,219	3,943,313
2025	55,336,370	34,977,220	12,403,981	3,738,119	4,217,050

Source: City Officials.

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Real Estate Tax Assessments & Assessment Process

Real property market values and assessed valuation trends in the City are shown on the table below.

Year	Assessed Valuation	Market Valuation	Ratio
2013 Lehigh County	$1,389,328,100	$1,389,328,100	100.00
2013 Northampton County	1,100,696,850	2,201,393,700	50.00
2013 Total	$2,490,024,950	$3,590,721,800	
2014 Lehigh County	$1,393,842,600	$1,393,842,600	100.00
2014 Northampton County	1,123,605,600	2,247,211,200	50.00
2014 Total	$2,517,448,200	$3,641,053,800	
2015 Lehigh County	$1,397,003,100	$1,397,003,100	100.00
2015 Northampton County	1,127,480,070	2,254,960,140	50.00
2015 Total	$2,524,483,170	$3,651,963,240	
2016 Lehigh County	$1,408,071,200	$1,408,071,200	100.00
2016 Northampton County	1,140,955,270	2,281,910,540	50.00
2016 Total	$2,549,026,470	$3,689,981,740	
2017 Lehigh County	$1,419,986,200	$1,419,986,200	100.00
2017 Northampton County	1,153,284,620	2,306,569,240	50.00
2017 Total	$2,573,270,820	$3,726,555,440	
2018 Lehigh County	$1,430,163,000	$1,430,163,000	100.00
2018 Northampton County	1,166,867,270	2,333,734,540	50.00
2018 Total	$2,597,030,270	$3,763,897,540	
2019 Lehigh County	$1,440,226,000	$1,440,226,000	100.00
2019 Northampton County	1,185,265,170	2,370,530,340	50.00
2019 Total	$2,625,491,170	$3,810,756,340	
2020 Lehigh County	$1,447,160,100	$1,447,160,100	100.00
2020 Northampton County	1,211,633,070	2,423,266,140	50.00
2020 Total	$2,658,793,170	$3,870,426,240	
2021 Lehigh County	$1,448,929,000	$1,448,929,000	100.00
2021 Northampton County	1,228,229,480	2,456,458,960	50.00
2021 Total	$2,677,158,480	$3,905,387,960	
2022 Lehigh County	$1,460,286,200	$1,460,286,200	100.00
2022 Northampton County	1,247,914,960	2,459,829,920	50.00
2022 Total	$2,708,201,160	$3,956,116,120	
2023 Lehigh County	$1,474,760,100	$1,474,760,100	100.00
2023 Northampton County	1,264,370,160	2,528,740,320	50.00
2023 Total	$2,739,130,260	$4,003,500,420	
2024 Lehigh County	$1,460,888,200	$1,460,888,200	100.00
2024 Northampton County	1,289,096,060	2,578,192,120	50.00
2024 Total	$2,749,984,260	$4,039,080,320	
2025 Lehigh County	$1,467,834,200	$1,467,834,200	100.00
2025 Northampton County	1,328,325,660	2,656,651,320	50.00
2025 Total	$2,796,159,860	$4,124,485,520	
2026 Lehigh County	$1,471,587,400	$1,471,587,400	100.00
2026 Northampton County	1,353,742,760	2,707,485,520	50.00
2026 Total	$2,825,330,160	$4,179,072,920	

Source: Lehigh County and Northampton County Boards of Assessment.

Effective January 1, 2013, Lehigh County completed a county-wide reassessment of all real properties located within the County. The assessed value of all properties is 100% of their market value. The last reassessment of all property in that portion of the City located in Northampton County was completed in July 1994. All property in Northampton County was assessed at 50 percent of the market value and became effective for the 1995 fiscal year.

Tax Collection

Real estate taxes are levied on January 1 of each year. In 2026, the real estate tax collection process of the City allows taxpayers to remit prior to April 1st, to receive a two percent discount on their obligations. Remittances received after March 31st, and before May 31st are paid at base, and taxpayers remitting after May 30th pay a ten percent penalty. Taxpayers may also elect to pay the tax at par in four equal installments by City-scheduled dates. All unpaid City real estate taxes were forwarded to a collection agency by January 31st of the following year. Settlement of unpaid taxes under payment schedules may not exceed one year.

The City's real estate tax collection record for the years of 2013 through and including 2025 is shown below. Data is presented on a cash basis.

Year	Amount of Levy	Current Collected in Levy Year	Current Percent Collected	Delinquent Collected in Levy Year	Total Collected in Levy Year	Total Percent Collected
2013	$24,836,580	$23,923,468	96.32%	$634,085	$24,557,553	98.88%
2014	24,950,524	24,020,228	96.27%	622,210	24,642,438	98.77%
2015	26,617,934	25,682,781	96.49%	644,976	26,327,757	98.91%
2016	27,603,178	26,498,782	96.00%	678,728	27,177,510	98.46%
2017	27,762,193	26,769,490	96.42%	599,792	27,369,282	98.58%
2018	28,709,601	27,752,505	96.67%	679,050	28,431,555	99.03%
2019	30,238,676	29,309,557	96.92%	770,416	30,079,973	99.48%
2020	30,746,694	29,825,365	97.00%	594,443	30,419,808	98.94%
2021	32,761,147	31,754,546	96.92%	588,366	32,342,912	98.72%
2022	32,022,811	31,821,918	96.36%	568,586	32,390,504	98.09%
2023	33,319,719	32,335,636	97.05%	624,780	32,960,416	98.92%
2024	35,307,792	34,244,092	96.99%	678,875	34,922,967	98.91%
2025	35,381,212	34,434,649	97.32%	542,571	34,977,220	98.88%

Source: City Officials.

Largest Taxpayers

The ten largest taxpayers in the City, their assessed valuation, and percentage of total taxable assessed valuation in the City are shown below.

Taxpayer	2025 Assessed Valuation	Percentage of 2025 Total Taxable Assessed Valuation[1]
Sands Bethworks Gaming LLC/ Sands Bethworks Retail	$158,497,200	5.67%
Bethlehem Commerce Center LLC	74,735,000	2.55%
Valley Park South Partnership LLC	35,235,000	1.26%
Liberty Property LP	32,708,900	1.12%
23 Just Road I LP	29,275,000	1.05%
Centro Heritage Lehigh SC LLC	27,318,100	0.98%
Muhlenberg Realty Corp	22,914,100	0.82%
Westgate Mall Owner LLC	22,678,200	0.81%
Boardwalk Group LTD	19,509,000	0.70%
Moravian Village of Bethlehem	15,072,600	0.54%
Total	$437,943,100	15.50%

[1] The ten largest Taxpayers represent 15.70% of the City's STEB Assessed Value.

Source: City Officials.

Parking System

The Bethlehem Parking Authority, Bethlehem, Pennsylvania (the "Parking Authority"), was created by the City of Bethlehem to acquire, construct and equip parking facilities. The City, through Ordinance No. 3218, has delegated to the Parking Authority the responsibility to administer, supervise and enforce an efficient system of off-street and on-street parking. Since 1989, the parking system has generated revenues in sufficient amounts to pay operating expenses and debt service on debt incurred in connection with parking facilities. The Parking Authority owns the 770-space Walnut Street Garage which was demolished in early 2024 and replaced with a 517-space garage in 2025, the 800 space North Street Garage, the 626 space New Street garage, the 731 space Polk Street garage, and 412 spaces at the Riverport garage. The Parking Authority operates an additional 14 surface lots with a capacity of 750 spaces. Since 2009, the Parking Authority has been transferring between $0 and $500,000 to the City from surplus revenues.

Sewer System

The City owns and operates a wastewater system that serves approximately 120,000 people in the City and twelve surrounding municipalities. The system consists of approximately 250 miles of collection lines and a wastewater treatment plant with a rated capacity of 20.0 million gallons per day (MGD). The system meets all federal and state standards on an ongoing basis.

Sewer rates are based on a combination of a flat customer charge plus a consumption charge per 1,000 gallons.

Water System

The water supply and distribution system which serves the City and nearby community is owned by the Bethlehem Authority, a separate entity which acts as a financing authority for the system. The system was acquired using the proceeds of water revenue bonds which are guaranteed by the City, the repayment of which is financed through a lease between the City, as lessee, and the Bethlehem Authority, as lessor. Under the water system lease agreement, the City is required to pay annual rentals in an amount equal to 105% of the debt service on parity bonds issued under the Indenture, to replenish deficiencies in the Debt Service Reserve Fund, Bond Redemption and Improvement Fund and Maintenance Reserve Fund in accordance with the lease terms. Rental income more than debt service are additional revenues to the Bethlehem Authority.

The water supply and distribution system serves approximately 120,000 people in the City and eleven surrounding municipalities. The system consists of a 23,000-acre watershed, 2 reservoirs, 1 filtration plant rated at 28.6 MGD, approximately 550 miles of transmission and distribution mains, and 37,000 metered customers.

The City is responsible for the operation of the water supply and distribution system, and operations are financed through water rates based on a combination of a flat customer charge plus a consumption charge per 1,000 gallons.

Employees and Labor Relations

City employees participate in three unions which are described below. The Fraternal Order of Police Star Lodge No. 20 (the "FOP") represents approximately 150 uniformed police officers. These officers are operating under a 4-year contract, which expires December 31, 2026. A new 3-year contract has been signed which will expire on December 31, 2029.

The International Association of Fire Fighters Local 735 (the "IAFF") represents approximately 102 fire fighters. These fire fighters are operating under a 4-year contract, which expires December 31, 2026.

Local 32BJ, SEIU, Bethlehem Chapter Municipal Union represents approximately 212 employees. These municipal employees are under a 4-year contract, which expires December 31, 2028. This union also represents approximately 2 Parking Authority employees. These employees are under a 3-year contract, which expires December 31, 2026.

All the unions mentioned above have good relationships with the City.

PENSION PLANS AND FUNDING STATUS

The information included under this heading "Pension Plans and Funding Status" relies on information produced by the City's pension plans and its independent accountants and actuaries. Actuarial assessments constitute "forward-looking" information that reflects the judgment of the fiduciaries of the pension plans. Actuarial assessments are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future and will change with the future experience of the pension plans.

Introduction. The City currently has four defined benefit pension plans covering substantially all full-time employees. These plans are the Police, Fireman, Officers and Employees and Pennsylvania Municipal Retirement System ("PMRS") pension plans (collectively, the "Plans").

Following is a brief description of the Plans:

The Police Pension Plan ("PPP") is a contributory pension plan funded by state and City contributions. Members may retire after 20 years of service on a pension of 60 percent of final annual salary, which increases by two percent for each additional year of service to a maximum pension of 70 percent of the employee's: (i) final annual salary, or (ii) if greater, the applicable percent corresponding to the years of service times the average of the highest five years of earnings. The cost to the City in 2025 was $7,055,637. In 2026, the budgeted cost to the City is $7,065,459.

For all Police employees hired on or after January 1, 2012, the City is required to provide the minimum required pension benefit as set forth in the Third-Class City Code 53 P.S. §35101 to §39701, including but not limited to §39301 to §39309. For purposes of calculating pension benefits for employees hired on or after January 1, 2012, salary is defined solely as base salary plus longevity.

Monthly salary is defined as annual salary plus longevity divided by 12. The benefit shall be fifty percent (50%) after 20 years of service with no minimum age requirement.

The Firemen's Pension Plan ("FPP") is a contributory pension plan funded by state and City contributions. Members may retire after 20 years of service on a pension of 60 percent, which increases by two percent for each additional year of service to a maximum of 70 percent of the employee's: (i) final annual salary or, (ii) if greater, the applicable percent corresponding to the years of service times the average of the highest five years of earnings. The cost to the City in 2025 was $2,989,039, and the budgeted cost in 2026 is $2,942,151.

For all fire fighter employees hired on or after October 24, 2011, the City is required to provide the minimum required pension benefit set forth in the Third-Class City Code 53 P.S. §35101 to §39701, including but not limited to §39320, §39320.1, §39321 and §39322. For purposes of calculating pension benefits for fire fighters hired on or after October 24, 2011, salary is defined solely as base salary plus longevity. Monthly salary is defined as annual salary plus longevity divided by 12. The benefit shall be fifty percent (50%) after 20 years of service with no minimum age requirement.

The Officers and Employees Pension Fund ("O&EPP") is a contributory pension plan funded by state and City contributions. Members may retire at the age of 60 if they have 20 years of service. The pension is 2 ½ percent for each year of service up to 65 percent of the employee's average annual salary for the current year or any five years of service, whichever is the highest. This fund was closed at the end of 1963. The City was able to annuitize the remaining liability in the plan during 2017 based on asset levels of the plan. Therefore, the City will incur no additional cost of the plan.

All non-uniform employees whose employment date is after January 1, 1964, are members of a pension plan administered by the Pennsylvania Municipal Retirement System ("PMRS"). Members may retire at the age of 55 at full benefits or at an earlier age after 20 years of service at a reduced benefit amount. For all non-uniformed employees hired on or after October 4, 2013, members may retire at the age of 62 at full benefits or at an earlier age after 20 years of service at a reduced benefit amount. The pension benefit is calculated as two percent for each year of service multiplied by the average salary for the final five years of service. Pennsylvania Municipal Retirement System members are subject to an annuity plan. The cost to the City in 2025 was $2,951,877, and the budgeted cost in 2026 is $3,006,699.

On December 18, 1984, the Pennsylvania Legislature adopted the Municipal Pension Plan Funding Standard and Recovery Act (P.L. 1005, No. 205, as amended, 53 P.S. § 895.101 et seq.) ("Act 205"). The Plans are exempt from ERISA and governed solely by Act 205. Act 205 established mandatory actuarial reporting and funding requirements and a uniform basis for the distribution of state aid to Pennsylvania's public pension plans. Section 402(j) of Act 205 specifically requires the Auditor General, as deemed necessary, to make an audit of every municipality which receives general municipal pension system state aid and of every municipal pension plan and fund in which general municipal pension system state aid is deposited.

Unfunded pension liabilities are a legal obligation of the City. The City has responded with a strong commitment to fulfilling this obligation through its compliance with the funding alternatives promulgated under Act 205.

Effective January 1, 1991, the City opted out of Level II funding under Act 205 and into Level I funding. Under Level I, the City can receive more state aid while keeping the same level of funding for its Plans, which will make more City funds available for other uses.

Overview. The fiscal year for the Plans is January 1 to December 31. The Plan’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are made. Employer contributions to the Plan are recognized when due, in accordance with Act 205, as amended by Act 189, which requires annual payroll used in the calculation of financial requirements to be that of the current year plus projected payroll to the end of the year in determining the Minimum Municipal Obligation (the "MMO"). Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Governance. The general duties of the City's Municipal Pension Board (the "Pension Board") are granted in accordance with 53 PA.C. S § 895.101, et seq. The Pension Board meets and establishes investments and disbursements of all pension fund monies in the PPP and FPP. The Pension Board is comprised of ten (10) members consisting of the Mayor, Business Administrator, Controller, and Treasurer. The remaining six members are taken from membership of the FPP and PPP (all as defined above).

The Mayor, Business Administrator, Controller, and Treasurer are appointed by virtue of their position or office. Their Board terms are concurrent with the terms of their respective city positions. Six members are elected from the membership of the Plans: three members are elected from the participating Pension Plan membership of the PPP, and three members are elected from the participating Pension Plan membership of the FPP. These six members are elected by the participating Pension Plan memberships of the three Unions and are elected for a term of four years. The selection/election removal process of these six members is established by the individual Pension Funds.

The Pension Board meets no less than once a month at City Hall. Special meetings may also be called with reasonable notice being given to all interested parties in accordance with Ordinances, Rules and/or Regulations of the City of Bethlehem.

Police. The PPP is controlled by the provisions of the Optional Third-Class City Charter Law and Article 153 of the City of Bethlehem's Codified Ordinances, adopted pursuant to the Third-Class City Code.

As of December 31, 2024, there are 144 active employees participating in the PPP and 203 retirees and beneficiaries currently receiving benefits, for a total of 347 members. The PPP provides vesting, retirement, survivor, and disability benefits to plan members and their beneficiaries. For all members hired on or after January 1, 2012, the City provides the minimum required pension benefit as set forth in the Third-Class City Code 53 P.S. §35101 to §39701, including but not limited to §39301 to §39309. Such members must contribute 7% of covered payroll. For members hired prior to January 1, 2012, the Police Plan provides for normal retirement beginning with 20 years of credited service with no minimum age requirement. Such members are required to contribute 5% of covered payroll. Members are 100% vested when eligible.

Firemen. The FPP is controlled by the provisions of the Optional Third-Class City Charter Law and Article 151 of the City of Bethlehem's Codified Ordinances, adopted pursuant to the Third-Class City Code.

As of December 31, 2024, there are 136 active employees participating in the FPP and 86 retirees and beneficiaries currently receiving benefits, for a total of 222 members. The FPP provides vesting, retirement, survivor, and disability benefits to plan members and their beneficiaries. For all members hired on or after October 24, 2011, the City provides the minimum required pension benefit as set forth in the Third-Class City Code 53 P.S. §35101 to §39701, including but not limited to §39320, §39320.1, §39321, and §39322. Such members must contribute 8% of covered payroll. For members hired prior to October 24, 2011, the FPP provides for normal retirement beginning with 20 years of credited service with no minimum age requirement. Such members are required to contribute 8% of covered payroll. Members are 100% vested when eligible.

Pennsylvania Municipal Retirement System. The PMRS is controlled by the provisions of the Optional Third-Class City Charter Law and Article 156 of the City of Bethlehem's Codified Ordinances, as amended, adopted pursuant to the Third-Class City Code. PMRS is an independent state agency that was created to administer public employee pension plans. This plan is for all non-uniformed union and non-union members hired after January 1, 1964.

As of December 31, 2024, there are 338 active employees participating in the PMRS Plan, and 394 retirees and beneficiaries currently receiving benefits, for a total of 732 members. There are also 20 inactive employees entitled to, but not yet receiving, benefits. The PMRS Plan provides vesting, retirement, survivor, and disability benefits to plan members and their beneficiaries. PMRS Plan members may retire at age 55 with 20 years of credited service. Members are required to contribute 7.5% of covered payroll. Members are 100% vested when eligible.

Pension Funding by Pension Obligation Bonds

On December 16, 2004, the City issued Federally Taxable General Obligation Bonds, Series B of 2004. The purpose of the bonds was to fund the City's unfunded accrued actuarial liability in the Police and Firemen's Pension Plans and the Officers' & Employees' Pension Fund. On October 24, 2014, the City issued Federally Taxable General Obligation Bonds, Series C of 2014. The purpose of the bonds was to fund the City's unfunded actuarial liability in the Pennsylvania Municipal Employees Retirement Plan.

Annual Pension Cost and Net Pension Obligations

As described above, the City has two contributing defined benefit single-employer pension plans covering police and firemen; the City of Bethlehem PPP and the City of Bethlehem FPP. Each plan provides retirement, disability and death benefits to plan members and beneficiaries. Cost of living adjustments are provided at the discretion of the Police and Firemen Retirement Boards. The City also participates in a pension plan administered by the PMRS covering the remainder, and larger group, of non-uniformed employees. PMRS is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for municipal pension plans. Act 205 and City Council assign the authority to establish and amend benefit provisions to the Board of Trustees of each retirement plan. The Plans are considered part of the City's financial reporting entity and are included in the City's financial statements as Pension Trust Funds. The Board of Trustees of each plan establishes and may amend the contribution requirements of plan members of the City.

The total contribution from the City for the Plans is the sum of the normal cost of benefits allocable to a given year, plus the amount of administrative expenses expected to be paid from Plan assets, plus the amount required to amortize the Plans' actuarial unfunded accrued liability. The total contribution requirement is met by members of the pension plans, the Commonwealth's annual General Aid and Supplemental Aid, and the City's contribution.

The following summary details contributions for each Plan from fiscal year 2013 through and including fiscal year 2024.

Police Pension Fund

Year	City	PA State Aid	Employee	Total
2013	$3,331,336	$163,354	$807,002	$4,301,692
2014	3,361,836	158,774	832,748	4,303,358
2015	4,298,925	0	843,207	5,142,132
2016	3,468,928	961,659	821,126	5,251,713
2017	4,463,427	0	826,913	5,290,340
2018	3,079,209	1,436,001	827,522	5,342,732
2019	3,736,295	1,579,771	830,256	6,146,322
2020	3,875,884	1,496,845	814,142	6,186,871
2021	4,780,716	1,477,563	775,927	7,034,206
2022	4,767,088	1,558,332	793,905	7,119,325
2023	4,203,678	1,733,680	803,624	6,740,982
2024	4,352,391	1,633,937	811,256	6,797,584

Source: City Officials.

Firemen Pension Fund

Year	City	PA State Aid	Employee	Total
2013	$2,081,751	$163,354	$509,851	$2,754,956
2014	2,064,266	158,774	496,034	2,719,074
2015	434,147	2,248,963	530,381	3,213,491
2016	1,589,083	961,659	530,381	3,081,123
2017	2,595,844	0	601,407	3,197,251
2018	1,232,508	1,436,001	632,814	3,301,323
2019	1,804,597	1,579,771	661,047	4,045,415
2020	2,378,775	1,043,853	684,823	4,107,451
2021	2,616,209	1,036,213	694,045	4,346,467
2022	2,573,731	1,095,044	694,001	4,362,776
2023	1,489,960	1,218,262	685,177	3,393,399
2024	1,057,902	1,633,936	696,607	3,388,445

Source: City Officials.

Pennsylvania Municipal Retirement System

Year	City	PA State Aid	Employee	Total
2013	$3,665,309	$0	$1,688,208	$5,353,517
2014	817,573	0	1,493,478	2,311,051
2015	1,117,586	0	1,545,765	2,663,351
2016	1,177,599	0	1,522,056	2,699,655
2017	1,181,049	0	1,558,847	2,739,896
2018	1,195,583	0	1,579,295	2,774,878
2019	1,837,873	0	1,648,959	3,486,832
2020	734,990	1,103,383	1,632,541	3,470,914
2021	907,770	918,979	1,646,874	3,473,623
2022	915,491	956,196	1,685,231	3,556,918
2023	836,080	1,597,196	1,747,565	4,180,841
2024	832,837	1,576,624	1,855,718	4,265,179

Source: City Officials.

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According to the 2025 Actuarial Valuation Reports prepared by Conrad Siegel Actuaries, for the Police and Fireman Plans and by Cheiron, Inc. for the PMRS Plan, the City estimates its unfunded actuarial accrued liability with respect to the Plans is $32,493,739. A summary of the Plans is as follows.

	Police	Firemen	PMRS	Total
Actuarial Accrued Liability	$159,688,086	$107,888,932	$165,536,278	$433,113,296
Actuarial Value of Assets	(126,186,873)	(96,950,843)	(177,481,841)	(400,619,557)
Pension Benefit Obligation	33,501,213	10,938,089	(11,945,563)	32,493,739

Source: City Actuarial Valuation Reports 1/1/2025.

As of January 1, 2025, the City's combined pension funding level was 92%.

Pension Fund Actuarial Methodology and Assumptions

The following table contains information on the actuarial methods and assumptions used in the most recent actuarial valuation of the Plans. Additional information on the City's three pension plans can be found in the City's fiscal year 2024 Audited Financial Statements attached hereto as Appendix D.

	Police Pension Fund	Firemen's Pension Fund	Pennsylvania Municipal Retirement System
Actuarial Methods:			
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	Level Dollar Closed	Level Dollar Closed
Remaining Amortization Period	9 years	7 years	Remaining Amort Pd Based on Periods in Act 205
Asset Valuation Method	Market Value as determined by Trustee	Market Value as determined by Trustee	Based on the Municipal Reserves
Significant Actuarial Assumptions:			
Investment Rate of Return.	7.00%	7.00%	5.25%
Projected Salary Increases (Cost of Living)	4.00%	4.00%	2.2%

Source: City's 1/1/2025 Actuarial Valuation Reports.

The unfunded actuarial liability of the Plans is being amortized as a level percentage of projected payroll on an open basis over a period as set forth in the table above. Effective in 2004, the unfunded actual liability calculation for the years 2002 and 2003 was revised to be amortized as a level percentage of projected payroll on an open basis over a period of 30 years. As of January 1,2021, the remaining amortization period for all three plans is set forth in the table above.

Pennsylvania Act 44 amended Act 205 and was signed by the Governor in September 2009. Specifically, Chapter 7-A of Act 44 requires the disclosure of certain information about any professional advisors receiving compensation for services provided to a municipal pension plan. The initial disclosure must be designed by the municipality, presented to the service providers and returned to the municipality by December of said year.

Actuarial valuations under Act 205 are required to be prepared each odd calendar year. The results of those valuations are used to determine the Minimum Municipal Obligation ("MMO") that the City must contribute to the Plan for anywhere from one to three future calendar years, to continue to satisfy legal requirements and therefore be eligible to receive State Aid. State Aid has been provided to the municipalities with around $10,000 per active uniformed officer and $5,000 per non-uniformed employee. The City has estimated the State Aid for the City for all pension plans to be approximately $5 million for 2025.

The City's Plans do not currently participate in Old Age Disability Security Income.

Funding Policy and Status. Act 205 requires that the City's annual contributions to the Plans be based on the MMO, which is based on the Plans' biennial actuarial valuation, for which the most recent valuation for all the City's plans was completed as of January 1, 2025. The MMO is the sum of the Entry Age Normal Cost, estimated administrative expenses and an amortization of the unfunded actuarial accrued liability, minus estimated member contributions and a credit equal to 10 percent of the excess (if any) of the actuarial value of the assets over the actuarial accrued liability. Members of each respective plan are required to contribute a percentage of their compensation to the respective plans, as described above. The Commonwealth provides an allocation of funds which must be used for pension funding, and the City allocates State Aid received from the Commonwealth to the Plans. Any financial requirements established by the MMO which exceeds Commonwealth and member contributions must be funded by the City.

The following tables illustrate the annual employer contribution status, financial requirement and MMO for each of the Plans from 2024-2026.

Police Pension Fund			
	2024	**2025**	**2026**
Financial Requirements and MMO Budgets			
Normal Cost Percentage	17.30%	16.80%	16.80%
Administrative Expense Percentage	3.40%	4.40%	4.40%
Estimated Prior Year Total Gross W-2 Payroll	$13,647,724	$14,181,543	$14,158,294
Entry Age Normal Cost	$2,361,056	$2,382,499	$2,378,593
Estimated Administrative Expenses	464,023	623,988	622,965
Total Annual Cost	$2,825,079	$3,006,487	$3,001,558
Amortization Contribution Requirement	$3,955,478	$4,863,052	$4,863,052
Financial Requirements	$6,780,557	$7,869,539	$7,864,610
Est Members' Contribution	$794,229	$813,902	$799,151
Required MMO	$5,986,328	$7,055,637	$7,065,459

Firemen Pension Fund			
	2024	**2025**	**2026**
Financial Requirements and MMO Budgets			
Normal Cost Percentage	17.30%	16.40%	16.40%
Administrative Expense Percentage	3.90%	5.20%	5.20%
Estimated Prior Year Total Gross W-2 Payroll	$8,172,344	$8,176,264	$7,825,310
Entry Age Normal Cost	$1,413,816	$1,340,907	$1,283,351
Estimated Administrative Expenses	318,721	425,166	406,916
Total Annual Cost	$1,732,537	$1,766,073	$1,690,267
Amortization Contribution Requirement	$1,639,240	$1,896,690	$1,896,690
Financial Requirements	$3,371,777	$3,662,763	$3,586,957
Est Members' Contribution	$679,939	$673,724	$644,806
Required MMO	$2,691,838	$2,989,039	$2,942,151

Pennsylvania Municipal Retirement System			
	2024	**2025**	**2026**
Financial Requirements and MMO Budgets			
Normal Cost Percentage	12.86%	12.49%	12.49%
Estimated Prior Year Total Gross W-2 Payroll	$23,025,699	$24,663,364	$25,754,391
Entry Age Normal Cost	$2,961,105	$3,080,454	$3,216,723
Administrative Charge ($20/member)	14,580	14,580	15,320
Total Annual Cost	$2,975,685	$3,095,394	$3,232,043
Amortization Contribution Requirement	$1,160,703	$1,706,235	$1,706,235
Financial Requirements	$4,136,388	$4,801,629	$4,938,278
Est Members' Contribution	$1,726,927	$1,849,752	$1,931,579
Required MMO	$2,409,461	$2,951,877	$3,006,699

Source: City's Minimum Municipal Obligation Worksheets.

The City's historical annual pension costs for fiscal years 2015 through 2025 and related information for each Plan is as follows:

	Police Pension Fund	Firemen's Pension Fund	Pennsylvania Municipal Retirement System
City	Minimum Municipal Obligation under Act 205 for all Three Pension Funds		
Plan Members	7% plus $1/month	8% plus $1/month	7.50%

Police Pension Fund		
Calendar Year	Annual Required Contribution*	Percentage Contributed
2015	$4,299	100%
2016	4,431	100%
2017	4,463	100%
2018	4,515	100%
2019	5,316	100%
2020	5,373	100%
2021	6,258	100%
2022	6,325	100%
2023	5,937	100%
2024	5,986	100%
2025	7,056	100%
Firemen Pension Fund		
Calendar Year	Annual Required Contribution*	Percentage Contributed
2015	$2,683	100%
2016	2,551	100%
2017	2,596	100%
2018	2,669	100%
2019	3,384	100%
2020	3,423	100%
2021	3,652	100%
2022	3,668	100%
2023	2,708	100%
2024	2,692	100%
2025	2,989	100%
Pennsylvania Municipal Retirement System		
Calendar Year	Annual Required Contribution*	Percentage Contributed
2015	$1,118	100%
2016	1,178	100%
2017	1,181	100%
2018	1,196	100%
2019	1,838	100%
2020	1,826	100%
2021	1,871	100%
2022	1,890	100%
2023	2,433	100%
2024	2,409	100%
2025	2,952	100%

*In thousands.

Historical and Annual Funding of the Plans. The following tables show the historical trend actuarial information for each of the Plans for the last six completed biennial actuarial reports (12 years).

	Actuarial Valuation Date (January 1)	Actuarial Value of Assets*	Accrued Liability*	Unfunded Accrued Liability (UAL)*	AVA Funded Ratio	Annual Covered Payroll*	UAL as a % of Payroll
Police:	2015	$75,928	$100,997	$25,069	75.18%	$11,524	217.54%
	2017	80,677	113,577	32,900	71.03%	12,454	264.17%
	2019	84,387	123,841	39,454	68.14%	11,815	333.93%
	2021	109,041	139,159	30,118	78.36%	12,741	236.39%
	2023	114,729	150,699	35,970	76.13%	13,207	272.35%
	2025	126,187	159,688	33,501	79.02%	13,639	245.62%
Fire:	2015	$56,795	$68,745	$11,950	82.62%	$7,065	169.14%
	2017	59,178	77,757	18,579	76.11%	8,022	231.60%
	2019	61,091	79,737	18,646	76.61%	7,712	241.78%
	2021	80,886	88,567	7,681	91.33%	8,425	91.16%
	2023	87,694	95,184	7,490	92.13%	8,424	88,91%
	2025	96,951	107,889	10,938	89.86%	7,948	137.62%
PMRS:	2015	$130,321	$130,977	$656	99.50%	$21,679	3.03%
	2017	137,901	144,046	6,145	95.73%	22,036	27.89%
	2019	144,106	149,885	5,779	95.15%	22,101	26.15%
	2021	154,221	160,507	6,286	96.08%	22,132	28.40%
	2023	157,353	166,189	8,836	94.68%	23,414	37.74%
	2025	162,960	165,536	2,576	107.22%	24,635	10.46%

*In thousands.
Source: City's 1/1/2025 Actuarial Valuation Reports.

Investment Policy

Police, Firemen and Officers and Employees Plans

The Police, Firemen, and Officers and Employees Plans investments are governed by Title 20 of the Pennsylvania Consolidated Statutes, Chapter 73 Municipalities Investments, Section 7302. The Plan's investment policy limits the amount the City may invest in any one issuer up to no more than five percent of the Plan's investments. On December 31, 2025, the City did not hold more than five percent of the Plan's investments in any one issuer.

The assets in the Plans are invested consistently with the following investment considerations and objectives

- Achieve a positive rate of return over the long term sufficient to meet the Fund's actuarial interest rate (as determined by the actuary) and provide for the payment of benefit obligations and expenses in perpetuity.
- Maintain a prudent risk level that balances growth with the need to preserve capital.
- Diversify the Fund assets to minimize the risk of large losses or excessive fluctuations in market value from year to year.
- Achieve investment results over the long term that compete favorably with other pension funds and appropriate market indices.

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Target Allocations for Each Asset Class per Policy

The following table is a summary of the current Target Allocations for each Asset Class.

Asset Class	Target Allocation
Equities:	
Domestic	32.0%
International & Global	14.0%
Total Equities	46.0%
Real Estate	10.0%
Alternative	20.0%
Fixed-Income	24.0%

Target Allocations for Each Asset Class as of 12/31/24

Asset Class	Target Allocation
Equities:	
Large Cap Growth	10%
Large Cap Core	10%
Large Cap Value	10%
Small Cap Core	8%
Small Cap Value	2%
Foreign Equities	10%
Total Equities	50%
Fixed Income:	
Intermediate Fixed (Cash Mgr)	20%
Intermediate Fixed	18%
High Yield	3%
Total Fixed Income	41%
Alternate Investments:	
Real Estate	3%
Managed Futures	3%
Life Settlement	3%
Total Alternate Investments	9%

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The following table sets forth generally the City's Police and Fire collective pension fund investments for the three most recent valuation dates.

Investment Type	Fair Market Value 1/1/2021	Fair Market Value 1/1/2023	Fair Market Value 1/1/2025
Money Markets	$12,881,617	$13,688,424	$2,365,642
US Government Securities	28,509,045	25,608,596	46,187,909
Corporate Bonds	13,403,745	9,112,541	0
Common Stocks	39,950,020	34,134,170	107,172,968
External Investments	5,418,187	864,969	0
Real Estate	9,639,552	6,655,076	19,760,236
Limited Partnerships	32,133,996	54,914,236	0
Mutual Funds	47,789,441	47,667,014	46,424,335
Total	$189,725,603	$192,645,025	$221,911,090

Source: City's Actuarial Valuation Reports 1/1/2021, 1/1/2023, and 1/1/2025.

Pennsylvania Municipal Retirement System Plan

The plan is administered by the PMRS. PMRS is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans.

As of December 31, 2024, the PMRS investment portfolio had a market value of $3.02 billion – a decrease of $509.2 million relative to the December 31, 2021 ending value of $3.53 billion. The Pennsylvania Municipal Retirement Board has contracts with sixteen professional money management firms. These relationships allow the Board to invest PMRS' assets in a diversified portfolio composed of stocks, bonds, and real estate. The objective is to benefit member municipalities by adding value through prudent asset allocation.

The following table sets forth generally the City's PMRS pension fund investments for the three most recent valuation dates.

Investment Type	Fair Market Value 1/1/2021	Fair Market Value 1/1/2023	Fair Market Value 1/1/2025
PMRS Assets	$171,708,322	$157,642,500	$177,481,841

Source: City's Actuarial Valuation Reports 1/1/2021, 1/1/2023, and 1/1/2025.

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Litigation, investigations, and labor relations; Reserves

Upon review and consultation with the City Solicitor, the management of the City is not aware of any pending or threatened litigation, investigations or labor unrest of a material nature.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on an amount actuarially determined in accordance with the parameters of GASB Statement 75.

The following table shows the components of the City's annual OPEB cost for fiscal year 2025, the amount contributed to the plan, and changes in the City's OPEB obligation:

Total OPEB Liability	Police	Fire Fighters	Non-Uniformed Union	Non-Uniformed Non-Union	Total
Fiscal Year Ending December 31, 2025					
Balance at 1/1/2024	$4,683,955	$3,238,233	$2,890,799	$1,980,063	$12,793,050
Service Cost	105,580	94,562	104,862	56,062	361,066
Interest[2]	186,670	130,136	115,737	78,886	511,429
Changes in Assumptions[1]	(33,163)	(10,401)	(11,638)	(6,880)	(62,082)
Benefit Payments[2]	(226,687)	(146,589)	(188,719)	(118,097)	(680,092)
Other Changes	0	0	0	0	0
Net Changes	32,400	67,708	20,242	9,971	130,321
Balance at 1/1/2024	4,716,355	3,305,941	2,911,041	1,990,034	12,923,371

(1) Each year's loss (or gain) is recognized over a closed period, using the average of the expected remaining service lives of all active and inactive employees that are currently receiving a benefit or may be eligible to receive a benefit in the future.

(2) These figures are based on estimated benefit payments. These amounts may be adjusted for actual benefit payments made during the year.

Source: City's 1/1/2025 GASB 75 Actuarial Valuation.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The City's OPEB actuarial valuation was dated January 1, 2025, and was completed by Conrad Siegel Actuaries. This method used for the valuation was the entry age normal cost method. The actuarial assumptions included 4.28% discount rate and an annual healthcare cost trend rate of 7% in 2025 with a 0.5% decrease per year until 5.5% in 2028. Rates gradually decrease from 5.4% in 2029 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Workers' Compensation for Self-Insurance

The City self-insures for workers' compensation claims and maintains a separate fund for future claims liabilities. The City pays self-insurance from its General Fund. The City's obligations to the fund were fully funded as of December 31, 2025. The City's funding requirements are reviewed annually by the Commonwealth Department of Labor and Industry. The Commonwealth maintains a worker's compensation guaranty fund (the "Guaranty Fund") to support unpaid workers' compensation claims should a self-insurer be unable to do so. Should the Guaranty Fund be needed to fund all or a portion of the City's existing claims, the Commonwealth seek recovery from the City of all payments made to fund such claims not funded by the City.

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DEMOGRAPHICAL AND ECONOMICAL INFORMATION OF THE CITY

Population Trends

The City of Bethlehem is part of the four-county Allentown-Bethlehem-Easton Standard Metropolitan Statistical Area ("ABE MSA"). The table below shows changes in the City's population during the last 60 years based on each decennial census. Comparable statistics for Northampton County, the ABE MSA and the Commonwealth are also shown.

Year	City of Bethlehem	% Change	Northampton County	% Change	ABE MSA	% Change	Commonwealth of Pennsylvania	% Change
1960	75,408	13.7	201,412	8.7	492,168	13.4	11,319,366	7.8
1970	72,686	(3.6)	214,368	6.4	543,551	10.4	11,793,909	4.2
1980	70,419	(3.1)	225,418	5.2	582,969	1.4	11,863,895	0.6
1990	71,428	1.0	247,105	10.0	595,081	2.1	11,881,643	0.2
2000	71,329	--	267,066	8.1	618,350	3.9	12,281,054	3.3
2010	74,982	5.1	297,735	11.5	821,173	24.7	12,702,379	3.4
2020	75,781	1.1	312,951	5.1	861,889	4.95	13,002,700	2.4

Source: U.S. Department of Commerce, Bureau of the Census; Pennsylvania State Data Center, 1960-2020 Decennial Census.

Density

The table below compares the City's relatively high population density with that of the more rural counties, the ABE MSA and the Commonwealth.

	Area in Square Miles	2020 Population	Population Per Square Mile
City of Bethlehem	19.1	75,981	3,978
Northampton County	374.0	312,951	837
ABE MSA	1,103.2	861,889	781
Commonwealth of PA	44,820.0	13,002,700	290

Source: U.S. Department of Commerce, Bureau of the Census.

Age and Households

With the change in the City's population growth, the demographic profile of the City has changed. Between 2010 and 2020, the number of households in the City decreased 1.08 percent, the proportion of the City's population age 24 and under decreased, and the persons per household in the City increased slightly. The following tables depict the changing age characteristics of the City and the number of people per household for the City, Northampton County, the ABE MSA and the Commonwealth.

Age Group	% of City Population 2020
Under 19	22.7%
20-24	10.4%
25-34	16.6%
35-44	10.5%
45-64	21.7%
Over 65	18.1%
Median Age	35.3
Number of Households	29,088

Source: U.S. Department of Commerce, Bureau of the Census.

	Persons Per Household			
Area	1990	2000	2010	2020
City of Bethlehem	2.44	2.34	2.40	2.39
Northampton County	2.62	2.53	2.53	2.55
ABE MSA	2.57	2.49	2.53	2.52
Pennsylvania	2.57	2.48	2.45	2.45

Source: U.S. Department of Commerce, Bureau of the Census.

Housing

As shown below, the housing units in the City in 2020 were predominantly owner-occupied, with a vacancy rate of 6.1 percent.

	Owner Occupied	Renter Occupied	Vacant*
City of Bethlehem	50.7%	49.3%	6.1%
Northampton County	71.4%	28.6%	3.9%
ABE MSA	67.3%	32.7%	4.5%
Pennsylvania	68.9%	31.1%	7.5%

*Estimated.
Source: U.S. Department of Commerce, Bureau of the Census, 2020.

Income

The table below shows recent trends in per capita income for the City, Northampton County, the ABE MSA and the Commonwealth over the 2000-2020 period.

				Percentage Change:	
	2000	2010	2020	Since 2000	Since 2010
City of Bethlehem	$18,987	$22,385	$29,516	17.9%	31.9%
Northampton County	24,107	27,944	35,270	15.9%	26.2%
ABE MSA	21,355	27,253	35,299	27.6%	29.5%
Pennsylvania	22,749	26,374	34,352	15.9%	30.2%

Source: U.S. Department of Commerce, Bureau of the Census.

Employment – Labor Force

The table below shows the size of the City's civilian labor force over the 2000-2020 period is compared with those of the County, Commonwealth and nation.

		Civilian Labor Force		% Change	% Change
	2000	2010	2020	2000-2010	2010-2020
City of Bethlehem	31,900	36,379	37,700	14.0%	3.6%
Northampton County	131,500	151,700	156,800	15.4%	3.4%
Pennsylvania	5,971,900	6,390,000	6,396,000	7.0%	0.0%
United States	140,863,000	153,889,000	160,020,000	9.2%	3.9%

Source: U.S. Department of Labor, Research and Statistics.

Type of Employment

The distribution of employment among various employers in the ABE MSA is shown below.

	April 2026	July 2025	March 2024
Total Nonfarm	404,100	399,900	394,400
Mining, Logging and Construction	13,400	14,000	13,000
Manufacturing	40,200	41,400	41,300
Trade, Transportation, and Utilities	87,500	89,500	91,800
Information	5,900	6,200	6,200
Financial Activities	14,100	13,000	13,000
Professional and Business Services	54,800	51,800	49,700
Education & Health Services	97,000	92,600	89,600
Leisure & Hospitality	36,400	40,100	36,100
Other Services	14,400	15,400	14,000
Total Government	40,400	35,900	39,300

Source: U.S. Bureau of Labor Statistics.

Major Employers

The following is a list of top ten employers located in the City as of December 31, 2025, according to the Keystone Collections Group.

Top Ten Employers	Product/Service	Number of Employees
Lehigh University	Education	4,604
Wind Creek Bethlehem	Casino	1,762
Bethlehem Area School District	Education	1,623
Moravian University	Education	1,276
The Arc Of Lehigh And Northampton Counties	Occupational Therapy	997
Caresphere LLC	Home Care	888
City Of Bethlehem	Local Government	842
Lehigh Valley Hospital	Healthcare	813
QVC Inc	Retail	763
Just Born Inc	Candy Manufacturer	615
Other Major Employers	**Product/Service**	**Number of Employees**
Reeb Millwork, II LLC	Door Manufacturer	588
SDH Education East LLC	Food Service	577
Walmart Assoc. Inc./7356 7422 4087	Retail	569
St. Lukes Physician Group	Healthcare/Hospital	557
GXO Logistics Supply Chain Inc	Supply Chain	515
GHC Payroll LLC	Financial Services	466
Mckesson Medical-Surgical Inc	Healthcare	378
Service Electric Cable TV Inc	Telecommunications	349
B Braun Medical Inc	Medical Technology	334
St. Lukes Hospital	Healthcare/Hospital	330

Source: City Officials/Keystone Collections Group.

Unemployment

Shown below are the average unadjusted unemployment rates over the last thirteen years of the City, Northampton County, the Commonwealth and the nation.

Year	City of Bethlehem	Northampton County	Commonwealth of Pennsylvania	United States
2013	7.7	7.7	7.4	7.4
2014	6.1	5.9	5.8	6.2
2015	5.2	5.1	5.1	5.3
2016	5.8	5.3	5.4	4.9
2017	5.5	4.9	4.9	4.4
2018	5.2	4.4	4.3	3.9
2019	5.2	4.5	4.4	3.7
2020	10.4	9.2	9.1	8.1
2021	6.9	5.8	6.3	5.3
2022	4.5	4.2	4.4	3.6
2023	2.8	3.0	3.4	3.7
2024	3.0	3.2	3.6	4.1
2025	4.7	4.3	4.1	4.2

Source: U.S. Department of Labor, Bureau of Labor Statistics.

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Construction

Building permits issued and their value for the last thirteen years are as follows:

Year	Permits	Value
2013	1,692	$76,289,467
2014	1,677	72,866,258
2015	1,642	183,655,693
2016	1,616	109,203,647
2017	1,589	133,958,569
2018	1,555	247,601,503
2019	1,468	238,640,194
2020	1,390	249,269,286
2021	1,590	242,192,183
2022	1,640	167,921,267
2023	1,563	166,127,086
2024	1,766	257,901,347
2025	1,644	204,154,531

Source: City Officials.

Commerce and Trade

Due in part to its strategic location, allowing access to a large, skilled labor pool and reaching markets throughout the northeastern United States, the City's historically strong and stable economy has become greatly diversified over the last few years. The City's "Enterprise Development Area," with its low land costs, high-quality basic infrastructure, and economic incentives, has experienced much of this growth.

Transportation

Five interchanges provide access between the City and U.S. Highway 22, the major east-west highway in the Lehigh Valley. Route 378 provides a convenient connection between Route 22 and Center City Bethlehem. Interstate 78 provides an interchange in the southern part of Bethlehem onto Route 412. Other major highways in the area include Northeast Extension of the Pennsylvania Turnpike, U.S. Routes 222, 309 and 611 and Pennsylvania Route 33.

The Lehigh and Northampton Transportation Authority (LANTA), provides local bus service with nine routes serving the City, all but one serving Center City. LANTA serves almost five million passengers. Transbridge Lines provides daily non-stop bus service between the City and Midtown Manhattan. Greyhound and New Jersey Transit provide regular service from the City to many cities and towns.

The Norfolk Southern Railway and Lehigh Valley Rail Management provide extensive railway freight service to the City. Norfolk Southern Railway operates the Lehigh line through the city along the Lehigh River.

The City's central location causes it to be served by over seventy trucking lines. Major trucking companies with terminals in the area include AAA Trucking, APA Transport, Arrow Carrier, Ryder-PIE Nationwide, Branch Motor Express, Mason and Dixon Lines, New Penn Motor Express, Silver Line, Smith's Transfer and Yellow Freight System.

The Lehigh Valley International Airport is located just outside the City on over 600 acres of land adjacent to Route 22. Regular national service is available to 14 nonstop locations through American, Delta, Allegiant, and United. A spacious passenger terminal and substantial extension of the main runway were completed during the last decade.

Utilities

Pennsylvania Power and Light Company supplies a full range of electric services to the City and to 2,300,000 people in 29 counties in central and eastern Pennsylvania.

The UGI Corporation provides natural gas to customers in the City.

The City's sewage treatment plant has sufficient capacity available to serve expected growth.

Medical Facilities

Residents have access to several hospital and health care facilities located in or near the City. Complete professional, medical and surgical treatment is available at the following institutions: Lehigh Valley Health Network (now part of Jefferson Health System), St. Luke's University Health Network, and Good Shepherd Rehabilitation Hospital.

EDUCATION

School District

Bethlehem Area School District includes sixteen elementary schools, four middle schools and two high schools. Student enrollment trends for the School District from the 2009-2010 school year through the 2025-2026 school year are as follows:

School Year	Total Enrollment[1]	School Year	Total Enrollment[1]
2009-10	14,822	2018-19	13,633
2010-11	14,569	2019-20	13,424
2011-12	14,427	2020-21	13,005
2012-13	14,228	2020-21	13,005
2013-14	14,300	2021-22	13,034
2014-15	13,608	2022-23	12,973
2015-16	13,545	2023-24	12,865
2016-17	13,647	2024-25	12,770
2017-18	13,616	2025-26	12,402

(1) Actual Enrollment.
Source: Pennsylvania Department of Education.

Higher Education

The City has three institutions of higher education located within the City's limits. These facilities include Lehigh University, Moravian University and Northampton Community College. The City is home to 6,000 students at Lehigh University and 1,800 at Moravian University, the nation's sixth oldest college. Located in South Mountain, Lehigh University is renowned for its programs in engineering, management and business, with 70 percent of the degrees conferred in these fields. Over 1,900 graduate students' study for master's and doctorate degrees. The University fosters research through 22 formal research institutes and centers. Moravian University offers 19 programs toward the Bachelor of Arts degree, 10 toward the Bachelor of Science degree and master's degree in business administration. The University traces its roots to the earliest days of the community and retains its affiliation with the Moravian Church. Other institutions of higher learning which are easily accessible to residents include Cedar Crest College, Lincoln Technical Institute, Muhlenberg College, Penn State University Lehigh Valley, DeSales University, Lafayette College and Lehigh Carbon Community College.

RECREATION AND CULTURE

The City's park system consists of over 50 recreation areas covering over 1,300 acres. The system includes various amenities, including ball fields and courts, playgrounds, tennis and Pickleball courts, trails for walking, running, and biking, 9- and 18-hole golf courses, an ice rink, pavilions, swimming pools and a splash park. Major parks include Monocacy, Saucon, and Sand Island Parks, which have walking paths and waterways to offer fishing. The City's Southside is home to our Skateplaza along our South Bethlehem Greenway, which also includes our Southside Arts District and various businesses along the way. South Mountain Park, another major recreation area on the city's south side, offers hiking and a disc golf course.

The City is endowed with a wide range of cultural facilities, including numerous restored buildings from the original Moravian settlement. The City also has several large events and festivals throughout the year including Musikfest, an 11-day music festival on the City's north and south sides, that celebrates both the City's steel history and German heritage. Other notable festivals include the Celtic Classic, Oktoberfest and Christkindlmarkt. In addition, during the Christmas season, there is a festive celebration of lights and decorations throughout the City with a Victorian facade on the City's Main Street corridor in Center City. The City also has several performing arts organizations, including Ice House Tonight, Pennsylvania Youth Theatre, and Touchstone Theatre which provide various forms of entertainment throughout the year.

RELIGION

Bethlehem, Pennsylvania is home to a wide variety of religious congregations. The City has approximately 83 communities of faith.

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ECONOMIC DEVELOPMENT AND OUTLOOK

In 2025, significant development activity continued throughout the City of Bethlehem, with a substantial share of investment and construction concentrated in South Bethlehem. While the former Bethlehem Steel Corporation site remains the most significant development opportunity, multiple areas throughout the City are actively attracting both public and private investment. In 2025, several notable projects reached completion. These include residential projects such as homes constructed as part of the Riverview Heights project on the City's Southside and the Easton Avenue Apartments at 2897 Easton Avenue. Prominent institutional, industrial, and commercial developments completed in the last year include the Walnut St. Garage in the Historic District, public improvements to - and Phase III of - the Westgate Mall, and several facilities on Commerce Center Boulevard including Axium Plastics at 2680 Commerce Center Boulevard. Notable mixed-use projects nearing completion or completed in 2025 include The Gatehouse: a five-story, 44-unit apartment with approximately 5,600 sq. ft. of retail space on the first floor at 413-415 E. 3rd St. (substantially completed) and The Marshall Valley, a 150-bed student housing project at 117 E. 4th St. (completed).

In addition to these projects, 2025 saw the start of construction for several new developments. These include Phase 2 of the Silk Mill Apartments at W. Goepp St. and Mauch Chunk Rd., bringing an approximately 80-unit, five-story multifamily building to the City's Northside, and a series of multifamily apartments on Elliot Avenue in West Bethlehem. Another year in the City was again marked by significant planning activity, as several projects progressed through the City's land development and zoning review processes.

The range and scale of projects reviewed by the City's Bureau of Planning & Zoning highlight a sustained commitment by private developers and businesses to support residential growth, job creation, and economic development. As of the end of 2025, the total estimated value of residential projects within the City exceeds $81.2 million. Industrial developments, either recently completed or currently under construction, represent an investment of over $169 million. Furthermore, approved, in-progress, or completed mixed-use developments are collectively valued at approximately $675.5 million. Other development projects that are newly approved comprise a variety of uses, such as the expansion of the Steel Ice Center at 320 East 1st St. and an eight-unit residential building at 62-68 West Union Boulevard.

In December 2013, the City was awarded one of three City Revitalization and Improvement Zone (CRIZ) designations, providing for a 30-year tax incentive period. Among the purposes of the CRIZ designation is to enable vacant or abandoned space to be developed for commercial use, thereby creating jobs, increasing personal incomes, and growing state and local tax revenues. CRIZ law enables the City - through its municipal authority, Bethlehem Revitalization & Improvement Authority (BRIA) - to pledge certain incremental taxes (other than real estate taxes) payable to the Commonwealth of Pennsylvania and local governments, and generated within the CRIZ, towards loan repayment to finance redevelopment. In 2025, total project investments reached $289.95 million, with $48 million in new investments in 2025. Of the total project investments, the public supported debt was $40,042,237.43 in 2025, which represents an increase of $2.4 million during 2025. Within the CRIZ, several critical projects have developed across the 130 acres designated for the program and the CRIZ continues to prove an instrumental tool in the City's toolkit for economic development.

The availability and coordination of multiple supportive incentive programs help maintain Bethlehem's competitiveness as a location for business investment and development.

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DEBT MANAGEMENT

Borrowing Capacity

The City is authorized to incur debt pursuant to the Pennsylvania Local Government Unit Debt Act (the "Act"). For the City to incur debt, the Act requires the calculation of the City's borrowing base, which is the average of revenues over the preceding three years, adjusted for certain non-recurring and excludable items. The Act limits the City's net non-electoral direct debt (direct debt that is not self-liquidating) to 250 percent of the City's borrowing base. In addition, aggregate non-electoral direct debt and lease rental debt are limited to 350 percent of the City's borrowing base. The borrowing base as shown below is $107,285,223.

CALCULATION OF BORROWING BASE
December 31, 2025 (unaudited)

	Actual 2023	Actual 2024	Unaudited 2025
Total Revenues and other financing sources	$151,584,012	$164,266,364	$167,138,881
Deduct excludable items			
1. State and Federal subsidies and reimbursements related to a particular project financed by debt	15,723,339	21,484,458	17,240,179
2. Revenues, receipts and assessments, etc. pledged for self-liquidating debt	29,491,145	28,803,903	28,472,202
3. Interest in sinking fund	0	0	0
4. Grants and Gifts-in-Aid	0	0	0
5. Non-recurring receipts	4,663,566	7,836,838	7,417,957
Total Excludable Items	$49,878,050	$58,125,199	$53,130,338
Net Revenues	$101,705,962	$106,141,165	$114,008,543
Total Revenues as defined in the Act for the three-year period ending December 31, 2025			$321,855,670
Borrowing Base-arithmetic average			$107,285,223

Source: City Officials.

CALCULATIONS OF DEBT LIMITS
December 31, 2025 (unaudited)

Net Nonelectoral Debt Limit:	
Borrowing Base	$107,285,223
Multiplier	250%
Net Nonelectoral Debt Limit	$268,213,057
Less: Net Total Principal of Direct Debt	$45,672,281
Remaining Net Nonelectoral Debt Borrowing Capacity	$222,540,776
Combined Net Nonelectoral Debt and Net Lease Rental Debt Limit:	
Borrowing Base	$107,285,223
Multiplier	350%
Combined Net Nonelectoral Debt and Net Lease Rental Debt Limit	$375,498,280
Less: Net Non-Electoral Debt and Net Lease Rental Debt Outstanding	$45,672,281
Remaining Net Non-Electoral and Net Lease Rental Capacity	$329,825,999

*Includes the estimated Notes offered through this Preliminary Official Statement. Does not include the portion of principal for the 2017A Bonds, 2017B Bonds, 2017E Bonds, or the 2019 Bonds being refunded, as described herein.
Source: City Officials.

CITY OF BETHLEHEM DEBT STATEMENT
(As of September 8, 2026)*

Nonelectoral Debt			**Total**
General Obligation Bonds, Series B of 2013 (Federally Taxable) (last maturity 2026)			$840,000
Guaranteed Sewer Revenue Note, Series of 2014 (Pennvest) (240 payments)			5,648,428
General Obligation Bonds, Series A of 2015 (last maturity 2028)			1,965,000
General Obligation Bonds, Series A of 2017 (last maturity 2032)			405,000
General Obligation Bonds, Series B of 2017 (last maturity 2034)			2,550,000
General Obligation Bonds, Series C of 2017 (last maturity 2037)			3,595,000
General Obligation Bonds, Series E of 2017 (last maturity 2028)			4,975,000
General Obligation Note, Series of 2018 (last maturity 2038)			1,290,000
General Obligation Bonds, Series of 2019 (last maturity 2034)			2,880,000
General Obligation Bonds, Series A of 2019 (last maturity 2034)			38,940,000
General Obligation Bonds, Series AA of 2019 (last maturity 2033)			5,675,000
General Obligation Bonds, Series of 2020 (last maturity 2034)			4,105,000
General Obligation Notes, Series of 2026 (last maturity 2037)			11,700,000*
Total Nonelectoral Debt			$84,568,428
Less:			
Debt Representing Pension Obligations[(1)]			$38,940,000
Total Exclusions			$38,940,000
Total Net Nonelectoral Debt			$45,628,428
Lease Rental Debt			
Bethlehem Authority Guaranteed Water Revenue Bonds, Series of 2022 (last maturity 2037)			$27,100,000
Bethlehem Parking Authority Guaranteed Parking Revenue Bonds, Series B of 2016 (last maturity 2046)			12,865,000
Bethlehem Authority Water Revenue Bonds, Series of 1998 (last maturity 2028)			3,755,558
Total Lease Rental Debt			$43,720,558
Less: Lease Rental Debt Deemed to be Self Liquidating			$43,720,558
Total Net Lease Rental Debt			$0
Total Principal of Direct Debt Subject to Debt Limitations			$45,628,428
Overlapping Debt[(2)]	**Outstanding Debt**	**Pro-Rata Share**	
County of Northampton	$83,450,000	14.19%	$11,845,406
County of Lehigh	157,705,000	4.56%	7,191,200
Bethlehem Area School District	204,155,000	60.14%	122,779,654
Saucon Valley School District	2,105,000	9.48%	199,506
Total Overlapping Debt			$142,015,766
Total Nonelectoral, Net Lease Rental, and Overlapping Debt			$187,644,194
Debt Ratios			
Direct Debt Per Capita (2020 Population)			$602.11
Direct Debt 2025 Assessed Value			1.64%
Direct Debt 2025 Market Value			0.60%
Direct & Overlapping Debt Per Capita (2020 Population)			$2,476.14
Direct & Overlapping Debt 2025 Assessed Value			6.73%
Direct & Overlapping Debt 2025 Market Value			2.46%

*Includes the estimated Notes offered through this Preliminary Official Statement. Does not include the portion of principal for the 2017A Bonds, 2017B Bonds, 2017E Bonds, or the 2019 Bonds being refunded, as described herein.

(1) Unfunded Actuarial Accrued Liability portion of General Obligation Bonds, Series A of 2019 not required to be included under Pennsylvania law.

(2) Source: Pennsylvania Department of Community and Economic Development LGUDA Debt Reports as of August 2, 2026.

Debt Service Schedule*

Year	Total Existing Lease Rental Debt Service	Total Existing Nonelectoral Debt Service	Total Existing Combined Debt Service	Series of 2026 Principal	Series of 2026 Interest	Series of 2026 Subtotal	Total Combined Debt Service
2026	$9,456,981	$13,050,656	$22,507,637				
2027	9,477,206	13,066,797	22,544,004				
2028	8,206,631	12,188,736	20,395,367				
2029	7,445,231	11,532,033	18,977,264				
2030	7,438,606	11,276,809	18,715,415				
2031	6,508,100	11,285,780	17,793,880				
2032	5,973,000	10,315,368	16,288,368				
2033	2,371,950	6,997,563	9,369,513				
2034	2,368,950	6,201,777	8,570,727				
2035	2,372,500	1,124,264	3,496,764				
2036	2,372,200	862,660	3,234,860				
2037	2,372,200	496,275	2,868,475				
2038	834,400	124,200	958,600				
2039	830,200	0	830,200				
2040	830,550	0	830,550				
2041	830,300	0	830,300				
2042	834,450	0	834,450				
2043	832,850	0	832,850				
2044	830,650	0	830,650				
2045	832,850	0	832,850				
2046	834,300	0	834,300				
Total	$73,854,106	$98,522,919	$172,377,025				

*Totals may not add due to rounding. Includes the existing debt service of the 2017A Bonds, 2017B Bonds, 2017E Bonds, and 2019 Bonds being refunded, as described herein.

Capital Financing and Debt Management

The development of the City's Capital Improvement Program is the result of a process that balances the need for public facilities against the fiscal capability of the City to provide for these needs. To provide a conceptual framework for this process, the following policies are established as guides in the Capital Improvement Program formulation:

- Any capital projects financed through the issuance of general obligation bonds should be financed for a period not to exceed the expected useful life of the project.

- The Capital Improvement Program should reflect the relationship between the City's planning and budgeting process, wherein the planning effort defines the City's anticipated needs, and the budgeting effort defines the financial parameters of sound capital expenditure policies for those needs.

- Debt sales should be planned and scheduled to maintain or improve the City's bond rating and to obtain interest rates at or below the published bond yield averages for bonds of similar ratings.

- The schedule of capital facility improvements should be in such a manner as to level the City's annual debt service payments to the maximum extent possible and to minimize fluctuations in tax rates caused by debt-financed capital improvements.

- The capital project should address economic issues such as attraction to or retention of the City's fiscal base.

- The capital project should be part of a plan or an overall development program.

- The capital project should maintain public health, provide public safety, upgrade parks and recreational facilities, provide preventive maintenance, and upgrade and/or replace existing equipment.

As part of the program described above, the City has historically, and expects to continue, to finance "non-utility" capital projects on a biennial basis and finances other special projects, including water and sewer system related projects on a needed basis.

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APPENDIX B
Form of Opinion of Note Counsel

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__________, 2026

City of Bethlehem
Bethlehem, Pennsylvania

Raymond James & Associates, Inc., as Underwriter
Lancaster, Pennsylvania

The Bank of New York Mellon Trust Company, as Paying Agent
Philadelphia, Pennsylvania

Re: $__________ Aggregate Principal Amount of City of Bethlehem, Lehigh and Northampton Counties, Pennsylvania, General Obligation Notes, Series of 2026

We have acted as Note Counsel to the City of Bethlehem, Lehigh and Northampton Counties, Pennsylvania (the "City") in connection with the issuance and sale of $_________ aggregate principal amount of its General Obligation Notes, Series of 2026 (the "Notes"). The Notes are being issued in accordance with the Local Government Unit Debt Act, Act No. 52 of 1978, approved April 28, 1978, as amended and reenacted by Act No. 177 of 1996, approved December 19, 1996, as amended (the "Debt Act") and pursuant to an ordinance of the City duly enacted on August 18, 2026 (the "Ordinance").

The Notes are being issued in order to finance (i) the refunding of all or a portion of the City's outstanding General Obligation Bonds, Series A of 2017, Series B of 2017, Series E of 2017 and Series of 2019; and (ii) the costs of issuing the Notes. Capitalized terms used but not defined herein have the meanings assigned to such terms in the Ordinance.

The Notes will be issued in fully registered form and will mature and be subject to optional redemption prior to maturity at the times, in the manner and on the terms specified in the Ordinance. The Notes are a general obligation of the City.

The City has covenanted: (i) to include the payments due under the Notes for each fiscal year in which such sums are due and payable in its budget for that year; (ii) to appropriate such amounts from its general revenues for such payments; and (iii) to duly and punctually pay, or cause to be paid, from its sinking fund or any other of its revenues or funds, the principal of, and interest on the Notes at the dates and places and in the manner stated in the Notes, according to the true intent and meaning thereof; and for such budgeting, appropriation and payment the City has pledged its full faith, credit and taxing power in accordance with the Debt Act.

The City has also covenanted in the Ordinance that it will make or permit no investment or other use of the proceeds of the Notes that would cause the Notes to be "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the rules promulgated thereunder, and that it will comply with the requirements of said Section throughout the term of the Notes. The City has further covenanted that it will comply with the requirements of the Code that must be met after the issuance of the Notes in order that interest on the Notes be excluded from gross income for federal income tax purposes. An officer of the City has executed a certificate (the "Tax Certificate") stating the reasonable expectations of the City on the date of issue of the Notes as to future events that are material for purposes of Section 148 of the Code pertaining to arbitrage bonds. The City is filing with the Internal Revenue Service a report of the issuance of the Notes as required by Section 149(e) of the Code as a condition of the exclusion from gross income of the interest on the Notes for federal income tax purposes. We have not undertaken to monitor compliance with respect to the aforesaid covenants or to advise any party as to changes in the law that may affect the exclusion of interest on the Notes from gross income for federal income tax purposes.

As Note Counsel, we have examined the relevant provisions of the Constitution of the Commonwealth of Pennsylvania; the Debt Act; the proceedings of the City Council of the City of Bethlehem (the "City Council") authorizing the issuance of the Notes; the certificate of approval of the Department of Community and Economic Development applicable to the Notes; the affidavits and certificates delivered by City officials at settlement for the Notes; and such other documents, records and proceedings as we deemed necessary as a basis for the opinions herein set forth. We also have examined an executed Note and assume that all other Notes have been similarly executed and authenticated by the Paying Agent.

We have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications and documents and proceedings.

Based upon the foregoing, we are of the opinion, under existing law, that:

1. The City is authorized under the provisions of the Constitution and the laws of the Commonwealth of Pennsylvania (the "Commonwealth") to perform its obligations under the Ordinance and the Notes.

2. Under the Constitution and the laws of the Commonwealth, including the Debt Act, the City is authorized to issue the Notes, and the terms of the Notes comply with the requirements of the Debt Act and the Ordinance.

3. The purposes for which the Notes have been issued are lawful purposes under the Debt Act and the Ordinance.

4. The Ordinance was duly enacted by the City Council, continues to be in force and effect on the date hereof, and is a legal, valid and binding obligation of the City enforceable in accordance with its terms, except as the rights created thereunder and the enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws or legal or equitable principles affecting the enforcement of creditors' rights.

5. The Notes are in substantially the form recited in the Ordinance authorizing their issuance, have been duly authorized, executed and delivered, and, on the assumption stated above, constitute valid and binding obligations of the City, payable from such moneys as may be available for the purpose, including ad valorem taxes which the City is currently authorized to levy for the purpose without limitation as to rate or amount, except as enforcement may be limited as described in paragraph 4 above.

6. Interest on the Notes is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Notes, assuming the accuracy of the certifications of the Issuer and continuing compliance by the Issuer with the requirements of the Code. Interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the adjusted financial statement income of applicable corporations, as provided in the Code, for purposes of computing the alternative minimum tax imposed on such corporations.

7. Interest on the Notes is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax, under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date of initial delivery of the Notes.

In rendering the opinion set forth in paragraph 6, we have assumed compliance by the City with the covenants contained in the Ordinance and the Tax Certificate that are intended to comply with the requirements in the Code relating to actions to be taken by the City in respect of the Notes after the issuance thereof to the extent necessary to effect or maintain the federal exclusion from gross income of the interest on the Notes. Failure to comply with such covenants could cause the interest on the Notes to be includable in gross income retroactively to the date of issuance of the Notes.

Except as provided in paragraphs 6 and 7, we express no opinion as to any tax consequences with respect to the Notes or the interest thereon.

Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

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APPENDIX C
Specimen Municipal Note Insurance Policy

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APPENDIX D
Audited Financial Statements of the City

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City of Bethlehem, Pennsylvania

Financial Statements, Required Supplementary Information, and Supplementary Information

Year Ended December 31, 2024
with Independent Auditor's Report

MaherDuessel

CITY OF BETHLEHEM, PENNSYVLANIA

YEAR ENDED DECEMBER 31, 2024

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CITY OF BETHLEHEM, PENNSYVLANIA

YEAR ENDED DECEMBER 31, 2024

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CITY OF BETHLEHEM, PENNSYVLANIA

YEAR ENDED DECEMBER 31, 2024

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Independent Auditor's Report

The Honorable J. Williams Reynold Mayor, and Honorable Members of City Council
City of Bethlehem, 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 Bethlehem, Pennsylvania (City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining information of the City, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Bethlehem Redevelopment Authority and the Bethlehem Parking Authority, which represent 98 percent, 94 percent, and 77 percent, respectively, of the assets and deferred outflows of resources, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Bethlehem Redevelopment Authority and the Bethlehem Parking Authority, is based solely on the reports of 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 Bethlehem Area Public Library and Bethlehem Redevelopment 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maher Duessel

Harrisburg, Pennsylvania
October 23, 2025

CITY OF BETHLEHEM, PENNSYLVANIA

Management's Discussion and Analysis
(Unaudited)

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the City of Bethlehem for the years ended December 31, 2024, and 2023. The City's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow.

Financial Highlights

The City's total net position increased by $35,239,849 during the year ended December 31, 2024, and increased by $31,886,852 in 2023.

In the City's governmental activities, net position increased by $20,041,625 in 2024 and increased by $19,004,428 in 2023. In 2024, the increase in net position is mainly the result of the receipt of grants and other charges not restricted to specific programs revenue in the amount of $18.4 million primarily related to COVID and gaming revenue.

In the City's business-type activities, net position increased by $15,198,224 in 2024 and increased by $12,882,424 in 2023. In 2024, Program Revenues for the Water, Sewer and Stormwater funds were greater than operating costs. Excess revenues will be used to fund future capital projects.

Overview of the Financial Statements

This discussion and analysis section of the report is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner like a private-sector business.

The *statement of net position* presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash* *flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both government-wide financial statements distinguish the functions of the City that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities).* The governmental activities of the City include general government, administrative, community development, parks and public property, public works, police, fire, general expenditures and civic. The business-type activities of the City include the water, sewer, stormwater, and municipal golf operations.

The government-wide financial statements include not only the City itself, but also the legally separate Bethlehem Authority. Financial information for this blended *component unit* is reported as combined with the financial information presented for the primary government itself.

The City's other three component units, the legally separate Bethlehem Parking Authority (Parking Authority), the legally separate Bethlehem Public Library (Library), and the legally separate Bethlehem Redevelopment Authority (Redevelopment Authority), are shown in a separate column as discretely presented component units.

The government-wide financial statements can be found on pages 1-4 of this report.

Fund Financial Statements A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, the non-utility capital improvements fund, and the debt service fund, which are major funds. Data from the other three governmental funds are combined into a single, aggregated presentation captioned "Other Non-Major Governmental Funds." Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report. The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 5-8 of this report.

Proprietary Funds City maintains five proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water fund and sewer fund, which are major funds. Data for the two other enterprise funds are combined into a single, aggregated presentation captioned "Other Enterprise Funds" and include the stormwater and municipal golf operations funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its medical insurance. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The internal service fund is presented in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 9-13 of this report.

Fiduciary Funds

The City's fiduciary fund accounts for the Employee Benefit Trust Fund and Custodial Fund and can be found on pages 14-15.

Component Units

The City's component units include the Parking Authority, Library, and Redevelopment Authority. The component unit's financial statements can be found on pages 16-18.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-121 of this report.

Other Information

The required supplementary information can be found on in the Management's Discussion and Analysis section and on pages 122-138 of this report. The combining statements referred to earlier in connection with governmental fund types are presented immediately following the required supplementary information section. Combining schedules can be found on pages 139-140 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. On December 31, 2024, the City's assets and deferred outflows exceed the liabilities and deferred inflows by $121,579,547. On December 31, 2023, the City's assets and deferred outflows exceed the liabilities and deferred inflows by $86,339,698.

The City's net position reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

City's Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current assets	$ 93,039,453	$ 88,175,982	$ 56,043,476	$ 50,519,248	$ 149,082,929	$ 138,695,230
Capital/lease assets	70,617,543	64,646,676	92,081,801	90,619,384	162,699,344	155,266,060
Other assets	1,391,333	1,143,990	13,215,071	15,876,256	14,606,404	17,020,246
Total assets	$ 165,048,329	$ 153,966,648	$ 161,340,348	$ 157,014,888	$ 326,388,677	$ 310,981,536
Deferred outflows of resources	$ 28,464,209	$ 39,390,475	$ 2,753,089	$ 4,836,539	$ 31,217,298	$ 44,227,014
Current liabilities	$ 26,674,023	$ 22,208,057	$ 11,283,880	$ 12,746,175	$ 37,957,903	$ 34,954,232
Noncurrent liabilities	118,029,133	139,902,412	71,994,873	83,055,072	190,024,006	222,957,484
Total liabilities	$ 144,703,156	$ 162,110,469	$ 83,278,753	$ 95,801,247	$ 227,981,909	$ 257,911,716
Deferred inflows of resources	$ 5,153,696	$ 7,632,593	$ 2,890,823	$ 3,324,543	$ 8,044,519	$ 10,957,136
Net investment in capital assets	$ 57,394,481	$ 46,699,680	$ 27,006,058	$ 19,406,660	$ 84,400,539	$ 66,106,340
Restricted	2,552,774	1,125,700	143,892	-	2,696,666	1,125,700
Unrestricted	(16,291,569)	(24,211,319)	50,773,911	43,318,977	34,482,342	19,107,658
Total net position (deficit)	$ 43,655,686	$ 23,614,061	$ 77,923,861	$ 62,725,637	$ 121,579,547	$ 86,339,698

Current assets in governmental activities increased approximately $4.86 million, to an increase in the "Due from other governments" receivable balance.

Capital/lease assets in governmental activities increased approximately $5.97 million, primarily due to increase in capital asset acquisitions which included the Greenway land purchase and public safety equipment.

Deferred outflows of resources in governmental activities decreased by approximately $10.9 million. This was due to market conditions recognized in GASB No 68 actuarial valuations and significant changes in the other post-employment benefits actuarial valuation

Current liabilities in governmental activities increased approximately $4.5 million. This was due to an increase of $1.8 million in accounts payable and $1.5 million in unearned revenue.

Noncurrent liabilities in governmental activities decreased approximately $22 million. This was due to decrease in long-term debt (net of current portion) totaling $8.5 million (see "Long-Term Debt" section), and a $12 million decrease in Net pension liability.

Deferred inflows of resources in governmental activities decreased by approximately $2.4 million. This was due to market conditions recognized in GASB No 68 actuarial valuations and significant changes in the other post-employment benefits actuarial valuation.

Current assets in business-type activities increased approximately $5.5 million. Cash and cash equivalents increased approximately $2.56 million. Conservative budget practices and new development resulted in a cash increase in the Water and Sewer Funds. Also, there was a $1.4 million increase in the Storm Water cash balance because budgeted capital projects were not completed. Finally, there were increases in all accounts receivable balances of all business-type funds that totaled $1.4. The increase in usage and the increase in the sewer rate created the variance in year end receivable.

Other assets in business-type activities decreased approximately $2.66 million, primarily due to reduction of restricted investments held by the Bethlehem Water Authority.

Deferred inflows of resources in business-type activities decreased approximately $2.08 million. This was due to market conditions recognized in the GASB No 68 actuarial valuations and significant changes in the other post-employment benefits actuarial valuation.

Noncurrent liabilities in business-type activities decreased approximately $11.06 million. This was decrease was due to a reduction in long-term debt (net of current portion) totaling $7.8 million (see 'Long-Term Debt" section) and a reduction of $2.94 in Net pension liability.

CITY OF BETHLEHEM, PENNSYLVANIA

Management's Discussion and Analysis
(Unaudited)

Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Program revenues:						
Charges for services	$ 15,707,347	$ 15,242,056	$ 52,251,213	$ 50,312,368	$ 67,958,560	$ 65,554,424
Operating grants and contributions	12,831,909	8,815,683	921,366	1,835,784	13,753,275	10,651,467
Capital grants and contributions	4,904,535	1,241,750	27,868	27,807	4,932,403	1,269,557
General revenues:						
Taxes	54,233,093	53,318,117	-	-	54,233,093	53,318,117
Sale of capital assets	-	-	70,652	-	70,652	-
Investment earnings	3,493,753	3,146,542	2,358,377	2,128,036	5,852,130	5,274,578
Unrestricted grants	18,402,858	22,239,576	-	-	18,402,858	22,239,576
Total revenues	109,573,495	104,003,724	55,629,476	54,303,995	165,202,971	158,307,719
Expenses:						
General government	784,394	888,956	-	-	784,394	888,956
Administrative	1,282,626	989,333	-	-	1,282,626	989,333
Community development	14,053,864	10,491,233	-	-	14,053,864	10,491,233
Parks and public property	638,751	1,022,276	-	-	638,751	1,022,276
Public works	14,637,620	17,759,617	-	-	14,637,620	17,759,617
Police	24,075,936	22,724,550	-	-	24,075,936	22,724,550
Fire	18,050,795	15,120,016	-	-	18,050,795	15,120,016
General expenditures	12,103,262	12,185,826	-	-	12,103,262	12,185,826
Civic	1,435,350	1,172,298	-	-	1,435,350	1,172,298
Library	1,440,063	1,612,835	-	-	1,440,063	1,612,835
Program expenditures	1,788,794	1,976,909	-	-	1,788,794	1,976,909
Interest on long-term debt	2,827,367	3,114,313	-	-	2,827,367	3,114,313
Water fund	-	-	18,647,752	19,022,685	18,647,752	19,022,685
Sewer fund	-	-	14,776,167	15,131,596	14,776,167	15,131,596
Other non-major fund	-	-	3,420,381	3,208,424	3,420,381	3,208,424
Total expenses	93,118,822	89,058,162	36,844,300	37,362,705	129,963,122	126,420,867
Change in net position before transfers	16,454,673	14,945,562	18,785,176	16,941,290	35,239,849	31,886,852
Transfers	3,586,952	4,058,866	(3,586,952)	(4,058,866)	-	-
Change in net position	20,041,625	19,004,428	15,198,224	12,882,424	35,239,849	31,886,852
Net position:						
Beginning	23,614,061	4,609,633	62,725,637	49,843,213	86,339,698	54,452,846
Restatement GASB 87						
Ending	$ 43,655,686	$ 23,614,061	$ 77,923,861	$ 62,725,637	$ 121,579,547	$ 86,339,698

Governmental activities. Governmental activities increased the City's net position by $20,041,625 for the year ended December 31, 2024. Key elements of this increase are as follows:

- A gain in Real estate tax revenue netted against a decrease in deferred earned income tax created the positive variance.
- Grants and other charges not restricted for specific programs of $18 million were received from various state and federal grants including COVID-19 pandemic funds and host fee revenue.
- Operating Grants and Contributions included large grants that passed through Community Development in 2025: Bethlehem Food Co-op-$2.28 million, SGO Grant-$1 million, and RACP grant-$1.01 million which increased both grant revenues and Community Development expenses.
- Parks and public properties received Capital Grant of $4.3 million which was used towards purchasing land which is a section of "the Greenway".
- $3.122 million reduction in Public Work expenditure was primarily driven by a decrease in capital outlay and personnel-related expenses.
- Police expenditure increased by $1.35 which was the result of higher salary and personnel related expenses and an increase in capital outlay for the purchase of radios, body cameras and car dash cameras.
- Fire Safety expenses increased by $2.93 million was the result of higher salary and personnel related expenses and an increase in capital outlay for the purchase of radios upgrades for both the Fire and EMS bureaus.
- $3.49 million of interest income was earned in 2024 which exceeded budget by $487,000.

Business-type activities. Business-type activities increased the City's net position by $15,198,224 for the year ended December 31, 2024. Program Revenues for the Water, Sewer and Stormwater funds are consistently greater than operating costs. Excess revenues will be used to fund future capital projects.

Financial Analysis of the Major Funds

General Fund

Revenues of the General Fund totaled $100,394,892 or the year ended December 31, 2024. The following represents a summary of General Fund revenue for the years ended December 31, 2024, and 2023 by source, along with changes from 2023:

	2024	2023	Change From 2023 to 2024	Percentage Change
Taxes	$ 54,320,065	$ 51,650,568	$ 2,669,497	5.17%
Licenses and permits	3,240,632	3,535,918	(295,286)	-8.35%
Intergovernmental revenues	15,569,701	14,733,862	835,839	5.67%
Fines and forfeitures	346,993	330,542	16,451	4.98%
Departmental earnings	9,743,923	8,666,727	1,077,196	12.43%
Other charges	1,368,860	1,481,090	(112,230)	-7.58%
Municipal recreation	696,474	626,669	69,805	11.14%
Investment income	2,809,896	2,682,891	127,005	4.73%
Host fee	11,613,494	11,678,178	(64,684)	-0.55%
Other	684,854	465,511	219,343	47.12%
Total	$ 100,394,892	$ 95,851,956	$ 4,542,936	4.74%

- Increases in earned income taxes, business privilege taxes and local service tax receipts along with a reduction deed transfer tax revenue produced the $2,669,497 increase in Taxes revenue.

- Decrease in inspection fees caused Licenses and permits receipts to negatively change by $295,286

- Intergovernmental revenues increased by $835,839. The variance was primarily due to an increase of $5.06 million received from various Federal, State and local sources. The substantial receipts included: SGO Grant, Bethlehem Co-op, RACP grant, and PCCD grants. These funds were netted against reduction of $4.2 million in Lost Revenue Reimbursement related to the COVID-19 pandemic and increase in

- Departmental earnings increased by $1,077,196 from 2024 to 2023. The increase was mainly due to a $952,390 increase in Ambulance fee revenue.

- Investment income increased by $127,005 from 2023 to 2024 due to favorable interest rates.

General Fund expenditures totaled $86,746,766 for the year ended December 31, 2024, which represents an increase of $9,461,225 or 12.24% from 2023. The following represents a summary of General Fund expenditures for the years ended December 31, 2024 and 2023, by function, along with changes from 2023:

	2024	2023	Change From 2023 to 2024	Percentage Change
General government	$ 900,306	$ 855,006	$ 45,300	5.30%
Administrative	1,258,391	1,194,518	63,873	5.35%
Community development	14,852,737	10,369,746	4,482,991	43.23%
Public works	10,414,486	10,051,076	363,410	3.62%
Police	25,133,185	23,019,579	2,113,606	9.18%
Fire	17,910,689	15,628,081	2,282,608	14.61%
General expenditures	12,906,600	12,573,636	332,964	2.65%
Civic	1,395,484	1,066,639	328,845	30.83%
Library	1,431,503	1,431,503	-	0.00%
Debt service - principal	503,632	1,042,192	(538,560)	-51.68%
Debt service - interest	39,753	53,565	(13,812)	-25.79%
Total	$ 86,746,766	$ 77,285,541	$ 9,461,225	12.24%

The increase in General Fund expenditure is the result of the following:

- Community development increased by $4,482,991. There was an increase in RACP expenditures of $309,826, a payment of $2,280,250 issued to the Bethlehem Food Co-op, a pass-thru to the subrecipient SGO in the amount of $1 million. Other payments included Choice Neighborhood payment of $157,061 for Pembroke revitalization project. Various fixed assets in the amount of $279,950 were purchased which included multiple vehicles and recycling equipment.

- Public works increased by $363,410. Various equipment purchases made up the difference.

- Police expenditures increased by $2,113,606 due to an increase in salary related expenses-$781.860 and an increase in equipment purchases (Radio Upgrade, Body Cameras, Car Dash Cameras)-$1,376,450.

- Fire expenditures increased by $2,282,608 due to the following: an increase in salary related expenditures-$1,094,970, an increase of $866,000 in equipment purchases (Radio Upgrade), and increase in Uniforms/Safety shoes and Training of $335,000 for new recruits and current firefighters.

- General expenditures increased by $332,964 which was due to increases in workmen's compensation and payroll related taxes.

- Civic expenditure increased by $328,845 due to the disbursement of Community Connection grants and investment in Affordable Housing.

General Fund Budgetary Highlights

The General Fund expenditure budget for fiscal year 2024 was approximately $113.36 million. This was an increase of $6.93 million over the previous year's amended budget. Actual expenditures were approximately $18.70 million less than the amended budget. There was a balance of $8.3 million of unspent budgeted expenses in Community Development primarily due to $4.5 million in Health bureau expenses, $2.923 in Community Development bureau. These grant related balances along with the revenues will be carried over to 2025. There was also a balance of $8.18 million in Civic Expenses primarily due to the unspent Community Recovery, Homeless Initiative and Affordable Housing initiatives that will be carried out to 2024. In additions, Public Works had a balance of $904,000 remaining as of December 31, 2024 in the following accounts: Salary related accounts, St Lights Repair/Replacement accounts, and various utility accounts.

Non-Utility Capital Improvements Fund

Cash and cash equivalents increased by approximately $6.05 million. Outstanding grant revenue for reimbursements was received. There was also a supply/demand issue when purchasing large municipal vehicle which delayed receipt and payment of ordered equipment.

Debt Service Fund

Debt service principal and interest expenditures are a function of amortization schedules created when debt is issued. Total debt service expenditures decreased by approximately $2.1 thousand from 2023, which is based upon debt service maturity schedule.

Other Non-Major Governmental Funds

The Other Non-Major Governmental Funds revenues are derived from specific sources and are restricted for specific uses. Such funds, primarily Commonwealth of Pennsylvania and federal grants, are restricted by law or other formal action to expenditure for specific purposes.

Pension Trust Fund

At December 31, 2024, the net position - restricted for employees' retirement pension benefits was $222,368,388. The average interest rate that is all inclusive with costs of the pension bond is 5.5%. The Fund returned 8.72%, net of fees, in 2024 based upon market activity. The Fund returned an average of 6.58% annually since 2003.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2024, amounted to $67,045,329 and $92,081,801 (net of accumulated depreciation), respectively. This investment in capital assets includes land and improvements, buildings and improvements, furniture, machinery, equipment, and infrastructure including but not limited to roads, bridges, streetlights, dams, and storm sewer systems.

Major capital asset events during the current year for governmental activities included the following:

- The City spent $4,335,614 to acquire land to connect the Bethlehem Greenway and the Saucon Rail Trail.
- The City spent $361,783 towards various park and pool improvements including the Saucon and Friendship Park renovations.
- The City spent over $2.6 million on vehicles, trucks and heavy equipment which included a front end loader, recycling truck, tractor, garbage truck, mobile clinic and various police vehicles.
- The City spent $3.2 million towards Street Overlays throughout the City.
- The City spent $2.6 million on various equipment upgrades which included police body and dashcam updates, police and fire radio upgrades and first responder kits.
- The City spent $307,134 towards streetscape improvements to South New Street from 3rd Street to 4th Street.
- The City spent $488,470 on capital improvements to the City's facilities which included City Hall & Library HVAC Controls upgrade and City Hall floor tile replacement.

Major capital asset events during the current year for business-type activities included the following:

- The City spent $603,435 on various improvements for the Golf Course which included renovations of the pro shop, course repairs and mowing equipment.
- The City spent $1,295,645 million towards various Storm water projects and equipment including the following: Pollution reduction project, fire storm drainage improvements, stormwater modifications to East Fifth and Taylor Streets, pipe replacements to the Stefko Boulevard garage, storm pipe repairs to West Broad Street, and sink hole repairs to Schoenersville Road and Stefko Boularvard.
- The City spent $6,744,954 towards various Water Fund equipment, vehicles and capital purchases. The largest projects included: the replacement of older residential and small commercial meters, the replacement/relocation/rehab of the water distribution system, and the replacement of lead service lines that feed existing residential customers.
- The City spent $6,302,225 toward various Sewer Fund equipment, vehicles and capital purchases. The largest projects included: collection system improvements per the Act 537 plan, the wastewater control building renovation, and the chemically enhanced primary settling project.

Additional information on the City's capital assets can be found in Note 4 on pages 57-61

Long-Term Debt

Information on the City's long-term debt can be found in Note 8 on pages 72-81 of this report.

The City's bonds have a rating from Standard and Poor's Rating Group of "AA-" (Stable Outlook).

Economic Development and Outlook

The City of Bethlehem continues to demonstrate robust and sustained economic growth across its community. While the former Bethlehem Steel Corporation site remains the most significant development opportunity, multiple areas throughout the City are actively attracting both public and private investment. In 2024, several notable projects reached completion. These include the Boyd Dream Theatre mixed-use redevelopment on the City's North Side, which added over 200 new residential units and commercial space, including a premier bakery—to Broad Street. On the South Side, the Taylor Lofts project at Third and Taylor was completed, enhancing residential options in the area. Lehigh University also completed its Business Innovation Building, contributing to the City's institutional growth.

In addition to completed projects, 2024 saw the initiation of several new developments. These include the redevelopment of the Walnut Street Garage, which will incorporate more than 50 residential units and two community-focused retail spaces and the Easton Avenue Apartments, a residential project that will provide over 50 new units. Furthermore, 2024 was marked by significant planning activity, as numerous projects progressed through the City's land development and zoning review processes. These efforts reflect continued momentum in Bethlehem's long-term development strategy.

In 2024, the City continued to experience significant private sector investment across residential, industrial, and mixed-use development sectors. Notable project submissions include plans for a mixed-use property at 1223 W. Broad Street, the former site of a gastropub, which will feature a new restaurant and six residential units consisting of one- and two-bedroom apartments. Additionally, approvals were granted for a $9 million expansion of the Bosch Rexroth Waterhouse at 2300 City Line Road and a cold storage facility at 2141 Commerce Center Boulevard.

The variety and scale of projects reviewed by the City's Bureau of Planning & Zoning reflect a sustained commitment by private entities to support housing growth and economic development. As of 2024, the total estimated value of residential projects within the City exceeds $73.9 million. Industrial developments, either recently completed or currently under construction, represent an investment of over $158 million. Furthermore, approved, in-progress, or completed mixed-use developments are collectively valued at approximately $675.5 million.

In 2024, Lehigh University completed construction on several major institutional projects, reflecting its continued investment in the South Bethlehem area. Notable completions include two field houses - among them the Cundey Field House located at 121 Goodman Drive – as well as the Clayton University Center on Trembly Drive. Additionally, construction began on the ArtsQuest Cultural Arts Center, officially named the ArtsQuest Creative Factory powered by

As of 2024, other major development projects that remain in the approvals phase or are currently under construction include Union Crossings, a residential development located at 218–226 W. Union Boulevard; the Eastern Gateway apartment complex at 4th and Williams Streets; The Marshal, a 76-unit residential project at 117 E. 4th Street; and two new medical facilities planned for the former Martin Tower site. Collectively, approved or submitted plans for these and other projects represent a total estimated investment of more than $375.2 million.

In December 2013, the City was awarded one of three City Revitalization and Improvement Zone (CRIZ) designations, providing for a 30-year tax incentive period. Among the purposes of the CRIZ designation is to enable vacant or abandoned space to be developed for commercial use, thereby creating jobs, increasing personal incomes, and growing state and local tax revenues. The CRIZ law enables the City - through its municipal authority, Bethlehem Revitalization & Improvement Authority (BRIA) - to pledge certain incremental taxes (other than real estate taxes) payable to the Commonwealth of Pennsylvania and local governments, and generated within the CRIZ, towards loan repayment to finance redevelopment. In 2024, total project investments reached $241.9 million, with $31.2 million in new investments in 2024. Of the total project investments, the public supported debt was $37,642,237.43 in 2024, which represents an increase of $2,698,967.43 during 2024. Within the CRIZ, several critical projects have developed across the 130 acres designated for the program and the CRIZ continues to prove an instrumental tool in the City's toolkit for economic development.

It is evident by the information included in this year's MD&A; the City of Bethlehem remains an Attractive location for investment.

Major Development Projects

**If amount not included, final project cost is not yet determined.*

Residential

Riverview West Apartments - 565 W Lehigh Street	6,500,000	Completed
Overlook at Saucon Creek - Ravena Street & Jadden Court	3,000,000	Completed
Park View Commons - William Street	3,000,000	Completed
Saucon Square Condominiums - 910 & 930 Fire Lane	3,500,000	Completed
Silk Mill Apartments (Phase 2) - W Goepp St & Mauch Chunk Rd	8,000,000	Plans Approved
2321 Linford Street Apartments	1,600,000	Completed
1535 Butztown Rd. Townhouses	600,000	Completed
Selfridge & Jackson Sts. Townhouses - 416 Selfridge St.	3,056,000	Plan Approved
Church Apartments - 938 East 4th Street	2,500,000	Completed
10-16 West Goepp Street Apartments	1,500,000	Completed
Wilbur Apartments - 267 Cherokee Street	6,800,000	Completed

Riverview Heights - E 6th St, E 7th St and Edward St	5,000,000	Under Construction
"Easton Avenue Apartments" - 2897 Easton Avenue	10,500,000	Under Construction
"Linden Street Apartments" - 3410-312 Linden Street		On Hold
"Linden Street Apartments" - 2854 Linden Street	7,000,000	Plan Approved
"Clermont Street Apartments" - 2039 Clermont Street	1,200,000	Completed
"Blake Street Apartments" - 1052 Blake Street	1,000,000	Completed
"Eaton Avenue Apartments" - 1210 Eaton Avenue	3,850,000	Completed
"Madison Commons - 1763 Madison Avenue	2,280,000	Completed
"Blake Street Apartments" - 1036 Blake St (Worthington Ave)	1,734,000	Completed
Isabella Court Apartments - 130 W. Goepp Street	135,578	Plan Approved
"Broad Street Apartments" - 1949 West Broad Street	514,800	Completed
Frankford Townhomes - 324-330 E. Frankford Street	850,000	Completed
"Blake Street Townhomes" - 1024 Blake Street	600,000	Plan Approved
"Pierce Street Townhomes" - 608 Pierce Street		Plan Approved
"Elliot Avenue Apartments" - 1746, 1742 & 1800 Elliot Avenue		Plan Approved
"Greenview Drive Apartments" 1411-1435 Greenview Drive	4,800,000	Under Construction
"1275 East 4th Commons" - 1275 East 4th Street	1,000,000	Under Construction
"8DUs" - 2650 Linden St.		Plan Submitted
"6DUs" 1513 Maple Street	872,500	Under Construction
"4DUs" 330 E. 4th Street		Plan Submitted
817, 821-823 W. Broad Street		Plan Submitted
HH Evans - 934-946 Evans Street		Plan Submitted
Mint Apartments - 1223 W. Broad Street		Plan Submitted
Residential Subtotal	**81,392,878**	

Residential/Senior

Cottages @ Monocacy Manor	4,500,000	Completed
Turnberry Mews - 900Blk of Greenhouse Dr.	10,000,000	Under Construction
Residential / Senior Subtotal	**14,500,000**	

Institutional

Terrace Homes at Northwood Gardens - 2365 Madison Avenue	14,200,000	Completed
ArtsQuest Cultural Arts Center - 25 West 3rd Street	6,080,613	Under Construction
STEAM Charter School - 1838 Center Street		Plan Under Review
Lehigh Valley Academy Regional Charter School - 2040 Avenue C	248,130	Completed
Lehigh University - Cundy Field House - 121 Goodman Drive	3,000,000	Completed
Lehigh University - Indoor Field House - 121 Goodman Drive		Completed
Lehigh University - Clayton Univ Center - 29 Trembley Drive	70,000,000	Completed
Walnut Street Garage - 33 West Walnut Street	30,000,000	Under Construction
Institutional Subtotal	**123,528,743**	

Mixed-Use

Greenway Commons, 610 Flats - 600-630 East Third Street	20,000,000	Completed
Polk Street Parking Garage, 413 East 3rd Street	16,000,000	Completed
1338 East Fourth Street	1,500,000	Under Construction
Brinker Lofts - 321 Adams Street Commercial Portions	2,000,000	Residential Portion Complete
548 North New Street	8,300,000	Plans Approved
Laros Apartments - 601-699 East Broad Street	30,000,000	Under Renovation
Martin Tower - 8th Avenue	100,000,000	Under Construction
Pektor Mixed Use - 404 East 3rd Street	6,200,000	Plans Submitted
Skyline West - 143 West Broad Street	15,000,000	Plan Approved
South New Street Apartments, 319-327 South New Street	250,000,000	Plan Approved
The Lofts at Third and Taylor Streets - 307-311 East 3rd Street	13,000,000	Completed
4th and Vine Streets	19,000,000	Plan Approved
Boyd - 26-44 West Broad Street	30,000,000	Completed

250 East Broad Street	12,000,000	Under Construction
Lofts at Linden - 2950-70 Linden Street	10,000,000	Completed
14-36 West 3rd Street	22,000,000	Plan Approved
Union Crossing 218-226 West Union Boulevard	9,500,000	Plan Approved
Tower Place (Phase I-MoBs) - 1170 8th Avenue	40,000,000	Under Construction
"Mixed Use Commercial & Residential" 128 East 3rd Street	11,000,000	Under Construction
Polk Street Parking Garage (Phase II) - 413-415 East 3rd Street	12,000,000	Under Construction
Serfass formerly Boys & Girls Club - 117 East 4th Street	20,000,000	Under Construction
610 Flats, 83-car parking lot - 702 East 3rd Street	28,000,000	Completed
Mixed-Use Subtotal	**675,500,000**	

Industrial

Majestic Lots 6 & 7 - 3905 Commerce Center Boulevard	39,650,000	Under Renovation
1405 Easton Road Expansion (Phase 2)	8,000,000	Completed
LVIP VII Lot 81 - 1025 Feather Way	12,000,000	Completed
Majestic Bethlehem Center - 3677 Commerce Center Boulevard		Plan Approved
Axium Plastics - 2680 Commerce Center Boulevard	13,000,000	Under Construction
"Speculative" - 1010 Harvard Avenue	6,960,000	Plan Approved
US Cold Storage - 15 Emery Street	78,400,000	Under Construction
Chan & Chan USA, Inc. - 2320 Avenue A		Completed
"Bosch Rexroth Waterhouse Expansion" - 2300 City Line Road	9,000,000	Plan Approved
"Phoenix Tube" - 925 Bethlehem Drive	1,141,072	Under Construction
"Majestic Bethlehem Center - McKesson" - 3769 Commerce Center		Plan Under Review
"EcoPax" 1355 Easton Road (Phase 3)		Plan Approved
"Cold Storage" 2141 Commerce Center Blvd.		Plan Approved
Industrial Subtotal	**168,151,072**	

Commercial

Casino Expansion - 77 Wind Creek Boulevard	90,000,000	Completed
Royal Farms Market/Gas Station - 2355 Avenue A	8,000,000	Withdrawn
Wawa Gas Station/Conv. Store - 774-784 Hellertown Road	6,000,000	Completed
AutoZone - 505 Wyandotte Street	1,800,000	Completed
Wilbur Mansion Hotel & Event Center - 202 Wyandotte Street	1,800,000	Completed
Westgate Mall Public Improvements	1,000,000	Under Construction
Westgate Mall, Phase III, 2285-2425 Schoenersville Road		Plan Approved
Home2Suite by Hilton - 2011 City Line Road	9,000,000	Completed
Taco Bell - 1620 East 4th Street	1,600,000	Under Construction
Commercial Restaurant (Starbucks) - 2571-2651 Easton Avenue	750,000	Completed
Sheetz - 3201 Schoenersville Road		Completed
Sheetz - 1780 East 4th Street		Completed
Cigars International - 1810 Spillman Drive		On Hold
M&J Outdoor Services - 2467 Ringhoffer Road	190,491	Under Construction
Cantelmi E-Commerce / Hardware - 507 Evans Street		Completed
"Tru by Hilton" - 1610 Spillman Drive		Plan Approved
"Sheetz" 2355 Avenue A	10,600,000	Plan Submitted
Commercial Subtotal	**130,740,491**	
Grand Total	**1,261,147,562**	

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 Administration Department, City of Bethlehem, 10 East Church Street, Bethlehem, Pennsylvania 18018.

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CITY OF BETHLEHEM, PENNSYLVANIA

STATEMENT OF NET POSITION

DECEMBER 31, 2024

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Units	Total Reporting Entity
Assets					
Current assets:					
Cash and cash equivalents	$ 72,445,962	$ 43,668,300	$ 116,114,262	$ 4,630,073	$ 120,744,335
Investments	3	-	3	31,761,450	31,761,453
Receivables (net of allowance for uncollectibles):					
Taxes	5,054,538	-	5,054,538	-	5,054,538
Accounts	1,254,190	12,491,971	13,746,161	257,713	14,003,874
Leases	131,261	106,609	237,870	423,989	661,859
Other	1,206,623	-	1,206,623	-	1,206,623
Accrued interest	-	33	33	-	33
Due from other governments	11,412,026	-	11,412,026	-	11,412,026
Internal balances	838,092	(838,092)	-	-	-
Inventories	696,758	614,655	1,311,413	-	1,311,413
Prepaid expenses	-	-	-	122,182	122,182
Total current assets	93,039,453	56,043,476	149,082,929	37,195,407	186,278,336
Noncurrent assets:					
Loans receivable	1,106,786	-	1,106,786	-	1,106,786
Restricted cash and cash equivalents	-	4,387,126	4,387,126	-	4,387,126
Restricted investments	-	8,599,430	8,599,430	3,595,133	12,194,563
Lease, net	3,572,214	84,623	3,656,837	10,247,519	13,904,356
Capital assets, not being depreciated	11,324,148	5,028,316	16,352,464	12,441,974	28,794,438
Capital assets, net	55,721,181	87,053,485	142,774,666	68,954,129	211,728,795
Net pension asset	272,342	143,892	416,234	44,300	460,534
Other assets	12,205	-	12,205	-	12,205
Total noncurrent assets	72,008,876	105,296,872	177,305,748	95,283,055	272,588,803
Total Assets	165,048,329	161,340,348	326,388,677	132,478,462	458,867,139
Deferred Outflows of Resources					
Deferred outflows of resources - pensions	20,071,841	2,470,714	22,542,555	288,515	22,831,070
Deferred outflows of resources - other post-employment benefits	810,663	137,109	947,772	-	947,772
Deferred charge on refunding	7,581,705	145,266	7,726,971	231,395	7,958,366
Total Deferred Outflows of Resources	28,464,209	2,753,089	31,217,298	519,910	31,737,208

(Continued)

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Units	Total Reporting Entity
Liabilities					
Current liabilities:					
Accounts payable and other accrued expenses	4,616,890	1,298,059	5,914,949	3,543,167	9,458,116
Accrued payroll	2,315,507	476,763	2,792,270	81,562	2,873,832
Accrued vacation and other compensated absences	1,872,397	469,553	2,341,950	15,485	2,357,435
Interest payable	453,818	287,849	741,667	367,267	1,108,934
Current portion of long-term debt	8,655,000	8,616,476	17,271,476	1,900,000	19,171,476
Current portion of lease obligations	440,800	135,179	575,979	-	575,979
Unearned revenue	7,299,703	-	7,299,703	264,617	7,564,320
Escrow liabilities	1,019,908	-	1,019,908	-	1,019,908
Total current liabilities	26,674,023	11,283,879	37,957,902	6,172,098	44,130,000
Noncurrent liabilities:					
Accrued vacation and other compensated absences, net of current portion	2,463,045	459,493	2,922,538	-	2,922,538
Long-term debt, net	69,135,974	66,509,405	135,645,379	67,242,301	202,887,680
Lease obligation, net of current portion	299,850	141,953	441,803	-	441,803
Net pension liability	35,000,077	-	35,000,077	55,455	35,055,532
Total other post-employment benefits liability	11,130,187	1,662,863	12,793,050	-	12,793,050
Unearned revenue	-	3,221,160	3,221,160	-	3,221,160
Total noncurrent liabilities	118,029,133	71,994,874	190,024,007	67,297,756	257,321,763
Total Liabilities	144,703,156	83,278,753	227,981,909	73,469,854	301,451,763
Deferred Inflows of Resources					
Deferred inflows of resources - leases	3,020,125	175,746	3,195,871	10,671,508	13,867,379
Deferred inflows of resources - pensions	983,446	-	983,446	85,272	1,068,718
Deferred inflows of resources - other post-employment benefits	1,150,125	366,393	1,516,518	-	1,516,518
Deferred gain on refunding	-	2,348,684	2,348,684	-	2,348,684
Total Deferred Inflows of Resources	5,153,696	2,890,823	8,044,519	10,756,780	18,801,299
Net Position					
Net investment in capital assets	57,394,481	27,006,058	84,400,539	38,006,035	122,406,574
Restricted	2,552,774	143,892	2,696,666	3,595,133	6,291,799
Unrestricted	(16,291,569)	50,773,911	34,482,342	7,170,570	41,652,912
Total Net Position	$ 43,655,686	$ 77,923,861	$ 121,579,547	$ 48,771,738	$ 170,351,285

(Concluded)

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

CITY OF BETHLEHEM, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

		Program Revenues		
Function/Programs:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 784,394	$ -	$ 59,755	$ -
Administrative	1,282,626	277,541	-	-
Community development	14,053,864	5,621,995	7,250,580	157,350
Parks and public property	638,751	1,037,967	-	4,547,185
Public works	14,637,620	1,181,762	2,433,005	-
Police	24,075,936	2,351,571	1,252,368	200,000
Fire	18,050,795	5,236,511	51,901	-
General expenditures	12,103,262	-	-	-
Civic	1,435,350	-	-	-
Library	1,440,063	-	-	-
Program expenditures	1,788,794	-	1,784,300	-
Interest on long-term debt	2,827,367	-	-	-
Total governmental activities	93,118,822	15,707,347	12,831,909	4,904,535
Business-type activities:				
Water Fund	18,647,752	24,669,235	508,892	-
Sewer Fund	14,776,167	21,339,534	412,474	27,868
Other non-major fund	3,420,381	6,242,444	-	-
Total business-type activities	36,844,300	52,251,213	921,366	27,868
Total primary government	$ 129,963,122	$ 67,958,560	$ 13,753,275	$ 4,932,403
Component units:				
Bethlehem Parking Authority	$ 9,034,918	$ 8,665,471	$ 2,794,849	$ -
Bethlehem Public Library	3,258,686	144,294	3,102,305	227,282
Bethlehem Redevelopment Authority	1,154,003	-	436,078	-
Total component units	$ 13,447,607	$ 8,809,765	$ 6,333,232	$ 227,282

General Revenues:
Real estate taxes and other taxes
Grants and other charges not restricted to specific programs
Investment income
Gain(loss) on sales of assets
Transfers
Total general revenues and transfers
Change in Net Position
Net Position:
Beginning of year
End of year

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government				Total
Governmental Activities	Business-Type Activities	Total	Component Units	Reporting Entity
$ (724,639)	$ -	$ (724,639)	$ -	$ (724,639)
(1,005,085)	-	(1,005,085)	-	(1,005,085)
(1,023,939)	-	(1,023,939)	-	(1,023,939)
4,946,401	-	4,946,401	-	4,946,401
(11,022,853)	-	(11,022,853)	-	(11,022,853)
(20,271,997)	-	(20,271,997)	-	(20,271,997)
(12,762,383)	-	(12,762,383)	-	(12,762,383)
(12,103,262)	-	(12,103,262)	-	(12,103,262)
(1,435,350)	-	(1,435,350)	-	(1,435,350)
(1,440,063)	-	(1,440,063)	-	(1,440,063)
(4,494)	-	(4,494)	-	(4,494)
(2,827,367)	-	(2,827,367)	-	(2,827,367)
(59,675,031)	-	(59,675,031)	-	(59,675,031)
-	6,530,375	6,530,375	-	6,530,375
-	7,003,709	7,003,709	-	7,003,709
-	2,822,063	2,822,063	-	2,822,063
-	16,356,147	16,356,147	-	16,356,147
(59,675,031)	16,356,147	(43,318,884)	-	(43,318,884)
-	-	-	2,425,402	2,425,402
-	-	-	215,195	215,195
-	-	-	(717,925)	(717,925)
-	-	-	1,922,672	1,922,672
54,233,093	-	54,233,093	-	54,233,093
18,402,858	-	18,402,858	-	18,402,858
3,493,753	2,358,377	5,852,130	2,009,860	7,861,990
-	70,652	70,652	-	70,652
3,586,952	(3,586,952)	-	-	-
79,716,656	(1,157,923)	78,558,733	2,009,860	80,568,593
20,041,625	15,198,224	35,239,849	3,932,532	39,172,381
23,614,061	62,725,637	86,339,698	44,839,206	131,178,904
$ 43,655,686	$ 77,923,861	$ 121,579,547	$ 48,771,738	$ 170,351,285

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

CITY OF BETHLEHEM, PENNSYLVANIA

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2024

	General Fund	Non-Utility Capital Improvements Fund	Debt Service Fund	Other Non-Major Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 48,668,193	$ 18,043,990	$ -	$ 3,924,951	$ 70,637,134
Investments	-	3	-	-	3
Receivables, net:					
Taxes	5,054,538	-	-	-	5,054,538
Accounts	1,254,190	-	-	-	1,254,190
Leases	3,703,475	-	-	-	3,703,475
Loans	-	-	-	1,106,786	1,106,786
Other	1,202,947	3,676	-	-	1,206,623
Due from other funds	6,548,116	178,500	-	-	6,726,616
Due from other governments	6,488,151	4,586,285	-	337,590	11,412,026
Total Assets	$ 72,919,610	$ 22,812,454	$ -	$ 5,369,327	$ 101,101,391
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable and other accrued expenses	$ 3,224,824	$ 149,472	$ -	$ 402,849	$ 3,777,145
Accrued payroll	2,315,507	-	-	-	2,315,507
Accrued vacation and other compensated absences	844,068	-	-	-	844,068
Due to other funds	-	5,733,524	-	155,000	5,888,524
Escrow liabilities	1,019,908	-	-	-	1,019,908
Unearned revenues	1,392,085	2,401,587	-	3,506,031	7,299,703
Total Liabilities	8,796,392	8,284,583	-	4,063,880	21,144,855
Deferred Inflows of Resources:					
Unavailable revenue - leases	3,020,125	-	-	-	3,020,125
Unavailable revenue - taxes	2,226,406	-	-	-	2,226,406
Total Deferred Inflows of Resources	5,246,531	-	-	-	5,246,531
Fund Balance:					
Restricted for:					
Community development	253,111	-	-	372,056	625,167
Capital projects	-	14,527,871	-	-	14,527,871
Public works	-	-	-	933,391	933,391
Assigned for capital projects	12,478,983	-	-	-	12,478,983
Assigned for excess medical claims	1,768,842	-	-	-	1,768,842
Unassigned	44,375,751	-	-	-	44,375,751
Total Fund Balance	58,876,687	14,527,871	-	1,305,447	74,710,005
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 72,919,610	$ 22,812,454	$ -	$ 5,369,327	$ 101,101,391

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

CITY OF BETHLEHEM, PENNSYLVANIA

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

DECEMBER 31, 2024

Total Fund Balance - Governmental Funds	$	74,710,005
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 in the funds.		67,045,329
Deferred outflows related to pensions		20,071,841
Deferred outflows related to other post-employment benefits		810,663
Real estate taxes and earned income taxes not collected until subsequent to year-end are recognized as revenue in the statement of net position.		2,226,406
Inventory is recorded on the statement of net position.		696,758
Accrued vacation and other compensated absences not due within the next twelve months are recorded on the statement of net position.		(3,491,374)
Net pension liability (asset) and deferred inflows related to pensions		(35,711,181)
Total other post-employment benefits liability and deferred inflows related to other post-employment benefits		(12,280,312)
Prepaid bond insurance and deferred charge on refunding are amortized on the statement of net position.		7,593,910
Long-term liabilities, including bonds and notes payable and lease obligations, are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes, net related discounts and premiums		(77,790,974)
Leases, net of related deferred inflows of resources		(740,650)
Accrued interest payable is included on the statement of net position.		(453,818)
Assets and liabilities of the internal service fund reported in the statement of net position are used to charge the costs of insurance to individual funds and are not reported in the governmental funds.		969,083
Net Position - Governmental Activities	$	43,655,686

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

CITY OF BETHLEHEM, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2024

	General Fund	Non-Utility Capital Improvements Fund	Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$ 54,320,065	$ -	$ -	$ -	$ 54,320,065
Licenses and permits	3,240,632	-	-	-	3,240,632
Intergovernmental revenues	15,569,701	5,125,042	-	3,699,712	24,394,455
Fines and forfeitures	346,993	-	-	-	346,993
Departmental earnings	9,743,923	-	-	-	9,743,923
Other charges	1,368,860	-	-	-	1,368,860
Municipal recreation	696,474	-	-	-	696,474
Investment income	2,809,896	626,273	-	57,584	3,493,753
Host fee	11,613,494	-	-	-	11,613,494
Other	684,854	185,947	-	105,880	976,681
Total revenues	100,394,892	5,937,262	-	3,863,176	110,195,330
Expenditures:					
Current:					
General government	900,306	-	-	-	900,306
Administrative	1,258,391	-	-	-	1,258,391
Community development	14,852,737	-	-	-	14,852,737
Public works	10,414,486	-	-	1,911,279	12,325,765
Police	25,133,185	-	-	-	25,133,185
Fire	17,910,689	-	-	-	17,910,689
General expenditures	12,906,600	-	-	-	12,906,600
Civic	1,395,484	-	-	-	1,395,484
Library	1,431,503	-	-	-	1,431,503
Program expenditures	-	-	-	1,788,794	1,788,794
Capital outlays	-	11,186,734	-	-	11,186,734
Debt service - principal	503,632	-	8,380,000	-	8,883,632
Debt service - interest	39,753	-	2,505,318	-	2,545,071
Total expenditures	86,746,766	11,186,734	10,885,318	3,700,073	112,518,891
Excess (Deficiency) of Revenues Over Expenditures	13,648,126	(5,249,472)	(10,885,318)	163,103	(2,323,561)
Other Financing Sources (Uses):					
Lease proceeds	289,350	-	-	-	289,350
Transfers in	3,030,533	7,891,158	10,885,318	372,056	22,179,065
Transfers out	(17,988,678)	(603,435)	-	-	(18,592,113)
Total other financing sources (uses)	(14,668,795)	7,287,723	10,885,318	372,056	3,876,302
Net Change in Fund Balance	(1,020,669)	2,038,251	-	535,159	1,552,741
Fund Balance:					
Beginning of the year	59,897,356	12,489,620	-	770,288	73,157,264
End of the year	$ 58,876,687	$ 14,527,871	$ -	$ 1,305,447	$ 74,710,005

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

CITY OF BETHLEHEM, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2024

Net Change in Fund Balance - Governmental Funds	$ 1,552,741
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($14,253,572) exceeded depreciation ($8,169,862) in the current period.	6,083,710
Revenues related to real estate taxes and earned income taxes in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(621,835)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to 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.	
Issuance of lease	(289,350)
Repayment of principal	8,883,632
Accrued interest expense on long-term debt is reported in the statement of activities, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds.	52,527
Change in deferred outflows of resources related to pensions in the statement of activities.	(10,166,083)
Change in deferred outflows of resources related to other post-employment benefits in the statement of activities.	(274,653)
Change in inventory in the statement of activities.	(11,328)
Change in accrued vacation and other compensated absences not due within the next twelve months in the statement of activities.	158,127
Change in net pension liability and deferred inflows of resources related to pensions in the statement of activities.	13,067,916
Change in other post-employment benefits liability and deferred inflows of resources related to other post-employment benefits in the statement of activities.	1,137,706
Governmental funds report the effect of bond insurance, premiums, discounts, deferred charges on refunding, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.	(334,823)
Activities of the internal service fund are reported as net loss within the statement of activities.	803,338
Change in Net Position - Governmental Activities	$ 20,041,625

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

CITY OF BETHLEHEM, PENNSYLVANIA

BALANCE SHEET - PROPRIETARY FUNDS

DECEMBER 31, 2024

	Enterprise Funds				
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service
Assets and Deferred Outflows of Resources					
Assets:					
Current assets:					
Cash and cash equivalents	$ 16,253,832	$ 19,092,449	$ 8,322,019	$ 43,668,300	$ 1,808,828
Accounts receivable, net	4,864,590	5,785,976	1,841,405	12,491,971	-
Accrued interest	33	-	-	33	-
Lease receivable	-	-	106,609	106,609	-
Due from other funds	-	55,000	10,570	65,570	-
Inventories	436,584	164,517	13,554	614,655	-
Total current assets	21,555,039	25,097,942	10,294,157	56,947,138	1,808,828
Restricted assets:					
Cash and cash equivalents	4,387,126	-	-	4,387,126	-
Investments	8,599,430	-	-	8,599,430	-
Lease receivable, net	-	-	84,623	84,623	-
Capital assets, not being depreciated	1,267,530	3,585,786	175,000	5,028,316	-
Capital assets, net	58,819,158	22,436,945	5,797,382	87,053,485	-
Net pension asset	62,810	72,924	8,158	143,892	-
Other assets	-	-	-	-	-
Total Assets	94,691,093	51,193,597	16,359,320	162,244,010	1,808,828
Deferred Outflows of Resources:					
Deferred outflows of resources - pensions	1,079,048	1,253,553	138,113	2,470,714	-
Deferred outflows of resources - other post-employement benefits	82,509	46,108	8,492	137,109	-
Deferred charge on refunding	-	145,266	-	145,266	-
Total Deferred Outflows of Resources	1,161,557	1,444,927	146,605	2,753,089	-
Total Assets and Deferred Outflows of Resources	$ 95,852,650	$ 52,638,524	$ 16,505,925	$ 164,997,099	$ 1,808,828

(Continued)

Liabilities, Deferred Inflows of Resources, and Net Position	Enterprise Funds: Water Fund	Enterprise Funds: Sewer Fund	Enterprise Funds: Other Enterprise Funds	Enterprise Funds: Total	Internal Service
Liabilities:					
Current liabilities:					
Accounts payable and other accrued expenses	$ 144,198	$ 517,613	$ 180,380	$ 842,191	$ 839,745
Accrued payroll	227,114	225,385	24,264	476,763	-
Accrued vacation and other compensated absences	354,770	73,133	41,650	469,553	-
Construction accounts payable	455,868	-	-	455,868	-
Interest payable	211,614	68,243	7,992	287,849	-
Current portion of long-term debt	6,908,040	1,628,436	80,000	8,616,476	-
Current portion of lease obligation	41,526	93,653	-	135,179	-
Due to other funds	-	-	903,662	903,662	-
Total current liabilities	8,343,130	2,606,463	1,237,948	12,187,541	839,745
Compensated absences, net	145,661	306,731	7,101	459,493	-
Long-term debt, net	47,794,451	17,424,954	1,290,000	66,509,405	-
Lease obligation, net	-	141,953	-	141,953	-
Total other post-employment benefits liability	1,000,660	559,193	103,010	1,662,863	-
Unearned revenue	302,400	2,918,760	-	3,221,160	-
Total Liabilities	57,586,302	23,958,054	2,638,059	84,182,415	839,745
Deferred Inflows of Resources:					
Deferred inflows of resources - leases	-	-	175,746	175,746	-
Deferred inflows of resources - other post-employement benefits	220,484	123,212	22,697	366,393	-
Deferred gain on refunding	2,348,684	-	-	2,348,684	-
Total Deferred Inflows of Resources	2,569,168	123,212	198,443	2,890,823	-
Net Position:					
Net investment in capital assets	15,524,675	6,879,001	4,602,382	27,006,058	-
Restricted - net pension asset	62,810	72,924	8,158	143,892	-
Unrestricted	20,109,695	21,605,333	9,058,883	50,773,911	969,083
Total Net Position	35,697,180	28,557,258	13,669,423	77,923,861	969,083
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 95,852,650	$ 52,638,524	$ 16,505,925	$ 164,997,099	$ 1,808,828

(Concluded)

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

CITY OF BETHLEHEM, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2024

	Enterprise Funds				
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service
Operating Revenues:					
Charges for services	$ 24,114,104	$ 19,609,856	$ 6,135,270	$ 49,859,230	$ 12,393,208
Operating Expenses:					
Salaries, wages, and fringe benefits	4,187,159	4,165,398	722,958	9,075,515	-
Professional fees	641,970	139,013	296,769	1,077,752	-
Utilities	258,857	675,779	29,141	963,777	-
Maintenance and repairs	171,368	262,634	485,605	919,607	-
Department contracts	584,832	855,923	107,182	1,547,937	-
Supplies	296,339	1,090,732	259,916	1,646,987	-
Service charges	2,890,595	2,137,652	649,966	5,678,213	-
Depreciation and amortization	6,489,629	4,813,324	720,091	12,023,044	-
Insurance claims	-	-	-	-	11,864,755
Administration	-	-	-	-	47,689
Other	460,928	160,792	98,615	720,335	-
Total operating expenses	15,981,677	14,301,247	3,370,243	33,653,167	11,912,444
Operating Income (Loss)	8,132,427	5,308,609	2,765,027	16,206,063	480,764
Non-Operating Revenues (Expenses):					
Investment income	1,152,240	894,385	311,752	2,358,377	5,833
Intergovernmental grants	508,892	412,474	-	921,366	-
Interest expense	(2,666,075)	(474,920)	(50,138)	(3,191,133)	-
Tapping fees	-	650,226	-	650,226	-
Gain (loss) on disposal of assets	83,710	-	(13,058)	70,652	-
Other revenues	555,131	1,107,320	107,174	1,769,625	316,741
Total non-operating revenues (expenses)	(366,102)	2,589,485	355,730	2,579,113	322,574
Change in net position before transfers	7,766,325	7,898,094	3,120,757	18,785,176	803,338
Transfers in	-	-	603,435	603,435	-
Transfers out	(566,755)	(3,039,176)	(584,456)	(4,190,387)	-
Change in Net Position	7,199,570	4,858,918	3,139,736	15,198,224	803,338
Net Position:					
Beginning of year	28,497,610	23,698,340	10,529,687	62,725,637	165,745
End of year	$ 35,697,180	$ 28,557,258	$ 13,669,423	$ 77,923,861	$ 969,083

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

CITY OF BETHLEHEM, PENNSYLVANIA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2024

	Enterprise Funds				
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service
Cash Flows From Operating Activities:					
Receipts from customers	$ 24,009,033	$ 18,694,037	$ 5,799,438	$ 48,502,508	$ 12,393,208
Payments to suppliers for services	(5,381,759)	(5,480,822)	(1,937,047)	(12,799,628)	(12,000,074)
Payment to employees	(4,677,663)	(4,742,087)	(763,137)	(10,182,887)	-
Net cash provided by (used in) operating activities	13,949,611	8,471,128	3,099,254	25,519,993	393,134
Cash Flows From Noncapital Financing Activities:					
Net transfers in (out)	(566,755)	(3,039,176)	18,979	(3,586,952)	-
Other revenues received	538,331	1,013,089	112,972	1,664,392	316,741
Net cash provided by (used in) noncapital financing activities	(28,424)	(2,026,087)	131,951	(1,922,560)	316,741
Cash Flows From Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(6,760,530)	(6,135,309)	(1,884,390)	(14,780,229)	-
Proceeds from sale of assets	83,710	-	-	83,710	-
Principal payments on debt	(7,250,000)	(1,574,571)	(75,000)	(8,899,571)	-
Interest payments on debt	(1,761,176)	(481,728)	(50,575)	(2,293,479)	-
Principal payments on lease obligations	(65,556)	(166,916)	-	(232,472)	-
Intergovernmental grants	508,892	412,474	-	921,366	-
Tapping fees	-	445,730	-	445,730	-
Net cash provided by (used in) capital and related financing activities	(15,244,660)	(7,500,320)	(2,009,965)	(24,754,945)	-
Cash Flows From Investing Activities:					
Net sale (purchase) of investments	4,282,128	-	-	4,282,128	-
Interest and dividends on investments	1,152,240	894,385	311,752	2,358,377	5,833
Net cash provided by (used in) investing activities	5,434,368	894,385	311,752	6,640,505	5,833
Net Increase (Decrease) in Cash and Cash Equivalents	4,110,895	(160,894)	1,532,992	5,482,993	715,708
Cash and Cash Equivalents:					
Beginning of year	16,530,063	19,253,343	6,789,027	42,572,433	1,093,120
End of year	$ 20,640,958	$ 19,092,449	$ 8,322,019	$ 48,055,426	$ 1,808,828

(Continued)

	Enterprise Funds				
	Water Fund	Sewer Fund	Other Enterprise Funds	Total	Internal Service
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	$ 8,132,427	$ 5,308,609	$ 2,765,027	$ 16,206,063	$ 480,764
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	6,489,629	4,813,324	720,091	12,023,044	-
Changes in balance sheet accounts:					
Accounts receivable	(105,071)	(915,819)	(335,832)	(1,356,722)	-
Inventories	(58,831)	(7,931)	(5,869)	(72,631)	-
Net pension asset	(62,810)	(72,924)	(8,158)	(143,892)	-
Deferred outflows of resources - pensions	872,792	1,013,138	114,368	2,000,298	-
Deferred outflows of resources - other post-employment benefits liability	42,307	26,546	2,685	71,538	-
Accrued vacation and other compensated absences	90,469	45,739	9,694	145,902	-
Accrued payroll	45,789	42,744	8,334	96,867	-
Accounts payable and other accrued expenses	(18,039)	(150,366)	(3,984)	(172,389)	(87,630)
Net pension liability	(1,281,984)	(1,488,811)	(165,805)	(2,936,600)	-
Total OPEB liability	(184,184)	(130,492)	(3,095)	(317,771)	-
Deferred inflows of resources - other post-employment benefits liability	(12,883)	(12,629)	1,798	(23,714)	-
Net cash provided by (used in) operating activities	$ 13,949,611	$ 8,471,128	$ 3,099,254	$ 25,519,993	$ 393,134
Non-cash Capital and Related Financing Activities:					
Accretion of capital appreciation bonds	$ 1,612,529	$ -	$ -	$ 1,612,529	$ -
Issuance of leases	$ -	$ 166,916	$ -	$ 166,916	$ -

(Concluded)

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

CITY OF BETHLEHEM, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET POSITION

DECEMBER 31, 2024

	Employee Benefit Trust Fund	Custodial Fund
Assets		
Cash and cash equivalents	$ -	$ 676,664
Interest and dividends receivable	457,297	-
Investments	221,911,091	-
Total Assets	222,368,388	676,664
Net Position		
Restricted for employees' retirement benefits and other purposes	222,368,388	676,664
Total Net Position	$ 222,368,388	$ 676,664

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

CITY OF BETHLEHEM, PENNSYLVANIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED DECEMBER 31, 2024

	Employee Benefit Trust Fund	Custodial Fund
Additions:		
Contributions:		
Employee contributions	$ 1,507,863	$ -
Employer contributions	8,678,166	-
Total contributions	10,186,029	-
Funds received on behalf of others	-	225,459
Investment earnings (losses):		
Investment income	3,290,807	94,133
Realized and unrealized gains (losses), net	15,881,702	-
Total investment earnings (loss)	19,172,509	94,133
Less investment expense	(1,311,512)	(146,646)
Net investment earnings (losses)	17,860,997	(52,513)
Total additions	28,047,026	172,946
Deductions:		
Benefits paid	16,102,289	-
Disbursements made on behalf of others	-	201,771
Total deductions	16,102,289	201,771
Change in Net Position	11,944,737	(28,825)
Net Position:		
Beginning of year	210,423,651	705,489
End of year	$ 222,368,388	$ 676,664

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

CITY OF BETHLEHEM, PENNSYLVANIA

BALANCE SHEET - COMPONENT UNITS

DECEMBER 31, 2024

Assets and Deferred Outflows of Resources	Bethlehem Parking Authority	Bethlehem Public Library	Bethlehem Redevelopment Authority *	Total
Assets:				
Current assets:				
Cash and cash equivalents	$ 3,900,740	$ 271,595	$ 457,738	$ 4,630,073
Investments	31,761,450	-	-	31,761,450
Lease receivable	423,989	-	-	423,989
Accounts receivable, net	207,300	-	50,413	257,713
Prepaid expenses	122,182	-	-	122,182
Total current assets	36,415,661	271,595	508,151	37,195,407
Restricted investments	909,267	2,685,866	-	3,595,133
Capital assets, not being depreciated	12,436,974	5,000	-	12,441,974
Capital assets, net	43,791,273	176,848	24,986,008	68,954,129
Net pension asset	44,300	-	-	44,300
Lease receivable, net of current	10,247,519	-	-	10,247,519
Total Assets	103,844,994	3,139,309	25,494,159	132,478,462
Deferred Outflows of Resources:				
Deferred outflows of resources - pension	228,133	-	60,382	288,515
Deferred charge on refunding	231,395	-	-	231,395
Total Deferred Outflows of Resources	459,528	-	60,382	519,910
Total Assets and Deferred Outflows of Resources	$104,304,522	$ 3,139,309	$ 25,554,541	$132,998,372

(Continued)

* - As of June 30, 2024

Liabilities, Deferred Inflows of Resources, and Net Position	Bethlehem Parking Authority	Bethlehem Public Library	Bethlehem Redevelopment Authority	Total
Liabilities:				
Accounts payable and other accrued expenses	$ 3,443,390	$ 94,182	$ 5,595	$ 3,543,167
Accrued payroll	-	81,562	-	81,562
Accrued vacation and other compensated absences	-	15,485	-	15,485
Interest payable	367,267	-	-	367,267
Current portion of long-term debt	1,900,000	-	-	1,900,000
Unearned revenue	22,960	-	241,657	264,617
Total current liabilities	5,733,617	191,229	247,252	6,172,098
Long-term debt, net	67,242,301	-	-	67,242,301
Net pension liability	-	-	55,455	55,455
Total Liabilities	72,975,918	191,229	302,707	73,469,854
Deferred Inflows of Resources:				
Deferred inflows of resources - leases	10,671,508	-	-	10,671,508
Deferred inflows of resources - pension	65,346	-	19,926	85,272
Total Deferred Inflows of Resources	10,736,854	-	19,926	10,756,780
Net Position:				
Net investment in capital assets	12,838,179	181,848	24,986,008	38,006,035
Restricted	909,267	2,685,866	-	3,595,133
Unrestricted	6,844,304	80,366	245,900	7,170,570
Total Net Position	20,591,750	2,948,080	25,231,908	48,771,738
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 104,304,522	$ 3,139,309	$ 25,554,541	$ 132,998,372

(Concluded)

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

CITY OF BETHLEHEM, PENNSYLVANIA

STATEMENT OF ACTIVITIES - COMPONENT UNITS

YEAR ENDED DECEMBER 31, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Bethlehem Parking Authority	Bethlehem Public Library	Bethlehem Redevelopment Authority	Total
Bethlehem Parking Authority	$ 9,034,918	$ 8,665,471	$ 2,794,849	$ -	$ 2,425,402	$ -	$ -	$ 2,425,402
Bethlehem Public Library	3,258,686	144,294	3,102,305	227,282	-	215,195	-	215,195
Bethlehem Redevelopment Authority *	1,154,003	-	436,078	-	-	-	(717,925)	(717,925)
Total Component Units	$ 13,447,607	$ 8,809,765	$ 6,333,232	$ 227,282	2,425,402	215,195	(717,925)	1,922,672
			General Revenues:					
			Investment income (loss)		1,462,204	546,604	1,052	2,009,860
			Total general revenues		1,462,204	546,604	1,052	2,009,860
			Change in Net Position		3,887,606	761,799	(716,873)	3,932,532
			Net Position:					
			Beginning of year		16,704,144	2,186,281	25,948,781	44,839,206
			End of year		$ 20,591,750	$ 2,948,080	$ 25,231,908	$ 48,771,738

* - Year ended June 30, 2024

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

1. Summary of Significant Accounting Policies

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

Financial Reporting Entity

The City was incorporated in 1962 under the provisions of the constitution and general statutes of the Commonwealth of Pennsylvania (Commonwealth). The City is a third class city, as defined by the state statutes. The City operates under a mayor-council form of government and provides a full range of services, including public safety, roads, sanitation, health, culture and recreation, and general government services.

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. For the most part, the effect of interfund activity has been removed from these statements. *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.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Benefits and refunds of the Employee Benefit Trust Fund are recognized when due and payable in accordance with the terms of the plans. Employer contributions to the Employee Benefit Trust Fund are recognized when due as required by applicable law.

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 City generally 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 expenditures, as well as expenditures related to compensated absences, pensions and other post-employment benefits, and judgments and claims, are recorded only when payment is due.

Property taxes, earned income taxes, host fees, 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. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The Non-Utility Capital Improvements Fund is the fund used to account for acquisition, construction, and improvement of capital assets.

The Debt Service Fund is the fund used to account for the non-utility debt payments.

The City reports the following nonmajor governmental funds: Community Development Block Grant Fund and Liquid Fuels Fund.

The City reports the following major proprietary funds:

The Water and Sewer Funds are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing these services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Municipal Golf Fund and Stormwater Fund are the City's nonmajor proprietary funds.

The 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. The Internal Service Fund accounts for the City's externally administered health insurance.

The City's fiduciary funds are the Employee Benefit Trust Fund and Custodial Fund. The Employee Benefit Trust Fund is maintained to account for assets held by the City in a trustee capacity for individuals currently or previously employed by the City.

The Custodial Fund is used to account for funds held in escrow for other parties, is custodial in nature, and does not involve measurement of results of operations. The Custodial Fund accounts for the earned income taxes, payroll withholdings, and tax collections for the surrounding municipalities.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to citizens 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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgetary Accounting Control

Formal budgetary integration is employed as a management control device during the year for all funds of the City. Annual operating budgets are legally adopted for the General Fund, Water Fund, Sewer Fund, Municipal Golf Fund, Stormwater Fund, all Capital Projects Funds, Community Development Block Grant Fund, and Liquid Fuels Fund.

Upon enactment of the budgets by City Council, any amendments are developed by individual City departments and presented to the Finance Committee of City Council. Amendments as approved by the Finance Committee are submitted to the City Council to be read in a public hearing and ratified. A ratified budget amendment becomes effective twenty days after being enacted. The Office of Budget and Finance can make intrafund budget transfers of up to five percent provided they do not alter total revenues or expenditures of such fund. Appropriations not reserved for encumbrances lapse at year-end.

Cash, Cash Equivalents, and Investments

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased and all certificates of deposit to be cash equivalents.

The investments in external investment pools are valued at amortized cost, which approximates fair value. All other investments of the City and its component units are stated at fair value. Fair value is determined based on the last reported sales price on the last business day of the year; securities for which no sale was reported on that date are valued at the last reported bid price. The City and its component units categorize their fair value measurements within the fair value hierarchy established by GAAP. 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.

Internal Balances

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

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the General, Water, Sewer, and Stormwater Funds are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the months following the close of the calendar year.

Accounts receivable for the Bethlehem Parking Authority (Parking Authority) consists primarily of amounts due from customers for parking facility usage, parking meter collections, and violations. Receivables are recorded net of an allowance for doubtful accounts when management determines that collection is doubtful. As of December 31, 2024, the allowance for uncollectible accounts is $0.

The Parking Authority receives various grants for projects. Grant agreements entered into prior to year-end, with eligible expenses incurred, not yet received are recognized as a grant receivable and revenue.

Leases

The City is a lessor for noncancellable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund, and proprietary fund financial statements. The Parking Authority is a lessor for a non-cancellable lease of parking spaces.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. 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.

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.

1. The City uses its estimated incremental borrowing rate as the discount rate for leases.

2. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

Property Taxes

Based upon assessed valuations provided by Lehigh and Northampton Counties, the City bills and collects its own property taxes. Delinquent taxes are turned over to an outside agency, which collects the taxes on behalf of the City.

The schedule for property taxes levied for 2024 is as follows:

January 1, 2024	original levy date
January 1, 2024 – March 28, 2024	2% discount period
March 29, 2024 – May 31, 2024	face payment period
June 1, 2024 - December 31, 2024	10% penalty period

In addition, City taxes may be paid in four installments due approximately February 5, April 1, June 3, and August 5 of the tax year with no discount period allowed. Any delinquent installment is subject to a penalty of 10%.

The City is permitted by the Third Class City Code to levy real estate taxes up to 25 mills on every dollar of assessed valuation for general City purposes. The City's 2024 millage was 8.61 for general purposes, 6.70 for public safety, 3.10 for debt service, 0.40 for landfill debt, and 0.83 for library, for properties in Northampton County; and 2.72 for general purposes, 2.12 for public safety, 0.98 for debt service, 0.13 for landfill debt, and 0.26 for library, for properties in Lehigh County.

Tax Abatements

The City's tax abatements are authorized by City Council ordinance. Under the Local Economic Revitalization Tax Assistance (LERTA) program, recipients are eligible for property tax abatement on certain improvements to deteriorated industrial, commercial, and other business property and/or deteriorated residential property. The City's tax abatement agreements do not contain recapture provisions for non-compliance. During the year ended

December 31, 2021, the program was amended to include an area known as the Affordable Housing LERTA District (District). Within the District, the amount eligible for exemption is 100% of the assessment attributable to the actual cost of qualifying new construction or improvements provided that throughout the exemption period. The exemption applies when (i) the improvements made for Commercial purposes constitute ten or more dwelling units which are made solely available for use as dwelling units and (ii) 10% of those dwelling units are set aside and reserved exclusively for affordable housing by qualified persons meeting the certain low-income requirements. In the event compliance with the requirements of clauses (i) or (ii) above ceases at any time during the period in which a property is subject to the exemption, the property will be disqualified from the exemption retroactive to the date of the application to make such improvements was filed with the City. As a result of such noncompliance, the record owner of the property at the time of such noncompliance will be liable for payment of 100% of the assessment attributable to the actual cost of the improvements retroactive to the date of the application to make such improvements, which amount will constitute an immediate lien on the property, together with all charges, expenses, and fees.

There were no amounts received or receivable from other governments in association with the forgone taxes. The City did not make other commitments other than to reduce taxes as part of the tax abatement agreements.

During the year ended December 31, 2024, the City’s LERTA property tax abatements totaled approximately $1,279,083.

Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

Interfund Transactions

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

Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that the City would have paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. The City maintains a capitalization threshold of $5,000 for all capital assets.

General infrastructure assets acquired prior to December 31, 2002 consist of streets and streetlights, storm sewers, and bridges 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 assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	25-50 years
Land improvements	20 years
Buildings and improvements	45 years
Equipment	5-20 years

Amortization of assets purchased under leases is included in depreciation expense.

Parking Authority

Capital assets of the Parking Authority are reported at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over estimated useful lives of 30 years for the parking garage and 3-10 years for all other capital assets. The cost of repairs and maintenance is charged to income as incurred; renewals and betterments over $1,000 are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is recognized as income for the period.

Bethlehem Redevelopment Authority (Redevelopment Authority)

All capital assets of the Redevelopment Authority are capitalized at historical cost at the acquisition date. Donated capital assets are reported at acquisition value at the date of donation. Acquisition value is the price the Redevelopment Authority would have paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. The Redevelopment Authority maintains a capitalization threshold of $25,000. All capital assets are depreciated, except for land, land improvements (excavation, fill, grading, landscaping), construction in progress, easements, and rights of way.

Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings	40-50 years

Restricted Investments

Restricted investments represent resources set aside for the liquidation of specific obligations and capital acquisitions.

Bond Discounts, Bond Premiums, and Prepaid Bond Insurance

Bond discounts, bond premiums, and prepaid bond insurance are amortized over the term of the bonds using the straight-line method, which approximates the interest method.

Compensated Absences – Vacation and Sick Leave

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the Statement of Net Position. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The City's vacation policy provides that employees are to take unused vacation within a year following the year it was earned or the vacation time is lost to the employee, except that with the approval of the department head and the business administrator, employees may carry up to 30 days of vacation leave.

Sick Leave

The City's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the City and, upon separation for service, no monetary obligation exists. The exception is that employees are paid unused sick leave upon retirement. However, a liability for estimated value of sick leave that will be used by employees prior to employment separation is included in the liability for compensated absences on the Statement of Net Position.

Unearned Revenues

Unearned revenue may result from revenues being collected in advance of the fiscal year to which they apply or in advance of their legal due date. Also included in unearned revenue are grants received in advance with eligible expenditures not yet incurred.

The Parking Authority receives monthly parking permits and funds in advance for various other projects or events. These amounts are reported as unearned revenue.

Deferred Inflows and Outflows of Resources Related to Pensions and Other Post-Employment Benefits (OPEB)

In conjunction with pension and OPEB accounting requirements, the differences in the expected and actual experience, contributions subsequent to the measurement date, the changes in assumptions, and the difference between projected and actual earnings on pension plans investments for the City and its component units 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.

Net Position

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds at the end of the reporting period, the portion of the debt attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt is included in the same net position component (restricted or unrestricted) as the unspent amount.

Restricted – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Net position of governmental activities is restricted for the following:

Community developement	$ 625,167
Public works	933,391
Debt service	721,874
Net pension asset	272,342
Restricted net position	$ 2,552,774

Unrestricted – This category represents the net position of the City that is not restricted for any project or other purpose.

Fund Balance

In the fund financial statements, governmental funds report fund balance in categories based on the level of constraint placed upon the funds. These levels are as follows:

Nonspendable – This category represents funds that are not in spendable form and includes prepaid expenditures.

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.

Assigned – This category represents intentions of the Business Administrator and/or the Director of Budget and Finance to use funds for specific purposes. Through a resolution of City Council, the Business Administrator and/or Director of Budget and Finance has been delegated the responsibility to assign funds.

Unassigned – This category represents all other funds not otherwise defined.

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Adopted Pronouncements

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

GASB Statement No. 100 *"Accounting Changes and Error Corrections"* was adopted; however, no significant impact on the City's financial statements for the year ended December 31, 2024.

GASB Statement No. 101, *"Compensated Absences"* was adopted for the year ended December 31, 2024. In addition to the value of unused vacation time owed to employees upon separation of employment, the City now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of this adoption were not material to beginning net position balances and were adjusted through the Statement of Net Position.

The only impact on the Parking Authority was disclosure requirements.

Pending Changes in Accounting Principles

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

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

2. Reporting Entity

As required by GASB, the City has evaluated all related entities for possible inclusion in the financial reporting entity.

The following component unit has been included in the financial reporting entity as a blended component unit:

Bethlehem Authority

The Bethlehem Authority owns the water supply and distribution systems that service the City and nearby communities while serving as a financing authority for these systems. The City operates these systems. The Bethlehem Authority is governed by five board members who are appointed by the Mayor and approved by City Council. The water supply and distribution systems were acquired through the proceeds of water revenue bonds which are guaranteed by the City. Operations are financed through user-based charges. Repayment of the bonds is financed through a lease between the City and the Bethlehem Authority. The City leases the systems for a fixed rental fee. The Bethlehem Authority does not issue separate audited financial statements.

The following component units have been included in the financial reporting entity as discretely presented component units:

Bethlehem Parking Authority

The Parking Authority acquires, constructs, and equips parking facilities in the City. The Parking Authority is governed by five board members, all appointed by the Mayor and approved by City Council. Also, the City may require the Parking Authority to transfer surpluses to the City. During the year ended December 31, 2024, the Parking Authority made contributions to the City's General Fund of $350,000. Of these amounts $30,000 related to the reimbursement of costs for the sharing of one maintenance worker between the City and the Parking Authority. The remaining 320,000 was a general contribution to the City and is not contingent upon or payments for any services provided by the City. Separate financial statements were issued by the Parking Authority and can be obtained by contacting the Parking Authority.

Bethlehem Area Public Library

The Bethlehem Area Public Library (Library) provides library services to the City and nearby communities. The Library is governed by eleven directors, seven of whom are appointed by City Council on the recommendation of the President of City Council. The remaining members are appointed by the governing boards of the municipalities of Fountain Hill, Hanover Township (Northampton County), and Bethlehem Township. The City supports the Library. The City's 2024 appropriation to the Library was $1,431,503, which represented 36% of the Library's General Fund revenue. Title to the assets of the Library rests with the City directly or indirectly through the Board of Directors. The Library's main facility occupies, without charge, premises located in a building owned by the City. During the year ended December 31, 2024, the Library paid the City $145,425 for utility and insurance costs. Separate financial statements were issued by the Library and can be obtained by contacting the Library.

Bethlehem Redevelopment Authority

The Bethlehem Redevelopment Authority (Redevelopment Authority) was incorporated under the provisions of the Pennsylvania Urban Redevelopment Act Number 385 of May 24, 1945, as amended. The Redevelopment Authority accounts for several cooperation agreements with the City's Community Development Block Grant program and other funding sources wherein administration and other costs are provided by the Redevelopment Authority for general administrative, rehabilitation activities, and property acquisition and demolition. The Redevelopment Authority is governed by five board members who are appointed by the Mayor and approved by City Council. Separate financial statements were issued by the Redevelopment Authority and can be obtained by contacting the Redevelopment Authority.

Related Organizations

Related organizations are not component units, yet there is some form of accountability, other than financial accountability, that exists between the primary government and the related organization because of the appointment authority. The following are related organizations to the City:

Bethlehem Housing Authority

The Bethlehem Housing Authority (Housing Authority) has five commissioners who are appointed to staggered, five-year terms by the Mayor with City Council approval. The Housing Authority paid approximately $450,000 in public safety reimbursements to the City during the year ended December 31, 2024.

Bethlehem Economic Development Corporation

The Bethlehem Economic Development Corporation (BEDCO) has seven board members who are pre-determined by their position within the City and the Lehigh Valley Economic Development Corporation. A board member will automatically cease to be on the board upon ceasing to hold office. Four of the seven board members are from the City. The City provided enterprise zone loans to BEDCO and, as of December 31, 2024, BEDCO owes the City $794,874. There were no payments made on this loan during the year ended December 31, 2024. The loan receivables are recorded in the Community Development Block Grant Fund.

Bethlehem Revitalization and Improvement Authority

The Bethlehem Revitalization and Improvement Authority (BRIA) has five board members who are appointed by the Mayor with City Council approval.

3. Deposits and Investments

The City follows the third class city code for investment of City funds. Authorized types of investments for City funds shall be:

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 the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund or the Pennsylvania Deposit Insurance Corporation or the Pennsylvania Savings Association Insurance Corporation to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.

d. Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or of any political subdivision of the Commonwealth 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.

f. Certificates of deposit purchased from institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund or the Pennsylvania Deposit Insurance Corporation or the Pennsylvania Savings Association Insurance Corporation to the extent that such accounts are so insured, however, for any amounts above the insured maximum, such certificates of deposit shall be collateralized by a pledge or assignment of assets of the institution, and such collateral may include loans (including interest in pools of loans) secured by first mortgage liens on real property. Certificates of deposit purchased from commercial banks shall be limited to an amount equal to twenty percent of a bank's total capital and surplus. Certificates of deposit purchased from savings and loan associations, or savings banks shall be limited to an amount equal to twenty percent of an institution's assets minus liabilities.

g. Short-term commercial paper issued by a public corporation.

h. Banker’s acceptances.

i. Any investment authorized by 20 Pa. C.S. Ch. 73 (relating to fiduciaries' investments) shall be an authorized investment for any pension or retirement fund.

In making investment of City funds, the Council shall have authority to permit assets pledged as collateral under subsection (d)(3), to be pooled in accordance with the Act of August 6, 1971 (P.L. 281, No. 72), relating to pledges of assets to secure deposits of public funds.

Investments of the proprietary funds primarily represent debt sinking funds, escrow deposits, and other accounts required to be maintained under bond or trust indentures. These investments are held by fiscal agents and managed in accordance with the terms of the respective indentures. Other unrestricted investments of the proprietary funds are held by fiscal agents and are managed under the direction of City management. Investments of the Employee Benefit Trust Fund are held by a fiscal agent under trust agreements that authorize the trustee to invest in any form of property, at its discretion, without restriction to investments authorized for fiduciaries, provided that the investments of the trust shall be kept separate and apart from other City funds.

A. *Deposits*

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2024, the City's book balance was $121,178,052 and the bank balance was $124,255,913. Of the bank balance, $4,439,469 was covered by federal depository insurance and $119,816,444 was collateralized under Act No. 72 of the 1971 Session of the Pennsylvania General Assembly (Act), in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal depository insurance limits.

Reconciliation to total cash and cash equivalents:	
Governmental activities:	
Unrestricted	$ 72,445,962
Business-type activities:	
Unrestricted	43,668,300
Restricted	4,387,126
Fiduciary funds:	
Custodial fund	676,664
Total cash and cash equivalents	$ 121,178,052

B. *Investments*

The fair value of the investments of the City at December 31, 2024 was as follows:

		Fair Value Measurements		
Investments:	Total	Level 1	Level 2	Level 3
Money market funds	$ 11,443,053	$ 11,443,053	$ -	$ -
U.S. Government obligations	27,808,817	27,808,817	-	-
U.S. Government agency obligations	9,293,267	-	9,293,267	-
Corporate bonds and notes	8,944,295	-	8,944,295	-
Equity mutual funds:				
Domestic	20,782,643	20,782,643	-	-
International	32,291,341	32,291,341	-	-
Equities:				
Consumer discretionary	5,487,135	5,487,135	-	-
Consumer staples	1,599,076	1,599,076	-	-
Energy	2,256,884	2,256,884	-	-
Financials	9,858,857	9,858,857	-	-
Health care	5,809,893	5,809,893	-	-
Industrials	9,560,776	9,560,776	-	-
Information technology	11,202,565	11,202,565	-	-
Materials	1,011,881	1,011,881	-	-
Telecommunications	2,695,983	2,695,983	-	-
Utilities	560,865	560,865	-	-
Real Estate	346,449	346,449	-	-
Limited partnerships	62,063,578	-	-	62,063,578
Real estate equity fund	4,495,438	-	-	4,495,438
Total investments by fair value level	227,512,796	$ 142,716,218	$ 18,237,562	$ 66,559,016
Investments measured at net asset value:				
External investment pool	658,691			
Real estate investment trusts	2,339,037			
Total investments measured at fair value	$ 230,510,524			

Reconciliation to total investments	
Governmental activities:	
Unrestricted	$ 3
Business-type activities:	
Restricted	8,599,430
Fiduciary funds:	
Employee Benefit Trust Fund	221,911,091
Total investments	$ 230,510,524

The City's investments in money market funds, U.S. Government obligations, equity mutual funds, and equities are considered Level 1 based on active market quotes. The City's investments in U.S. Government agency obligations and corporate bonds and notes are considered Level 2 based on secondary market quotes.

Limited partnerships

At December 31, 2024, the City's Employee Benefit Trust Fund was invested in Hamilton Lane Co-Investment Fund III, LP, a limited partnership, in the amount of $1,211,663. The partnership is a feeder fund in a master-feeder structure whereby the partnership invests all of its assets in Hamilton Lane Co-Investment Fund III Holdings, LP (Holdings). Because Holdings' investments are in private equity and equity-related investments that are generally not publicly traded, market quotations are not available to be used for valuation purposes. Holdings General Partner is required to value these investments at estimated fair values using present value and other subjective techniques, which may include references to market multiples, valuations for corresponding investments prepared by the financial sponsor, valuations for comparable companies, public market or private transactions, subsequent developments concerning the companies to which the securities relate, results of operations, financial condition, cash flows, and projections of such companies provided to the General Partner and such other factors as the General Partner may deem relevant. The General Partner utilizes a valuation committee, consisting of senior members of the management team, to review and approve the valuation results related to investments. The General Partner also utilizes independent valuation firms to provide third-party valuation consulting services. For investments held by the portfolio and investments that are publicly traded and for which market quotations are available, valuations are generally based on the closing sales prices, or an average of the closing bid and ask prices, as of the valuation date. Income, gains, and losses are generally allocated among the partners in proportion to each partner's contribution to the partnership's total investment capital in the portfolio company investment. At December 31, 2024, the Holdings has unfunded commitments to portfolio investments of $1,718,323. These commitments are expected to be funded from cash reserves and from partner capital contributions not yet called by Holdings. The partnership agreement provides that the partnership will terminate on June 20, 2025, unless extended at the discretion of the General Partner for up to two successive one-year terms, and thereafter by the General Partner with the consent of either the advisory committee or more than 50% of the Limited Partners.

At December 31, 2024, the City's Employee Benefit Trust Fund was invested in Hamilton Lane Co-Investment Fund IV, LP, a limited partnership, in the amount of $5,202,413. The partnership is a feeder fund in a master-feeder structure whereby the partnership invests all of its assets in Hamilton Lane Co-Investment Fund IV Holdings, LP (Fund IV Holdings). Because Fund IV Holdings' investments are in private equity and equity-related investments that are generally not publicly traded, market quotations are not available to be used for valuation purposes. The General Partner of Fund IV Holdings is required to value these investments at estimated fair values using present value and other subjective techniques, which may include references to market multiples, valuations for corresponding investments prepared by the financial sponsor, valuations for comparable companies, public market or private transactions, subsequent developments concerning the companies to which the securities relate, results of operations, financial condition, cash flows, and projections of such companies provided to the General Partner and such other factors as the General Partner may deem relevant. The General Partner utilizes a valuation committee, consisting of senior members of the management team, to review and approve the valuation results related to investments. The General Partner also utilizes independent valuation firms to provide third-party valuation consulting services. For investments had by the portfolio investments that are publicly traded and for which market quotations are available, valuations are generally based on the closing sales prices, or an average of the closing bid and ask prices, as of the valuation date. Income, gains, and losses are generally allocated among the partners in proportion to each partner's contribution to the partnership's total investment capital in the portfolio company investment. At December 31, 2024, the Fund IV Holdings has unfunded commitments to portfolio investments of $5,931,115. These commitments are expected to be funded from cash reserves and partner capital contributions not yet called by Fund V Holdings. The partnership agreement provides that the partnership will terminate on June 20, 2029, unless extended at the discretion of the General Partner for up to two successive one-year terms, and thereafter by the General Partner with the consent of either the advisory committee or more than 50% of the Limited Partners.

At December 31, 2024, the City's Employee Benefit Trust Fund was invested in Hamilton Lane Strategic Opportunities Fund VI (Series 2020), LP, a limited partnership, in the amount of $4,062,288. The partnership is a feeder fund in a master-feeder structure whereby the partnership invests substantially all of its assets in Hamilton Lane Strategic Opportunities Fund VI (Series 2020) Holdings LP (Fund VI Holdings). At December 31, 2024, the Partnership had a 98.61% ownership interest in Fund VI Holdings. The partnership's investment activities are currently being conducted indirectly through its investment in Fund VI Holdings. Holdings-2's investment objective is to create a portfolio of opportunistically-oriented private market investments that generate risk adjusted returns through a flexible and diversified investment strategy, including investments in direct credit investments, secondary investments, and opportunistic investments. Because Fund VI Holdings' investments are in private equity credit and equity-related investments that are generally not publicly traded, market quotations are not available to be used for valuation purposes. The General Partner of Fund IV Holdings is required to value these investments at estimated fair values using present value and other subjective techniques, which may include references to market multiples, valuations for corresponding investments prepared by the financial sponsor, valuations for comparable companies, public market or private transactions, subsequent developments concerning the companies to which the securities relate, results of operations, financial condition, cash flows, and projections of such companies provided to the General Partner and such other factors as the General Partner may deem relevant. The General Partner utilizes a valuation committee, consisting of senior members of the management team, to review and approve the valuation results related to investments. The General Partner also utilizes independent valuation firms to provide third-party valuation consulting services. For investments had by the direct investments that are publicly traded and for which market quotations are available, valuations are generally based on the closing sales prices, or an average of the closing bid and ask prices, as of the valuation date. Income, gains and losses are generally allocated among the partners in proportion to their investment percentages. The partnership agreement provides that the partnership will terminate on February 28, 2026, unless extended at the discretion of the General Partner for up to two successive one-year terms; and for further on-year periods with the consent of the Advisory Committee or a majority interest as defined in the partnership agreement.

At December 31, 2024, the City's Employee Benefit Trust Fund was invested in NB Crossroads Fund XX – Asset Allocation LP (Fund), a limited partnership, in the amount of $5,463,960. The partnership was formed for the purpose of acquiring, holding, selling, and exchanging, either directly or indirectly, interest in limited partnerships or other pooled investment vehicles that are organized to make investments in large-cap buyout, mid-cap buyout, special situations, and venture/growth capital investment funds, as well as securities, including co-investments. The partnership is one of the constituent funds of NB Crossroads Fund XX and invests substantially all of its assets in NBFOF XX – Holdings LP;

which in turn invests substantially all of its assets in the NB Master Holding Funds (MHF), a group of closed-ended investment partnerships that are formed as series limited partnerships. The Fund's term expired December 31, 2022. The General Partner extended the partnership for two one-year periods pursuant to the Fund's limited partnership agreement. Thereafter, the term was automatically extended for a one-year period as the fair value of investments, which are non-marketable or subject to restrictions on distribution, exceeded twenty percent of the committed capital. At such time, after payments to creditors, the remaining assets will be distributed to the partners in proportion to the amounts in their capital accounts. The MHF's invest in a diversified portfolio of investment partnerships. The Fund's interest in the MHF's has a defined term and no right of withdraw prior to termination of the partnership. The Fund receives its share of the distributions as the MHF's underlying investments are liquidated. The exact timing of liquidation is unknown. The Fund records its investment in the MHF by recording its proportionate share of the net assets of the MHF's. The cost basis of the investment in the MHF's is determined utilizing the Fund's allocable share of the MHF's cost basis in investee partnerships and their portfolio companies, as well as net other assets and liabilities. The financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The General Partner has assessed these positions and concluded that all investments not valued using the practical expedient, with the exception of marketable securities, are classified as Level 3 due to significant unobservable inputs. For certain private equity investments, the Fund uses the net asset value (NAV) to value the investment. The General Partner will value the investment based primarily on the value reported as of each quarter end.

At December 31, 2024, the City's Employee Benefit Trust Fund was invested in Adams Street Co-Investment Fund IV, LP, a limited partnership, in the amount of $5,808,689. The Adams Street Co-Investment Fund IV, LP (Fund) was formed for the purpose of investing in co-investments. In order to estimate fair value, Level 1 investments of the Fund reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date. For investments of the Fund measured at net asset value, the input used is the practical expedient. Generally, the fair values of investments made through investment vehicles are based on the capital account balances reported by the underlying vehicles subject to management review and adjustment. These capital account balances reflect the fair value of the underlying vehicles' investments. Profits and losses are allocated first to all partners in proportion to their capital commitments. If the Fund is in a cumulative net gain position and the limited partners have received a preferred return of 7% on unreturned capital contributions, 10% of the net gain (excluding short-term investment income) is allocated to the General Partner. At December 31, 2024, the Fund had unfunded commitments of $3,250,546. The Fund will continue until

January 19, 2029, subject to extension for up to two successive one-year periods at the sole discretion of the General Partner and thereafter for up to three additional one-year periods by the General Partner and a majority interest of limited partners.

At December 31, 2024, the City's Employee Benefit Trust Fund was invested in Adams Street Co-Investment Fund V, LP, a limited partnership, in the amount of $6,561,768. The Adams Street Co-Investment Fund V, LP (Fund) began operations on June 9, 2021 for the purpose of investing in co-investments. In order to estimate fair value, Level 1 investments of the Fund reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date. For investments of the Fund measured at net asset value, the input used is the practical expedient. Generally, the fair values of investments made through investment vehicles are based on the capital account balances reported by the underlying vehicles subject to management review and adjustment. These capital account balances reflect the fair value of the underlying vehicles' investments. Income and expenses of the Fund are allocated to the partners in accordance with the terms of the Fund Agreement. The General Partner is allocated a carried interest of 12.5% of the cumulative profits after the limited partners have received a preferred return of 8% on capital contributions. Carried interest will be paid to the General Partner after the limited partners have received distributions equal to such partners' aggregate capital contributions plus the applicable preferred return. At December 31, 2024, the Fund had unfunded commitments of $58,127,928. The Fund will continue until October 16, 2032, subject to extension for up to two successive one-year periods at the sole discretion of the General Partner and thereafter for up to three additional one-year periods by the General Partner and a majority interest of limited partners.

At December 31, 2024, the City's Employee Benefit Trust Fund was invested in Boyd Watterson GSA Fund, L.P., a limited partnership, in the amount of $9,983,179. The Boyd Watterson GSA Fund, L.P. was formed for the purpose of acquiring, developing, owning, and operating a diversified portfolio of real estate investments in commercial property. Real estate investment value is based on estimated fair values. Estimated value considers the financial aspects of property, market transactions, and the relative yield for an asset as measured against alternative investments. Real estate and improvements are valued giving consideration to the income, cost, and sales comparison methods. The income approach estimates an income stream for a property (typically 10 years) and discounts this income plus 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. The cost approach estimates the replacement cost of the building less physical depreciation plus the land value. Generally, this approach provides a check on the value derived using the income approach. The sales comparison approach compares recent transactions to the appraised property. Adjustments are made for dissimilarities which typically provide a range of value. Both income approach and sales comparison were used to value all of the commercial real estate investments for the year ended December 31, 2024. The terminal cap rate, overall cap rate, discount rate and term of the discounted cash flow analysis as well as other market specific inputs are significant inputs to these valuations. These rates are based on the location, type and nature of each property, and current and anticipated market conditions. Significant increases in discount or capitalization rates in isolation would result in a significantly lower fair value measurement. Significant decreases in discount or capitalization rates in isolation would result in a significantly higher fair value measurement. Each property is appraised at regular intervals by a qualified independent appraiser(s) that have the MAI designation (Member Appraisal Institute). Certain properties are recorded at appraised value. The properties were appraised by independent external appraisers and reviewed and approved by management. In accordance with the Fund's limited partnership agreement, profits, losses, or any other items allocable to any period are allocated among the Partners pro rata in proportion to the number of units held by each Partner. The net asset value per unit calculation is based on the provisions of the Private Placement Memorandum and Operating Agreement. At December 31, 2024, there are no unfunded commitments.

At December 31, 2024, the City's Employee Benefit Trust Fund was invested in BentallGreen Oak US Core Plus Fund, LP, (BentallGreen Fund) a limited partnership, in the amount of $5,304,645. The BentallGreen Fund was formed for the purpose of investing in real estate and real estate related investments within the core plus investment space primarily in the United States and, to the extent permitted therein, Canada. A valuation advisor determines the fair value of the BentallGreen Funds' investments based upon BentallGreen Fund's allocable share of the fair value of the underlying investment entities net assets. The net assets of the underlying investment entities include a value for the real estate owned which is estimated in good faith by the valuation advisor. The valuation of the underlying investments in real estate is determined using methods considered by the valuation advisor to be the most appropriate for the investment. These methods include but are not limited to discounted cash flows estimates prepared internally, third party appraisals or valuations by qualified real estate appraisers, and contractual sales value of the investments/properties subject to a bona fide purchase contract. At December 31, 2024, there are no unfunded commitments to the BentallGreen Fund. The BentallGreen Fund will continue until dissolved, pursuant to the events of dissolution as defined in the limited partnership agreement.

At December 31, 2024, the City's Employee Benefit Trust Fund was invested in Portfolio Advisors Credit Strategies Fund (Offshore), LP, a Cayman Islands exempted limited partnership, in the amount of $8,113,406. The Portfolio Advisors Credit Strategies Fund (Portfolio Fund) was formed for the purpose of investing in credit or credit-related investments. The partnership invests in existing limited partnerships in mezzanine and credit funds in the secondary market, co-investments and direct investments in mezzanine debt and other credit opportunities as well as primary investments in mezzanine and credit funds. Profits and losses are allocated among the partners based on their respective partnership percentage. Limited partners may withdraw any amounts from their capital account upon request. The General Partner has valued the co-investments, which are primarily in privately placed securities, based on consideration of the marketability of shares, the operating results of the investments, valuation ascribed by the co-investment sponsor. The General Partner has valued the partnership's investments in limited partnerships using the net asset value (NAV) calculated by the underlying sponsor as a practical expedient to determine the independent fair value. In the event the partnership is unable to obtain the value of any investment from the applicable investment manager, the fair value of such portfolio investment will be determined by the General Partner. At December 31, 2024, the unfunded commitments related to the investments in limited partnerships was $28,882,727. The partnership will continue until the cancellation of the Certificate of Limited Partnership.

At December 31, 2024, the City's Employee Benefit Trust Fund was invested in NB Crossroads Fund 23 Onshore LP (NB Fund 23), a limited partnership, in the amount of $10,351,567. The partnership was formed for the purpose of acquiring, holding, selling, and exchanging, either directly or indirectly, interest in limited partnerships or other pooled investment vehicles that are organized to make investments in large-cap buyout, mid-cap buyout, special situations, and venture/growth capital investment funds, as well as securities, including co-investments. The partnership is one of the constituent funds of NB Crossroads Fund 23 and invests substantially all of its assets in NBFOF 23 – Holdings LP; which in turn invests substantially all of its assets in the NB Master Holding Funds (MHF), a group of closed-ended investment partnerships that are formed as series limited partnerships. The Fund will continue until December 31, 2029 unless earlier dissolved or extended pursuant to the Fund's limited partnership agreement. The MHF's invest in a diversified portfolio of investment partnerships. The Fund's interest in the MHF's has a defined term and no right of withdraw prior to termination of the partnership. The Fund receives its share of the distributions as the MHF's underlying investments are liquidated. The exact timing of liquidation is unknown. The Fund records its investment in the MHF by recording its proportionate share of the net assets of the MHF's. The cost basis of the investment in the MHF's is determined utilizing the Fund's allocable share of the MHF's cost basis in investee partnerships and their portfolio companies, as well as net other assets and liabilities. Realized gains and losses on the investments in the MHF's reflect the aggregate of the Fund's allocable share of gains and losses realized by the MHFs. The financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The General Partner has assessed these positions and concluded that all investments not valued using the practical expedient, with the exception of marketable securities, are classified as Level 3 due to significant unobservable inputs. For certain private equity investments, the Fund uses the net asset value (NAV) to value the investment. The General Partner will value the investment based primarily on the value reported as of each quarter end.

Real estate equity fund

At December 31, 2024, the City's Employee Benefit Trust Fund was invested in the Multi-Employer Property Trust, an open-end commingled real estate equity fund, in the amount of $4,495,438. The fund is a collective investment in real estate properties and loans by funds of retirement, pension, profit sharing, and other organizations that are exempt from federal taxes. The fund's real estate investments are stated at fair value as determined by the Trustees quarterly, utilizing independent third-party appraisals. Real estate investments are affected by, among other things, availability of capital, capitalization rates, discount rates, occupancy levels, rental rates, and interest and inflation rates. As a result, determining real estate investment values involves many assumptions. The fund's investments in joint ventures are presented on a net basis and stated at estimated fair value, which is derived from the fund's equity in the net assets of the joint venture. Mortgages and other loans receivable are carried at fair value as estimated by the trustee quarterly utilizing independent pricing services, appraisals, available market data, or a discounted cash flow methodology. Mortgages and other notes payable are stated at fair value, which is determined based on the present value of future debt-service payments discounted at prevailing interest rates for comparable debt as of the reporting date. Redemption requests received in writing from participants are honored at the Trust's next valuation date. There are no unfunded commitments at December 31, 2024.

External investment pool

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 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 Commonwealth provides external regulatory oversight for the external investment pool.

At December 31, 2024, the City held PLGIT/PRIME shares in the amount of $658,691. PLGIT/PRIME is a variable rate investment portfolio, requires no minimum balance and no minimum initial investment, and limits redemptions or exchanges to two per calendar month. At December 31, 2024, PLGIT/Reserve-Class and PLGIT/PRIME carried a AAA rating and had an average maturity of less than one year.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of the future fair values. Furthermore, although the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Real estate investment trusts (REIT)

The following table summarizes the City's Employee Benefit Trust Fund investments in real estate investment trusts:

Real Estate Investment Trusts	Fair Value
Camden Property Trust	$ 75,484
Digital Realty Trust	36,175
Equity Residential Properties	68,459
Essential Properties Realty Trust	559,756
Extra Space Storage	42,636
Host Hotels and Resorts	47,654
Independence Realty Trust	373,786
InvenTrust Properties Corporation	410,310
Kimco Realty Group	71,930
Kite Realty Group Trust	306,060
Stag Industrial	118,802
UMH Properties	227,985
Total real estate investment trusts	$ 2,339,037

Camden Property Trust focuses on luxury apartments for rent.

Digital Realty Trust focuses on global cloud and carrier-neutral interconnected data centers.

Equity Residential Properties' focus in on investing in apartment properties.

Essential Properties Realty focuses on owning, acquiring, and managing single-tenant properties.

Extra Storage Spaces owns, operates, and manages self-storage facilities across the United States.

Host Hotels and Resorts focuses on luxury and upscale hotels.

Independent Realty Trust owns and operates multifamily apartment properties across the United States.

InvenTrust Properties Corporation owns, leases, redevelops, acquires and manages grocery-anchored neighborhood and community centers as well as high-quality power centers.

Kimco Realty Group specializes in grocery-anchored shopping centers across the United States.

Kite Realty Group Trust’s focus is on ownership and operation, acquisition, development, and redevelopment of high-quality neighborhood and community open-air shopping centers.

Stag Industrial focuses on the acquisition and operation of industrial properties throughout the United States.

UMH Properties owns and operates manufactured home communities across the United States.

There were no unfunded commitments or redemption restrictions associated with these REITs.

Custodial credit risk. Custodial credit risk is the risk that the counterparty to an investment transaction will fail and the government will not recover the value of the investment or collateral securities that are in possession of an outside party. The City does not have an investment policy for custodial credit risk. Of the City’s investments, $99,939,054 are held by the counterparty’s trust department or agent in the City’s name, $7,940,742 are held by the counterparty’s trust department or agent not in the name of the City, and the remaining balance of $122,630,728 is not exposed to custodial credit risk because the investments are not evidenced by securities in book entry or paper form.

Foreign Currency Risk. The City’s limited partnership investments hold certain portfolio investments that are in currencies other than U.S. dollars. The value of the investments dominated in currencies other than U.S dollars are translated into U.S. dollars at the date of valuation. The acquisition cost of the investments dominated in currencies other than U.S. dollars were translated into U.S. dollars on the date of acquisition.

Credit risk. The City does have a formal policy that limits the City's investment in fixed income assets to a rating of investment grade or better (Baa or BBB) for the Employee Benefit Trust Fund, but not for the City's general investments. The City's money market and fixed income investments had the following level of exposure to credit risk as of December 31, 2024:

	Fair Value	Rating
Money market funds	$ 6,672,568	AAA
Money market funds	1	AA
Money market funds	93,993	AA-
Money market funds	135,054	A+
Money market funds	248,762	B
Money market funds	14,795	BB+
Money market funds	4,277,880	Unrated
U.S. Government obligations	27,808,817	AAA
U.S. Government agency obligations	1,663	Not rated
U.S. Government agency obligations	499,400	AA1
U.S. Government agency obligations	8,792,204	AA+
Corporate bonds and notes	290,369	Not rated
Corporate bonds and notes	482,001	AAA
Corporate bonds and notes	54,857	AA+
Corporate bonds and notes	198,115	AA-
Corporate bonds and notes	351,223	A+
Corporate bonds and notes	931,345	A
Corporate bonds and notes	1,602,365	A-
Corporate bonds and notes	39,424	BB
Corporate bonds and notes	90,469	BB+
Corporate bonds and notes	2,266,698	BBB+
Corporate bonds and notes	1,873,337	BBB
Corporate bonds and notes	764,092	BBB-
External investment pool	658,691	AAA

Concentration of credit risk. The City does have a formal policy that limits the amount the City may invest in any one issuer to five percent for the Employee Benefit Trust Fund, but not for the City's general investments. At December 31, 2024, the City does not hold more than five percent of the City's investments in any one issuer.

Interest rate risk. The City 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. The following is a list of the City's money market and fixed income investments and their related average maturities:

		Investment Maturities			
	Fair Value	2025	2026-2030	2031-2035	2036 and beyond
Money market funds	$ 11,443,053	$ 11,443,053	$ -	$ -	$ -
U.S. Government obligations	27,808,817	11,005,762	12,135,060	3,053,632	1,614,363
U.S. Government agency obligations	9,293,267	-	1,496,280	683,040	7,113,947
Corporate bonds and notes	8,944,295	1,236,397	4,020,768	1,709,027	1,978,103
External investment pool	658,691	658,691	-	-	-
	$ 58,148,123	$ 24,343,903	$ 17,652,108	$ 5,445,699	$ 10,706,413

C. Restricted Cash, Cash Equivalents, and Investments

Business-Type Activities

The City has restricted assets for the purpose of retiring long-term debt and related interest payments, and funding for certain capital and other projects.

Component Units

Parking Authority

As a component unit of the City, the Parking Authority follows the third class city code for investment of Parking Authority funds. Authorized investments for the Parking Authority are consistent with those presented for the City's investments.

A. ***Deposits***

At December 31, 2024, the carrying amount of the Parking Authority's book balance totaled $3,900,053 and the corresponding bank balances were $2,671,294, of which $500,000 was insured by the Federal Deposit Insurance Corporation ("FDIC"); the uninsured bank balance of $2,171,294 were collateralized, as described below.

In addition, the Parking Authority included in cash, amounts held on hand in petty cash. At December 31, 2024, the petty cash balance was $687.

Custodial credit risk – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Under Act No. 72 of the 1972 Session of the Pennsylvania General Assembly, financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in Act 72, to cover all public funds deposited in excess of the FDIC limits. The uninsured bank balances (as defined by Statement No. 3 of the GASB) of the Parking Authority in the amount of $2,171,294 was collateralized by this pool of assets maintained by the Parking Authority's depository institutions

B. Investments

The Parking Authority's investments in external investment pools are valued at amortized cost, which approximates fair value. The Parking Authority's money market funds are considered Level 1 based on quoted market prices. The fair value of the Parking Authority's money market funds at December 31, 2024 was $32,670,717. Of this amount, $31,761,450 was invested in PSDLAF.

Restricted investments are restricted for various purposes established by bond trust indentures.

At December 31, 2024, the Parking Authority had $1,447 invested in the Commonwealth Treasury Department's INVEST Program ("INVEST"). The Parking Authority uses an external investment pool to ensure safety and maximize efficiency, liquidity, and yield for Parking Authority funds. INVEST was created to meet the investment needs of local governments, school districts, municipal authorities, and other types of governments in the Commonwealth. INVEST's investment objective is to seek current income while maintaining liquidity and a stable net asset value per share of $1. Further information regarding INVEST and its investment strategies can be found at www.painvest.gov. The fair value of the Parking Authority's position in the external investment pool is equivalent to the value of the pool shares. The Commonwealth provides external regulatory oversight for the external investment pool.

The Parking Authority is invested in the INVEST Daily pool, which requires no minimum balance, no minimum initial investment, and has no minimum investment period.

The Parking Authority uses PSDLAF, external investment pool, to ensure safety and maximize efficiency, liquidity, and yield for Parking Authority funds. PSDLAF was created to meet the investment needs of local governments, school districts, municipal authorities, and other types of governments in the Commonwealth. The fair value of the Parking Authority's position in the external investment pools is equivalent to the value of the pool shares. PSDLAF issues separately audited financial statements that are available to the public.

PSDLAF's general objective is to provide its investors with current income while preserving capital in a manner that is compatible with the needs and requirements of public school and local governmental entities in the Commonwealth. Further information regarding PSDLAF and its investment strategies can be found at www.psdlaf.com. PSDLAF is sponsored by the Pennsylvania School Boards Association and the Pennsylvania Association of School Business Officials, and the respective executive directors of those associations serve as trustees of PSDLAF.

The Parking Authority is invested in PSDLAF's Max Series and Full Flex Investment Pool, which have no deposit requirements. At December 31, 2024, the Parking Authority's book balance of Max Series and Full Flex Investment Pool were $2,164,086 and $29,597,364. The Max Series carried a AAAm rating and had an average maturity of less than one year. These assets are designed to maintain a net asset value of $1 per share and consist of short- term money market instruments, such as U.S. Treasury obligations and repurchase agreements. The Full Flex Investment Pool provides competitive rates and is secured by approved collateral, including U.S. Treasuries, government agency securities, and FDIC- insured certificates of deposit (CDs). These collateralized investment pools require participating banks to deliver a minimum of 102% market value of collateral consisting of acceptable securities as outlined under the Act. The required collateral is segregated for PSDLAF settlors only and maintained for safekeeping by the Bank of New York or the Federal Reserve Bank of Boston, which provides custodian services to the fund for the investment pools. In addition to the collateral requirements noted, institutions may also secure PSDLAF investments via a Federal Home Loan Bank Irrevocable Letter of Credit. Therefore, the collateral is secured for PSDLAF settlors at 102% of the principal deposit or through the irrevocable letter of credit through a Federal Home Loan Bank. Investments included in the

Full Flex Investment Pool are not assigned a credit risk category and limit withdrawals to once per week

Measurement – Investments with readily determinable fair value and all investments in debt securities are reported at their fair values. Investments in qualifying external investment pools are reported at amortized basis.

Interest rate risk – The 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. At December 31, 2024, all investments of the Authority have a maturity of less than one year.

Credit risk – The Parking Authority does not have a formal policy that would limit its investment choices with regard to credit risk. At December 31, 2024, all investments of the Parking Authority were rated AAAm.

Concentration of Credit Risk - The Parking Authority places no limits on the amount the Parking Authority may invest in any one issuer.

Custodial Credit Risk - Custodial credit risk is the risk that the counterparty to an investment transaction will fail and the government will not recover the value of the investment or collateral securities that are in possession of an outside party. The Parking Authority does not have a formal policy for custodial credit risk. The Parking Authority's investments in money market funds are held by the financial institution, not in the Parking Authority's name.

Library

The deposit and investment policy of the Library adheres to prudent business practice.

A. *Deposits*

Custodial credit risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Library does not have a deposit policy for custodial credit risk. As of December 31, 2024, the Library's book balance was $271,595 and the bank balance was $306,883. Of the bank balance, $303,602 was covered by federal depository insurance, $1,879 was collateralized under Act 72 of the 1971 Session of the Pennsylvania General Assembly (Act), in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal depository insurance limits, and

$1,402 was uninsured.

B. Investments

The Library's investments are considered Level 1 based on active market quotes. The fair value of the investments of the Library at December 31, 2024 was as follows:

	Fair Value
Money market funds	$ 367,282
Fixed income	526,261
Equities:	
Consumer staples	56,413
Energy	45,053
Financials	236,439
Healthcare	289,414
Industrials	126,201
Materials	37,220
Information technology	825,977
Telecommunications	132,510
Utilities	43,096
Total investments	$ 2,685,866

Custodial credit risk – Custodial credit risk is the risk that the counterparty to an investment transaction will fail and the government will not recover the value of the investment or collateral securities that are in possession of an outside party. The Library does not have an investment policy for custodial credit risk. The Library's investment in equities are held by the financial institution, not in the Library's name. The Library's remaining investments are not exposed to custodial credit risk, because they are not evidenced by securities in book entry or paper form.

Credit risk – The Library does not have a formal policy that would limit its investment choices with regard to credit risk. The Library's investments had the following level of exposure to credit risk as of December 31, 2024:

	Fair Value	Rating
Money market funds	$ 367,282	Unrated

Concentration of credit risk – The Library places no limit on the amount the Library may invest in any one issuer. At December 31, 2024, no investments in any one issuer were more than five percent of the Library's total investments.

Interest rate risk – The Library 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. The Library's money market funds, in the amount of $367,282, have maturities of less than one year.

Redevelopment Authority

The Redevelopment Authority Board of Directors and trustee are permitted to invest the Redevelopment Authority's funds as defined in the Local Government Unit Debt Act, the Municipality Authorities Act, and the related trust indenture. Authorized types of investments include the following:

1. U.S. Treasury Bills.
2. Short-term obligations of the U.S. Government and federal agencies.
3. Short-term commercial paper issued by a public corporation.
4. Banker's acceptances.
5. Insured savings and checking accounts and certificates of deposit in banks, savings and loan associations, and credit unions.
6. General obligation bonds of the federal government, the Commonwealth, or any state agency, or of any Pennsylvania political subdivision.
7. Shares of mutual funds whose investments are restricted to the above categories.

When making investments, the Redevelopment Authority Board of Directors and trustee (as governed by the trustee indenture) can combine monies from more than one fund under the Redevelopment Authority's control for the purchase of a single investment and join with other political subdivisions and municipal authorities in the purchase of a single investment.

A. ***Deposits***

Custodial credit risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Redevelopment Authority does not have a formal deposit policy for custodial credit.

As of June 30, 2024, the Redevelopment Authority's book balance was $457,638 and the bank balance was $465,273. Of the bank balance at June 30, 2024, $250,000 was covered by federal depository insurance and $215,273 was collateralized under Act No. 72 of the 1971 Session of the Pennsylvania General Assembly (Act), in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal depository insurance limits.

B. ***Investments***

The Redevelopment Authority did not have any investments as of June 30, 2024.

C. ***Restricted Cash, Cash Equivalents, and Investments***

Certain funds are held in trust in order to comply with various restrictions imposed by debt indentures.

4. Capital Assets

A summary of changes in capital assets follows:

	January 1, 2024	Additions and Transfers In	Disposals and Transfers Out	December 31, 2024
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 6,752,780	$ 4,362,205	$ -	$ 11,114,985
Construction in progress	1,784,675	197,100	(1,772,612)	209,163
Total capital assets not being depreciated	8,537,455	4,559,305	(1,772,612)	11,324,148
Capital assets being depreciated:				
Buildings and related improvements	38,926,576	655,832	-	39,582,408
Improvements other than buildings	52,756,821	203,434	-	52,960,255
Furniture, machinery, and equipment	51,693,689	5,168,226	(802,894)	56,059,021
Infrastructure	67,772,204	5,668,713	-	73,440,917
Total capital assets being depreciated	211,149,290	11,696,205	(802,894)	222,042,601
Less accumulated depreciation for:				
Buildings and related improvements	(32,501,081)	(946,615)	(130,503)	(33,578,199)
Improvements other than buildings	(41,983,216)	(1,210,530)	-	(43,193,746)
Furniture, machinery, and equipment	(41,674,478)	(2,374,924)	(704,071)	(43,345,331)
Infrastructure	(42,566,351)	(3,637,793)	-	(46,204,144)
Total accumulated depreciation	(158,725,126)	(8,169,862)	(834,574)	(166,321,420)
Total capital assets being depreciated, net	52,424,164	3,526,343	(1,637,468)	55,721,181
Governmental activities capital assets, net	$ 60,961,619	$ 8,085,648	$ (3,410,080)	$ 67,045,329

	January 1, 2024	Additions and Transfers In	Disposals and Transfers Out	December 31, 2024
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 2,144,629	$ 66,050	$ -	$ 2,210,679
Construction in progress	4,591,720	1,762,088	(3,536,171)	2,817,637
Total capital assets not being depreciated	6,736,349	1,828,138	(3,536,171)	5,028,316
Capital assets being depreciated:				
Land improvements	3,100,661	22,742	-	3,123,403
Building and fixtures	15,304,486	574,465	-	15,878,951
Improvements other than buildings	274,903,985	12,831,250	-	287,735,235
Furniture, machinery, and equipment	6,689,913	976,946	(54,452)	7,612,407
Vehicles	7,066,817	341,885	(163,763)	7,244,939
Office equipment	117,497	-	-	117,497
Infrastructure	8,601,087	821,517	-	9,422,604
Total capital assets being depreciated	315,784,446	15,568,805	(218,215)	331,135,036
Less accumulated depreciation for:				
Land improvements	(1,652,413)	(162,363)	-	(1,814,776)
Building and fixtures	(14,006,238)	(154,447)	-	(14,160,685)
Improvements other than buildings	(200,125,158)	(10,479,414)	-	(210,604,572)
Furniture, machinery, and equipment	(5,651,342)	(364,661)	12,215	(6,003,788)
Vehicles	(5,120,437)	(422,739)	44,423	(5,498,753)
Office equipment	(117,497)	-	-	(117,497)
Infrastructure	(5,419,558)	(461,922)	-	(5,881,480)
Total accumulated depreciation	(232,092,643)	(12,045,546)	56,638	(244,081,551)
Total capital assets being depreciated, net	83,691,803	3,523,259	(161,577)	87,053,485
Business-type activities capital assets, net	$ 90,428,152	$ 5,351,397	$ (3,697,748)	$ 92,081,801

Depreciation expense was charged to governmental activities as follows:

Administrative	$	38,076
Community development		199,527
Parks and public property		918,953
Public works		5,432,746
Police		502,217
Fire		840,541
Library		237,802
	$	8,169,862

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

Water Fund	$	6,489,629
Sewer Fund		4,835,826
Municipal Golf Fund		237,130
Stormwater		482,961
	$	12,045,546

	January 1, 2024	Additions/ Transfers In	Deletions/ Transfers Out	December 31, 2024
Parking Authority:				
Capital assets, not being depreciated:				
Land	$ 4,855,985	$ -	$ -	$ 4,855,985
Construction in progress	1,253,761	8,049,878	(1,722,650)	7,580,989
Total capital assets, not being depreciated	6,109,746	8,049,878	(1,722,650)	12,436,974
Capital assets, being depreciated:				
Parking garages	65,785,824	1,722,650	(7,724,312)	59,784,162
Furniture and fixtures	3,535,026	453,366	-	3,988,392
Automobiles	346,929	29,500	-	376,429
Leasehold and parking lot improvements	703,601	90,973	-	794,574
	70,371,380	2,296,489	(7,724,312)	64,943,557
Less: accumulated depreciation	(25,962,580)	(1,828,856)	6,639,152	(21,152,284)
Total capital assets, being depreciated, net	44,408,800	467,633	(1,085,160)	43,791,273
Total capital assets, net	$ 50,518,546	$ 8,517,511	$ (2,807,810)	$ 56,228,247

	January 1, 2024	Additions	Disposals	December 31, 2024
Library:				
Capital assets, not being depreciated:				
Land	$ 5,000	$ -	$ -	$ 5,000
Total capital assets, not being depreciated	5,000	-	-	5,000
Capital assets, being depreciated:				
Buildings and related improvements	311,677	-	(217,856)	93,821
Furniture, machinery, and equipment	850,862	177,600	(115,812)	912,650
Total capital assets, being depreciated	1,162,539	177,600	(333,668)	1,006,471
Less accumulated depreciation	(1,043,633)	(17,596)	231,606	(829,623)
Total capital assets, being depreciated, net	118,906	160,004	(102,062)	176,848
Total capital assets, net	$ 123,906	$ 160,004	$ (102,062)	$ 181,848

	June 30, 2023	Additions	Disposals	June 30, 2024
Redevelopment Authority:				
Capital assets, being depreciated:				
Buildings	$ 31,267,155	-	-	$ 31,267,155
Total capital assets being depreciated	31,267,155	-	-	31,267,155
Less accumulated depreciation for:				
Buildings	5,636,023	645,124	-	6,281,147
Total accumulated depreciation	5,636,023	645,124	-	6,281,147
Total capital assets, net	$ 25,631,132	$ (645,124)	$ -	$ 24,986,008

5. Interfund Receivable and Payables Balances

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

	Due From Other Funds	Due To Other Funds
Governmental funds:		
General Fund	$ 6,548,116	$ -
Non-Utility Capital Improvements Fund	178,500	5,733,524
Other Non-Major Governmental Funds	-	155,000
Proprietary funds:		
Sewer Fund	55,000	-
Other Non-Major Enterprise Funds	10,570	903,662
Total	$ 6,792,186	$ 6,792,186

Interfund balances are primarily for reimbursement of expenditures paid on behalf of another fund and interfund loans for cash flow purposes. As of December 31, 2024, there is $5,667,954 due to General Fund recorded in the Non-Utility Capital Improvements Fund. The General Fund was fully reimbursed in April 2025.

6. Interfund Transfers

Interfund transfers for the year ended December 31, 2024 are as follows:

	Transfers In	Transfers Out
Governmental funds:		
General Fund	$ 3,030,533	$ 17,988,678
Non-Utility Capital Improvements Fund	7,891,158	603,435
Debt Service Fund	10,885,318	-
Other Non-Major Governmental Funds	372,056	
Proprietary funds:		
Water Fund	-	566,755
Sewer Fund	-	3,039,176
Other Non-Major Enterprise Funds	603,435	584,456
Total	$ 22,782,500	$ 22,782,500

Transfers are used to (1) fulfill budgetary transfer requirements and (2) move receipts restricted to debt service from the funds collecting the receipts as debt service payments become due.

7. Leases

Primary Government

Governmental Activities and Governmental Funds

In 1994 (subsequently amended in an agreement dated February 2014), the City began leasing space for the installation, operation, and maintenance of personal communication service (PCS) facility, PCS related equipment and associated antenna. The term per the amendment is for an initial term through 2019 with option to extend for each of four additional five-year renewal terms through February 2034. The lessee has the right to renew the lease each successive renewal term unless terminated in writing by the lessee at least six months prior to the end of any renewal term. Annual payments to be received by the City for five-year incremental terms effective 2014 were as follows: $11,880, $13,068, $14,379, and $15,812.

In October 2007 (subsequently amended in an agreement dated September 2014), the City began leasing space for the installation, operation, and maintenance of PCS facility, PCS related equipment and associated antenna. The term per the original agreement was for an initial term through 2012, with four additional five-year renewal periods. The September 2014 amendment updated to allow for a total of six, five-year automatic renewals through September 2042. The lessor has the right to renew the lease each successive renewal term unless terminated in writing at least 180 day written notice prior to renewal date. Initial monthly rent was $1,250, increasing 12% each five-year renewal period.

In July 2009 (subsequently amended in an agreement dated September 2014), the City began leasing space for the installation, operation, and maintenance of PCS facility, PCS related equipment and associated antenna. The term per amendment is for an initial term through 2014 with option to extend for each of six additional five-year renewal terms through June 2044. The lessee has the right to renew the lease each successive renewal term unless terminated in writing by the lessee at least 60 days prior to the end of any renewal term. Initial monthly rent was $1,250, increasing 12% each five-year renewal period.

In October 2000, the City began leasing space for the installation, operation, and maintenance of PCS facility, PCS related equipment and associated antenna. The term is for an initial 10 years, with three five-year renewal periods unless lessee terminates by providing written notices within 90 days prior to expirations of a renewal term. Initial monthly rent was $1,300, increasing 12% each five-year renewal period.

In July 2010, the City began leasing space for the installation, operation, and maintenance of PCS facility, PCS related equipment and associated antenna. The initial lease term is for five years, with the option to renew for up to four additional five year through 2035. The lessee has the right to renew the lease each successive renewal term unless terminated in writing by the lessee at least 60 days prior to the end of any renewal term. Initial monthly rent was $1,300, increasing 12% each five-year renewal period.

In June 2007 (subsequently amended in an agreement dated December 2020), the City began leasing space for the installation, operation, and maintenance of PCS facility, PCS related equipment and associated antenna. The term per the original agreement was for an initial term through 2012, with four additional five-year renewal periods. The December 2020 amendment updated to allow for a total of six additional five-year automatic renewals through September 2062. The lessee has the right to renew the lease each successive renewal term unless terminated in writing at least 60 days written notice prior to renewal date. Initial monthly rent was $1,800, increasing 15% each five-year renewal period.

In October 2007 (subsequently amended twice, with latest agreement dated October 2014), the City began leasing space for the installation, operation, and maintenance of PCS facility, PCS related equipment and associated antenna. The term per the original agreement was for an initial term through 2015 and the October 2014 amendment updated to allow for five additional five-year automatic renewals through April 2040. The lessee has the right to renew the lease each successive renewal term unless terminated in writing at least 30 day written notice prior to renewal date. Initial monthly rent was $2,379, increasing 22% each five-year renewal period.

December 31, 2024, the City recognized $155,370 in lease revenue and $62,236 of interest revenue related to these leases.

The following represents the total Governmental Activities and Governmental Funds receivable for lease payments and associated deferred inflows of resources that will be recognized as revenue over the terms of the lease at December 31, 2024.

Lease Term	Lease Receivable	Deferred Inflow of Resources
2/2014 - 2/2034	$ 120,621	$ 93,305
10/2007 - 9/2042	453,019	243,103
10/2014 - 6/2044	644,085	528,657
10/2000 - 9/2025	23,655	7,994
7/2010 - 6/2035	379,366	261,340
10/2007 - 9/2062	1,531,072	1,400,569
5/2015 - 4/2040	551,657	485,157
	$ 3,703,475	$ 3,020,125

Business-type Activities and Proprietary Funds

In January 2019, the City began leasing space at the golf course to a business to operate a restaurant at the City's golf course. The term of the lease is seven years commencing January 1, 2019. The City initially received monthly rent of $5,500, with incremental increases of 2% annually through 2025. The City recognized $63,711 in lease revenue and $2,895 of interest revenue during 2024 related to this lease.

In June 2021, the City began leasing space at the golf course to a business to operate an indoor golf instruction, technology, and fitness facility at the City's golf course. The term of the lease is seven years commencing June 1, 2021. The City initially received monthly rent of $2,500, with incremental increases of 3% annually through 2028. The City recognized $32,791 in lease revenue and $54 of interest revenue during 2024 related to this lease.

The following represents the total Business-type Activities and Proprietary Fund receivable for lease payments and associated deferred inflows of resources that will be recognized as revenue over the terms of the lease at December 31, 2024.

Lease Term	Lease Receivable	Deferred Inflow of Resources
1/1/2019-12/31/2025	$ 73,292	$ 63,711
6/1/2021-5/31/2028	117,940	112,035
	$ 191,232	$ 175,746

Component Units

Parking Authority

On January 24, 2019, the Parking Authority entered into an agreement with Matador Holding Co., LLC, to provide 23 parking spaces at an Authority-owned parking garage for a period of five years. The lease will automatically renew for two successive five-year terms unless either party notifies the other that it is terminating the lease at least 90 days prior to the end of the extended term. Matador Holding Co., LLC shall pay the Authority $45 per parking space, per month, during the first five years of the initial lease term. The rent during the second five-year term may not be more than the rent charged all the other users of the garage. In April 2020, the lease was amended to decrease the number of parking spaces to 10.

On March 1, 2018, the Parking Authority entered into an agreement with Lehigh University to provide 36 parking spaces at an Authority-owned parking garage for a period of ten years. The lease will automatically renew for successive five-year terms unless either party notifies the other that it is terminating the lease at least 90 days prior to the end of the extended term. Lehigh University shall pay the Authority $65 per parking space, per month, during the first five years of the initial lease term. The rent during the second five-year term may not be more than the rent charged all other users of the garage.

On August 12, 2016, the Parking Authority entered into an agreement with Greenway I, Inc. to lease 180 parking permits at the New and Third Street Garage to be invoiced at a monthly rate per permit of $38.95, which is allocated as follows: $57.00 per permit for 123 parking permits and no charge for the remaining 57 parking permits. Rent due for these parking spaces shall not be increased for a period of five years from the commencement date. Rent for the 180 parking spaces shall increase to $47.98 for the sixth year. The initial lease term shall be ten years, commencing on the date the parking garage is open to the public, which was 2018. The lease will automatically be renewed for two additional terms of five years each unless either party notifies the other that it is terminating the lease at least 180 days prior to the end of the extended term.

On November 2, 2009, the Parking Authority, in connection with the construction of the South Main Street Garage, entered into a Parking Space Lease Agreement for 57 interior parking spaces and 19 road spaces, outside the garage structure. The initial lease term is 20 years, commencing November 3, 2009; provided, however, that unless written notice of intention not to renew this lease agreement is given to the Parking Authority no later than 90 days prior to the end of the initial lease term or the then-current renewal term, this

Lease Agreement will automatically be renewed for an additional term, of 30 years, upon the same terms and conditions as the original lease, except that the monthly rent will be reset so as to reflect the monthly rate which is then in effect. The initial rent for the interior parking spaces will be $50 per parking space per month and $40 per parking space per month for the road spaces. After a period of three years, the rent will be increased by $5 per month per space. The number of rented spaces can be reduced during the term of the lease, with 30 days' prior written notice to the Parking Authority; however, the total number of spaces to be leased will never be less than 30 total parking spaces. In February 2022, the lease was amended to only include 57 interior spaces and 19 exterior spaces. The lease term is five years commending on February 2022 and will automatically renew for two successive five year terms unless either party notifies the other that it is termination the lease at least 90 days prior to the end of the renewal period.

On January 25, 2006, the Parking Authority entered into an agreement with Posh North Street Tower, L.P., to provide 262 parking spaces at a Parking Authority-owned parking lot for $70 per parking space, per month. On July 10, 2008, the Parking Authority entered into an addendum to this lease agreement, changing the number of parking spaces from 262 parking spaces to 120 parking spaces. An automatic 20-year lease renewal was added to the original 20-year term. On November 3, 2014, the Parking Authority entered into a second addendum to this lease agreement, changing the number of parking spaces from 120 parking spaces to 70 parking spaces and changing the amount of rent to $55 per space, per month, for a period of two years. Thereafter, the rent shall be the same rent charged to all other users of the garage.

On June 7, 2005, the Parking Authority entered into an agreement with Polk Street Development Associates to provide 138 parking spaces at a Parking Authority-owned parking lot. The spaces are invoiced at an agreed amount per leased space. After one year, the leased amount may be increased by the Parking Authority every twelve months, but in no event more than a 3% increase for each twelve-month period. The lease term is for 15 years beginning in 2005 and will automatically terminate at the end of the lease term. Polk Street Development Associates has the right to renew the lease for an additional 15-year period at the standard rate in effect at that time. On January 13, 2016, the Parking Authority entered into an addendum to this lease agreement, changing the lease term to five years, effective January 1, 2016, and ending December 31, 2020. In May 2018, the Parking Authority entered into an addendum to this lease agreement, changing the number of parking spaces to only include Lot C (66 parking spaces) and also revising the lease term to termination on December 31, 2019, with the option to extend the lease term for another 15 years. The lease spaces during the extended lease term are at a rent equal to $40.00 per space from January 1, 2020 until December 31, 2025. Commencing on January 1, 2026 and terminating on December 31, 2035, the rent shall at all times be equal to the standard rate for parking permits in other surface parking lots or parking garages.

On August 25, 2004, the Parking Authority entered into an agreement with Lehigh Riverport Realty Limited Partnership to provide 262 parking permits at the Lehigh Riverport Garage to be invoiced at the market rate per permit. The lease term is for 20 years commencing on the date the parking garage was opened to the public. Unless written notice of intention not to renew this lease agreement is given by Lehigh Riverport Realty Limited Partnership, this lease agreement shall automatically be renewed for an additional term of 20 years upon the same terms and conditions.

On December 16, 2021, the Parking Authority entered into an agreement with D'Huy Engineering to provide 5 reserved parking spaces in the Broad Street Parking Lot for an initial term of 5 years at the market rate for a reserved space at $120 per month. The agreement shall automatically be renewed for up to 5 terms at one year each. Both parties must provide written notice no more than 90 days with intent not to renew the Initial Lease Term.

On June 18, 2021, the Parking Authority entered into an agreement with Northampton County Area Community College to provide 300 parking spaces at the Polk Street Garage to be invoiced at $70 per space. The lease term is for 20 years commencing on the date the parking garage was opened to the public. Unless written notice of intention not to renew this lease agreement is given by Northampton County Area Community College, this lease agreement shall automatically be renewed for an additional term of 20 years upon the same terms and conditions.

On July 28, 2021, the Parking Authority entered into an agreement with Factory, LLC to provide 30 parking spaces at the Polk Street Garage to be invoiced at $70 per space. The lease term is for 20 years commencing on the date the parking garage was opened to the public. Unless written notice of intention not to renew this lease agreement is given by Factory, LLC, this lease agreement shall automatically be renewed for an additional term of 20 years upon the same terms and conditions. This clause is provided that after the fifth year of the lease term Factory, LLC shall have the right to terminate the lease by giving the Authority written notice at least 180 days prior to the date of its intention to terminate the lease.

On August 11, 2021, the Parking Authority entered into an agreement with St. Lukes Health Network, Inc to provide 100 parking spaces at the Polk Street Garage to be invoiced at $70 per space. The lease term is for 20 years commencing on the date the parking garage was opened to the public. The lease shall terminate on October 26, 2026. Unless written notice of intention not to renew this lease agreement is given by St. Lukes Health Network, Inc, this lease agreement shall automatically be renewed for an additional term of 10 years upon the same terms and conditions.

On August 28, 2019, the Parking Authority entered into an agreement with Lehigh Valley Charter High School for the Arts to provide 45 parking spaces at the Polk Street Garage to be invoiced at $65 per space. The lease term is for 20 years commencing on the date the parking garage was opened to the public. Unless written notice of intention not to renew this lease agreement is given by Lehigh Valley Charter High School for the Arts, this lease agreement shall automatically be renewed for an additional term of 10 years upon the same terms and conditions.

On December 8, 2021, the Parking Authority entered into an agreement with PD Taylor Street, LLC to provide 45 parking spaces at the Polk Street Garage to be invoiced at $70 per space. The lease term is for 5 years commencing the earlier of written notice of its need for parking spaces or six months from the date the parking garage was opened to the public. Unless written notice of intention not to renew this lease agreement is given by PD Taylor Street, LLC, this lease agreement shall automatically be renewed for twenty-four successive one year terms. On April 1, 2024, the Authority entered into an addendum to this lease agreement, commencing the lease on June 1, 2024.

December 31, 2024, the Parking Authority recognized $500,513 in lease revenue and $428,629 of interest revenue related to these leases.

The following represents the Parking Authority's receivable for lease payments and deferred inflows of resources associated that will be recognized as revenue over the term of the lease at December 31, 2024.

Lease Term	Lease Receivable	Deferred Inflow of Resources
7/10/08-7/9/28	$ 198,329	$ 198,329
1/1/18-11/1/37	871,312	871,312
8/25/24-8/24/44	2,811,917	2,811,917
3/1/18-2/28/33	215,157	215,157
2/24/22-2/24/37	610,992	610,992
5/1/18-12/31/34	162,275	162,275
12/16/21-12/16/31	44,773	44,773
4/1/20-12/31/34	50,711	50,711
8/1/23-7/31/53	3,845,243	3,845,243
8/1/23-7/31/53	384,524	384,524
8/1/23-11/1/36	752,259	752,259
10/1/23-9/30/53	578,297	578,297
6/1/24-6/1/29	145,719	145,719
Total:	$ 10,671,508	$ 10,671,508

8. Long-Term Obligations

Bonds and Notes Payable

A summary of long-term bonds and notes payable of the City at December 31, 2024 and principal and interest maturities through the next five years and thereafter, respectively, are as follows:

		Business-type Activities			
	Governmental Activities	Water Fund	Sewer Fund	Golf Fund	Total
Outstanding at beginning of year	$ 85,680,000	$ 57,381,738	$ 20,292,102	$ 1,445,000	$ 79,118,840
Accretion of capital appreciation bonds	-	1,612,529	-	-	1,612,529
Debt issuance	-	-	-	-	-
Repayment of debt	(8,380,000)	(7,250,000)	(1,574,571)	(75,000)	(8,899,571)
	77,300,000	51,744,267	18,717,531	1,370,000	71,831,798
Plus unamortized bond premium	579,197	2,958,224	335,859	-	3,294,083
Less unamortized bond discount	(88,223)	-	-	-	-
Outstanding at end of year	$ 77,790,974	$ 54,702,491	$ 19,053,390	$ 1,370,000	$ 75,125,881

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Amounts Due Within One Year
Component Units: Parking Authority					
Bonds	$ 38,854,352	$ 30,180,000	$ (1,200,000)	$ 67,834,352	$ 1,625,000
Less: bond discounts	(156,937)	-	(7,886)	(149,051)	-
Total bonds, net	38,697,415	30,180,000	(1,207,886)	67,685,301	1,625,000
Notes	4,723,000	-	(3,266,000)	1,457,000	275,000
	$ 43,420,415	$ 30,180,000	$ (4,473,886)	$ 69,142,301	$ 1,900,000

Year	Governmental Activities Principal	Governmental Activities Interest	Governmental Activities Total	Water Fund Principal	Water Fund Interest	Water Fund Total
2025	$ 8,655,000	$ 2,234,684	$ 10,889,684	$ 6,908,040	$ 1,692,910	$ 8,600,950
2026	8,950,000	1,934,227	10,884,227	6,575,185	2,384,674	8,959,859
2027	9,200,000	1,697,520	10,897,520	6,253,827	2,709,708	8,963,535
2028	8,560,000	1,463,008	10,023,008	4,907,215	2,717,938	7,625,153
2029	8,135,000	12,531,530	20,666,530	5,285,000	1,325,950	6,610,950
2030-2034	33,800,000	2,734,997	36,534,997	17,555,000	2,944,500	20,499,500
2035-2037	-	-	-	4,260,000	359,350	4,619,350
Totals	$ 77,300,000	$ 22,595,966	$ 99,895,966	$ 51,744,267	$ 14,135,030	$ 65,879,297

Year	Sewer Fund Principal	Sewer Fund Interest	Sewer Fund Total	Golf Fund Principal	Golf Fund Interest	Golf Fund Total
2025	$ 1,628,436	$ 417,838	$ 2,046,274	$ 80,000	$ 47,950	$ 127,950
2026	1,672,457	366,567	2,039,024	80,000	45,150	125,150
2027	1,706,637	333,038	2,039,675	85,000	42,350	127,350
2028	1,740,978	298,122	2,039,100	85,000	39,375	124,375
2029	1,775,483	261,367	2,036,850	90,000	36,400	126,400
2030-2034	8,180,936	726,920	8,907,856	490,000	133,175	623,175
2035-2038	2,012,604	90,495	2,103,099	460,000	40,775	500,775
Totals	$ 18,717,531	$ 2,494,347	$ 21,211,878	$ 1,370,000	$ 385,175	$ 1,755,175

Years Ending December 31,	Parking Revenue Bonds Series A and B of 2016 Principal	Parking Revenue Bonds Series A and B of 2016 Interest	Parking Authority Direct Borrowings and Placements - Bonds and Notes Principal	Parking Authority Direct Borrowings and Placements - Bonds and Notes Interest	Total
2025	$ 450,000	$ 381,825	$ 1,450,000	$ 2,835,443	$ 5,117,268
2026	460,000	371,031	1,501,000	2,783,187	5,115,218
2027	470,000	361,256	1,559,000	2,727,010	5,117,266
2028	480,000	350,681	1,620,000	2,671,775	5,122,456
2029	495,000	339,281	1,682,000	2,598,938	5,115,219
2030-2034	2,675,000	1,486,106	32,735,000	11,007,958	47,904,064
2035-2039	3,100,000	1,062,150	4,230,000	3,152,776	11,544,926
2040-2044	3,590,000	568,800	5,290,000	2,096,094	11,544,894
2045-2049	1,595,000	72,150	5,909,352	771,635	8,348,137
Totals	$ 13,315,000	$ 4,993,280	$ 55,976,352	$ 30,644,816	$ 104,929,447

Total principal and interest for the primary government due through maturity is $195,442,099.

Under the terms of its respective debt agreements, the City is required to maintain certain balances in restricted trust accounts, to make timely payments to the trustee or to a sinking fund for principal and interest, and to insure and maintain assets acquired with the proceeds of the debt.

During the year ended December 31, 2019, the City funded the outstanding balances of the City's Series B of 2011 Notes, Series B of 2014 Bonds, and Series C of 2014 Bonds by irrevocably placing in trust, direct obligations of the United States of America sufficient to satisfy the semi-annual interest payments and bond redemption requirements. These bonds are considered to be extinguished for financial reporting purposes and are excluded from the City's financial statements. The advance refunded portions of the City's Series B of 2011 Bonds were fully redeemed in June 2021. The balance outstanding on the advance refunded portions of the City's Series B of 2014 Bonds and Series C of 2014 Bonds were fully redeemed November 2024.

The City has guaranteed the Bethlehem Authority Guaranteed Water Revenue Bonds, Series of 2022, Series A of 2024 and Series B of 2024 for the Bethlehem Authority, a blended component unit of the City. The full amount of the Guaranteed Parking System Revenue Bonds, Series A of 2016, Series B of 2016, Series A of 2021, Series B of 2021, and Series C of 2021 issued by the Parking Authority, are guaranteed by the City for the full term of the bonds. The reimbursement obligation of the Parking Authority to the City for payments made under the Guaranty Agreement shall be subordinate to debt service payments on the bonds, reimbursement to and rights of the bond insurer, and replenishment of the debt service reserve account. The City's legal authority and limits for extending the guarantees and types of obligations guaranteed is pursuant to the provisions of the Pennsylvania Local Government Unit Debt Act. The guarantees extend through the year ending December 31, 2055 and have a total amount outstanding at December 31, 2024 of $94,934,352. The City was not required to make any payments in accordance with the guarantee agreements during the year ended December 31, 2024.

Long-term obligations payable at December 31, 2024 are as follows:

Governmental Activities:	Current Portion	Balance at December 31, 2024
Federally Taxable General Obligation Refunding Notes, Series B of 2013, due in annual installments of $20,000 to $840,000 through October 2026; interest rates vary from 1.688% to 4.643%.	$ 805,000	$ 1,645,000
General Obligation Notes, Series A of 2014, due in annual installments of $5,000 to $630,000 through October 2024; interest rates vary from 0.75% to 4.00%.	-	-
General Obligation Bonds, Series A of 2015, due in annual installments of $30,000 to $1,275,000 through August 2028; interest rates vary from 1.00% to 3.125%.	955,000	4,155,000
General Obligation Bonds, Series B of 2015, due in annual installments of $250,000 to $365,000 through August 2024; interest rates vary from 0.28% to 2.50%.	-	-
General Obligation Bonds, Series A of 2017, due in annual installments of $185,000 to $1,960,000 through December 2032; interest rates vary from 1.15% to 3.25%.	220,000	9,285,000
General Obligation Bonds, Series B of 2017, due in annual installments of $35,000 to $460,000 through December 2034; interest rates vary from 2.00% to 4.00%.	345,000	4,010,000
General Obligation Bonds, Series E of 2017, due in annual installments of $5,000 to $3,230,000 through December 2028; interest rates vary from .80% to 5.00%.	2,430,000	9,090,000

Governmental Activities:	Current Portion	Balance at December 31, 2024
General Obligation Bonds, Series of 2019, due in annual installments of $80,000 to $430,000 through December 2034; interest rates vary from 2.00% to 3.00%.	340,000	3,795,000
General Obligation Bonds, Series A of 2019, due in annual installments of $465,000 to $5,230,000 through December 2034; interest rates vary from 1.89% to 3.04%.	3,245,000	42,185,000
General Obligation Bonds, Series AA of 2019, due in annual installments of $15,000 to $380,000 through December 2033; interest rates vary from 2.37% to 4.00%.	315,000	3,135,000
Total Governmental Activities	$ 8,655,000	$ 77,300,000

Governmental activities debt is expected to be liquidated by the General Fund.

Business-Type Activities: Water Fund:	Current Portion	Balance at December 31, 2024
Bethlehem Authority Guaranteed Water Revenue Bonds, Series of 2022, due in annual installments of $1,230,000 to $5,285,000 through November 15, 2037; interest rates vary from 4.00% to 5.00%.	$ -	$ 27,100,000
Bethlehem Authority Capital Appreciation Bonds, Series of 1998, due in annual installments of $425,000 to $7,320,000 from 2018 to 2028. The interest rates vary from 5.25% to 5.35%.	6,908,040	24,644,267
Total Water Fund	6,908,040	51,744,267
Sewer Fund:		
2013 Pennvest loan payable in monthly installments vary from $416 to $49,379, including interest at 1.00% through July 2021, followed by monthly installments of $52,122, including interest at 1.743% through July 2036.	513,436	6,532,531
General Obligation Bonds, Series C of 2017, due in annual installments of $5,000 to $360,000 through December 2037; interest rates vary from 2.00% to 4.00%.	245,000	3,840,000
General Obligation Bonds, Series AA of 2019, due in annual installments of $130,000 to $430,000 through December 2032; interest rates vary from 2.37% to 4.00%.	370,000	3,225,000

Business-Type Activities: Sewer Fund:	Current Portion	Balance at December 31, 2024
General Obligation Bonds, Series of 2020, due in annual installments of $55,000 to $595,000 through April 2034; interest rates vary from 2.00% to 5.00%.	500,000	5,120,000
Total Sewer Fund	1,628,436	18,717,531
Golf Fund:		
General Obligation Bonds, Series C of 2018, due in annual installments through November 2038; including interest at 3.5%.	80,000	1,370,000
Total Business-Type Activities	$ 8,616,476	$ 71,831,798

Component Units: Parking Authority:	Balance at December 31, 2024
Guaranteed Parking System Revenue Bonds, Series A of 2016, due in annual installments of \$5,000 to \$440,000, maturing in October 2025. Interest rates range from 1.442% to 3.025%. Secured by future revenues of the Parking Authority.	\$ 175,000
Guaranteed Parking System Revenue Bonds, Series B of 2016, due in annual installments of \$275,000 to \$810,000, maturing in October 2046. Interest rates range from 2.00% to 3.00%. Secured by future revenues of the Parking Authority.	13,140,000
\$5,175,000 Guaranteed Parking System Revenue Bonds, Series A of 2021 (direct placement), authorized. Due in semiannual installments, maturing in October 2034 with interest rate of 3.5%. Secured by future revenues of the Authority.	5,025,000
\$16,135,000 Guaranteed Parking System Revenue Bonds, Series B of 2021 (direct placement), authorized. Due in semiannual installments, maturing in October 2049 with interest rate of 2.92%. Secured by future revenues of the Authority. Amount drew down on the Bonds at December 31, 2024 is \$15,429,352.	15,429,352
\$5,635,000 Guaranteed Parking System Revenue Bonds, Series C of 2021 (direct placement), authorized. Due in semiannual installments, maturing in October 2030 with interest rate of 2.44%. Secured by future revenues of the Authority.	3,885,000
\$6,055,000 Guaranteed Parking System Revenue Bonds, Series A of 2024 (direct placement), authorized. Due in semiannual installments, maturing in December 2033 with interest rate of 7.77%. Secrued by future revenues of the Parking Authority. Amount drew down on the Bonds at December 31, 2024 is \$2,980,000.	6,055,000
\$24,125,000 Gaurenteed Parking System Revenue Bonds, Series B of 2024 (direct placement), authorized. Due in semiannual installments, maturing in December 2033 with interest rate of 6.45%. Secured by future revenues of the Parking Authority. Amount drew down of the Bonds at December 31, 2024 is \$24,125,000.	24,125,000
Total	67,834,352
Less: Unamortized Discount/Premium, Net	(149,051)
Bonds Payable, Net	67,685,301
Less: Current Portion	(1,625,000)
Long-Term Portion	\$ 66,060,301

Notes and Loans Payable – Parking Authority

Notes and loans payable (direct borrowings) consist of the following at December 31, 2024:

$2,550,000 Promissory Note, Series 2019, authorized and $2,550,000 issued, as of December 31, 2020, maturing December 1, 2029 and interest rates ranging from 3.40%. Balance at December 31, 2024 was $1,457,000, with a current portion of $275,000 and a long-term portion of $1,182,000.

Other Changes in Long-Term Debt

The following represents changes in long-term liabilities, other than bond and note issues:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024
Governmental activities:				
Accrued vacation and other compensated absences	$ 4,460,118	$ -	$ (124,676)	$ 4,335,442
Leases	954,934	289,348	(503,632)	740,650
	$ 5,415,052	$ 289,348	$ (628,308)	$ 5,076,092
Business-type activities:				
Accrued vacation and other compensated absences	$ 642,183	$ 287,223	$ -	$ 929,406
Leases	340,242	169,362	(232,472)	277,132
	$ 982,425	$ 456,585	$ (232,472)	$ 1,206,538

Lease Obligations Payable

The City has agreements for the lease of lighting equipment, other equipment, and vehicles. As of December 31, 2024, the net book value of the equipment and vehicles held under leases and included in capital assets was $454,041 for governmental activities and $1,275,555 for business-type activities.

As of December 31, 2024, future minimum payments were as follows:

Year	Governmental Activities	Business-Type Activities
2025	$ 472,107	$ 152,476
2026	308,365	108,251
2027	-	45,004
Total commitment under leases	780,472	305,731
Less amount representing interest	39,822	28,599
Present value of future minimum lease payments	740,650	277,132
Less current portion	440,800	135,179
Long-term portion	$ 299,850	$ 141,953

9. Pension Plans

Plan Descriptions and Administration

The City has two single-employer defined benefit plans covering Police and Firemen. The Police Plan is governed by the Bethlehem Police Pension Fund Association, comprised of the Mayor, the Director of Accounts and Finance, the Director of Public Safety, the Director of Streets and Public Improvements, the Director of Park and Public Property, the City Treasurer, and one member of the Police Department to be selected by a majority vote of the members of the Police Department who are contributors to the Police Pension Fund. The Firemen Plan is governed by the Board of Managers consisting of the Mayor, the Director of Accounts and Finance, the Director of Public Safety, the City Controller, the Chief of the Fire Department of the City, and two paid members of the Fire Department to be chosen by the members of the paid Fire Department.

The plans provide for retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments are provided at the discretion of the Police and Firemen Retirement Boards. Benefit provisions and their amendments are authorized by the separate Pension Boards for the Police and Firemen. Contributions to the plans are governed by ordinances and collective bargaining agreements. These plans do not issue separate reports.

The City previously had a single-employer benefit plan covering certain non-uniform employees known as the Officers' and Employees' Pension Plan (O&E). The O&E plan was closed for eligibility as of January 1, 1964 and was replaced by the Pennsylvania Municipal Retirement System (PMRS) plan noted below. The O&E plan was still active for those retirees who were participants prior to January 1, 1964 and elected not to transfer to PMRS. During the year ended December 31, 2017, the City purchased annuities for all retired O&E members. The City is no longer responsible for meeting the retirement obligations for these members. The insurance company is obligated to pay the remaining retirement benefits for these retired O&E members. During the year ended December 31, 2018, the remaining assets of the O&E plan were transferred to the PMRS plan.

The City participates in a pension plan administered by the PMRS covering the remainder, and larger group, of non-uniformed employees. Benefit provisions and their amendments are authorized by Pennsylvania State Act 15 for 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 Financial Report (AFR) which may be obtained by writing to Pennsylvania Municipal Retirement System, P.O. Box 1165, Harrisburg, PA 17108-1165 or by calling 1-800-622-7968.

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.

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

	Firemen Pension Fund	Police Pension Fund	Employee Benefit Trust Fund Total
Assets			
Interest and dividends receivable	$ 198,010	$ 259,287	$ 457,297
Investments	96,498,911	125,412,180	221,911,091
Total Assets	$ 96,696,921	$ 125,671,467	$ 222,368,388
Net Position			
Restricted for employees' retirement benefits	$ 96,696,921	$ 125,671,467	$ 222,368,388
Total Net Position	$ 96,696,921	$ 125,671,467	$ 222,368,388
Additions:			
Employee contributions	$ 696,607	$ 811,256	$ 1,507,863
Employer contributions	2,691,838	5,986,328	8,678,166
Investment income	1,436,967	1,853,840	3,290,807
Realized and unrealized gains (losses), net	6,941,291	8,940,411	15,881,702
Investment expense	(575,021)	(736,491)	(1,311,512)
Total additions	11,191,682	16,855,344	28,047,026
Deductions:			
Benefits paid	5,966,548	10,135,741	16,102,289
Total deductions	5,966,548	10,135,741	16,102,289
Change in Net Position	5,225,134	6,719,603	11,944,737
Net Position:			
Beginning of year	91,471,787	118,951,864	210,423,651
End of year	$ 96,696,921	$ 125,671,467	$ 222,368,388

Plan Memberships

Membership related to the Police and Firemen Plans at December 31, 2024 and membership related to the PMRS Plan at December 31, 2023 consisted of the following:

	Police	Firemen	PMRS
	All Full-time Members of the Police Force	All Full-time Members of the Fire Department	All Full-time Employees Not Previously Covered
Covered Employees			
Inactive plan members or beneficiaries currently receiving benefits	203	136	380
Inactive plan members entitled to but not yet receiving benefits	-	-	35
Active plan members	144	86	299
Total	347	222	714

Benefit Provisions – Police

Members Hired Before January 1, 2012

Retirement Benefit - A member is eligible for normal retirement after completion of 20 years of vesting service. The normal retirement pension is payable monthly during the member's lifetime, with payments continuing after the member's death to the surviving spouse or to dependent children under the age of 18 equal to 100% of the amount payable to the member at the time of the member's death. The amount of monthly pension is equal to 60% of average monthly compensation after 20 years of benefit service, increasing by 2% per additional year of benefit service, up to a maximum of 70% of average monthly compensation after 25 or more years of benefit service; plus a service increment equal to 1/40th of such pension amount per year of benefit service completed by the member in excess of 20 years, up to an additional $100 per month. Average monthly compensation is equal to the higher of 1/12th of the average annual compensation over the highest five consecutive calendar years of employment or the monthly salary of the member at retirement.

Disability Benefit – If an active member is disabled in the line of duty, the member is eligible for a monthly disability pension equal to the benefit based upon the normal retirement benefit formula. If an active member who has completed ten years of benefit service, but less than 15 years of benefit service, is disabled outside the line of duty, the member is eligible for a monthly disability pension equal to 30% of average monthly compensation. If an active member who has completed 15 years of benefit service, but less than 21 years of benefit service, is disabled outside of the line of duty, the member is eligible for a monthly disability pension equal to 60% of average monthly compensation. If an active member who has completed 21 or more years of benefit service is disabled outside of the line of duty, the member is eligible for a monthly disability pension equal to the benefit based upon the normal retirement benefit formula. The disability benefit is payable upon discontinuance of any workers' compensation benefits being paid to the member.

Death Benefit – If an active member dies prior to retirement, a death benefit is payable to the member's surviving spouse or to dependent children under the age of 18 equal to 100% of the benefit the member would have been receiving had the member been retired at the time of the member's death.

Members Hired On or After January 1, 2012

Retirement Benefit - A member is eligible for normal retirement after completion of 20 years of vesting service. The normal retirement pension is payable monthly during the member's lifetime, with payments continuing after the member's death to the surviving spouse or to dependent children under the age of 18 equal to 100% of the amount payable to the member at the time of the member's death. The amount of monthly pension is equal to 50% of average monthly compensation, plus a service increment equal to 1/40th of such pension amount per year of benefit service completed by the member in excess of 20 years, up to an additional $100 per month. Average monthly compensation is equal to the higher of 1/12th of the average annual compensation over the highest five consecutive calendar years of employment or the monthly salary of the member at retirement.

Disability Benefit – If an active member is disabled in the line of duty, the member is eligible for a monthly disability pension equal to the benefit based upon the normal retirement benefit formula. If an active member who has completed ten years of benefit service, but less than 15 years of benefit service, is disabled outside the line of duty, the member is eligible for a monthly disability pension equal to 30% of average monthly compensation. If an active member who has completed 15 years of benefit service, but less than 21 years of benefit service, is disabled outside of the line of duty, the member is eligible for a monthly disability pension equal to 50% of average monthly compensation. If an active member who has completed 21 or more years of benefit service is disabled outside of the line of duty, the member is eligible for a monthly disability pension equal to the benefit based upon the normal retirement benefit formula. The disability benefit is payable upon discontinuance of any workers' compensation benefits being paid to the member.

Death Benefit – If an active member dies prior to retirement, a death benefit is payable to the member's surviving spouse or to dependent children under the age of 18 equal to 100% of the benefit the member would have been receiving had the member been retired at the time of the member's death.

Benefit Provisions – Firemen

Members Hired Before October 24, 2011

Retirement Benefit - A member is eligible for normal retirement after completion of 20 years of vesting service. The normal retirement pension is payable monthly during the member's lifetime, with payments continuing after the member's death to the surviving spouse or to dependent children under the age of 18 equal to 100% of the amount payable to the member at the time of the member's death. The amount of monthly pension is equal to 60% of average monthly compensation after 20 years of benefit service, increasing by 2% per additional year of benefit service, up to a maximum of 70% of average monthly compensation after 25 or more years of benefit service; plus a service increment equal to 1/40th of such pension amount per year of benefit service completed by the member in excess of 20 years, up to an additional $100 per month. Average monthly compensation is equal to the higher of 1/12th of the average annual compensation over the highest five consecutive calendar years of employment or the monthly salary of the member at retirement.

Disability Benefit – If an active member is disabled in the line of duty, the member is eligible for a monthly disability pension equal to the benefit based upon the normal retirement benefit formula based upon a minimum of 20 years of benefit service. If an active member who has completed ten years of benefit service, but less than 15 years of benefit service, is disabled outside the line of duty, the member is eligible for a monthly disability pension equal to 30% of average monthly compensation. If an active member who has completed 15 years of benefit service, but less than 21 years of benefit service, is disabled outside of the line of duty, the member is eligible for a monthly disability pension equal to the benefit based upon the normal retirement benefit formula based upon a minimum of 20 years of benefit service.

Death Benefit – If an active member dies prior to retirement, a death benefit is payable to the member's surviving spouse or to dependent children under the age of 18 equal to 100% of the benefit the member would have been receiving had the member been retired at the time of the member's death.

Deferred Retirement Option Plan (DROP) Benefit – An active member who has attained age 57 and completed 20 years of vesting service may elect to participate in the deferred retirement option plan for a period of not more than 36 months. The member's monthly pension shall be calculated as of the member's date of participation in the DROP and shall be accumulated with 3.0% annual interest, compounded monthly, and distributed in a lump sum at retirement. As of December 31, 2024, there were six participants in the DROP. As of December 31, 2024 the balance held by the Firemen Plan for the DROP totaled $817,865.

<u>Members Hired On or After October 24, 2011</u>

Retirement Benefit - A member is eligible for normal retirement after completion of 20 years of vesting service. The normal retirement pension is payable monthly during the member's lifetime, with payments continuing after the member's death to the surviving spouse or to dependent children under the age of 18 equal to 100% of the amount payable to the member at the time of the member's death. The amount of monthly pension is equal to 50% of average monthly compensation, plus a service increment equal to 1/40th of such pension amount per year of benefit service completed by the member in excess of 20 years, up to an additional $100 per month. Average monthly compensation is equal to the higher of 1/12th of the average annual compensation over the highest five consecutive calendar years of employment or the monthly salary of the member at retirement.

Disability Benefit – If an active member is disabled in the line of duty, the member is eligible for a monthly disability pension equal to the benefit based upon the normal retirement benefit formula based on a minimum of 20 years of benefit service. If an active member who has completed ten years of benefit service, but less than 15 years of benefit service, is disabled outside the line of duty, the member is eligible for a monthly disability pension equal to 30% of average monthly compensation. If an active member who has completed 15 years of benefit service, but less than 21 years of benefit service, is disabled outside of the line of duty, the member is eligible for a monthly disability pension equal to the benefit based upon the normal retirement benefit formula based upon a minimum of 20 years of benefit service.

Death Benefit – If an active member dies prior to retirement, a death benefit is payable to the member's surviving spouse or to dependent children under the age of 18 equal to 100%

of the benefit the member would have been receiving had the member been retired at the time of the member's death.

Benefit Provisions – PMRS

Retirement Benefit - A member is eligible for normal retirement after attainment of age 55 if hired before October 4, 2013 and age 65 if hired on or after October 4, 2013. A member is 100% vested after 12 years of service. The pension benefit is equal to 2% times credited service times final average salary, but in no event is the basic benefit greater than 80% of final average salary if hired before October 4, 2013 and 65% if hired on or after October 4, 2013. Final average salary is based upon the final five years of annualized salary.

Disability Benefit – In the instance of a service-related disability, a 50% disability benefit is provided to a member who is unable to perform gainful employment regardless of age or service. In the instance of a non-service related disability, a 30% disability benefit is provided to a member who has at least 10 years of service and who is unable to perform gainful employment.

Death Benefit – If a member is eligible to retire at time of death, the beneficiary receives the present value of the accrued benefit. At retirement, the member may select a survivor benefit.

Contributions

Pennsylvania Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act of the Commonwealth (as amended) (Act 205), requires that annual contributions be based upon the Minimum Municipal Obligation (MMO), which is based on the plans' biennial actuarial valuation. According to Act 205, actuarial valuations may be made biennially and the most recent valuations for all of the City's plans were completed as of January 1, 2021. The MMO includes the normal cost, estimated administrative expenses and an amortization of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10 percent of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds that must be used for pension funding. Any financial requirements established by the MMO which exceed state and member contributions must be funded by the employer.

Police and firemen are required to contribute 7% and 8% of covered payroll, respectively, plus $1 per month to their respective pension plans. Effective July 1, 2015, police hired on or after January 1, 2012 contribute 5% of covered payroll, plus $1 per month. The PMRS plan requires contributions of 7.5% of covered payroll.

During the year ended December 31, 2024, the City made its annual required contribution of $5,986,328 and $2,691,838 for the City's Police and Firemen Plans, respectively. During the year ended December 31, 2023, the City contributed its annual required contribution of $2,436,508 for the City's PMRS plan. During the year ended December 31, 2024, the City contributed its annual required contribution of $2,409,461 for the City's PMRS plan. The 2024 contribution is reported as deferred outflows of resources at December 31, 2024.

Changes in Net Pension Liability - Police

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2023	$ 153,480,703	$ 118,951,864	$ 34,528,839
Changes for the year:			
Service cost	2,300,916	-	2,300,916
Interest	10,549,962	-	10,549,962
Contributions - employer	-	5,986,328	(5,986,328)
Contributions - employees	-	811,256	(811,256)
Net investment income (loss)	-	10,109,483	(10,109,483)
Benefit payments, including refunds	(10,135,741)	(10,135,741)	-
Administrative expense	-	(51,723)	51,723
Net changes	2,715,137	6,719,603	(4,004,466)
Balances at December 31, 2024	$ 156,195,840	$ 125,671,467	$ 30,524,373
Plan fiduciary net position as a percentage of the total pension liability			80.46%

Changes in Net Pension Liability (Asset) - Firemen

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2023	$ 98,343,927	$ 91,471,787	$ 6,872,140
Changes for the year:			
Service cost	1,435,478	-	1,435,478
Interest	7,359,768	-	7,359,768
Contributions - employer	-	2,691,838	(2,691,838)
Contributions - employees	-	696,607	(696,607)
Net investment income (loss)	-	7,845,775	(7,845,775)
Benefit payments, including refunds	(5,966,548)	(5,966,548)	-
Administrative expense	-	(42,538)	42,538
Net changes	2,828,698	5,225,134	(2,396,436)
Balances at December 31, 2024	$ 101,172,625	$ 96,696,921	$ 4,475,704
Plan fiduciary net position as a percentage of the total pension liability			95.58%

Changes in Net Pension Liability (Asset) - PMRS

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balances at December 31, 2023 (based on the measurement date of December 31, 2023)	$ 166,189,062	$ 157,642,500	$ 8,546,562
Changes for the year:			
Service cost	2,894,292	-	2,894,292
Interest	8,619,542	-	8,619,542
Contributions - employer	-	2,436,508	(2,436,508)
Contributions - employees	-	1,807,900	(1,807,900)
Net investment gain	-	16,698,468	(16,698,468)
Benefit payments, including refunds	(9,930,209)	(9,930,209)	-
Administrative expense	-	(466,246)	466,246
Net changes	1,583,625	10,546,421	(8,962,796)
Balances at December 31, 2024 (based on the measurement date of December 31, 2023)	$ 167,772,687	$ 168,188,921	$ (416,234)
Plan fiduciary net position as a percentage of the total pension liability			100.25%

The net pension asset of the PMRS plan is allocated between governmental activities and business-type activities in the amounts of $272,342 and $143,892, respectively, at December 31, 2024.

Actuarial Assumptions – Police and Firemen

The net pension liability (asset) was measured as of December 31, 2024 and was determined by rolling forward liabilities from the January 1, 2023 actuarial valuation. The January 1, 2023 actuarial valuations for the Police and Firemen Plans utilized the entry age normal cost method. The actuarial assumptions for the two City Plans included (a) investment rate of return of 7.0%, (b) projected salary increases of 4.0% per year, (c) inflation component of 3.0%, and (d) PubS-2010 mortality table and incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement. No significant events or changes occurred between the valuation date and the fiscal year-ends. The mortality table changed from the Scale MP-2020 to Scale MP-2021 with the 2023 valuation.

Actuarial Assumptions – PMRS

The total pension liability (asset) was determined by an actuarial valuation performed on January 1, 2023 with liabilities rolled forward to December 31, 2023, using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial assumptions:	
Investment rate of return	5.25%
Projected salary increases	2.79% - 6.22%*
* 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

Investment Policy – Police and Firemen

The Police and Firemen investment policy, most recently amended in 2009, outlines the goals and objectives of the Funds as well as specifies the target asset allocation, guidelines for the selection of investment managers, permissible securities, and the criteria for evaluating investment performance of the Funds. The benefit obligations for the Funds are long-term in nature and the investment of the assets should also have a long-term focus. The investment objectives for the Funds' assets are to:

- Achieve a positive rate of return over the long term sufficient to meet the Funds' actuarial interest rate and provide for payment of benefit obligations and expenses in perpetuity in a secure and prudent fashion.

- Maintain a prudent risk level that balances growth with the need to preserve capital.

- Diversify the Funds' assets so as to minimize the risk of large losses or excessive fluctuations in market value from year to year.

- Achieve investment results over the long term that competes favorably with other pension funds' and appropriate market indices.

The Plans' policies in regard to the allocation of invested assets are established and may be amended by the respective pension Board.

This policy specifies the allocation of each asset class to be held by the Police and Firemen Plans:

Asset Class	Target Percentage	Acceptable Range
Equities:		
Large Cap Growth	10%	+/- 5%
Large Cap Core	10%	+/- 5%
Large Cap Value	10%	+/- 5%
Small Cap Core	8%	+/- 5%
Small Cap Value	2%	+/- 1%
Foreign Equities	10%	+/- 5%
Total Equities	50%	+/- 10%
Fixed Income:		
Intermediate Fixed (Cash flow manager)	20%	+/- 5%
Intermediate Fixed	18%	+/- 5%
High Yield	3%	+/- 2%
Total Fixed Income	41%	+/- 10%
Alternate Investments:		
Real Estate	3%	+/- 2%
Managed Futures	3%	+/- 2%
Life Settlement	3%	+/- 2%
Total Alternate Investments	9%	+/- 3%

Long-Term Expected Rate of Return – Police and Firemen

The long-term expected rates of return on the Police and Firemen Plans investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class for the Police and Firemen Plans as of December 31, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	34.0%	5.5% - 7.5%
International equity	14.0%	4.5% - 6.5%
Fixed income	30.0%	1.0% - 3.0%
Real estate	10.0%	4.5% - 6.5%
Alternative investments	12.0%	4.5% - 6.5%
	100.0%	

Long-Term Expected Rate of Return – PMRS

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 for 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 7.31%. 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.

Rate of Return - The money-weighted rate of return expresses investment performance, net of investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2024, the annual money-weighted rate of return on Police and Firemen Plan investments, net of investment expense, was 8.72%.

Concentrations - The City does have a formal policy that limits the amount the City may invest in any one issuer to five percent for each individual Plan. At December 31, 2024, the City does not hold more than five percent of each individual Plans' investments in any one issuer.

Discount Rate – Police and Firemen

The discount rate used to measure the total pension liability for the Police and Firemen Plans as of December 31, 2024 was 7.0%. The Plans' fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. 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. The employer has always met the funding requirements of Act 205. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

Discount Rate – PMRS

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 5.25%. 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.

Sensitivity of the Net Pension Liability (Asset) Changes in the Discount Rate – The following presents the net pension liability (asset) of the Police and Firemen Plans and the net pension liability (asset) of the PMRS Plan calculated using the discount rate 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 higher than the current rates:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Police	$ 5,514,937	$ 30,524,373	$ 14,022,527
Firemen	$ 16,546,607	$ 4,475,704	$ (5,582,154)

	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
PMRS	$ 18,907,258	$ (416,234)	$ (16,724,583)

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

For the year ended December 31, 2024, the City recognized pension expense of $7,355,501 in the governmental activities and ($251,900) in the business-type activities.

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

	Governmental Activities	Business-Type Activity
Deferred Outflows of Resources:		
Differences between expected and actual experience	$ 6,731,152	$ 318,294
Changes in assumptions	6,322,205	-
Net difference between projected and actual earning on pension plan investments	5,439,316	1,322,127
City contributions subsequent to the measurement date	1,579,168	830,293
Total deferred outflows of resources	$ 20,071,841	$ 2,470,714
Deferred Inflows of Resources:		
Differences between expected and actual experience	$ 983,446	$ -
Total deferred inflows of resources	$ 983,446	$ -

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 projected and actual earnings on the pension plan investments is recognized over five years. City contributions subsequent to the measurement date will be recorded as a reduction to the pension liability during the year ending December 31, 2025. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31,	Governmental Activities	Business-Type Activities
2025	$ 3,184,807	$ (120,234)
2026	8,517,692	816,338
2027	2,925,994	1,611,004
2028	(52,367)	(666,687)
2029	1,629,956	-
Thereafter	1,303,145	-
	$ 17,509,227	$ 1,640,421

Component Units' Pension Plans

<u>Plan Description and Administration</u>

Library

Effective January 1, 2013, the Library is no longer a part of the City's PMRS pension plan.

Parking Authority

The Parking Authority pension plan is a single-employer defined benefit pension plan controlled by the provisions of a resolution dated October 2, 2013 adopted pursuant to Act 15 of 1974. The Parking Authority pension plan participates in the PMRS, which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Pennsylvania Municipal Retirement System, P.O. Box 1165, Harrisburg, Pennsylvania 17108-1165, or via PMRS's website.

Redevelopment Authority

The Redevelopment Authority's pension plan is a defined benefit pension plan adopted pursuant to Act 15 of 1974. The plan participates in the PMRS.

Benefit Provisions

Parking Authority

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act of the Commonwealth of Pennsylvania (as amended) (Act 205) grants the authority to establish and amend the benefit terms to the Authority's Board of Directors. All full-time employees hired prior to January 1, 2018 are required to participate in the Plan.

Normal Benefit – Active members are eligible for normal retirement at age of 55. The basic annual benefit is equal to 2% times credited service times the final average salary but in no event is the basic benefit greater than 80% of final average salary. The final annual salary is the annual average compensation earned and paid during the member's final five years of employment. A member is 100% vested after 12 years of service.

Early Retirement Benefit – Early retirement may be taken any time after eight years of service, if the member is involuntarily terminated, or after 20 years of service, if the member voluntarily leaves. The benefit will be actuarially reduced for each year or partial year prior to normal retirement age that early retirement takes place.

Survivor Benefit – If a member is eligible to retire at the time of death, their beneficiary receives the present value of the accrued benefit.

Disability Benefit – In the instance of a service related disability, a 50% disability benefit is provided to a member who is unable to perform gainful employment. In the instance of a non-service related disability, a 30% disability benefit is provided to a member who has at least 10 years of service and who is unable to perform gainful employment.

Cost-of-Living Adjustments – The Parking Authority has the option to award post-retirement adjustments based on investment performance. Currently, the adjustment is not available.

Redevelopment Authority

Act 205 grants the authority to establish and amend the benefit terms to the Redevelopment

Authority's Board.

All full-time employees are required to participate in PMRS. A member is 100% vested after 12 years of service.

The plan provides retirement, disability, and death benefits to plan members and their beneficiaries as outlined in the plan document.

Plan Membership

Parking Authority

Membership of the Parking Authority's pension plan consisted of the following at the most recent actuarial valuation date of January 1, 2023:

Active employees	7
Inactive employees or beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	5
Total	29

Redevelopment Authority

Membership of the Redevelopment Authority's pension plan consisted of the following at the most recent actuarial valuation date of January 1, 2023:

Active employees	-
Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	1
Total	5

Contributions

Parking Authority

The Parking Authority's funding policy is to fund the minimum Plan requirement computed in accordance with Act 205. The Parking Authority's funding policy requires that annual contributions be based upon the Plan's Minimum Municipal Obligation (MMO), which are actuarially determined rates that should result in the accumulation of assets that are sufficient to pay benefits when due. Active employees are required to contribute an amount equal to 7.50% of compensation.

During the year ended December 31, 2024, the Parking Authority made a contribution to the plan in the amount of $71,981. The MMO for the year ended December 31, 2024 was $71,981. The 2024 contributions are reported as deferred outflows of resources at December 31,2024.

Redevelopment Authority

The Redevelopment Authority's funding policy is to fund the minimum pension plan requirement computed in accordance with Act 205. The Redevelopment Authority's funding policy requires that annual contributions be based upon the Redevelopment Authority pension plan MMO, which are actuarially determined rates that should result in the accumulation of assets that are sufficient to pay benefits when due. All full-time employees are required to contribute five and a half percent of their annual covered salary. The MMO for the year ended December 31, 2023 was $12,966. During the year ended June 30, 2024, the Redevelopment Authority made a contribution to the Redevelopment Authority pension plan in the amount of $12,996.

Changes in the Net Pension (Asset) Liability

Parking Authority

The changes in the net pension liability (asset) of the Parking Authority for the year ended December 31, 2024 were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
Balances at December 31, 2023 (based on the measurement date of December 31, 2022)	$ 3,765,739	$ 3,595,731	$ 170,008
Changes for the year:			
Service cost	70,326	-	70,326
Interest	196,228	-	196,228
Differences between expected and actual experience	-	-	-
Contributions - employer	-	69,324	(69,324)
Contrubutions - PMRS assessment	-	620	(620)
Contributions - employee	-	35,824	(35,824)
PMRS investment income (loss)	-	187,049	(187,049)
Market value investment income (loss)	-	199,142	(199,142)
Benefit payments, including refunds	(199,333)	(199,333)	-
PMRS administrative expense	-	(620)	620
Additional administrative expense	-	(10,477)	10,477
Net changes	67,221	281,529	(214,308)
Balances at December 31, 2024 (based on the measurement date of December 31, 2023)	$ 3,832,960	$ 3,877,260	$ (44,300)
Plan fiduciary net position as a percentage of the total pension liability			101.16%

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation performed on January 1, 2023, with liabilities rolled forward to December 31, 2023, using the actuarial assumptions consistent with that presented for the City's PMRS pension plan, applied to all periods in the measurement.

Long-Term Expected Rate of Return – The System’s long-term expected rate of return on plan investments for the Parking Authority’s pension plan is consistent with that presented for the City’s PMRS pension plan.

Discount Rate – The System’s discount rate for the Parking Authority’s pension plan is consistent with that presented for the City’s PMRS pension plan.

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

1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
$ 399,621	$ (44,300)	$ (418,132)

Redevelopment Authority

The changes in the net pension liability (asset) of the Redevelopment Authority for the year ended June 30, 2024 were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balances at June 30, 2023 (based on the measurement date of December 31, 2022)	$ 1,271,246	$ 1,151,268	$ 119,978
Changes for the year:			
Interest	64,293	-	64,293
Contributions - employer	-	12,866	(12,866)
Contributions - PMRS assessment	-	100	(100)
PMRS investment income	-	58,362	(58,362)
Market value investment income	-	60,857	(60,857)
PMRS administrative expense	-	(100)	100
Additional adminstrative expense	-	(3,269)	3,269
Benefit payments, including refunds	(94,427)	(94,427)	-
Net changes	(30,134)	34,389	(64,523)
Balances at June 30, 2024 (based on the measurement date of December 31, 2023)	$ 1,241,112	$ 1,185,657	$ 55,455
Plan fiduciary net position as a percentage of the total pension liability			95.5%

Actuarial Assumptions – The total pension liability was based on the actuarial valuation performed on January 1, 2023, with liabilities rolled to December 31, 2023, using the actuarial assumptions consistent with that presented for the City’s PMRS pension plan, applied to all periods in the measurement.

Long-Term Expected Rate of Return – The System's long-term expected rate of return on plan investments for the Redevelopment Authority's pension plan is consistent with that presented for the City's PMRS pension plan.

Discount Rate – The System's discount rate for the Redevelopment Authority's pension plan is consistent with that presented for the City's PMRS pension plan.

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

1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
$ 195,255	$ 55,455	$ (61,087)

<u>Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions</u>

Parking Authority

For the year ended December 31, 2024, the Parking Authority recognized pension expense of $24,795.

At December 31, 2024, the Parking Authority reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 86,111	$ 65,346
Changes in assumptions	32,728	-
Authority contributions subsequent to the measurement date	71,981	-
Net difference between projected and actual earnings on pension plan investments	37,313	-
Total	$ 228,133	$ 65,346

The effect of the differences in the Parking Authority'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 projected and actual earnings on the pension plan investments is recognized over five years. Parking Authority contributions subsequent to the measurement date will be recorded as a reduction to the pension liability during the year ending December 31, 2025. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	
2025	$ (14,776)
2026	51,539
2027	93,873
2028	(39,830)
	$ 90,806

Redevelopment Authority

For the year ended June 30, 2024, the Redevelopment Authority recognized pension expense of $19,987.

At June 30, 2024, the Redevelopment Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 60,382
Net difference between projected and actual earnings on pension plan investments	19,926	-
Total	$ 19,926	$ 60,382

The differences in the Redevelopment Authority's expected and actual experience and change in assumptions are recognized over the average expected remaining service lives of active and inactive members. The difference between projected and actual earnings on the pension plan investments is recognized over five years. Redevelopment Authority contributions subsequent to the measurement date will be recorded as a reduction to the pension liability during the year ending June 30, 2025. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year ending June 30,	
2025	$ 28,007
2026	1,899
2027	22,723
2028	(12,173)
	$ 40,456

Defined Contribution Pension Plan

Parking Authority

For all employees hired after January 1, 2018, the Parking Authority administers a single employer defined contribution plan, in which all eligible, full-time employees may elect to participate. The plan provisions are established and may be amended by the Parking Authority through the collective bargaining process. According to the union contract, the Parking Authority will contribute 4% of each employees' wages and employees will contribute 3.5% of their wages. Vesting will occur 20% in year three and an additional 20% per year, until fully vested in year 7. An active participant must work a minimum of 1,950 hours during the plan year in order to receive an employer contribution. The Parking Authority's contributions paid to the plan during 2024 was $38,130

10. Post-Employment Benefits Other Than Pensions

Plan Descriptions

In addition to pension benefits described in Note 9, the City provides certain post-retirement healthcare benefits to its retirees through one single-employer, defined benefit OPEB plan. However, within this one plan, there are three groups of employees with different types of benefits. The plan does not issue a separate report. No assets are accumulated in a trust for the OPEB plan.

Police:

Article XI of the Collective Bargaining Agreement between the City and the Fraternal Order of Police, Star Lodge #20, effective January 1, 2015, establishes retirees' eligibility for post-retirement medical benefits. Article VII Section D of the personnel manual establishes retirees' eligibility for post-retirement life-insurance benefits.

Eligibility: Any police officer who retires after completion of 20 years of service. Any employee who retires under the disability provision may begin coverage no earlier than age 41, regardless of service.

Any employee hired on or after January 1, 2012 shall not be entitled to any City-funded retiree healthcare upon retirement.

Benefits: The City will provide medical and prescription drug coverage for the retiree and spouse until Medicare eligibility. The City's maximum monthly contribution for health insurance coverage for each retiree was $380 as of January 1, 2016 with an increase to $400 as of January 1, 2017. If the retiree dies, his or her spouse will be covered and the City will contribute to coverage for the spouse until Medicare eligibility, unless the spouse remarries or has a job in which health insurance coverage is normally granted. If the retiree reaches Medicare eligibility prior to his or her spouse, the spouse may continue coverage and the City will contribute to coverage for the spouse until Medicare eligibility.

The City will provide each retiree $1,500 of post-retirement life insurance coverage upon retirement. The City will also make available an additional $1,000 of coverage at the employee's expense, if the employee paid for an additional $30,000 of life insurance coverage while an active employee. Employees retiring on or after January 1, 2013 will only be eligible to purchase post-retirement life insurance coverage upon retirement in any amount that they are eligible for at a non-group rate.

Firefighters:

Article X of the Collective Bargaining Agreement between the City and the Local 735 of the International Association of Firefighters (AFL-CIO), effective January 1, 2015, establishes retirees' eligibility for post-retirement medical benefits. Article VII Section D of the personnel manual establishes retirees' eligibility for post-retirement life-insurance benefits.

Eligibility: Any firefighter who retires after completion of 20 years of service and after attainment of age 38. Any employee who retires under the disability provision may begin coverage no earlier than age 38, regardless of service.

Any firefighter hired on or after October 24, 2011 shall not be entitled to any City-funded retiree healthcare upon retirement.

Benefits: The City will provide medical and prescription drug coverage for the retiree and spouse until Medicare eligibility. The City's maximum monthly contribution for health insurance coverage for each retiree was $380 as of January 1, 2016 with an increase to $400 as of January 1, 2017. If the retiree dies, his or her spouse will be covered and the City will contribute to coverage for the spouse until Medicare eligibility, unless the spouse remarries or has a job in which health insurance coverage is normally granted. If the retiree reaches Medicare eligibility prior to his or her spouse, the spouse may continue coverage and the City will contribute to coverage for the spouse until Medicare eligibility. An employee who retires prior to age 38 shall be eligible to enter the plan at the contribution rate equal to the negotiated rate for contributions.

The City will provide each retiree $1,500 of post-retirement life insurance coverage upon retirement. The City will also make available an additional $1,000 of coverage at the employee's expense, if the employee paid for an additional $30,000 of life insurance coverage while an active employee. Employees retiring on or after January 1, 2013 will only be eligible to purchase post-retirement life insurance coverage upon retirement in any amount that they are eligible for at a non-group rate.

Non-uniformed union and non-union employees:

Article IX of the Collective Bargaining Agreement between the City and the Service Employees International Union (SEIU), Local 32BJ, Mid-Atlantic District, effective January 1, 2016, establishes retirees' eligibility for post-retirement medical benefits. Article VII Section D of the personnel manual establishes retirees' eligibility for post-retirement life-insurance benefits.

Eligibility: Any non-uniformed union or non-union employee who retires after completion of 20 years of service and after attainment of age 55. Any employee who retires under the disability provision may begin coverage after 20 years of service.

Any non-uniformed union or non-union employee hired on or after October 4, 2013 shall not be entitled to any City-funded retiree healthcare upon retirement.

Benefits: The City will provide medical and prescription drug coverage for the retiree and spouse until Medicare eligibility. The City's maximum monthly contribution for health insurance coverage for each retiree is $400. If the retiree dies, his or her spouse will be covered and the City will contribute to coverage for the spouse until Medicare eligibility, unless the spouse remarries or has a job in which health insurance coverage is normally granted. If the retiree reaches Medicare eligibility prior to his or her spouse, the spouse may continue coverage and the City will contribute to coverage for the spouse until Medicare eligibility.

The City will provide each retiree who has completed 12 years of service with $1,500 of post-retirement life insurance coverage upon retirement. The City will also make available an additional $1,000 of coverage at the employee's expense, if the employee paid for an additional $30,000 of life insurance coverage while an active employee.

Employees retiring on or after January 1, 2013 will only be eligible to purchase post-retirement life insurance coverage upon retirement in any amount that they are eligible for at a non-group rate.

Plan Membership

As of January 1, 2024, the latest actuarial valuation date, the OPEB plan membership was as follows:

	Police	Firefighters	Non-Uniformed Union	Non-Uniformed Non-Union	Total
Active plan members	50	61	80	54	245
Inactive plan members entitled to, but not yet receiving benefits	53	10	13	6	82
Inactive plan members or beneficiaries currently receiving benefits	101	71	95	91	358
Total	204	142	188	151	685

Contributions

The City's contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2024, the City contributed $686,959 to the OPEB plan.

Changes in Total OPEB Liability

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

	Total OPEB Liability
Service cost	$ 439,068
Interest	550,674
Differences between expected and actual experience	(31,256)
Changes in assumptions	(188,185)
Benefit payments	(686,959)
Net changes	83,342
OPEB Liability at December 31, 2023 (based on the measurement date of December 31, 2022)	12,709,708
OPEB Liability at December 31, 2024 (based on the measurement date of December 31, 2023)	$ 12,793,050

The total OPEB liability is allocated between the governmental activities and business-type activities in the amounts of $11,130,188 and $1,662,862 respectively, at December 31, 2024.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of the valuation and on the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculation. The projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

The total OPEB liability was determined by an actuarial valuation performed on January 1, 2024 and measured at December 31, 2024, using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial cost method	Entry age normal
Actuarial assumptions:	
Interest rate of return	4.00%
Projected salary increases	4.00%
Healthcare cost trend rates	7.0% in 2024 with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% in 2075 and later
Mortality - Police and Firefighter	PubS-2010, incorporating rates using Scale MP-2021
Mortality - Nonuniform	PubG-2010, incorporating rates using Scale MP-2021
Actuarial value of assets	Not applicable

Changes in Actuarial Assumptions

The interest rate was changed from 4.31% as of December 31, 2023 to 4.00% as of December 31, 2024. The trend and mortality assumptions were updated. The election assumption was decreased, the Vested Former Participant election assumption was increased.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.00% at December 31, 2024. The discount rate was based on the index rate for 20-year tax-exempt general obligation municipal bonds at January 1, 2024 with an average rating of AA or higher. 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.

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

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

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB Liability	$ 13,769,716	$ 12,793,050	$ 11,890,176

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

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	$ 11,926,205	$ 12,793,050	$ 13,781,869

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended December 31, 2024 the City recognized OPEB expense of $(863,053) and $(269,948) in business-type activities.

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

	Governmental Activities	Business-Type Activities
Deferred Outflows of Resources:		
Changes in assumptions	$ 235,315	$ 32,365
Payments subsequent to the measurement date	575,348	104,744
Total	$ 810,663	$ 137,109

	Governmental Activities	Business-Type Activities
Deferred Inflows of Resources:		
Changes in assumptions	$ 854,209	$ 300,148
Difference between expected and actual experience	295,916	66,245
Total	$ 1,150,125	$ 366,393

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 will be recorded as a decrease to the total OPEB liability during the year ending December 31, 2025. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31,	Governmental Activities	Business-Type Activities
2025	$ (503,096)	$ (159,954)
2026	(411,714)	(174,074)
	$ (914,810)	$ (334,028)

11. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time City employees at their option, permits participants to defer a portion of their salary until future years. The City provides a 1% matching contribution to the plan up to 4% contributed by the participants. The City contributed $364,905 to the plan during 2024. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

12. Risk, Commitment and Contingencies

Federal and State Grants

Under the terms of federal and state grants, periodic audits are required and certain costs may be disallowed as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. City management believes disallowances, if any, will be immaterial.

Litigation

The City is defending a number of lawsuits, the outcome of which, in the opinion of management, will not materially affect the financial position of the City.

Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance. There were no significant reductions in insurance coverages in 2024. Settlement amounts have not exceeded insurance coverages for the current year or three prior years.

Construction

The City is committed in various construction contracts in the total amount of approximately $685,000 at December 31, 2024.

ArtsQuest Lease

During the year ended June 30, 2011, the Redevelopment Authority entered into a lease agreement with ArtsQuest. The Authority has leased to ArtsQuest certain property, including the Levitt Pavilion, the Bethlehem Landing Building, and the Improved Plazas. The initial term of the lease expires on June 1, 2020. This lease automatically renewed effective June 1, 2020. Because the initial term was extended for an additional 10-year renewal period, the lease is then subject to two additional 10- year renewals, which will automatically renew unless one party provides a written termination notice to the other at least one year in advance of the applicable renewal date. ArtsQuest is to surrender the assets upon the termination of this lease, in as good order and condition as they are at the start of the lease, ordinary wear and tear and depreciation excepted. Consideration for the lease was $1.

Consulting Agreement

In March 2021, the Board approved a consulting agreement between the Redevelopment Authority and the retired Executive Director to continue fulfilling duties and responsibilities as the Redevelopment Authority's Executive Director for the period April 1, 2021 through February 28, 2022. In February 2022, per an amended agreement, the retired Executive Director will act in a consulting capacity, to supplement services/duties/responsibilities of the new Executive Director for the period of March 1, 2022 through December 31, 2022. The agreement was amended again to cover services through December 31, 2023. In January 2024, the Redevelopment Authority extended the consulting agreement with the retired Executive Director for the period January through December 2024 at $1,000 per month. These services were not renewed and did not extend past June 30, 2024.

Intergovernmental Cooperation Agreement

In August 2021, under Resolution 1489, the Redevelopment Authority entered into the Intergovernmental Cooperation Agreement with the City, which creates a Grant Program Manager position for the City. The Grant Program Manager will also have the responsibilities of the Authority's former Administrative Coordinator position and thus eliminates all employees at the Redevelopment Authority. The Grant Program Manager's salary will be paid by the City, with a portion of the salary being reimbursed by the Redevelopment Authority to the City. The Redevelopment Authority has no plans at this time of hiring additional employees. Thus, creating no salaries expense for the Redevelopment Authority, beyond this point. As of June 30, 2024 total expenses paid under the agreement were $33,000.

13. Credit Risk and Market Risk

The City uses its authority to levy certain general purpose taxes. Major taxing revenue sources include real estate, earned income, mercantile, and business privilege taxes. These taxes account for approximately 92% of the total taxes collected by the City in 2024. Although the City has a diversified taxing base, its citizens' ability to honor their taxing obligations is substantially dependent upon the general economic condition of the region.

The fair value of the City's investments is subject to fluctuations in the prevailing market prices of those investments.

14. Conduit Debt

Redevelopment Authority

The Redevelopment Authority has entered into certain conduit debt financing agreements with other non-profit organizations. Although the Redevelopment Authority is a party to the trust indentures with the associated Trustees, the agreements are structured such that there is no recourse against the Redevelopment Authority in case of default. As such, the corresponding debt is not reported in the Redevelopment Authority's balance sheet or statement of net position. The Redevelopment Authority served as a financing conduit for the following bond purchases:

ArtQuest
Revenue Bonds Series 2016, outstanding balance of bonds is not available.

Moravian University
University Revenue Bonds of 2021, outstanding balance as of June 30, 2024 in the amount of $4,425,000.

University Revenue Bonds of 2022, outstanding balance as of June 30, 2024 in the amount of $8,730,000.

University Revenue Bonds of 2024, outstanding balance as of June 30, 2024 in the amount of $39,970,000.

15. Subsequent Event

Redevelopment Authority

In December 2024, the Redevelopment Authority learned that as a result of the 2021 Intergovernmental Agreement with the City of Bethlehem and the last Redevelopment Authority employee no longer being a Redevelopment Authority employee (due to the position being transferred to a City of Bethlehem employment position), the full unfunded liability of this position was due to PMRS within one year, which amounted to $131,148.

On December 27, 2024, the Redevelopment Authority elected to make an irrevocable election to amortize the balance of the unfunded liability over a ten-year period. The 10-year amortization election was approved by PMRS in January 2025.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BETHLEHEM, PENNSYLVANIA

BUDGETARY COMPARISON SCHEDULE -
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND

YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget- Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	51,218,265	51,288,265	$ 54,091,966	$ 2,803,701
Licenses and permits	3,295,000	3,390,000	3,067,976	(322,024)
Intergovernmental	31,113,184	31,958,337	15,671,752	(16,286,585)
Departmental earnings	8,124,220	8,244,220	9,595,069	1,350,849
Fines and forfeitures	320,000	320,000	354,318	34,318
Investment income	800,000	1,120,000	1,628,500	508,500
Municipal recreation	715,000	715,000	828,148	113,148
Host fees	9,800,000	9,800,000	9,924,991	124,991
Other operating revenues	1,015,000	1,015,000	1,136,348	121,348
Miscellaneous	3,315,683	3,387,137	2,848,242	(538,895)
Total revenues	109,716,352	111,237,959	99,147,310	(12,090,649)
Expenditures:				
Current:				
General government	1,162,865	1,167,865	1,097,815	70,050
Administration	2,444,122	2,514,122	2,374,817	139,305
Community development	19,605,204	20,443,213	12,146,528	8,296,685
Public works	11,304,091	11,370,545	10,466,453	904,092
Police	19,554,399	19,536,073	19,006,999	529,074
Fire	14,818,271	15,158,271	14,853,235	305,036
General	24,397,068	24,412,068	24,141,974	270,094
Civic	9,471,500	9,457,970	1,270,192	8,187,778
Library	1,431,504	1,431,504	1,431,503	1
Debt service:				
Principal	5,977,000	5,977,000	5,977,000	-
Interest	1,888,145	1,888,145	1,887,994	151
Total expenditures	112,054,169	113,356,776	94,654,510	18,702,266
Excess (Deficiency) of Revenues Over Expenditures	(2,337,817)	(2,118,817)	4,492,800	6,611,617
Other Financing Sources (Uses):				
Transfers in	3,549,945	3,549,945	3,524,945	(25,000)
Transfers out	(1,212,128)	(1,431,128)	(1,431,119)	9
Total other financing sources (uses)	2,337,817	2,118,817	2,093,826	(24,991)
Net Change in Fund Balance	-	-	6,586,626	6,586,626
Fund Balance:				
Beginning of the year, budgetary basis	-	-	21,498,740	21,498,740
End of the year, budgetary basis	$ -	$ -	$ 28,085,366	$ 28,085,366

See accompanying notes to budgetary comparison schedule.

1. Budgetary Basis of Accounting

The City of Bethlehem prepares its budget for the General Fund on the cash basis of accounting.

2. Adjustment to Convert From Budgetary Basis to GAAP – General Fund

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

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Budgetary basis	$ 102,672,255	$ 96,085,629
Accrual adjustments:		
Receivables:		
Beginning of year	(12,076,848)	4,462
End of year	13,223,586	-
Accrued liabilities:		
Beginning of year	-	(5,473,581)
End of year	-	7,749,805
Unearned and unavailable revenues:		
Beginning of year	5,252,315	-
End of year	(3,618,491)	-
Custodial transactions	(1,935,091)	6,566,178
Reclassifications	197,049	(197,049)
GAAP basis	$ 103,714,775	$ 104,735,444

CITY OF BETHLEHEM, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service cost	$ 2,300,916	$ 2,212,419	$ 2,297,674	$ 2,209,302	$ 2,063,923	$ 1,975,046	$ 2,209,414	$ 2,114,272	$ 2,132,733	$ 2,040,893
Interest	10,549,962	10,361,103	9,778,562	9,583,616	9,383,511	9,144,897	8,689,540	8,420,015	7,764,382	7,503,420
Differences between expected and actual experience	-	-	-	2,239,002	-	213,001	-	3,269,690	-	4,010,737
Changes for experience	-	5,864,170	-	-	-	-	-	-	-	-
Changes in assumptions	-	-	-	6,566,411	-	2,688,981	-	2,182,081	-	-
Benefit payments, including refunds	(10,135,741)	(9,792,314)	(9,273,965)	(8,918,724)	(8,287,075)	(7,767,535)	(7,222,763)	(6,848,745)	(6,328,562)	(5,984,760)
Net Changes in Total Pension Liability	2,715,137	8,645,378	2,802,271	11,679,607	3,160,359	6,254,390	3,676,191	9,137,313	3,568,553	7,570,290
Total Pension Liability - Beginning	153,480,703	144,835,325	142,033,054	130,353,447	127,193,088	120,938,698	117,262,507	108,125,194	104,556,641	96,986,351
Total Pension Liability - Ending (a)	$156,195,840	$153,480,703	$144,835,325	$142,033,054	$130,353,447	$127,193,088	$120,938,698	$117,262,507	$108,125,194	$ 104,556,641
Plan Fiduciary Net Position:										
Contributions - employer	$ 5,986,328	$ 5,937,358	$ 6,325,420	$ 6,258,279	$ 5,372,729	$ 5,316,066	$ 4,515,210	$ 4,463,427	$ 4,430,587	$ 4,298,925
Contributions - employee	811,256	803,624	793,905	775,927	746,772	849,972	775,370	812,201	846,396	823,385
Net investment income (loss)	10,109,483	12,685,287	(11,549,319)	15,966,406	13,856,600	14,580,959	(4,267,003)	11,522,639	6,264,754	414,168
Benefit payments, including refunds	(10,135,741)	(9,792,314)	(9,273,965)	(8,918,724)	(8,287,075)	(7,767,535)	(7,222,763)	(6,848,745)	(6,328,562)	(5,984,760)
Administrative expense	(51,723)	(30,789)	(70,121)	-	(14,300)	-	(21,952)	(18,241)	(32,879)	(18,920)
Net Change in Plan Fiduciary Net Position	6,719,603	9,603,166	(13,774,080)	14,081,888	11,674,726	12,979,462	(6,221,138)	9,931,281	5,180,296	(467,202)
Plan Fiduciary Net Position - Beginning	118,951,864	109,348,698	123,122,778	109,040,890	97,366,164	84,386,702	90,607,840	80,676,559	75,496,263	75,963,465
Plan Fiduciary Net Position - Ending (b)	$125,671,467	$118,951,864	$109,348,698	$123,122,778	$109,040,890	$ 97,366,164	$ 84,386,702	$ 90,607,840	$ 80,676,559	$ 75,496,263
Net Pension Liability - Ending (a-b)	$ 30,524,373	$ 34,528,839	$ 35,486,627	$ 18,910,276	$ 21,312,557	$ 29,826,924	$ 36,551,996	$ 26,654,667	$ 27,448,635	$ 29,060,378
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.46%	77.50%	75.50%	86.69%	83.65%	76.55%	69.78%	77.27%	74.61%	72.21%
Covered Payroll	$ 13,611,301	$ 13,330,676	$ 13,207,491	$ 13,060,571	$ 12,741,001	$ 12,894,055	$ 11,814,880	$ 11,580,766	$ 12,453,621	$ 11,756,420
Net Pension Liability as a Percentage of Covered Payroll	224.26%	259.02%	268.69%	144.79%	167.28%	231.32%	309.37%	230.16%	220.41%	247.19%

CITY OF BETHLEHEM, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

SCHEDULE OF CITY CONTRIBUTIONS AND INVESTMENT RETURNS - POLICE PENSION PLAN

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Schedule of City Contributions										
Actuarially determined contribution	$ 5,986,328	$ 5,937,358	$ 6,325,420	$ 6,258,279	$ 5,372,729	$ 5,316,066	$ 4,515,210	$ 4,463,427	$ 4,430,587	$ 4,298,925
Contributions in relation to the actuarially determined contributions	5,986,328	5,937,358	6,325,420	6,258,279	5,372,729	5,316,066	4,515,210	4,463,427	4,430,587	4,298,925
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 13,611,301	$ 13,330,676	$ 13,207,491	$ 13,060,571	$ 12,741,001	$ 12,894,055	$ 11,814,880	$ 11,580,766	$ 12,453,621	$ 11,756,420
Contributions as a percentage of covered payroll	43.98%	44.54%	47.89%	47.92%	42.17%	41.23%	38.22%	38.54%	35.58%	36.57%
Investment Returns										
Annual money-weighted rate of return, net of investment expense	8.72%	11.98%	-9.91%	15.10%	15.24%	17.90%	-4.35%	14.27%	8.75%	0.84%

Methods and assumptions used to determine contribution rate for the year ended December 31, 2024:

Actuarial valuation date:	January 1, 2021
Actuarial cost method:	Entry age normal
Amortization method:	Level dollar closed
Remaining amortization period:	11 years
Asset valuation method:	Market value of assets as determined by the trustee
Inflation:	3.00%
Salary increases:	4.00%
Investment rate of return:	7.00%
Retirement age:	Attainment of age 57 and completion of 20 years of service
Mortality	PubS-2010 table, including rates for disabled and retirees and contingent survivors. Incorporating rates projected generatonally using Scale MP-2020 to reflect mortality improvement
Change in benefit terms:	None since January 1, 2021
Changes in actuarial assumptions:	The January 1, 2019 mortality was updated from IRS 2017 Static Combined Table for Small Plans to PubS-2010 mortality table The January 1, 2017 mortality was updated from RP2000 Table to IRS 2017 Static Combined Table for Small Plans

CITY OF BETHLEHEM, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service cost	$ 1,435,478	$ 1,380,267	$ 1,515,127	$ 1,456,853	$ 1,427,400	$ 1,365,933	$ 1,534,859	$ 1,468,765	$ 1,355,990	$ 1,297,598
Interest	7,359,768	6,971,374	6,339,655	6,137,201	6,106,680	5,906,366	5,926,728	5,733,824	5,213,255	5,067,577
Differences between expected and actual experience	-	-	-	(695,586)	-	(4,797,370)	-	3,339,533	-	1,257,475
Changes for experience	-	405,845	-	-	-	-	-	-	-	-
Changes in assumptions	-	-	-	4,006,667	-	1,993,678	-	1,635,967	-	-
Benefit payments, including refunds	(5,966,548)	(5,191,808)	(4,702,527)	(4,535,202)	(4,584,716)	(4,702,435)	(4,864,612)	(5,015,911)	(4,335,057)	(4,563,169)
Net Changes in Total Pension Liability	2,828,698	3,565,678	3,152,255	6,369,933	2,949,364	(233,828)	2,596,975	7,162,178	2,234,188	3,059,481
Total Pension Liability - Beginning	98,343,927	94,778,249	91,625,994	85,256,061	82,306,697	82,540,525	79,943,550	72,781,372	70,547,184	67,487,703
Total Pension Liability - Ending (a)	$ 101,172,625	$ 98,343,927	$ 94,778,249	$ 91,625,994	$ 85,256,061	$ 82,306,697	$ 82,540,525	$ 79,943,550	$ 72,781,372	$ 70,547,184
Plan Fiduciary Net Position:										
Contributions - employer	$ 2,691,838	$ 2,708,222	$ 3,668,775	$ 3,652,422	$ 3,422,628	$ 3,384,368	$ 2,668,509	$ 2,595,844	$ 2,550,742	$ 2,683,110
Contributions - employee	696,607	685,177	694,001	694,045	613,288	727,233	620,702	617,367	644,461	570,801
Net investment income (loss)	7,845,775	9,866,683	(8,850,617)	11,966,656	10,344,208	10,602,860	(3,092,763)	8,420,260	4,634,719	269,203
Benefit payments, including refunds	(5,966,548)	(5,191,808)	(4,702,527)	(4,535,202)	(4,584,716)	(4,702,435)	(4,864,612)	(5,015,911)	(4,335,057)	(4,563,169)
Administrative expense	(42,538)	(23,811)	(46,451)	-	(12,300)	-	(21,965)	(13,894)	(22,991)	(14,450)
Net Change in Plan Fiduciary Net Position	5,225,134	8,044,463	(9,236,819)	11,777,921	9,783,108	10,012,026	(4,690,129)	6,603,666	3,471,874	(1,054,505)
Plan Fiduciary Net Position - Beginning	91,471,787	83,427,324	92,664,143	80,886,222	71,103,114	61,091,088	65,781,217	59,177,551	55,705,677	56,760,182
Plan Fiduciary Net Position - Ending (b)	$ 96,696,921	$ 91,471,787	$ 83,427,324	$ 92,664,143	$ 80,886,222	$ 71,103,114	$ 61,091,088	$ 65,781,217	$ 59,177,551	$ 55,705,677
Net Pension Liability (Asset) - Ending (a-b)	$ 4,475,704	$ 6,872,140	$ 11,350,925	$ (1,038,149)	$ 4,369,839	$ 11,203,583	$ 21,449,437	$ 14,162,333	$ 13,603,821	$ 14,841,507
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.58%	93.01%	88.02%	101.13%	94.87%	86.39%	74.01%	82.28%	81.31%	78.96%
Covered Payroll	$ 7,947,541	$ 8,187,670	$ 8,423,817	$ 8,639,120	$ 8,425,386	$ 8,398,361	$ 7,711,777	$ 7,639,322	$ 8,021,606	$ 6,860,596
Net Pension Liability (Asset) as a Percentage of Covered Payroll	56.32%	83.93%	134.75%	-12.02%	51.87%	133.40%	278.14%	185.39%	169.59%	216.33%

CITY OF BETHLEHEM, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

SCHEDULE OF CITY CONTRIBUTIONS AND INVESTMENT RETURNS - FIREMEN PENSION PLAN

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Schedule of City Contributions										
Actuarially determined contribution	$ 2,691,838	$ 2,708,222	$ 3,668,775	$ 3,652,422	$ 3,422,628	$ 3,384,368	$ 2,668,509	$ 2,595,844	$ 2,550,742	$ 2,683,110
Contributions in relation to the actuarially determined contributions	2,691,838	2,708,222	3,668,775	3,652,422	3,422,628	3,384,368	2,668,509	2,595,844	2,550,742	2,683,110
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 7,947,541	$ 8,187,670	$ 8,423,817	$ 8,639,120	$ 8,425,386	$ 8,398,361	$ 7,711,777	$ 7,639,322	$ 8,021,606	$ 6,860,596
Contributions as a percentage of covered payroll	33.87%	33.08%	43.55%	42.28%	40.62%	40.30%	34.60%	33.98%	31.80%	39.11%
Investment Returns										
Annual money-weighted rate of return, net of investment expense	8.72%	11.98%	-9.91%	15.10%	15.24%	17.90%	-4.35%	14.27%	8.75%	0.84%

Methods and assumptions used to determine contribution rate for the year ended December 31, 2024:

Actuarial valuation date:	January 1, 2021
Actuarial cost method:	Entry age normal
Amortization method:	Level dollar closed
Remaining amortization period:	6 years
Asset valuation method:	Market value of assets as determined by the trustee
Inflation:	3.00%
Salary increases:	4.00%
Investment rate of return:	7.00%
Retirement age:	Attainment of age 57 and completion of 20 years of service
Mortality	PubS-2010 table, including rates for disabled and retirees and contingent survivors. Incorporating rates projected generationally using Scale MP-2020 to reflect mortality improvement
Change in benefit terms:	None since January 1, 2021
Changes in actuarial assumptions:	The January 1, 2019 mortality was updated from IRS 2017 Static Combined Table for Small Plans to PubS-2010 mortality table The January 1, 2017 mortality was updated from RP2000 Table to IRS 2017 Static Combined Table for Small Plans

CITY OF BETHLEHEM, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

SCHEDULE OF CHANGES IN THE OFFICERS' AND EMPLOYEES' PENSION PLAN'S NET PENSION ASSET AND RELATED RATIOS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Interest	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 105,005	$ 364,258	$ 398,088
Differences between expected and actual experience	-	-	-	-	-	-	-	1,375,308	-	(128,970)
Changes in assumptions	-	-	-	-	-	-	-	269,994	-	-
Benefit payments, including refunds	-	-	-	-	-	-	-	(6,562,548)	(817,601)	(880,698)
Net Changes in Total Pension Liability	-	-	-	-	-	-	-	(4,812,241)	(453,343)	(611,580)
Total Pension Liability - Beginning	-	-	-	-	-	-	-	4,812,241	5,265,584	5,877,164
Total Pension Liability - Ending (a)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,812,241	$ 5,265,584
Plan Fiduciary Net Position:										
Contributions - employer	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 698,515
Net investment income	-	-	-	-	-	-	1,794	634,981	582,408	45,544
Benefit payments, including refunds	-	-	-	-	-	-	-	(6,562,548)	(817,601)	(880,698)
Transfer to agent multiple employer plan	-	-	-	-	-	-	(1,115,000)	-	-	-
Administrative expense	-	-	-	-	-	-	(218)	(3,643)	(6,332)	(1,811)
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-	(1,113,424)	(5,931,210)	(241,525)	(138,450)
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	1,113,424	7,044,634	7,286,159	7,424,609
Plan Fiduciary Net Position - Ending (b)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,113,424	$ 7,044,634	$ 7,286,159
Net Pension Asset - Ending (a-b)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,113,424)	$ (2,232,393)	$ (2,020,575)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	146.39%	138.37%
Covered Payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Pension Asset as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

CITY OF BETHLEHEM, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

SCHEDULE OF CITY CONTRIBUTIONS AND INVESTMENT RETURNS - OFFICERS' AND EMPLOYEES' PENSION PLAN

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Schedule of City Contributions										
Actuarially determined contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 698,515
Contributions in relation to the actuarially determined contributions	-	-	-	-	-	-	-	-	-	698,515
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment Returns										
Annual money-weighted rate of return, net of investment expense	N/A	N/A	N/A	N/A	N/A	N/A	14.27%	8.75%	0.84%	5.73%

Methods and assumptions used to determine contribution rate for the year ended December 31, 2016:

Actuarial valuation date:	January 1, 2015
Actuarial cost method:	Entry age normal
Amortization method:	Level dollar closed
Remaining amortization period:	N/A years
Asset valuation method:	Market value of assets as determined by the trustee
Inflation:	3.00%
Salary increases	4.50%
Investment rate of return	7.50%
Mortality	RP2000 Table. This table does not include projected mortality improvements
Change in benefit terms:	None since January 1, 2015

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

CITY OF BETHLEHEM, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

SCHEDULE OF CHANGES IN THE CITY'S PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM PENSION PLAN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service cost	$ 2,894,292	$ 3,007,820	$ 2,886,521	$ 2,601,815	$ 2,563,348	$ 2,654,019	$ 2,563,555	$ 2,561,288	$ 2,610,686	$ 2,788,823
Interest	8,619,542	8,453,561	8,351,766	7,866,690	7,784,805	7,594,795	7,483,384	7,409,285	7,143,983	6,983,880
Transfers	-	-	-	-	148,075	98,153	72,665	1,242	8,868	408,927
Changes of benefits	-	-	-	-	-	989,720	-	-	-	-
Changes in assumptions	-	-	-	6,440,218	-	-	-	3,737,933	2,482,253	-
Differences between expected and actual experience	-	1,841,444	-	1,031,261	-	577,841	-	1,849,458	-	425,849
Benefit payments, including refunds	(9,930,209)	(10,122,811)	(8,736,206)	(9,227,804)	(8,586,430)	(7,878,883)	(8,316,599)	(7,233,675)	(7,502,216)	(7,143,060)
Net Changes in Total Pension Liability	1,583,625	3,180,014	2,502,081	8,712,180	1,909,798	4,035,645	1,803,005	8,325,531	4,743,574	3,464,419
Total Pension Liability - Beginning	166,189,062	163,009,048	160,506,967	151,794,787	149,884,989	145,849,344	144,046,339	135,720,808	130,977,234	127,512,815
Total Pension Liability - Ending (a)	$167,772,687	$166,189,062	$163,009,048	$160,506,967	$151,794,787	$149,884,989	$145,849,344	$144,046,339	$135,720,808	$130,977,234
Plan Fiduciary Net Position:										
Contributions - employer	$ 2,436,508	$ 1,890,266	$ 1,871,687	$ 1,826,749	$ 1,838,373	$ 2,311,003	$ 1,181,609	$ 1,177,999	$ 1,118,126	$ 28,582,658
Contributions - employee	1,807,900	1,790,400	1,685,231	1,646,874	1,632,541	1,648,602	1,621,913	1,657,679	1,539,086	1,625,488
Net investment income (loss)	16,698,468	(25,048,157)	23,511,521	22,311,623	27,312,657	(6,213,738)	22,018,223	10,428,786	8,161	4,481,780
Transfers	-	-	-	-	148,075	98,153	72,665	1,242	8,868	408,927
Benefit payments, including refunds	(9,930,209)	(10,122,811)	(8,736,206)	(9,227,804)	(8,586,430)	(7,878,883)	(8,316,599)	(7,233,675)	(7,502,216)	(7,143,060)
Administrative expense	(466,246)	(442,368)	(465,385)	(348,491)	(265,737)	(323,867)	(327,935)	(365,238)	(301,278)	(229,161)
Net Change in Plan Fiduciary Net Position	10,546,421	(31,932,670)	17,866,848	16,208,951	22,079,479	(10,358,730)	16,249,876	5,666,793	(5,129,253)	27,726,632
Plan Fiduciary Net Position - Beginning	157,642,500	189,575,170	171,708,322	155,499,371	133,419,892	143,778,622	127,528,746	121,861,953	126,991,206	99,264,574
Plan Fiduciary Net Position - Ending (b)	$168,188,921	$157,642,500	$189,575,170	$171,708,322	$155,499,371	$133,419,892	$143,778,622	$127,528,746	$121,861,953	$126,991,206
Net Pension Liability (Asset) - Ending (a-b)	$ (416,234)	$ 8,546,562	$ (26,566,122)	$ (11,201,355)	$ (3,704,584)	$ 16,465,097	$ 2,070,722	$ 16,517,593	$ 13,858,855	$ 3,986,028
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.25%	94.86%	116.30%	106.98%	102.44%	89.01%	98.58%	88.53%	89.79%	96.96%
Covered Payroll	$ 23,196,584	$ 23,413,939	$ 22,469,709	$ 22,131,759	$ 21,785,668	$ 22,100,890	$ 21,347,566	$ 22,036,333	$ 20,428,871	$ 20,610,195
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-1.79%	36.50%	-118.23%	-50.61%	-17.00%	74.50%	9.70%	74.96%	67.84%	19.34%

* The amounts presented for each fiscal year were determined as of the measurement date, which is the December 31 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for those years only for which information is available.

CITY OF BETHLEHEM, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

SCHEDULE OF CITY CONTRIBUTIONS -
CITY'S PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM PENSION PLAN

		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution		$ 2,409,461	$ 1,889,526	$ 1,889,526	$ 1,870,888	$ 1,837,872	$ 1,195,583	$ 1,181,049	$ 1,177,599	$ 1,117,586	$ 821,609
Contributions in relation to the actuarially determined contributions	(a)	2,436,508	1,890,266	1,871,687	1,826,749	1,838,373	2,311,003	1,181,609	1,177,999	1,118,126	1,172,109
Contribution deficiency (excess)		$ (27,047)	$ (740)	$ 17,839	$ 44,139	$ (501)	$ (1,115,420)	$ (560)	$ (400)	$ (540)	$ (350,500)
Covered payroll		$ 23,196,584	$ 23,413,939	$ 22,469,709	$ 22,131,759	$ 21,785,668	$ 22,100,890	$ 21,347,566	$ 22,036,333	$ 20,428,871	$ 20,610,195
Contributions as a percentage of covered payroll		10.50%	8.07%	8.33%	8.25%	8.44%	10.46%	5.54%	5.35%	5.47%	5.69%

(a) During the year ended December 31, 2018, the City transferred the remaining assets of the O&E plan to the PMRS plan in the amount of $1,115,000.

* The amounts presented for each fiscal year were determined as of the measurement date, which is the December 31 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for those years only for which information is available.

Methods and assumptions used to determine contribution rates:

Actuarial valuation date:	January 1, 2021
Actuarial cost method:	Entry age normal
Amortization method:	Level dollar closed
Remaining amortization period:	Based on periods in Act 205
Asset valuation method:	Based on the municipal reserves
Underlying inflation rate:	2.20%
Projected salary increases:	Age related scale with merit and inflation component
Investment rate of return:	5.25%
Cost-of-living adjustment increase:	2.20%
Pre-retirement mortality:	Males: RP 2010 General Employees male table Females: RP 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; post-retirement cost of living decreased from 2.8% to 2.2%; projected salary increases were also adjusted.

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.

CITY OF BETHLEHEM, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

SCHEDULE OF CHANGES IN THE BETHLEHEM PARKING AUTHORITY PENSION PLAN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service cost	$ 70,326	$ 74,739	$ 78,438	$ 90,397	$ 122,656	$ 148,920	$ 140,452	$ 135,799	$ 142,903	$ 158,054
Interest	196,228	185,858	186,681	191,641	190,432	178,494	169,771	143,736	135,565	131,874
Changes in assumptions	-	-	-	98,188	-	-	-	88,483	72,908	-
Benefit payments, including refunds	(199,333)	(261,646)	(292,164)	(241,881)	(273,305)	(177,825)	(127,881)	(88,057)	(300,495)	(84,529)
Differences between expected and actual experience	-	172,223	-	(196,038)	-	151,186	-	355,416	-	162,885
Net Changes in Total Pension Liability	67,221	171,174	(27,045)	(57,693)	39,783	300,775	182,342	635,377	50,881	368,284
Total Pension Liability - Beginning	3,765,739	3,594,565	3,621,610	3,679,303	3,639,520	3,338,745	3,156,403	2,521,026	2,470,145	2,101,861
Total Pension Liability - Ending (a)	$3,832,960	$3,765,739	$3,594,565	$3,621,610	$3,679,303	$3,639,520	$3,338,745	$3,156,403	$2,521,026	$2,470,145
Plan Fiduciary Net Position:										
Contributions - employer	$ 69,944	$ 89,444	$ 98,712	$ 104,859	$ 114,185	$ 68,231	$ 67,090	$ 64,855	$ 59,568	$ 64,369
Contributions - employee	35,824	37,423	39,275	47,737	64,776	76,989	72,673	71,208	74,413	68,403
PMRS Net investment income (loss)	187,049	178,914	178,425	163,738	155,900	156,148	441,283	209,374	181,173	(98,056)
Market value investment income (loss)	199,142	(668,513)	345,401	331,603	449,947	(268,254)	296,295	-	-	-
Benefit payments, including refunds	(199,333)	(261,646)	(292,164)	(241,881)	(273,305)	(177,825)	(127,881)	(88,057)	(300,495)	(84,529)
Administrative expense	(11,097)	(9,993)	(10,706)	(7,814)	(6,069)	(7,628)	(7,268)	(7,550)	(5,984)	(5,978)
Net Change in Plan Fiduciary Net Position	281,529	(634,371)	358,943	398,242	505,434	(152,339)	742,192	249,830	8,675	(55,791)
Plan Fiduciary Net Position - Beginning	3,595,731	4,230,102	3,871,159	3,472,917	2,967,483	3,119,822	2,673,925	2,424,095	2,415,420	2,471,211
Plan Fiduciary Net Position - Ending (b)	$3,877,260	$3,595,731	$4,230,102	$3,871,159	$3,472,917	$2,967,483	$3,416,117	$2,673,925	$2,424,095	$2,415,420
Net Pension Liability (Asset) - Ending (a-b)	$ (44,300)	$ 170,008	$ (635,537)	$ (249,549)	$ 206,386	$ 672,037	$ (77,372)	$ 482,478	$ 96,931	$ 54,725
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101.16%	95.49%	117.68%	106.89%	94.39%	81.54%	102.32%	84.71%	96.16%	97.78%
Covered Payroll	$ 477,645	$ 498,971	$ 523,670	$ 636,520	$ 863,672	$1,027,379	$ 968,961	$ 949,433	$ 992,174	$ 901,337
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-9.27%	34.07%	-121.36%	-39.21%	23.90%	65.41%	-7.99%	50.82%	9.77%	6.07%

CITY OF BETHLEHEM, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

SCHEDULE OF BETHLEHEM PARKING AUTHORITY CONTRIBUTIONS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 69,944	$ 89,444	$ 98,712	$ 104,859	$ 114,185	$ 68,231	$ 66,979	$ 64,835	$ 59,488	$ 64,309
Contributions in relation to the actuarially determined contributions	69,944	89,444	98,712	104,859	114,185	68,231	67,090	64,855	59,568	64,369
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ (111)	$ (20)	$ (80)	$ (60)
Covered payroll	$ 477,645	$ 498,971	$ 523,670	$ 636,520	$ 863,672	$ 1,027,379	$ 968,961	$ 949,433	$ 992,174	$ 1,125,402
Contributions as a percentage of covered payroll	14.64%	17.93%	18.85%	16.47%	13.22%	6.64%	6.92%	6.83%	6.00%	5.72%

** Prior to January 1, 2013, the Parking Authority participated in the City's PMRS plan. During the year ended December 31, 2013, the Parking Authority adopted their own PMRS pension plan.

Methods and assumptions used to determine contribution rates:

Actuarial valuation date:	January 1, 2023
Actuarial cost method:	Entry age normal
Amortization method:	Level dollar closed
Remaining amortization period:	Based on periods in Act 205
Asset valuation method:	Based on the municipal reserves
Underlying inflation rate:	2.20%
Projected salary increases:	2.20% -6.22% based on age and service
Investment rate of return:	5.25%
Cost-of-living adjustment increase:	2.20%
Pre-retirement mortality:	Males: RP 2010 Non-Annuitant Male table Females: RP 2010 Non-Annuitant 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; post-retirement cost of living decreased from 2.8% to 2.2%; projected salary increases were also adjusted.

CITY OF BETHLEHEM, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

SCHEDULE OF CHANGES IN THE BETHLEHEM REDEVELOPMENT AUTHORITY PENSION PLAN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service cost	$ -	$ -	$ 15,275	$ 26,019	$ 25,264	$ 24,297	$ 23,589	$ 23,110	$ 22,509	$ 21,777
Interest	64,293	56,761	58,507	54,214	53,876	52,994	52,803	51,724	50,385	49,383
Benefit payments, including refunds	(94,427)	(94,427)	(89,185)	(73,458)	(73,458)	(73,458)	(73,458)	(73,458)	(73,458)	(73,458)
Differences between expected and actual experience	-	181,148	-	23,196	-	12,002	-	38,737	-	19,796
Changes in assumptions	-	-	-	70,311	-	-	-	24,749	24,308	-
Net Changes in Total Pension Liability	(30,134)	143,482	(15,403)	100,282	5,682	15,835	2,934	64,862	23,744	17,498
Total Pension Liability - Beginning	1,271,246	1,127,764	1,143,167	1,042,885	1,037,203	1,021,368	1,018,434	953,572	929,828	912,330
Total Pension Liability - Ending (a)	$ 1,241,112	$ 1,271,246	$ 1,127,764	$ 1,143,167	$ 1,042,885	$ 1,037,203	$ 1,021,368	$ 1,018,434	$ 953,572	$ 929,828
Plan Fiduciary Net Position:										
Contributions - employer	$ 12,866	$ 14,805	$ 30,863	$ 34,544	$ 34,097	$ 30,415	$ 30,522	$ 27,449	$ 27,007	$ 18,097
Contributions - employee	-	-	5,481	9,969	9,679	9,398	9,125	9,191	8,592	8,304
Net investment income (loss)	119,219	(117,436)	161,963	222,791	200,448	(11,385)	145,234	84,414	19,218	50,638
Benefit payments, including refunds	(94,427)	(94,427)	(89,185)	(73,458)	(73,458)	(73,458)	(73,458)	(73,458)	(73,458)	(73,458)
Administrative expense	(3,269)	(3,114)	(3,375)	(2,341)	(1,794)	(2,121)	(2,155)	(2,311)	(1,918)	(1,746)
Net Change in Plan Fiduciary Net Position	34,389	(200,172)	105,747	191,505	168,972	(47,151)	109,268	45,285	(20,559)	1,835
Plan Fiduciary Net Position - Beginning	1,151,268	1,351,440	1,245,693	1,054,188	885,216	932,367	823,099	777,814	798,373	796,538
Plan Fiduciary Net Position - Ending (b)	$ 1,185,657	$ 1,151,268	$ 1,351,440	$ 1,245,693	$ 1,054,188	$ 885,216	$ 932,367	$ 823,099	$ 777,814	$ 798,373
Net Pension Liability (Asset) - Ending (a-b)	$ 55,455	$ 119,978	$ (223,676)	$ (102,526)	$ (11,303)	$ 151,987	$ 89,001	$ 195,335	$ 175,758	$ 131,455
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.53%	90.56%	119.83%	108.97%	101.08%	85.35%	91.29%	80.82%	81.57%	85.86%
Covered Payroll	$ -	$ -	$ 99,655	$ 181,248	$ 175,989	$ 170,882	$ 165,905	$ 167,105	$ 156,218	$ 156,502
Net Pension Liability (Asset) as a Percentage of Covered Payroll	N/A	N/A	-224.45%	-56.57%	-6.42%	88.94%	53.65%	116.89%	112.51%	84.00%

CITY OF BETHLEHEM, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

SCHEDULE OF BETHLEHEM REDEVELOPMENT AUTHORITY CONTRIBUTIONS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 12,966	$ 14,805	$ 30,863	$ 34,544	$ 34,097	$ 30,415	$ 30,522	$ 27,449	$ 27,007	$ 18,097
Contributions in relation to the actuarially determined contributions	12,966	14,805	30,863	34,544	34,097	30,415	30,522	27,449	27,007	18,097
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ -	$ -	$ 99,655	$ 181,248	$ 175,989	$ 170,882	$ 165,905	$ 167,105	$ 156,218	$ 156,502
Contributions as a percentage of covered payroll	N/A	N/A	30.97%	19.06%	19.37%	17.80%	18.40%	16.43%	17.29%	11.56%

Methods and assumptions used to determine contribution rates:

Actuarial valuation date:	January 1, 2023, rolled to the measurement date of December 31, 2023
Actuarial cost method:	Entry age normal
Amortization method:	Level dollar closed
Remaining amortization period:	Based on periods in Act 205
Asset valuation method:	Based on the municipal reserves
Underlying inflation rate:	2.20%
Projected salary increases:	2.79% - 6.22%
Investment rate of return:	5.25%
Cost-of-living adjustment increase:	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 Male 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; post-retirement cost of living decreased from 2.8% to 2.2%; projected salary increases were also adjusted.

CITY OF BETHLEHEM, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION - OPEB

SCHEDULE OF CHANGES IN THE OPEB PLAN'S TOTAL OPEB LIABILITY

YEAR ENDED DECEMBER 31, 2024

	2024*	2023	2022	2021	2020	2019	2018
Total OPEB Liability:							
Service cost	$ 439,068	$ 604,337	$ 697,641	$ 525,709	$ 725,223	$ 754,179	$ 678,935
Interest	550,674	331,372	294,443	437,852	615,130	538,439	576,183
Changes of benefit terms	-	-	613,618	-	-	-	-
Differences between expected and actual experience	(31,256)	-	(1,365,296)	-	(4,256,218)	-	292,245
Changes in assumptions	(188,185)	(2,050,570)	(14,470)	1,338,404	358,211	(593,155)	724,337
Benefit payments, including refunds	(686,959)	(651,825)	(672,065)	(621,422)	(816,755)	(803,197)	(879,720)
Net Changes in Total OPEB Liability	83,342	(1,766,686)	(446,129)	1,680,543	(3,374,409)	(103,734)	1,391,980
Total OPEB Liability - Beginning	12,709,708	14,476,394	14,922,523	13,241,980	16,616,389	16,720,123	15,328,143
Total OPEB Liability - Ending	$ 12,793,050	$ 12,709,708	$ 14,476,394	$ 14,922,523	$ 13,241,980	$ 16,616,389	$ 16,720,123

* The amounts presented for each fiscal year were determined as of the measurement date, which is the December 31 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for those years only for which information is available.

1. Actuarial Methods and Assumptions

The following actuarial methods and assumptions were used to determine contribution rates reported in the OPEB required supplementary schedule:

Valuation date	1/1/2024
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Interest rate	4.00%
Projected salary increases	4.00%
Mortality	Police and Firefighters: PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Non-Uniformed Employees: PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. (Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement).
Health insurance premiums	Based on 2024 health and dental insurance premiums.
Health care cost trend rates	7.0% in 2024 with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
Actuarial value of assets	Not applicable

No assets are accumulated in a trust for the OPEB Plan.

<u>Changes in Actuarial Assumptions</u>

The interest rate was changed from 4.31% as of December 31, 2023 to 4.00% as of December 31, 2024. The healthcare cost trend rates and mortality tables were also updated.

The interest rate was changed from 2.25% as of December 31, 2022 to 4.31% as of December 31, 2023. The healthcare cost trend rates and mortality tables were also updated.

The interest rate was changed from 1.93% as of December 31, 2021 to 2.25% as of December 31, 2022. The projected salary increases were changed from 4.50% as of

December 31, 2021 to 4.00% as of December 31, 2022. The healthcare cost trend rates were also updated.

The interest rate was changed from 3.64% as of December 31, 2020 to 1.93% as of December 31, 2021.

The interest rate was changed from 3.64% in the January 1, 2018 actuarial valuation as of December 31, 2019 to 3.26% in the January 1, 2020 actuarial valuation as of December 31, 2020. The healthcare cost trend rates and mortality tables were also updated.

The interest rate was changed from 3.16% in the January 1, 2018 actuarial valuation as of December 31, 2018 to 3.64% in the January 1, 2018 actuarial valuation as of December 31, 2019.

SUPPLEMENTARY INFORMATION

CITY OF BETHLEHEM, PENNSYLVANIA

COMBINING BALANCE SHEET - OTHER NON-MAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2024

	Community Development Block Grant Fund	Liquid Fuels Fund	Total
Assets			
Cash and cash equivalents	$ 2,939,668	$ 985,283	$ 3,924,951
Receivables:			
Loans	1,106,786	-	1,106,786
Due from other governments	337,590	-	337,590
Total Assets	$ 4,384,044	$ 985,283	$ 5,369,327
Liabilities and Fund Balance			
Liabilities:			
Accounts payable and other accrued expenses	$ 350,957	$ 51,892	$ 402,849
Due to other funds	155,000	-	155,000
Unearned revenues	3,506,031	-	3,506,031
Total Liabilities	4,011,988	51,892	4,063,880
Fund Balance:			
Restricted for:			
Community development	372,056	-	372,056
Public works	-	933,391	933,391
Total Fund Balance	372,056	933,391	1,305,447
Total Liabilities and Fund Balance	$ 4,384,044	$ 985,283	$ 5,369,327

CITY OF BETHLEHEM, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - OTHER NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2024

	Community Development Block Grant Fund	Liquid Fuels Fund	Total
Revenues:			
Intergovernmental revenues	$ 1,678,420	$ 2,021,292	$ 3,699,712
Investment income	4,494	53,090	57,584
Other	105,880	-	105,880
Total revenues	1,788,794	2,074,382	3,863,176
Expenditures:			
Current:			
Public works	-	1,911,279	1,911,279
Program expenditures	1,788,794	-	1,788,794
Total expenditures	1,788,794	1,911,279	3,700,073
Deficiency of Revenues Under Expenditures	-	163,103	163,103
Other Financing Sources (Uses):			
Transfers in	372,056	-	372,056
Total other financing sources (uses)	372,056	-	372,056
Net Change in Fund Balance	372,056	163,103	535,159
Fund Balance:			
Beginning of year	-	770,288	770,288
End of year	$ 372,056	$ 933,391	$ 1,305,447

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APPENDIX E
Form of Continuing Disclosure Certificate

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$_________
CITY OF BETHLEHEM
Lehigh and Northampton Counties, Pennsylvania
General Obligation Notes, Series of 2026

<u>CONTINUING DISCLOSURE CERTIFICATE</u>

This Continuing Disclosure Certificate (the "Certificate") is executed as of ________, 2026, by the City of Bethlehem, Pennsylvania (the "City"), in connection with the issuance and sale by the City of its $_________ aggregate principal amount General Obligation Notes, Series of 2026 (the "Notes"). The Notes are being issued by the City pursuant to the Pennsylvania Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (the "Act").

The City, intending to be legally bound, hereby agrees as follows:

SECTION 1. DEFINITIONS

In this Certificate and any agreement supplemental hereto (except as otherwise expressly provided or unless the context clearly otherwise requires) terms used as defined terms in the recitals hereto shall have the same meanings throughout this Certificate, and, in addition, the following terms shall have the meanings specified below.

"Annual Financial Information" shall mean the following annual financial or operating data regarding the City:

(i) annual audited financial statements of the City;

(ii) a copy of (or a summary of) the budget for the current fiscal year; and

(iii) Operating data and information as set forth in Appendix A of the Official Statement under the subheadings "TAX ADMINISTRATION – Real Estate Tax", "– Tax Collection" and "– Largest Taxpayers".

The City's annual audited financial statements are prepared according to accounting methods and procedures which conform to guidelines adopted by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants' Audit Guide, Audits of States and Local Government based upon financial statements of the City prepared in conformity with the accounting practices prescribed or permitted by the Department.

Any of the operating data referred to above may be included in the City's annual audited financial statements or by specific reference to any official statement submitted to and available from the MSRB and if so, does not need to be separately posted. If any of the above information can no longer be generated because the operations to which such information relates have been materially changed or discontinued, a statement to that effect shall satisfy the obligations of the City under this Certificate with respect to such information, provided, however that the City shall, to the extent feasible, provide in lieu thereof similar information with respect to any substitute or replacement operations.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which the City is authorized or directed by law or executive order to remain closed.

"Commonwealth" shall mean the Commonwealth of Pennsylvania.

"Department" shall mean the Pennsylvania Department of Community and Economic Development.

"Disclosure Representative" shall mean such official or employee of the City as shall be designated in writing by the City to an Agent (as hereinafter defined).

"EMMA" shall mean the Electronic Municipal Market Access System maintained by the MSRB at http://emma.msrb.org, which serves as the sole nationally recognized municipal securities information repository under the Rule.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

"Listed Event" shall mean any of the events listed in Section 5(a) of this Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the final Official Statement relating to the Notes dated _______, 2026.

"Ordinance" shall mean the City's Ordinance enacted on August 18, 2026.

"Participating Underwriter" shall mean each original underwriter of the Notes required to comply with the Rule in connection with its purchase and reoffering of the Notes.

"Registered Owner or Owners" shall mean the person or persons in whose name a Note is registered on the books of the City kept by the Paying Agent for that purpose in accordance with the Ordinance and the Notes. For so long as the Notes shall be registered in the name of the Securities Depository or its nominee, the term Registered Owner or Owners shall also mean and include, for the purposes of this Certificate, the beneficial owners of the Notes who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise have or share: (a) voting power which includes the power to vote, or to direct the voting of, the Notes; or (b) investment power which includes the power to dispose or to direct the disposition of a Note. Beneficial owners of book-entry credits may file their names and addresses with the City for purposes of receiving notices or giving direction under this Certificate; provided, however, that the City or the Agent (as defined herein), if appropriate, may require owners of book-entry credits to establish proof of ownership of such book-entry credits.

"Rule" shall mean Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, as such Rule may be amended from time to time.

"Securities Depository" shall mean The Depository Trust Company and its nominee, Cede & Co.

All capitalized terms and phrases used in this Certificate and not defined above or elsewhere herein shall have the same meanings as set forth in the Ordinance.

SECTION 2. AUTHORIZATION AND PURPOSE OF THE CERTIFICATE

This Certificate is authorized to be executed and delivered by the City pursuant to the Ordinance in order to assist the Participating Underwriter in complying with the requirements of the Rule.

The City is the only obligated person with respect to the Notes for the purposes of the Rule.

SECTION 3. GENERAL PROVISIONS REGARDING MSRB FILINGS

All filings with the MSRB pursuant to this Certificate: (a) shall be made in an electronic format as prescribed by the MSRB; and (b) shall be accompanied by identifying information as prescribed by the MSRB.

Notwithstanding any other provisions of this Certificate, any filing required by this Certificate may be made with such repositories and using such electronic filing systems as may be approved by the Securities and Exchange Commission and/or the MSRB.

SECTION 4. ANNUAL FINANCIAL INFORMATION

Beginning with the fiscal year in which the Notes are issued, and continuing with each fiscal year thereafter, the City shall file the Annual Financial Information for such fiscal year with the MSRB via EMMA no later than October 1st following the end of such fiscal year.

SECTION 5. REPORTABLE EVENTS

(a) The City agrees that it shall provide, in a timely manner, not in excess of ten (10) Business Days after the occurrence of the event, to the MSRB via EMMA, notice of any of the following Listed Events with respect to the Notes:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on the debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

(7) modification to rights of Holders of the Notes, if material;

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of property securing repayment of the Notes, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the obligated person;

(13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect securities holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

The Listed Events listed in this Section 5(a) are quoted directly from the Rule.

(b) Whenever the City concludes that a Listed Event has occurred, it shall file in a timely manner not in excess of ten (10) Business Days after the occurrence of such event, a notice of such occurrence specifying the Listed Event with the MSRB via EMMA.

(c) The City shall obtain a written acknowledgment of or a receipt (including an electronic receipt or confirmation) for any notice delivered to the MSRB via EMMA, which shall specify, among other things, the date the notice was received. All such written acknowledgements or receipts of notice returned to the City shall be retained by the City until the termination of this Certificate.

(d) The City agrees that it will also provide to the MSRB via EMMA timely notice of any failure by the City to timely file the Annual Financial Information required by Section 4 hereof.

SECTION 6. AMENDMENT; WAIVER

(a) Notwithstanding any other provision of this Certificate, the City may amend this Certificate or waive any of the provisions hereof, provided that no such amendment or waiver shall be executed by the City or effective unless:

(1) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in identity, nature or status of the City or the type of business conducted by the City;

(2) the undertaking, as amended or taking into account such waivers would, in the opinion of nationally recognized note counsel, have complied with the requirements of the Certificate, as amended by the amendment or waiver, and would have complied with the requirements of the Rule at the time of original issuance of the respective Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) the amendment or waiver does not in the opinion of nationally recognized note counsel materially impair the interests of the Registered Owners of the Notes.

(b) Evidence of compliance with the conditions set forth in clause (a) of this Section 6 shall be satisfied by the delivery to the City of an opinion of counsel having recognized experience and skill in the issuance of municipal securities and federal securities law, to the effect that the amendment or waiver satisfies the conditions set forth in clauses (a)(1), (2), and (3) of this Section 6.

(c) In the event of any amendment or waiver of a provision of this Certificate, the Disclosure Representative shall describe such amendment in the next Annual Financial Information, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. The Disclosure Representative shall also send notice of the amendment or waiver to each Registered Owner.

(d) In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given by filing a notice with the MSRB through EMMA, and (2) the Annual Financial Information for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 7. OTHER INFORMATION; DUTIES UNDER THE ORDINANCE

Nothing in this Certificate shall preclude the City from disseminating any other information with respect to the City or the Notes, using the means of communication provided in this Certificate or otherwise, in addition to the Annual Financial Information and the notices of Listed Events specifically provided for herein, nor shall the City be relieved of complying with any applicable law relating to the availability and inspection of records, if any. Any election by the City to furnish any information not specifically provided for herein in any notice given pursuant to this Certificate or by the means of communication provided for herein shall not be deemed to be an additional contractual undertaking and the City shall have no obligation to furnish such information in any subsequent notice or by the same means of communication.

SECTION 8. DEFAULT

(a) In the event that the City fails to comply with any provision of this Certificate, any Registered Owner of the Notes shall have the right, by suit, action or proceeding at law or in equity, to compel the City to perform each and every term, provision and covenant contained in this Certificate applicable to the City.

(b) A default under the Certificate shall not be or be deemed to be a default under the Notes, the Ordinance or the Act and the sole remedy in the event of a failure by the City to comply with the provisions hereof shall be the action to compel performance described in clause (a) above.

SECTION 9. CONCERNING THE CITY

The City may execute any powers hereunder and perform any duties required of it through attorneys, agents, and other experts, officers, or employees, selected by it, and the written advice of such counsel or other experts shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

SECTION 10. AGENT

(a) The City may appoint an entity to serve as disclosure agent (the “Agent”) to assist the City in carrying out its obligations under this Certificate. The City may discharge the Agent with or without appointing a successor Agent. The Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Certificate.

(b) The duties and obligations of the Agent shall be as set forth in an agreement between the parties.

SECTION 11. TERM OF CERTIFICATE

This Certificate shall terminate: (1) upon payment or provision for payment in full of the Notes; (2) upon repeal or rescission of Section (b)(5) of the Rule; or (3) upon a final determination that Section (b)(5) of the Rule is invalid or unenforceable.

SECTION 12. BENEFICIARIES

This Certificate shall inure solely to the benefit of the City and the Registered Owners, from time to time, of the Notes and nothing herein contained shall confer any right upon any other person.

SECTION 13. NOTICES

Any written notice to or demand may be served, presented or made to the persons named below and shall be sufficiently given or filed for all purposes of this Certificate if deposited in the United States mail, first class postage prepaid or in a recognized form of overnight mail or by telecopy or electronic mail with confirmation of receipt, addressed:

(a) To the City or the Disclosure Representative at:
Business Administrator
City of Bethlehem
10 East Church Street
Bethlehem, PA 18018
Telecopy No.: (610) 997-7649

(b) To the MSRB at http://emma.msrb.org or such other address as may be designated by the MSRB.

SECTION 14. NO PERSONAL RECOURSE

No personal recourse shall be had for any claim based on this Certificate against any representative, official, member, officer, or employee, past, present or future, of the City (including without limitation, the Disclosure Representative), or of any successor bodies of such, either directly or through the City or successor bodies of such, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise.

SECTION 15. CONTROLLING LAW

This Certificate and all matters arising out of or related to this Certificate shall be governed by and construed in accordance with the laws of the Commonwealth, without regard to its conflict of laws principles.

SECTION 16. SUCCESSORS AND ASSIGNS

All of the covenants, promises and agreements contained in this Certificate by or on behalf of the City shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 17. HEADINGS FOR CONVENIENCE ONLY

The descriptive headings in this Certificate are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 18. COUNTERPARTS

This Certificate may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF, the City has caused its duly authorized officer to execute this Certificate as of the day and year first above written.

CITY OF BETHLEHEM

By: ________________________________
Name:
Title:

[Signature Page – Continuing Disclosure Certificate]

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