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CITY OF SCRANTON, PENNSYLVANIA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025

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YEAR ENDED DECEMBER 31, 2025**

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of City Council
City of Scranton, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

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

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

We did not audit the financial statements of the Redevelopment Authority of the City of Scranton, the Sewer Authority of the City of Scranton, Scranton OPEB Trust, and the City of Scranton Parking Authority which represent 2.4%, 1.8% and 22.6% of the assets, fund balance, and revenues of the aggregate remaining fund information, 23.5%, 65.9% and 58.7% of the business-type activities, and 100% of the assets, net position, and revenues of the discretely presented component unit, and sewer enterprise major fund, as of December 31, 2025. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Redevelopment Authority of the City of Scranton, the Sewer Authority of the City of Scranton, Scranton OPEB Trust, and the City of Scranton Parking Authority, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Scranton, Pennsylvania, 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 Scranton OPEB Trust and the City of Scranton Parking Authority were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Scranton, Pennsylvania's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 City of Scranton, Pennsylvania'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 City of Scranton, Pennsylvania'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 management's discussion and analysis, budgetary comparison information, schedules of changes in the City's net pension liability and related ratios, schedules of the City's contributions – pension plans, schedule of changes in the City's OPEB liability and related ratios, the schedule of contributions - OPEB, and the schedule of return on investments - OPEB 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Scranton, Pennsylvania's basic financial statements. The combining nonmajor fund financial statements and the combining fiduciary fund financial statements are presented for purposes of additional analysis and are 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 GAAS by us and other auditors. In our opinion, the combining nonmajor fund and the combining fiduciary fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and Members City Council
City of Scranton, Pennsylvania

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2026, on our consideration of the City of Scranton, Pennsylvania'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 of Scranton, Pennsylvania'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 City of Scranton, Pennsylvania's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

New York, New York
September 30, 2026

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

INTRODUCTION

This Management Discussion and Analysis (MD&A) presents a narrative overview and analysis of the financial activities of the City of Scranton (City) for the fiscal year ended December 31, 2025. We recommend that it be read in conjunction with the accompanying basic financial statements and notes to financial statements in order to obtain a thorough understanding of the City's financial condition on December 31, 2025. The MD&A focuses on the City's primary government. Component units, unless otherwise noted, are not included in this discussion.

FINANCIAL HIGHLIGHTS

- The City's assessed value for tax purposes in 2025 was a total of \$596,731,625 of which \$377,634,479 was taxable and \$219,097,146 was nontaxable.
- The real estate tax millage was 249.198 mills for land and 52.607 mills for improvements.
- The City experienced an increase in its property tax and Act 511 tax collections.
- The City achieved its 2025 operating budget target for the City's payroll preparation tax in its fourth year of implementation.
- The City timely made all of its 2025 debt service payments.
- The City made its 2025 pension Minimum Municipal Obligation payment of \$9,729,012 of which the City received \$5,385,861 in state pension aid with the City paying the remaining balance of \$4,343,151 in December 2025.
- The City made a \$300,000 contribution to the City's Other Post Employment Benefit Trust in May 2025.
- The City moved capital expenditures from its FY 2025 operating budget to a separate capital reserve fund spending plan in FY 2025 and funded the capital reserve fund with a \$3,793,404 transfer from the general fund in FY 2025.
- The City's 2025 operating budget ended 2025 with a variance of \$12,928 less than expected fund balance – general fund.
- The City's 2025 general fund balance increased by \$3,575,153 to \$30,766,784.
- In January 2026, S&P Global Ratings raised the City's long-term credit rating one notch to 'A-' with a stable outlook, on the City's general obligation debt.
- The City negotiated a collective bargaining agreement with Local Lodge No. 2305 of the International Association of Machinists and Aerospace Workers for a four-year term commencing on January 1, 2025 through December 31, 2029.
- The City has continued to experience private developer investment throughout the City consisting of renovations transforming old City buildings into residential and new commercial uses.
- The City has experienced growth in its manufacturing sector, in particular defense manufacturing.
- The City has experienced new growth in the technology sector with several start up tech sector businesses locating in the City.

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

- The City has implemented its council approved ARPA spending plan. This includes investments in City stormwater infrastructure, community parks, streetscapes, business start-ups, and recovery. Federal guidelines require that the City complete all ARPA spending by Dec. 31, 2026.
- The City had 74 new businesses open in 2025.
- The City assumed the infrastructure and related deferred inflows in the acquisition of business operations with a net value of \$4.8 million, from the Scranton Parking Authority. Subsequently to the assumption of these operations and related infrastructure, the City restated its lease terms with a 3rd party to operate the Scranton parking garage.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report consists of four parts:

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

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

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

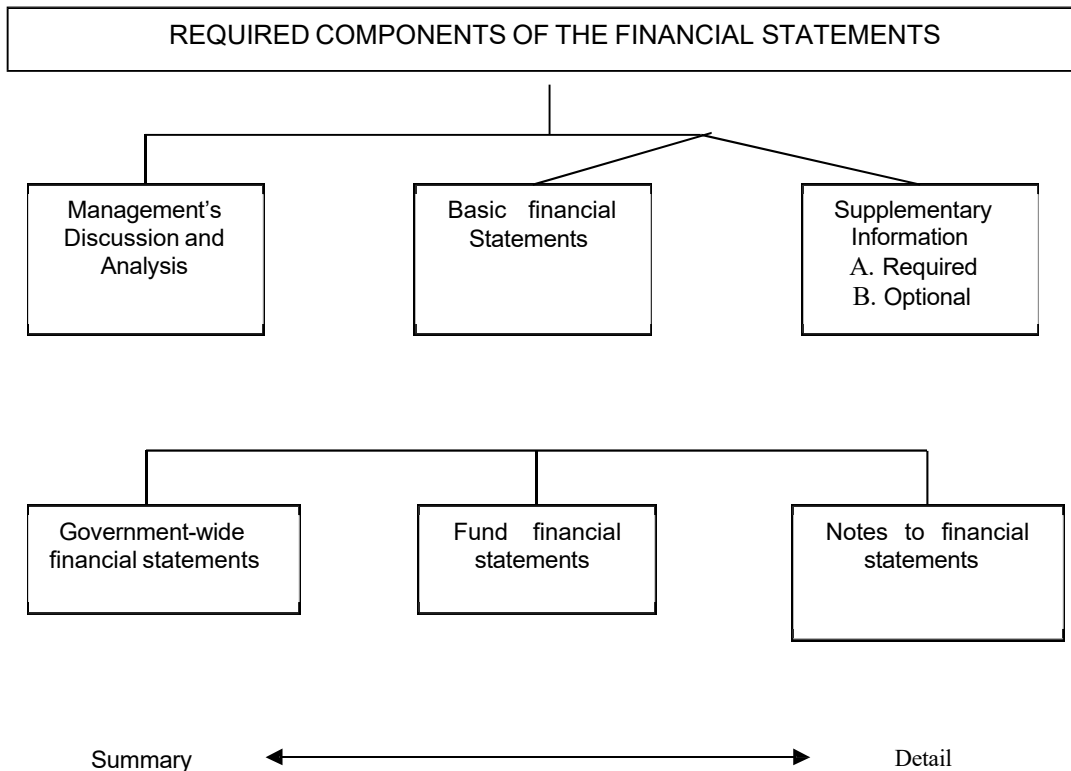
- Government-wide financial statements, the first two statements, provide a broad overview of the City's overall financial status, as well as the financial status of the City's component units, in a manner similar to private-sector business.
- Fund financial statements the remaining statements, focus on individual parts of City government. They provide more detail on operations than the government- wide statements. There are three types of fund financial statements:

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

- Governmental fund financial statements show how general government services, such as public safety, were financed in the short term, as well as what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities the City operates like a business.
- Fiduciary fund statements reflect activities involving resources that are held by the City as a trustee or agent for the benefit of others, including the City's retirement and other post-employment benefit plans. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support the City's programs.

Table 1 shows how the various parts of the financial statements are arranged and relate to one another.

Table 1: Financial statements arrangement and relationship flowchart



**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

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

Table 2: Major Features of the Government-Wide and Fund Financial Statements

	Government-wide statements	Fund financial statements		
		Governmental	Business-Type	Fiduciary
Scope	Entire entity and component units (except fiduciary funds)	The day-to-day operating activities of the City, such as public safety and public works	The business-type activities of the City, such as the Sewer Authority Fund	Instances in which the City administers resources on behalf of others, such as the employee pension plans
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement revenues, expenditures, and changes in fund balance	• Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows	• Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources measurement focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both financial and capital, short-term and long-term; funds do not contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

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

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

Government-wide financial statements

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

- The statement of net position includes all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, except fiduciary funds, with the difference reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business.
- The statement of activities focuses on how the City's net position changed during the year.
- Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not related to a particular program), it shows to what extent each program has had to rely on local taxes for funding.
- All changes to the net position are recorded using the accrual method of accounting, which requires that revenues be recorded when they are earned and expenses be recorded when the goods and/or services are received, regardless of when cash is received or paid.
- Net position is one way to measure the City's financial position. Over time, increases or decreases in the City's net position are one indicator of whether the City's financial position is improving or deteriorating. However, other non-financial factors such as changes in the City's real property tax base and general economic conditions must be considered to assess the overall position of the City.
- The primary government and its component units are included in the government-wide financial statements. Component units reflect the activities of legally separate government entities over which the City can exercise influence and/or be obligated to provide financial support. The City has one discretely presented component unit: the Parking Authority of the City of Scranton. The City has two blended component units: the Sewer Authority of the City of Scranton and the Redevelopment Authority of the City of Scranton.
- There are two categories of activities for the primary government.
- Governmental activities include the City's basic services such as general government, public safety, community development, public works, health and sanitation, and parks and recreation. Property taxes and operating grants and revenues finance most of these activities.
- Business-type activities include activities for which fees are charged to external parties for goods or services to cover the costs for such goods or services. These activities include the Scranton Sewer Authority.

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

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

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

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper program/activities.
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting.
- Allocate net position balances as follows:
 - Net investment in capital assets.
 - Restricted net position includes items with constraints placed on their use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation.
 - Unrestricted net position is net position that does not meet any of the above criteria.

Fund financial statements

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

The City has three kinds of funds:

- Governmental funds include most of the City's basic services and focus on: (1) the flow in and out of cash and other financial assets that can be readily converted to cash, and (2) the balances left at year-end that are available for spending. The governmental funds that the City maintains the General Fund (Major) and Special Revenue Funds. Consequently, the governmental fund financial statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the City's programs.

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

The City prepares and adopts an annual budget for the General Fund on a basis consistent with accounting principles generally accepted in the United States of America. A budgetary comparison for the General Fund is presented as required supplementary information.

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

- Proprietary funds report business-type programs and activities that charge fees designed to cover the cost of providing services. The proprietary funds measurement is the determination of operating income, changes in net position and cash flows. Proprietary funds distinguish operating revenue and expenses from non-operating items.
- Fiduciary funds are funds for which the City is the trustee or fiduciary. These include the:
 - Nonuniform Pension Fund, the Police Pension Fund, the Firemen Pension Fund and the Other Post Employment Benefits Trust. The City is responsible to ensure that the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These funds are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Position

Table 3 shows that the City's total assets were \$235,653,255 as of December 31, 2025. Of this amount, \$108,352,644 were capital assets.

Table 3: Summary of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current Assets and Other	\$ 116,819,333	\$ 127,960,424	\$ 9,243,719	\$ 9,076,875	\$ 126,063,052	\$ 137,037,299
Noncurrent Assets	1,237,559	1,266,286	-	-	1,237,559	1,266,286
Capital Assets	78,243,746	73,777,957	30,108,898	-	108,352,644	73,777,957
Total Assets	196,300,638	203,004,667	39,352,617	9,076,875	235,653,255	212,081,542
DEFERRED OUTFLOWS OF RESOURCES						
Related to Pensions	19,350,503	10,743,697	-	-	19,350,503	10,743,697
Related to OPEB	4,821,628	3,625,455	-	-	4,821,628	3,625,455
Total Deferred Outflows of Resources	24,172,131	14,369,152	-	-	24,172,131	14,369,152
LIABILITIES						
Current and Other Liabilities	56,308,501	71,162,544	47,390	41,357	56,355,891	71,203,901
Long-Term Liabilities	244,607,738	258,810,115	-	-	244,607,738	258,810,115
Total Liabilities	300,916,239	329,972,659	47,390	41,357	300,963,629	330,014,016
DEFERRED INFLOWS OF RESOURCES						
Related to Pensions	10,424,410	2,985,505	-	-	10,424,410	2,985,505
Related to OPEB	26,344,401	37,496,470	-	-	26,344,401	37,496,470
Related to Leases	282,832	282,176	-	-	282,832	282,176
Related to PPPs	-	-	25,358,776	-	25,358,776	-
Total Deferred Inflows of Resources	37,051,643	40,764,151	25,358,776	-	62,410,419	40,764,151
NET POSITION						
Net Investment in Capital Assets	47,446,417	39,042,661	30,108,898	-	77,555,315	39,042,661
Restricted	22,015,334	23,135,372	9,129,122	9,009,853	31,144,456	32,145,225
Unrestricted	(186,956,864)	(215,541,024)	(25,291,569)	25,665	(212,248,433)	(215,515,359)
Total Net Position	\$ (117,495,113)	\$ (153,362,991)	\$ 13,946,451	\$ 9,035,518	\$ (103,548,662)	\$ (144,327,473)

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

The following statement of activities in Table 4 represents a summary of changes in net position for the years ended December 31, 2025 and December 31, 2024. It shows revenues by source and expenses by function for governmental activities, business-type activities and the government as a whole.

Table 4: Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program Revenues:						
Charges for Services	\$ 18,408,510	\$ 19,464,807	\$ 472,638	\$ 49,855	\$ 18,881,148	\$ 19,514,662
Operating Grants and Contributions	19,250,961	20,812,954	-	-	19,250,961	20,812,954
Capital Grants and Contributions	4,769,739	2,349,370	-	-	4,769,739	2,349,370
General Revenues:						
Taxes:						
Property Taxes	36,960,733	36,768,846	-	-	36,960,733	36,768,846
Act 511 Taxes	37,201,344	36,152,951	-	-	37,201,344	36,152,951
Other Taxes and Penalties	16,686,198	14,703,000	-	-	16,686,198	14,703,000
Cable Television Franchise Revenue	756,473	870,967	-	-	756,473	870,967
Payments in Lieu of Taxes	246,132	241,882	-	-	246,132	241,882
Investment Earnings	5,081,248	5,037,206	392,167	406,927	5,473,415	5,444,133
Bad Debt Recovery	-	-	-	-	-	-
Miscellaneous	806,720	222,762	-	-	806,720	222,762
Disposal of Assets	-	-	-	-	-	-
Rents and Concessions	-	-	-	-	-	-
Parking Authority	-	-	4,814,289	-	4,814,289	-
Total Revenues	140,168,058	136,624,745	5,679,094	456,782	145,847,152	137,081,527
EXPENSES						
General Government - Administrative	22,340,584	28,240,401	-	-	22,340,584	28,240,401
Public Safety	44,751,982	44,419,559	-	-	44,751,982	44,419,559
Public Works	12,809,819	9,101,807	-	-	12,809,819	9,101,807
Community Development	19,986,136	18,438,525	-	-	19,986,136	18,438,525
Culture and Recreation	2,021,556	1,383,959	-	-	2,021,556	1,383,959
Health and Welfare	153,485	223,381	-	-	153,485	223,381
Interest and Fees on Long-Term Debt	2,236,618	4,233,527	-	-	2,236,618	4,233,527
Parking Authority	-	-	421,333	-	421,333	-
Sewer Authority	-	-	346,828	264,862	346,828	264,862
Total Expenses	104,300,180	106,041,159	768,161	264,862	105,068,341	106,306,021
CHANGE IN NET POSITION	35,867,878	30,583,586	4,910,933	191,920	40,778,811	30,775,506
Net Position - Beginning	(153,362,991)	(183,946,577)	9,035,518	8,843,598	(144,327,473)	(175,102,979)
NET POSITION - ENDING	<u>\$ (117,495,113)</u>	<u>\$ (153,362,991)</u>	<u>\$ 13,946,451</u>	<u>\$ 9,035,518</u>	<u>\$ (103,548,662)</u>	<u>\$ (144,327,473)</u>

Total government-wide revenues, inclusive of governmental and business-type activities, of \$145,847,152 in 2025 came primarily from Property Taxes and Act 511 Taxes which totaled \$74,162,077, representing 50.8% of Total Revenues. Operating Grants and Contributions represented \$19,250,960 or 13.2% of Total Revenues followed by Other Taxes and Penalties at \$16,686,198 or 11.4% and Charges for Services at \$18,881,148 or 12.9%.

Total expenses for all programs in 2025 were \$105,068,341. The expenses cover a range of services, with the largest being Public Safety at \$44,751,982, representing 42.6% of Total Expenses. The next largest program areas were General Governmental at \$22,340,584 or 21.3% and Community Development at \$19,986,136 or 19.0% and Public Works at \$12,809,819 or 12.2%.

Net cost of services

Net cost of services indicates the amount of support required from taxes and other general revenues for programs of the government. Table 5 depicts the net program expenses for the years ended December 31, 2025 and December 31, 2024.

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

Table 7: Summary of Outstanding Debt

	Total Primary Government	
	2025	2024
General Obligation Bonds	\$ 48,177,505	\$ 56,021,534
General Obligation Notes	5,335,000	5,752,000
Notes Payable	-	240,724
Financed Purchase Agreements	\$ 1,542,149	1,762,778
Leases	3,279,621	4,034,545
Subscription Based Information Technology Arrangements	1,745,559	962,362
Total Debt Obligations	<u>\$ 60,079,834</u>	<u>\$ 68,773,943</u>

The amount of indebtedness a municipality may incur is limited by Pennsylvania law to 250 percent (nonelectoral) of a three-year average of the total revenue received, exclusive of governmental grants for a specific purpose. The City's debt limit, based on the Local Government Unit Debt Act, was \$341,534,273, which is 250% of its borrowing base of \$136,613,707. The total debt outstanding was \$60,079,834, which leaves the City with \$281,454,439 in debt capacity.

Bond rating

As of December 31, 2025, the City was rated BBB+ with a positive outlook by S&P Global Ratings, and which was subsequently increased in January of 2026 to A-. The City is hopeful that the City's financial performance will continue to positively impact the City's next bond rating evaluation.

GOVERNMENTAL FUNDS

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

The City's governmental funds include the General Fund, Capital and Special Revenue Funds. The General Fund is the primary operating fund of the City. It is used to account for all financial resources, except those legally or administratively required to be accounted for in another fund. Special Revenue Funds are utilized to account for specific revenue sources used to finance specific activities as required by law or administrative regulation. The following funds included in the government-wide and fund financial statements are accounted for as the Capital Projects Fund and Special Revenue Funds: special cities, liquid fuels, ARPA, Office of Economic and Community Development and the Scranton Redevelopment Authority. The OECD, Special Cities and ARPA funds are classified as major funds. The remaining Special Revenue Funds are classified as non-major funds.

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

Governmental Fund Revenues

Governmental fund revenues by source for the years ended December 31, 2025 and December 31, 2024 are as follows below. Table 8 also presents changes from 2024 to 2025.

Table 8: Governmental Fund Revenues by Source

	2025	2024	Changes from 2024 to 2025	Percent Change
REVENUES				
Taxes	\$ 91,557,750	\$ 88,116,378	\$ 3,441,372	3.9%
Refuse Disposal Fee	7,676,938	7,079,797	597,141	8.4%
Intergovernmental Revenue	29,471,038	31,317,695	(1,846,657)	-5.9%
Licenses and Permits	3,121,828	3,486,115	(364,287)	-10.4%
Cable Television Franchise Revenue	756,466	870,967	(114,501)	-13.1%
Department Earnings	371,358	472,941	(101,583)	-21.5%
Program Income	305,200	270,583	34,617	12.8%
Payments in Lieu of Taxes	246,132	241,882	4,250	1.8%
Other Revenues	806,720	222,762	583,958	262.1%
Investment Income	3,684,203	4,125,487	(441,284)	-10.7%
Total Revenues	<u>\$ 137,997,633</u>	<u>\$ 136,204,607</u>	<u>\$ 1,793,026</u>	<u>1.3%</u>

Governmental fund revenues, the total of all government funds, totaled \$137,997,633 for the year ended December 31, 2025. This is an increase of \$1,793,026 from 2024, primarily due to an increase in Taxes and Other Revenues partially offset by Intergovernmental Revenue.

Table 9: Governmental fund expenditures by source

Governmental fund expenditures by function for the years ended December 31, 2025 and 2024 are as follows. Table 9 also presents changes from 2024 to 2025.

	2025	2024	Changes from 2024 to 2025	Percent Change
EXPENDITURES				
General Government	\$ 19,038,192	\$ 22,931,642	\$ (3,893,450)	-17.0%
Public Safety	54,538,582	60,875,874	(6,337,292)	-10.4%
Public Works	14,892,439	17,710,948	(2,818,509)	-15.9%
Health and Welfare	153,485	223,381	(69,896)	-31.3%
Community Development	18,684,466	20,108,641	(1,424,175)	-7.1%
Culture and Recreation	12,401,765	1,581,578	10,820,187	684.1%
Court Awards	379,506	304,733	74,773	24.5%
Debt Service	12,950,793	11,321,595	1,629,198	14.4%
Capital Outlay	1,822,823	5,572,910	(3,750,087)	-67.3%
Total Expenditures	<u>\$ 134,862,051</u>	<u>\$ 140,631,302</u>	<u>\$ (5,769,251)</u>	<u>-4.1%</u>

Governmental fund expenditures, the total of all governmental funds, totaled \$134,862,051 for the year ended December 31, 2025, a decrease of 4.1% from 2024, primarily due to a decrease in general government, public safety, public works, and capital outlay expenditures with an offsetting increase of culture and recreation expenditures.

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

Governmental fund balances and net position of enterprise funds

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

Table 10: Ending Fund Balances, Governmental Funds, and Net Position, Enterprise Funds

FUND	2025		2024	
	Governmental Funds	Proprietary Funds	Governmental Funds	Proprietary Funds
General Fund	\$ 30,766,784	\$ -	\$ 27,191,631	\$ -
OECD Fund	2,006,106	-	1,696,325	-
Special Cities Fund	2,542,156	-	3,117,217	-
American Rescue Plan Act Fund	4,057,448	-	1,921,161	-
Non-Major Funds	4,775,281	-	7,794,685	-
Internal Service Fund	-	8,951,241	-	5,470,768
Parking Authority	-	4,750,122	-	-
Sewer Authority	-	9,196,329	-	9,035,518
Total Fund Balance/Net Position	<u>\$ 44,147,775</u>	<u>\$ 22,897,692</u>	<u>\$ 41,721,019</u>	<u>\$ 14,506,286</u>

The City's governmental funds reported a combined fund balance of \$44,147,775 as of December 31, 2025, increase of \$2,426,756 from December 31, 2024.

Budgets

The City's Home Rule Charter requires the Mayor to submit to Council a budget for the subsequent fiscal year no later than November 15 of the current fiscal year. The City prepares its budgets based on the prior year's actuals and an estimated current year outcome. This allows the City to better forecast the City's position going into the subsequent year, however, because the City's fiscal year differs from those of the Commonwealth and the federal government, it can be difficult to know what grant funds will be forthcoming in the City's fiscal year.

The Home Rule Charter also requires the Mayor to submit to Council a capital budget for the subsequent fiscal year at least 3 months prior to the final date for the submission of the budget.

The City's Home Rule Charter and the City's Administrative Code provides direction for supplemental, emergency and transfer appropriations.

- Supplemental appropriations shall be considered by Council as an ordinance amending the annual budget.
- The Business Administrator may authorize the transfer of any unexpended balance of any appropriation item within a department, but if the transfer is between departments, then the Business Administrator shall make such transfer with the approval of Council.
- The Business Administrator may authorize the transfer of any unexpended balance of any appropriation item within a department or between department only with Council approval to:
 1. Fund a job classification or position of employment that is not identified in the annual budget for the current fiscal year; or
 2. Increase the salary of a job classification from the salary appropriated in the annual budget for the current fiscal year.

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

**ECONOMIC CONDITION AND OUTLOOK
LOCATION & DEMOGRAPHIC**

The City of Scranton is located in northeastern Pennsylvania. The City was incorporated as a city on April 23, 1866 , and celebrated its 160th anniversary in 2026. The City is governed by a home rule charter adopted by the voters of the City in a referendum on May 21, 1974. The Home Rule Charter of the City of Scranton became effective on January 5, 1976. Under the Home Rule Charter, the Mayor and Council, jointly, are the governing body of the City. The governing powers are divided between the executive and legislative branches.

The City is the largest municipality in northeastern Pennsylvania and is the county seat for Lackawanna County. The City's population in 2024 was 75,905 with a slight increase to 76,328 in 2025 ([Source: census.gov](#)). The City bestrides the I-81, I-84 and I-80 corridor—two hours from New York City and Philadelphia and within an overnight delivery area reaching about 96 million American and Canadian consumers. The nearby Wilkes-Barre Scranton International Airport offers daily direct service to major U.S. cities including Charlotte, Chicago, Myrtle Beach, Orlando, and Philadelphia.

Calendar year 2025 continued a period of success that began in January 2022 when the City formally exited the Commonwealth's Act 47 municipal financial distress program after 30 years. Scranton's exit from the Act 47 program is a testament to the City's leadership and the deliberate actions taken in recent years to improve Scranton's economic outlook. Almost immediately following its Act 47 exit, Scranton's credit rating was upgraded to BB+ in Standard & Poor's (S&P) Global Ratings Report in March 2022. In June 2023, S&P increased the City's credit rating to BBB- with a positive outlook, the first time since 2011 that the City received an investment-grade rating from S&P. Subsequently, in March 2024, S&P Global Ratings raised the City's long-term credit rating by two notches to 'BBB+' from 'BBB-'. The rating increased once more in January 2026 to it's current 'A-' rating with a stable outlook.

In addition to a vastly improved credit rating, Scranton was the second-ever Pennsylvania municipality to receive the Secretary's Award for Municipal Excellence from the Pennsylvania Department of Community and Economic Development during the 2025 Governor's Awards for Local Government Excellence in April 2025. The award celebrates Pennsylvania municipalities where local leaders actions have demonstrated a commitment to dynamic change for the betterment of its residents, businesses, and neighborhoods.

Scranton's economy continues to evolve, as the City's population and mix of industries shift to match the realities of a more globalized economy. Over the past decade, the populations of Scranton's Asian, Black/African American, and nearly all non-white communities have each grown by one-third or more in size. They now comprise a larger share of the City's total population than they did in 2010, accounting for approximately 22% of the City's overall population. A majority of Scranton residents, (64.6%) work within 10 miles of their home, and the remaining 35% of residents both live and work within the City.

Industries contributing to overall City GDP include healthcare, logistics, warehousing, transportation, advanced manufacturing, construction/trades and back-office support. The City has three hospitals located within its boundaries: Geisinger Community Medical Center, and Regional Hospital of Scranton and Moses Taylor Hospital, both of which were purchased in early 2026 by Tenor Health Foundation. An estimated \$137 million in economic activity is generated by Scranton's healthcare industry alone. Rounding out the proverbial "eds and meds" known to anchor Scranton's economy, several institutions of higher education are located in the City, including the University of Scranton, Marywood University, Geisinger Commonwealth School of Medicine, Lackawanna College, and Johnson College.

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

The City is home to the Scranton Army Ammunition Plant, which has become an essential site for the increased production of 155-millimeter shells used by Ukrainian forces in their ongoing battles against Russia. The Army is investing \$243 million to modernize equipment and ramp up production lines in Scranton's facilities. Ukrainian President Volodymyr Zelenskyy toured SCAAP in September 2024 to receive a firsthand account of the dedication of the Scranton-based workforce.

While large manufacturers and the healthcare industry continue their successes, Scranton is also home to an ever-developing group of small business owners and entrepreneurs. Since 2020, the City of Scranton has welcomed 312 new retail and dining establishments – including 74 new businesses established in 2025 alone – and issued nearly 14,000 building permits from 2022 to present. Scranton is home to a vibrant downtown business district with both day and night activity, contrasting the office-centric bustle of the day with the energetic social scene of night life and festivals.

As it continues to support the development of both large and small businesses throughout the City, Scranton is also addressing a nationwide housing access and affordability crisis. Since 2020, an estimated 1,118 housing units have been added to the City's landscape.

The City provides its residents and businesses with 24-hour/365-day professional public safety protection through its full-time police and fire departments. It also provides full-time public works and code enforcement services to its residents. Although these services come at a heavy tax burden compared to residents of neighboring municipalities, the City is committed to the training and development of its employees to ensure that the City is delivering high-quality services to its residents and businesses.

The City has been awarded \$68.7 million dollars in American Rescue Plan Act (ARPA) funding for recovery efforts from the pandemic. To spur economic development and to assist businesses to recover and retain employees, the City has invested \$4.2 million dollars in the small business community. To improve stormwater management, the City is investing a total of \$22.9 million dollars, including ARPA funding, in stormwater infrastructure improvements and repairs. This investment will assist the City in complying with federal MS4 requirements.

The City is poised for the development of an Amtrak station in its downtown. Significant investment is planned to streetscapes and corridor improvements that will improve driver and pedestrian safety and provide further beautification to major areas. The City will be investing \$12.6 million dollars of ARPA funds and has secured over \$5 million in state grants to improve walkability and pedestrian safety. Progress on the development of an Amtrak station gained significant ground in December 2023 when Northeastern Pennsylvania was included in the Federal Railroad Administration's Corridor Identification and Development (Corridor ID) Program. With NEPA's proposed corridor application selected, the federal government will provide funding of up to \$500,000 to begin developing the scope, schedule, and budget for the project. Further, in January 2025 the Pennsylvania Department of Transportation (PennDOT) received approval to plan train service between Scranton and New York City, with a service development plan from PennDOT expected by 2028.

**CITY OF SCRANTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

SUMMARY

The City continues to make financial, economic and constituent service progress since it's exit from the Commonwealth's Act 47 program in 2022. The City is looking towards a stable fiscal year in 2026 with aspirations of improving its bond rating and continuing the implementation of its capital projects. In addition, the City will work to complete projects supported by the deployment of ARPA funds as the federal spending deadline of December 2026 approaches in order to realize strategic long-term investments in the City's infrastructure and economic future. It is the City's commitment to build upon its recent success to create a vibrant economy anchored in 21st century innovation and technology.

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 Business Administrator, City of Scranton, 340 North Washington Avenue, Scranton, Pennsylvania 18503.

CITY OF SCRANTON, PENNSYLVANIA
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Scranton Parking Authority
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 43,083,683	\$ 46,978	\$ 43,130,661	\$ 73,097
Investments	38,583,616	-	38,583,616	-
Receivables:				
Taxes Receivable, Net	18,659,967	-	18,659,967	-
Garbage Fees Receivable, Net	3,546,832	-	3,546,832	-
Accounts Receivable, Net	2,716,649	67,619	2,784,268	-
Grant Receivable	718,551	-	718,551	-
Loans Receivable	3,080,643	-	3,080,643	-
Property Held for Resale	96,769	-	96,769	-
Other Assets	586,433	-	586,433	-
Leases Receivable	26,451	-	26,451	-
Restricted Cash and Cash Equivalents	5,719,739	9,129,122	14,848,861	-
Total Current Assets	116,819,333	9,243,719	126,063,052	73,097
NONCURRENT ASSETS				
Leases Receivable	312,559	-	312,559	-
Notes Receivable	925,000	-	925,000	-
Capital Assets:				
Nondepreciable	23,035,050	1,967,064	25,002,114	-
Depreciable, Net	55,208,696	28,141,834	83,350,530	-
Total Capital Assets	78,243,746	30,108,898	108,352,644	-
Total Assets	196,300,638	39,352,617	235,653,255	73,097
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pensions	19,350,503	-	19,350,503	-
Deferred Outflows Related to Other Postemployment Benefit Obligations	4,821,628	-	4,821,628	-
Total Deferred Outflows of Resources	24,172,131	-	24,172,131	-
Total Assets and Deferred Outflows of Resources	\$ 220,472,769	\$ 39,352,617	\$ 259,825,386	\$ 73,097

See accompanying Notes to Basic Financial Statements.

CITY OF SCRANTON, PENNSYLVANIA
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Scranton Parking Authority
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts Payable	\$ 4,106,007	\$ 37,818	\$ 4,143,825	\$ -
Credits Outstanding	-	9,572	9,572	-
Lien Payment Refunds	-	-	-	-
Other Liabilities	2,478,860	-	2,478,860	-
Unearned Revenue	36,774,787	-	36,774,787	-
Current Portion of Long-Term Debt:				
Long-Term Debt Obligations	8,098,000	-	8,098,000	-
Financed Purchased Contracts	608,961	-	608,961	-
Leases	851,392	-	851,392	-
Subscription Based Information				
Technology Arrangements	479,813	-	479,813	-
Compensated Absences	1,987,731	-	1,987,731	-
Public Private Partnerships	-	-	-	-
Accrued Interest	525,016	-	525,016	-
Accrued Claims and Judgments	397,934	-	397,934	-
Total Current Liabilities	56,308,501	47,390	56,355,891	-
LONG-TERM OBLIGATIONS, NET OF CURRENT PORTION				
Long-Term Debt Obligations	45,414,505	-	45,414,505	-
Financed Purchase Contracts	933,188	-	933,188	-
Leases	2,428,229	-	2,428,229	-
Subscription Based Information				
Technology Arrangements	1,265,746	-	1,265,746	-
Workers' Compensation Claims	9,294,581	-	9,294,581	-
Net Other Postemployment Benefit Obligations	140,521,853	-	140,521,853	-
Net Pension Liability	41,777,052	-	41,777,052	-
Compensated Absences	2,972,584	-	2,972,584	-
Total Long-Term Obligations, Net of Current Portion	244,607,738	-	244,607,738	-
Total Liabilities	300,916,239	47,390	300,963,629	-
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	10,424,410	-	10,424,410	-
Deferred Inflows Related to Other				
Postemployment Benefit Obligations	26,344,401	-	26,344,401	-
Deferred Inflows Related to Leases	282,832	-	282,832	-
Deferred Inflows Related to				
Public-Private Partnerships	-	25,358,776	25,358,776	-
Total Deferred Inflows of Resources	37,051,643	25,358,776	62,410,419	-
NET POSITION				
Net Investment in Capital Assets	47,446,417	30,108,898	77,555,315	-
Restricted for Escrow Agreements	-	9,129,122	9,129,122	-
Restricted for Externally Imposed Restrictions	22,015,334	-	22,015,334	-
Unrestricted	(186,956,864)	(25,291,569)	(212,248,433)	73,097
Total Net Position	(117,495,113)	13,946,451	(103,548,662)	73,097
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 220,472,769	\$ 39,352,617	\$ 259,825,386	\$ 73,097

See accompanying Notes to Basic Financial Statements.

**CITY OF SCRANTON, PENNSYLVANIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

FUNCTIONS/PROGRAMS	Program Revenues				Primary Government			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government - Administrative	\$ 22,340,584	\$ 3,121,828	\$ 105,850	\$ -	\$ (19,112,906)	\$ -	\$ (19,112,906)	\$ -
Public Safety	44,751,982	7,304,544	41,324	-	(37,406,114)	-	(37,406,114)	-
Public Works	12,809,819	7,982,138	171,049	4,769,739	113,107	-	113,107	-
Community Development	19,986,136	-	18,779,253	-	(1,206,883)	-	(1,206,883)	-
Health and Welfare	153,485	-	153,485	-	-	-	-	-
Culture and Recreation	2,021,556	-	-	-	(2,021,556)	-	(2,021,556)	-
Interest and Fees on Long-Term Debt	2,236,618	-	-	-	(2,236,618)	-	(2,236,618)	-
Total Governmental Activities	104,300,180	18,408,510	19,250,961	4,769,739	(61,870,970)	-	(61,870,970)	-
Business-Type Activities								
Scranton Parking Authority	421,333	357,166	-	-	-	(64,167)	(64,167)	-
Scranton Sewer Authority (Year Ended March 31, 2025)	346,828	115,472	-	-	-	(231,356)	(231,356)	-
Total Business-Type Activities	768,161	472,638	-	-	-	(295,523)	(295,523)	-
Total Primary Government	<u>\$ 105,068,341</u>	<u>\$ 18,881,148</u>	<u>\$ 19,250,961</u>	<u>\$ 4,769,739</u>	<u>\$ (61,870,970)</u>	<u>\$ (295,523)</u>	<u>\$ (62,166,493)</u>	-
Component Units								
Scranton Parking Authority	\$ 568,710	\$ 357,166	\$ -	\$ -	-	-	-	(211,544)
GENERAL REVENUES								
Taxes:								
Property Taxes					36,960,733	-	36,960,733	-
Act 511 Taxes					37,201,344	-	37,201,344	-
Other Taxes and Penalties					16,686,198	-	16,686,198	-
Cable Television Franchise Revenue					756,473	-	756,473	-
Payments in Lieu of Taxes					246,132	-	246,132	-
Investment Earnings					5,081,248	392,167	5,473,415	1,684
Miscellaneous					806,720	-	806,720	-
Total General Revenues					<u>97,738,848</u>	<u>392,167</u>	<u>98,131,015</u>	<u>1,684</u>
SPECIAL ITEMS								
Transfer of Business Operations					-	4,814,289	4,814,289	(4,814,289)
CHANGE IN NET POSITION					35,867,878	4,910,933	40,778,811	(5,024,149)
Net Position - Beginning of Year/Period					(153,362,991)	9,035,518	(144,327,473)	5,097,246
NET POSITION - END OF YEAR					<u>\$ (117,495,113)</u>	<u>\$ 13,946,451</u>	<u>\$ (103,548,662)</u>	<u>\$ 73,097</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SCRANTON, PENNSYLVANIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025**

	General Fund	Office of Economic and Community Development Fund	Special Cities Fund	American Rescue Plan Act Fund	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 20,520,031	\$ -	\$ 1,966,533	\$ 12,860,065	\$ 6,334,474	\$ 41,681,103
Investments	-	-	-	21,670,888	-	21,670,888
Taxes Receivable, Net	18,659,967	-	-	-	-	18,659,967
Garbage Fees Receivable, Net	3,546,832	-	-	-	-	3,546,832
Accounts Receivable	2,174,066	71,373	11,106	286,314	44,010	2,586,869
Loans Receivable, Net	-	3,080,643	-	-	-	3,080,643
Restricted Cash and Cash Equivalents	-	1,498,727	4,221,012	-	-	5,719,739
Property Held for Resale	-	-	-	-	96,769	96,769
Notes Receivable, Net	-	-	-	-	925,000	925,000
Grants Receivable	-	626,989	-	-	91,562	718,551
Due from Other Funds	521,759	561,487	904,133	-	114,163	2,101,542
Leases Receivable	339,010	-	-	-	-	339,010
Other Assets	578,993	-	-	-	7,440	586,433
Total Assets	<u>\$ 46,340,658</u>	<u>\$ 5,839,219</u>	<u>\$ 7,102,784</u>	<u>\$ 34,817,267</u>	<u>\$ 7,613,418</u>	<u>\$ 101,713,346</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 2,635,475	\$ -	\$ 43,497	\$ 7,115	\$ 1,220,654	\$ 3,906,741
Other Liabilities	577,261	603,566	24,776	1,178,061	95,196	2,478,860
Unearned Revenue	-	3,229,547	3,982,013	29,563,227	-	36,774,787
Due to Other Funds	982,497	-	510,342	11,416	597,287	2,101,542
Total Liabilities	<u>4,195,233</u>	<u>3,833,113</u>	<u>4,560,628</u>	<u>30,759,819</u>	<u>1,913,137</u>	<u>45,261,930</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	11,095,809	-	-	-	925,000	12,020,809
Leases	282,832	-	-	-	-	282,832
Total Deferred Inflows of Resources	<u>11,378,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>925,000</u>	<u>12,303,641</u>
FUND BALANCES						
Nonspendable	-	-	-	-	96,769	96,769
Restricted	8,661,870	2,006,106	2,542,156	4,057,448	4,747,754	22,015,334
Assigned	-	-	-	-	-	-
Unassigned	22,104,914	-	-	-	(69,242)	22,035,672
Total Fund Balances	<u>30,766,784</u>	<u>2,006,106</u>	<u>2,542,156</u>	<u>4,057,448</u>	<u>4,775,281</u>	<u>44,147,775</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 46,340,658</u>	<u>\$ 5,839,219</u>	<u>\$ 7,102,784</u>	<u>\$ 34,817,267</u>	<u>\$ 7,613,418</u>	<u>\$ 101,713,346</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SCRANTON, PENNSYLVANIA
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO
STATEMENT OF NET POSITION
DECEMBER 31, 2025**

Fund Balances - Total Governmental Funds \$ 44,147,775

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the fund financial statements:

Capital Assets	232,081,049
Accumulated Depreciation/Amortization	(153,837,303)

Property taxes and refuse fees receivable will be collected but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the General Fund.

11,095,809

Loans made by Scranton Redevelopment Authority to qualified projects will be repaid in future years but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the Nonmajor Fund.

925,000

The Internal Service Fund is used by management to charge the cost of workers' compensation insurance to various departments. The net position of the Internal Service Fund is reported with governmental activities.

8,951,241

The City's net pension liability, deferred outflows of resources, and deferred inflows of resources related to the City's pension plans are not reported in the governmental funds but are reported in the statement of net position:

Net Pension Liability	(41,777,052)
Deferred Outflows of Resources	19,350,503
Deferred Inflows of Resources	(10,424,410)

The City's net other postemployment benefits liability, deferred outflows of resources, and deferred inflows of resources related to the City's other postemployment benefit plans are not reported in the governmental funds but are reported in the statement of net position:

Net Other Postemployment Benefits Liability	(140,521,853)
Deferred Outflows of Resources	4,821,628
Deferred Inflows of Resources	(26,344,401)

Long-term obligations are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term obligations at year-end consist of the following:

General Obligation Bonds Payable	(46,360,000)
Premium on Bonds Issued	(1,817,505)
General Obligation Notes Payable	(5,335,000)
Governmental Notes Payable	-
Financed Purchase Payable	(1,542,149)
Leases	(3,279,621)
Subscription Based Information Technology Arrangements	(1,745,559)
Accrued Interest Payable	(525,016)
Compensated Absences	(4,960,315)
Accrued Claims and Judgments	(397,934)

Net Position of Governmental Activities	\$ (117,495,113)
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See accompanying Notes to Basic Financial Statements.

CITY OF SCRANTON, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE (DEFICIT)- GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	Office of Economic and Community Development Fund	Special Cities Fund	American Rescue Plan Act Fund	Nonmajor Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 91,557,750	\$ -	\$ -	\$ -	\$ -	\$ 91,557,750
Refuse Disposal Fee	7,676,938	-	-	-	-	7,676,938
Intergovernmental Revenue	5,477,189	5,814,670	212,373	13,197,067	4,769,739	29,471,038
Licenses and Permits	3,121,828	-	-	-	-	3,121,828
Cable Television Franchise Revenue	756,466	-	-	-	-	756,466
Department Earnings	41,910	-	329,448	-	-	371,358
Program Income	305,200	-	-	-	-	305,200
Payments in Lieu of Taxes	246,132	-	-	-	-	246,132
Other Revenues	593,143	300	155,216	-	58,061	806,720
Investment Income	1,169,955	67,761	122,405	2,163,138	160,944	3,684,203
Grants and Contributions	-	-	-	-	-	-
Rents and Concessions	-	-	-	-	-	-
Total Revenues	110,946,511	5,882,731	819,442	15,360,205	4,988,744	137,997,633
EXPENDITURES						
Current:						
General Government	18,935,988	55,439	3,634	43,131	-	19,038,192
Public Safety	54,202,892	-	335,690	-	-	54,538,582
Public Works	14,721,390	-	171,049	-	-	14,892,439
Health and Welfare	-	-	-	153,485	-	153,485
Community Development	-	5,719,883	-	12,964,583	-	18,684,466
Culture and Recreation	1,939,249	-	-	-	10,462,516	12,401,765
Court Awards	379,506	-	-	-	-	379,506
Debt Service:						
Principal	8,394,325	-	57,904	54,685	1,458,251	9,965,165
Interest/Fees	2,558,640	-	7,950	8,034	411,004	2,985,628
Capital Outlay	1,083,141	-	219,649	-	520,033	1,822,823
Total Expenditures	102,215,131	5,775,322	795,876	13,223,918	12,851,804	134,862,051
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	8,731,380	107,409	23,566	2,136,287	(7,863,060)	3,135,582
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	1,154,034	202,372	50,000	-	7,704,970	9,111,376
Operating Transfers Out	(7,393,402)	-	(648,627)	-	(3,381,347)	(11,423,376)
Proceeds on Finance Purchases	-	-	-	-	359,157	359,157
Proceeds from Leases	-	-	-	-	160,876	160,876
Proceeds from SBITAs	1,083,141	-	-	-	-	1,083,141
Payment to Escrow Agent	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(5,156,227)	202,372	(598,627)	-	4,843,656	(708,826)
CHANGE IN FUND BALANCE	3,575,153	309,781	(575,061)	2,136,287	(3,019,404)	2,426,756
Fund Balance - Beginning of Year	27,191,631	1,696,325	3,117,217	1,921,161	7,794,685	41,721,019
FUND BALANCE - END OF YEAR	<u>\$ 30,766,784</u>	<u>\$ 2,006,106</u>	<u>\$ 2,542,156</u>	<u>\$ 4,057,448</u>	<u>\$ 4,775,281</u>	<u>\$ 44,147,775</u>

See accompanying Notes to Basic Financial Statements.

CITY OF SCRANTON, PENNSYLVANIA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Governmental Funds \$ 2,426,756

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 these assets is allocated over their estimated useful lives as depreciation expense:

Capital Outlays	11,505,615
Depreciation/Amortization	(7,039,826)

Disposals of capital assets are not reported in governmental funds but are reported as a loss on disposal in the statement of activities.

-

Proceeds from long-term debt and related premiums are considered a current financial resource and are reported in the statement of changes in fund balances but not in the statement of activities.

(1,602,926)

Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The effect of these transactions in the statement of activities is shown below:

Repayment of General Obligation Bonds	7,844,029
Repayment of Notes Payable	657,724
Repayment of Financed Purchase Contracts	579,786
Leases	915,800
Subscription Based Information Technology Arrangements	299,944
Accrued Interest	(25,123)

In the statement of revenues, expenditures, and changes in fund balance, nonexchange revenue is only recognized when measurable and available. Therefore, any nonexchange balances collected past 60 days of the balance sheet date are not recognized as revenue until the period collected. This amount is the net change in revenue accrued between the prior and the current year.

746,522

Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. These items consist of:

Change in accrued claims and judgements	199,987
Change in Compensated Absences	(337,197)
Change in Net Other Postemployment Obligation and Related Deferrals	17,531,354
Change in the Net Pension Liability and Related Deferrals	(1,315,040)

The Internal Service Fund is used by management to charge the cost of workers' compensation insurance to various departments. The net revenue of the Internal Service Fund is reported with governmental activities.

3,480,473

Change in Net Position of Governmental Activities	<u><u>\$ 35,867,878</u></u>
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See accompanying Notes to Basic Financial Statements.

**CITY OF SCRANTON, PENNSYLVANIA
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025**

	Business-Type Activities - Enterprise Funds			Governmental
	Sewer Authority (March 31, 2025)	Parking Authority	Total	Activity Internal Service Fund
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 46,978	\$ -	\$ 46,978	\$ 1,402,580
Investments	-	-	-	16,912,728
Accounts Receivable, Net	67,619	-	67,619	129,780
Other Assets	-	-	-	-
Escrow Deposits, Restricted	9,129,122	-	9,129,122	-
Total Current Assets	9,243,719	-	9,243,719	18,445,088
NONCURRENT ASSETS				
Capital Assets:				
Nondepreciable	-	1,967,064	1,967,064	-
Depreciable, Net	-	28,141,834	28,141,834	-
Total Capital Assets	-	30,108,898	-	-
Total Assets	\$ 9,243,719	\$ 30,108,898	\$ 39,352,617	\$ 18,445,088
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
LIABILITIES				
Current Liabilities:				
Accounts Payable/Accrued Expenses	\$ 37,818	\$ -	\$ 37,818	\$ 199,266
Lien Payment Refunds	-	-	-	-
Credits Outstanding	9,572	-	9,572	-
Accrued Payroll and Payroll Taxes	-	-	-	-
Public Private Partnerships	-	-	-	-
Total Current Liabilities	47,390	-	47,390	199,266
Noncurrent Liabilities:				
Workers' Compensation Claims Payable	-	-	-	9,294,581
Total Liabilities	47,390	-	47,390	9,493,847
DEFERRED INFLOWS OF RESOURCES				
Public Private Partnerships - greater than 1 year	-	25,358,776	25,358,776	-
Total Deferred Inflows of Resources	-	25,358,776	25,358,776	-
NET POSITION				
Net Investment in Capital Assets	-	30,108,898	30,108,898	-
Restricted for Escrow Agreements	9,129,122	-	9,129,122	-
Restricted for Workers' Compensation Claims	-	-	-	8,951,241
Unrestricted	67,207	(25,358,776)	(25,291,569)	-
Total Net Position	9,196,329	4,750,122	13,946,451	8,951,241
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 9,243,719	\$ 30,108,898	\$ 39,352,617	\$ 18,445,088

See accompanying Notes to Basic Financial Statements.

CITY OF SCRANTON, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Business-Type Activities - Enterprise Funds			Governmental Activity
	Sewer Authority (March 31, 2025)	Parking Authority	Total	Internal Service Fund
REVENUES				
Bad Debt Recovery	\$ 115,472	\$ -	\$ 115,472	\$ -
Charges for Services	-	357,166	357,166	-
Total Revenues	115,472	357,166	472,638	-
EXPENSES				
Workers' Compensation Claims	-	-	-	23,310
Administrative and General	346,828	421,333	768,161	205,262
Total Expenses	346,828	421,333	768,161	228,572
LOSS FROM OPERATIONS	(231,356)	(64,167)	(295,523)	(228,572)
NONOPERATING REVENUES				
Investment Income	-	-	-	811,331
Interest and Dividends	392,167	-	392,167	585,714
Miscellaneous	-	-	-	-
Total Nonoperating Revenues	392,167	-	392,167	1,397,045
INCOME (LOSS) BEFORE TRANSFERS AND SPECIAL ITEMS	160,811	(64,167)	96,644	1,168,473
TRANSFERS AND SPECIAL ITEMS				
Transfers In	-	-	-	3,600,000
Transfers Out	-	-	-	(1,288,000)
Transfer in of Business Operations	-	4,814,289	4,814,289	-
Total Transfers and Special Items	-	4,814,289	4,814,289	2,312,000
CHANGES IN NET POSITION	160,811	4,750,122	4,910,933	3,480,473
Net position - Beginning of Year	9,035,518	-	9,035,518	5,470,768
NET POSITION - END OF YEAR	<u>\$ 9,196,329</u>	<u>\$ 4,750,122</u>	<u>\$ 13,946,451</u>	<u>\$ 8,951,241</u>

See accompanying Notes to Basic Financial Statements.

CITY OF SCRANTON, PENNSYLVANIA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Business-Type Activities - Enterprise Funds			Governmental Activity
	Sewer Authority (March 31, 2025)	Parking Authority	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ -	\$ -	\$ -	\$ (76,068)
Bad Debt Recovery	89,646	-	89,646	-
Cash Paid for Legal Fees and Easements	(420,658)	-	(420,658)	-
Cash Paid for Operating Expenses	(39,406)	-	(39,406)	(2,776,387)
Net Cash Used by Operating Activities	(370,418)	-	(370,418)	(2,852,455)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of Investments	-	-	-	(3,600,000)
Proceeds from Sales of Investments	-	-	-	2,983,657
Interest and Dividends Received	392,167	-	392,167	585,714
Net Cash Provided (Used) by Investing Activities	392,167	-	392,167	(30,629)
NET CHANGE IN CASH AND CASH EQUIVALENTS	21,749	-	21,749	(2,883,084)
Cash and Cash Equivalents - Beginning of Year	25,229	-	25,229	4,285,664
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 46,978</u>	<u>\$ -</u>	<u>\$ 46,978</u>	<u>\$ 1,402,580</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss from Operations	\$ (231,356)	\$ (64,167)	\$ (295,523)	\$ (228,572)
Adjustments to Reconcile Loss from Operations to Net Cash Used by Operating Activities:				
Amortization of Deferred Inflows of PPP Contract		(476,224)		
Depreciation of Capital Assets	-	540,391	540,391	-
(Increase) Decrease in Operating Assets:				
Accounts Receivable	(25,826)	-	(25,826)	(76,068)
Prepaid Insurance	-	-	-	-
Escrow Deposits	(119,269)	-	(119,269)	-
Increase (Decrease) in Operating Liabilities:				
Accrued Expenses	6,033	-	6,033	77,891
Workers' Compensation Claim Payables	-	-	-	(2,625,706)
Net Cash Used by Operating Activities	<u>\$ (370,418)</u>	<u>\$ -</u>	<u>\$ (370,418)</u>	<u>\$ (2,852,455)</u>
NONCASH CAPITAL				
Acquisition of Business Operations	<u>\$ -</u>	<u>\$ 4,814,289</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SCRANTON, PENNSYLVANIA
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2025**

	<u>Pension/OPEB Trust Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 2,256,758
Investments	175,163,186
Accounts Receivable	<u>3,434</u>
Total Assets	<u><u>\$ 177,423,378</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts Payable	\$ 47,557
NET POSITION	
Held in Trust for Pension Benefits	174,030,840
Held in Trust for OPEB Benefits	<u>3,344,981</u>
Total Liabilities and Net Position	<u><u>\$ 177,423,378</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SCRANTON, PENNSYLVANIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2025**

	<u>Pension/OPEB Trust Funds</u>
ADDITIONS	
Contributions:	
Employer Contributions (Including Commonwealth Aid)	\$ 10,029,012
Benefit Contributions	9,899,656
Contributions by Members	<u>1,406,031</u>
Total Contributions	21,334,699
Investment Income:	
Net Appreciation in Fair Value of Investments	14,818,425
Net Realized Gain on Sale of Investments	2,182,451
Interest and Dividends, Net of Fees	<u>4,722,736</u>
Total Investment Income	<u>21,723,612</u>
 Total Additions	 43,058,311
DEDUCTIONS	
Retirement Benefits Paid	13,498,559
Benefit Payments	9,899,656
Administrative Expenses	<u>453,257</u>
Total Deductions	<u>23,851,472</u>
 CHANGE IN NET POSITION	 19,206,839
 Net Position - Beginning of Year	 <u>158,168,982</u>
 NET POSITION - END OF YEAR	 <u><u>\$ 177,375,821</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies of the City of Scranton, Pennsylvania (the City).

Reporting Entity

The City was incorporated in 1866 under the provisions of the constitution and general statutes of the Commonwealth of Pennsylvania. The City is a class 2A city, governed under a Home Rule Charter as defined by the state statutes. The City operates under a Council – Mayor form of government and provides the following services as authorized by its charter: public safety, roads, sanitation, health, culture – recreation, and general administrative services.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GMP for state and local governments through its pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

The City has evaluated its relationship with the following organizations to determine if these organizations should be included in the annual government-wide and fund financial statements of the City:

- Sewer Authority of the City of Scranton, Pennsylvania,
- Parking Authority of the City of Scranton, Pennsylvania,
- Scranton Municipal Recreation Authority,
- Redevelopment Authority of the City of Scranton,
- Scranton Housing Authority,
- Scranton School District,
- Scranton Lackawanna Health and Welfare Authority,
- Scranton Public Library, and
- Single Tax Office

The City determined through its evaluation that the Scranton Municipal Recreation Authority, Scranton Housing Authority, Scranton School District, Scranton Lackawanna Health and Welfare Authority, Scranton Public Library, and Single Tax Office are excluded from the financial reporting entity.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Component Unit

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The basis for determining component units is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. A component unit may then be reported in one or two following manners:

Discrete Presentation

Financial data for the component unit is presented in a column separate from that of the City's financial data.

Blended Presentation

Financial data for the component unit is presented in the same manner as that of the City's financial data and is reported as part of the City's financial operations.

Joint Venture

A legal entity or other organization resulting from a contractual arrangement that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or an ongoing financial responsibility. There are no such entities included in the City's reporting entity.

Related Organization

An organization for which the City is not financially accountable even though the City appoints a voting majority of the organization's governing board.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

As a result of applying these criteria, the following organizations have been categorized and determined to be and are presented as component units for the year ended December 31, 2025:

Sewer Authority of the City of Scranton, Pennsylvania

On December 29, 2016, the Sewer Authority of the City of Scranton, Pennsylvania, (the Sewer Authority) sold substantially all of the Sewer Authority's assets to the Pennsylvania American Water Company. The proceeds from the sale were used to repay all of the Sewer Authority's outstanding notes with Pennsylvania Infrastructure Investment Authority, which the City had guaranteed. The City appoints all the Sewer Authority members. The Sewer Authority continues to operate on a limited basis, collecting outstanding receivables, which it retained, in satisfaction of liens on properties. The Sewer Authority reports its financial position and its operating activities on a fiscal year of April 1 to March 31. The Sewer Authority is a blended component unit.

The Parking Authority of the City of Scranton, Pennsylvania

The Parking Authority of the City of Scranton, Pennsylvania, (the Parking Authority) oversees the operation of all public parking facilities in the City of Scranton. Parking facilities include both on-street and off-street facilities. The mayor of the City of Scranton appoints all Parking Authority members. Effective August 30, 2016, the Parking Authority and the City of Scranton completed an asset monetization through a 45-year concession lease which monetized the parking assets while continuing to maintain oversight and ownership of the assets. The City of Scranton owns the on-street parking assets (meters) while the Parking Authority owns the off-street assets (garages). The City of Scranton and Parking Authority negotiated the comprehensive economic transaction with the National Development Council (NDC) through its public private partnership affiliate the Housing and Economic Development Corporation (HEDC). NDC has hired ABM Parking to manage the on-street and off-street parking facilities. The assets will be returned to the City of Scranton and Parking Authority of the City of Scranton upon the maturity of the concession lease, or when the debt assumed by HEDC is retired. The Parking Authority is a discretely presented component unit of which the City assumed the majority of its operations (including related infrastructure) during 2025. Refer to Note 8 for further details.

Redevelopment Authority of the City of Scranton

The Redevelopment Authority of the City of Scranton (the SRA) operates for the purpose of promoting the elimination of blighted areas by acquisition, sound planning, and redevelopment of such areas for the promotion of health, safety, convenience, and welfare of the general public, through contracts with private redevelopers and public authorities for redevelopment. The City appoints all SRA members and is named guarantor on certain SRA conduit indebtedness. In addition, the City has provided the SRA with a portion of its Community Development Block Grant funding. The SRA is a blended component unit.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

OPEB Trust of the City of Scranton

In December 2022, the City established the City's OPEB Trust. The Trust was established for the sole purpose of providing for the advance funding of future costs of retired employee health insurance and other benefits provided to retirees. It is intended that the Trust shall constitute a "Qualified OPEB Trust" according to the standards set forth in GASB Statement No. 43, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" and the standards of GASB Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." The OPEB ordinance establishes the initial trustee as the City's Business Administrator.

Requests for additional financial information and complete financial statements for the above-mentioned entities should be addressed to the Business Administrator, City of Scranton, 340 North Washington Avenue, Scranton, Pennsylvania 18503.

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements

The City's government-wide financial statements include a statement of net position and a statement of activities. These statements present information about the reporting government as a whole. They include all funds of the reporting government except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The primary government is reported separately from legally separate component units.

All of the City's assets and liabilities, including capital assets, and long-term liabilities, are included in the accompanying statement of net position. 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. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among other program revenues are reported as general revenues.

Governmental Fund Financial Statements

Financial statements of the reporting government are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, deferred inflows of resources, net assets/fund equity, revenues, and expenditures/expenses. The City reports the difference between its governmental fund assets and liabilities and deferred inflows of resources as fund balance.

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. Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and change in fund balances. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City has presented all major funds that met the applicable criteria. Schedules are presented to reconcile and explain the differences in governmental fund balances as presented in these statements to the net position and change in net position presented in the government-wide financial statements.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds

The following is a description of the governmental funds of the City:

General Fund (Major)

The general fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all financial resources, except those legally or administratively required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are utilized to account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) used to finance specific activities as required by law or administrative regulation. The following funds included in the accompanying government-wide and fund financial statements are accounted for as special revenue funds: Special Cities, Liquid Fuels, American Rescue Plan Act (ARPA), Office of Economic and Community Development (OECD), and the SRA.

The OECD, Special Cities, and ARPA Funds are classified as major funds. The remaining special revenue funds are classified as nonmajor funds.

Capital Funds

Capital funds are used to account for revenues, proceeds and expenditures related to the construction or purchase of capital related items.

Proprietary Funds

The focus of proprietary funds measurement is the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations.

The City's proprietary funds are classified as internal service and enterprise funds.

Internal Service Fund

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments on a cost reimbursement basis. The City accounts for its self-insurance of workers' compensation claims in this fund. This proprietary fund is reported within the governmental activities in the government-wide financial statements.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds (Continued)

Enterprise Funds

Enterprise funds are used for activities which are financed and operated in a manner similar to businesses in the private sector, where the intent of the entity is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The principal operating revenue for the City's enterprise fund is the collection of delinquent sewer fees, the operations of a parking facility, which began operations under a lease concession arrangement in fiscal year 2025. Refer to Note 8 for further detail. Operating expenses for the City's Enterprise Fund include salaries and administrative costs. All revenue or expenses not meeting this definition are reported as nonoperating revenue and expenses.

Fiduciary Funds

The focus of the fiduciary funds is to account for assets held by the City in a trustee capacity or an agent for individuals, private organizations, other governmental units and/or other funds. The pension trust funds consist of the Police Pension Plan, Firemen Pension Plan, and Nonuniformed Pension Plan. These funds are accounted for within a single aggregate fund. In addition, the City has established a fiduciary fund for the City's other post-employment benefits plan trust.

Measurement Focus and Basis of Accounting

The government-wide statement of net position and statement of activities are reported using the "economic resources measurement focus" and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. 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 are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources. General capital asset acquisitions are reported as expenditures in governmental funds.

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and deferred inflows of resources.

Revenues susceptible to accrual include property taxes, employment and business taxes, public charges for services, and interest. Other general revenues such as fines and forfeitures, permit fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The City reports unearned revenues on its governmental funds balance sheet. For governmental fund financial statements, unearned revenues arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

Budgets and Budgetary Accounting

The City prepares an annual operating budget for the general fund on a basis consistent with accounting principles generally accepted in the United States of America. The preparation of the annual operating budget begins by September 15 for the subsequent budget year. By November 15, the Mayor submits to City Council a proposed budget for the general fund for the fiscal year commencing January 1. City Council publishes, in one or more newspapers of general circulation within the City, a summary of the budget and a notice that the budget is available for public inspection. A public hearing takes place by December 1, at which time City Council may adopt the budget with or without amendment. In amending the budget, City Council may delete, increase or decrease programs or amounts, except for expenditures required by law or for debt service. If a change in a program or a budgetary item exceeds 10% of the Mayor's proposed budget, another public hearing must take place within 72 hours to justify the change. In no case can an amendment increase authorized expenditures to an amount greater than total estimated funds available. City Council must adopt an annual budget by December 15. If City Council fails to adopt a budget by December 15, the Mayor's proposed budget becomes the official budget for the City for the ensuing year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include cash and all other investment instruments which are carried at cost, with original maturities of three months or less. For purposes of the statement of cash flows, the City's proprietary fund considers cash and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Restricted Cash

Several governmental fund cash accounts, which were funded through grants from the federal government and the Commonwealth of Pennsylvania, are restricted for various programs undertaken by the City. Several proprietary fund cash accounts are maintained under escrow agreements for easements pertaining to the sale of the sewer authority.

Investments

Investments are stated at fair-value based on quoted market prices. Fair-value is the amount at which a financial investment could be exchanged in a current transaction between willing parties.

Receivables

Accounts and taxes receivable in the governmental fund financial statements are shown at the total amount due. Taxes, franchise fees and grants not collected within 60 days are offset by deferred inflows of resources in the fund financial statements. The City provides an allowance for doubtful accounts receivable equal to the estimated collection losses that will be incurred. The estimate is based on historical collection experience and a review of the current status of outstanding accounts.

Loans Receivable

Loans receivable consist of economic development loans to third parties that are administered by OECD. Most of these loans bear interest, usually at a very low rate and are reported at the gross principal outstanding net of an allowance for uncollectable loans. Grant revenue received for revolving loan programs is considered unearned revenue until principal payments are received on the loans. Interest income is recorded when received.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as due to and due from funds. Short-term interfund loans are reported as interfund receivables and payables. Long-term interfund loans are reported as advances from and to other funds. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are reported in the government-wide statement of net position but are reported in the government fund financial statements as expenditures. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year. For infrastructure assets the same estimated useful life is used, but only those infrastructure projects that cost more than \$25,000 are reported as capital assets.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

All capital assets, except land and construction-in-progress, are depreciated. Land is never depreciated. Construction-in-progress costs are accumulated until the project is complete and placed in service. At that time, the costs are transferred to the appropriate asset class and depreciation begins.

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

	Redevelopment Authority of the City of Scranton	Government- Wide	Scranton Parking Authority
Building and Building Improvements	N/A	20 to 50 Years	10 to 50 Years
Land Improvements	N/A	10 to 15 Years	10 to 15 Years
Equipment/Furniture	15 Years	5 to 7 Years	3 to 10 Years
Vehicles	N/A	8 to 15 Years	N/A
Roadways	N/A	30 to 50 Years	N/A
Traffic Systems	N/A	15 Years	N/A

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Subscription-based information technology arrangements (SBITA) assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

Depreciation of all exhaustible capital assets is recorded as a direct expense in the accompanying statement of activities, with accumulated depreciation reflected in the statement of net position. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing the cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The category of deferred outflow of resources reported in the statement of net position is related to pensions and other postemployment benefits. Deferred outflows on pension and other postemployment benefits are more fully discussed in Notes 14 and 16.

In addition to liabilities, the statement of net position and the governmental funds balance sheet includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements. The City of Scranton, Pennsylvania's deferred inflows of resources reported on the statement of net position relate to pension and other postemployment benefits, as well as the remaining term of a service concession arrangement which are more fully discussed in Notes 8, 14 and 16. The statement of net position and the governmental funds balance sheet also report a deferred inflow of resources related to leases. The lease related deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus any payments received at or before the start of the lease term that relates to future periods, less any lease incentives paid to, or on behalf of the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Under the modified accrual basis of accounting, deferred inflows of resources also include revenues not collected within the availability period after the fiscal year-end. The City of Scranton, Pennsylvania, has reported deferred inflows of resources related to unavailable revenues for taxes. These amounts are deferred and will be recognized as an inflow of resources in the period that amounts become available.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as a liability in the government-wide statements. Long-term debt consists primarily of bonds and notes payable.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. Debt proceeds are reported as other financing sources and payment of principal and interest is reported as expenditures. The accounting for long-term debt in proprietary funds is the same in the fund financial statements as it is in the government-wide financial statements.

Bond discount or premium, the reacquisition price, and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

Pensions and OPEB

For purposes of measuring the net pension liability, total OPEB liability, deferred outflows and deferred inflows of resources, pension and OPEB expense, fiduciary net position and additions to/deductions from the Plan's fiduciary net position, have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair-value.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Governmental Fund Balances

Generally, governmental fund balances represent the difference between the current assets and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

Nonspendable – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – fund balance that contains self-imposed constraints of the government from its highest level of decision-making authority, the City Council. The City Council commits revenue streams through adopted motions.

Assigned – amounts constrained by the City's intent to use them for a specific purpose. Fund balance is assigned by City Council by passage of a new resolution.

Unassigned – all other spendable amounts.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City's policy is to pay the expenditure from restricted fund balance and then from less restrictive classifications: committed, assigned, then unassigned.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Real Estate Taxes

Real estate taxes are based upon assessed valuations provided by Lackawanna County. The elected tax collector bills and collects real estate taxes. The assessed value at **January 1, 2025**, upon which the 2025 levy was based, was approximately \$378 million. Delinquent taxes for the first year are collected by the Single Tax Office and thereafter are collected by an outside collection agency.

The schedule for real estate taxes levied is as follows:

February 1	Original Levy
February 1 to April 15	2% Discount
April 16 to June 30	Face Payment Period
July 1 to January 15	10% Penalty Period
January 16, 2025	Lien Date

In addition, City taxes may be paid in four installments, in which the first two quarterly payments aggregating 50% of the face amount are due by June 30. The third and fourth quarterly payments are due on August 31 and October 31, respectively. Any delinquent installment is subject to a penalty of 10%. The City utilizes the reserve method for writing off uncollectible real estate taxes.

The millage rate at **January 1, 2025**, was 249.198 mills on the assessed value of land and 52.607 mills on the assessed value of improvements.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Standards Implementation

The City implemented GASB Statement No. 102, *Certain Risk Disclosures*, which addresses the accounting and financial reporting for certain risk disclosures. The City evaluated the changes related to the standard and deemed them not to have a material effect on the financial statements.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

Pennsylvania statutes authorize the City to invest into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Commonwealth of Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. These statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

The deposit policy of the City adheres to state statutes. Deposits of the City are either maintained in demand deposits or invested in certificates of deposit.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned, or the City will not be able to recover collateral securities in the possession of an outside party. The City maintains its deposits with financial institutions which are insured by the FDIC up to \$250,000. As of December 31, 2025, \$22,506,568 of the City's governmental and business-type activities bank balances of \$38,583,616 was uninsured, but was collateralized by securities held by the pledging banks' trust department not in the City's name; and \$ 9,430,082 was collateralized by securities held by the pledging banks' trust department in the City's name.

The deposits of the SRA and the Sewer Authority are insured by the FDIC or collateralized by securities pledged by the financial institution, not in the SRA's or the Authority's name.

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

As of December 31, 2025, the City had the following investments:

	<u>Cost</u>	<u>Fair Value</u>
Proprietary Funds:		
Internal Service Fund:		
Corporate Obligations:	\$ 1,298,355	\$ 1,301,595
Corporate - Domestic Bonds		
Governmental Securities:		
U.S. Treasury Notes	1,190,695	1,207,014
U.S. Government Agencies	8,979,582	9,006,895
Equities		
Mutual Funds:		
Fixed Income Mutual Funds	3,340,224	2,820,137
Equity Mutual Funds	1,988,741	2,577,088
Total Proprietary Funds	<u>\$ 16,797,597</u>	<u>\$ 16,912,728</u>
Governmental Funds:		
American Rescue Plan Act Fund:		
Certificates of Deposit	\$ 250,000	\$ 250,134
Governmental Securities:		
U.S. Treasury Notes	5,334,469	5,368,061
U.S. Government Agencies	16,017,820	16,052,692
Total Governmental Funds	<u>\$ 21,602,289</u>	<u>\$21,670,887</u>
Fiduciary Funds:		
Pension Trust Fund:		
Money Market Funds	12,334,239	12,334,239
Mutual Funds:		
Bond Mutual Funds	68,042,309	66,725,167
Equity Mutual Funds	81,024,684	92,791,165
OPEB Trust Fund:		
Mutual Funds:		
Bond Mutual Funds	1,235,276	1,281,221
Equity Mutual Funds	1,775,711	2,031,394
Total Fiduciary Funds	<u>\$ 164,412,219</u>	<u>\$ 175,163,186</u>

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City's investment policy requires that fixed income securities and equities have a weighted average of no less than investment grade, as rated by *Moody's* and *Standard & Poor's*. The investments in the securities of U.S. Government Agencies were all rated AAA by *Standard & Poor's*, and Aaa by *Moody's Investors Services*. The mutual funds were rated AA to BBB by *Standard & Poor's* and Aa1 to Baa1 by *Moody's*. The corporate bonds were A to BBB- by *Standard & Poor's* and A2 to Baa3 by *Moody's*. The negotiable certificates of deposit are not rated.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in an event of the failure of the counterparty, the City will not recover the value of its investments of collateral securities that are in the possession of an outside party. The City does not have a deposit policy for custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investments in a single issuer. The City does not have a formal policy that addresses concentration of credit risk. The City did not have any investments in any one issuer that represents 5% or more of total investments.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increasing interest rates. As of December 31, 2025, the City's proprietary and governmental funds' investment balances was exposed to interest rate risk as follows:

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

Investment Type	Investment Maturities (in Years)			
	Fair Value	Less Than 1 Year	1 - 5 Years	5 - 10 Years
Proprietary Funds:				
Internal Service Fund:				
U.S. Treasury Notes	\$ 1,207,014	\$ -	\$ 784,077	\$ 422,937
U.S. Government Agencies	9,006,895	100,476	687,079	8,219,340
Fixed Income Mutual Funds	2,820,137	-	2,670,090	150,047
Equity Mutual Funds	2,577,088	-	-	2,577,088
U.S. Corporate Bonds	1,301,595	-	1,049,925	251,670
Total Proprietary Funds	<u>\$ 16,912,728</u>	<u>\$ 100,476</u>	<u>\$ 5,191,171</u>	<u>\$ 11,621,081</u>
Governmental Funds:				
American Rescue Plan Fund:				
U.S. Treasury Notes	\$ 5,368,061	\$ 94,428	\$ 5,273,633	\$ -
U.S. Government Agencies	16,052,692	-	11,911,689	4,141,003
Corporate Bonds	-	-	1,500,147	-
Certificates of Deposit	250,134	250,134	-	-
Total Governmental Funds	<u>\$ 21,670,887</u>	<u>\$ 344,562</u>	<u>\$ 18,685,469</u>	<u>\$ 4,141,003</u>

NOTE 3 FAIR-VALUE MEASUREMENTS

GAAP defines fair value as the price that would be received upon the sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. GAAP specifies a hierarchy of inputs to valuation techniques, which categorizes inputs to fair-value measurement that reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). The following summarizes the fair-value hierarchy:

Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market that an organization has the ability to access,

Level 2 Inputs – Inputs other than the quoted prices in active markets that are observable either directly or indirectly, and

Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair-value measurements.

GAAP requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair-value measurement is categorized is based on the lowest level input that is significant to the fair-value measurement.

The carrying values of cash, accounts receivable, prepaid expenses, accounts payable, accrued liabilities and other payables, approximate fair-values due to the short maturity of these financial instruments.

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables present the fair-value measurements of assets recognized in the accompanying statements of net position measured at fair-value on a recurring basis and the level within the fair-value hierarchy in which the fair-value measurements fall at December 31:

Investment Type	Fair Value Measurements Using				Fair Value
	Level 1	Level 2	Level 3		
Internal Service Fund:					
Corporate Obligations:					
Corporate - Domestic Bonds	\$ 1,301,595	\$ -	\$ -	\$ -	\$ 1,301,595
Governmental Securities:					
U.S. Treasury Notes	1,207,014	-	-	-	1,207,014
U.S. Government Agencies	9,006,895	-	-	-	9,006,895
Equities:					
U.S Domestic Equities	-	-	-	-	-
Mutual Funds:					
Equity Mutual Funds	2,820,137	-	-	-	2,820,137
Fixed Income Mutual Funds	2,577,088	-	-	-	2,577,088
Total Internal Service Fund	<u>\$ 16,912,728</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,912,728</u>
Governmental Funds:					
American Rescue Plan Act Fund:					
Certificates of Deposit	\$ -	\$ 250,134	\$ -	\$ -	\$ 250,134
Governmental Securities:					
U.S. Treasury Notes	5,368,061	-	-	-	5,368,061
U.S. Government Agencies	16,052,692	-	-	-	16,052,692
Total American Rescue Plan Act Fund	<u>\$ 21,420,753</u>	<u>\$ 250,134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,670,887</u>
OPEB Trust Fund:					
Mutual Funds:					
Equity Mutual Funds	\$ 2,031,394	\$ -	\$ -	\$ -	\$ 2,031,394
Bond Mutual Funds	1,281,221	-	-	-	1,281,221
Total OPEB Trust Fund	<u>\$ 3,312,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,312,615</u>
Pension Trust Fund:					
Money Market Funds	\$ 12,334,239	\$ -	\$ -	\$ -	\$ 12,334,239
Mutual Funds:					
Equity Mutual Funds	92,791,165	-	-	-	92,791,165
Bond Mutual Funds	66,725,167	-	-	-	66,725,167
Total Pension Trust Fund	<u>\$ 171,850,571</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,850,571</u>

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 TAXES AND FEES RECEIVABLE

Taxes receivable in the general fund consist of the following at December 31, 2025:

Real Estate Taxes	\$ 13,265,069
Other Taxes:	
Earned Income	8,679,915
LST	1,132,944
Real Estate Transfer Tax	712,790
STO	185
Business Privilege	2,647
Amusement	-
Payroll Preparation	821,058
Subtotal	<u>24,614,608</u>
Less: Allowance for Uncollectible Taxes	(5,954,641)
Total	<u><u>\$ 18,659,967</u></u>

Garbage fees receivable in the general fund are reported net of an allowance of \$3,409,704 at December 31, 2025. Delinquent sewer fees in the proprietary fund are reported net of an allowance of \$2,637,158 at March 31, 2025.

NOTE 5 DUE TO/FROM OTHER FUNDS

The following summarizes receivables and payables between funds at December 31, 2025:

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Special Cities	\$510,342	\$904,133
American Rescue Plan Act	11,416	-
Office of Economic and Community Development:	-	114,164
General Fund		
Special Cities:	561,487	-
General Fund		
Capital Reserve:	904,133	510,342
General Fund		
American Rescue Plan Act	114,164	
General Fund		11,416
Nonmajor:		
SRA	-	561,487
Total	<u><u>\$2,101,542</u></u>	<u><u>\$2,101,542</u></u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 6 CAPITAL ASSETS

Primary Government

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

	Balance - January 1, 2025	Increase or Reclassification	Decrease or Reclassification	Balance - December 31, 2025
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 3,797,990	\$ -	\$ -	\$ 3,797,990
Construction in Progress	12,106,695	7,130,365	-	19,237,060
Total Capital Assets Not Being Depreciated	15,904,685	7,130,365	-	23,035,050
Capital Assets Being Depreciated:				
Infrastructure	143,310,049	1,217,430	-	144,527,479
Building	12,669,672	17,141	-	12,686,813
Land and Building Improvements	14,137,022	-	-	14,137,022
Vehicles, Equipment, and Furniture	28,680,855	1,896,662	(671,004)	29,906,513
Right-to-Use Lease Assets	4,662,135	160,876	-	4,823,011
Right-to-Use SBITA Assets	1,882,020	1,083,141	-	2,965,161
Total Capital Assets Being Depreciated	205,341,753	4,375,250	(671,004)	209,045,999
Less Accumulated Depreciation:				
Infrastructure	105,065,623	3,106,141	-	108,171,764
Building	7,635,063	211,780	-	7,846,843
Land and Building Improvements	10,320,224	540,991	-	10,861,215
Vehicles, Equipment, and Furniture	21,798,312	1,294,254	(671,004)	22,421,562
Right-to-Use Lease Assets	1,441,385	1,366,085	-	2,807,470
Right-to-Use SBITA Assets	1,207,874	520,575	-	1,728,449
Total Accumulated Depreciation	147,468,481	7,039,826	(671,004)	153,837,303
Total Capital Assets Being Depreciated, Net	57,873,272	(2,664,576)	-	55,208,696
Total Capital Assets, Net	\$ 73,777,957	\$ 4,465,789	\$ -	\$ 78,243,746

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 6 CAPITAL ASSETS (CONTINUED)

Business-Type Activities –Parking Authority

	Balance Beginning of Year	Transfer of Business Operations*	Increases	Decreases	Balance End of Year
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ -	\$ 1,967,064	\$ -	\$ -	\$ 1,967,064
Total Capital Assets, Not Being Depreciated	-	-	-	-	-
Capital Assets, Being Depreciate and Amortized:					
Land Improvements	-	306,395	-	-	306,395
Buildings and Improvements	-	51,831,289	-	-	51,831,289
Equipment	-	765,534	-	-	765,534
Total Capital Assets, Being Depreciated	-	52,903,218	-	-	52,903,218
Less: Accumulated Depreciation and Amortization:					
Land Improvements	-	(306,395)	-	-	(306,395)
Buildings and Improvements	-	(23,149,064)	(540,391)	-	(23,689,455)
Equipment	-	(765,534)	-	-	(765,534)
Total Accumulated Depreciation	-	(24,220,993)	(540,391)	-	(24,761,384)
Total Capital Assets, Being Depreciated, Net	-	28,682,225	(540,391)	-	28,141,834
Total Business-Type Activities Capital Assets, Net	\$ -	\$ 30,649,289	\$ (540,391)	\$ -	\$ 30,108,898

*Refer to Note 8 for additional details pertaining to the transfer of business operations.

Depreciation expense was charged to functions/programs of the primary government as follows:

Depreciation Expense - Governmental Activities:

General Government - Administrative	\$ 2,618,053
Public Safety	2,915,939
Public Works	211,780
Community Development	1,294,054
Total Depreciation Expense - Governmental Activities	<u>\$ 7,039,826</u>

Business-Type Activities:

Parking Garage	<u>\$ 540,391</u>
Total Depreciation/Amortization Expense - Business-Type Activities	<u>\$ 540,391</u>

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 6 CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units – Scranton Parking Authority

	Balance - January 1, 2025	Increase or Reclassification	Decrease or Reclassification	Balance - December 31, 2025
Scranton Parking Authority:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,967,064	\$ -	\$ (1,967,064)	\$ -
Total Capital Assets Not Being Depreciated	1,967,064	-	(1,967,064)	-
Capital Assets Being Depreciated:				
Land Improvements	306,395	-	(306,395)	-
Buildings and Building Improvements	51,676,288	155,000	(51,831,288)	-
Equipment	765,534	-	(765,534)	-
Total Capital Assets Being Depreciated	52,748,217	155,000	(52,903,217)	-
Less Accumulated Depreciation:				
Land Improvements	306,395	-	(306,395)	-
Buildings and Building Improvements	22,616,423	532,641	(23,149,065)	-
Equipment	765,534	-	(765,534)	-
Total Accumulated Depreciation	23,688,352	532,641	(24,220,994)	-
Total Capital Assets Being Depreciated, Net	29,059,865	(377,641)	(28,682,223)	-
Total Capital Assets, Net	<u>\$ 31,026,929</u>	<u>\$ (377,641)</u>	<u>\$ (30,649,287)</u>	<u>\$ -</u>

NOTE 7 LEASE RECEIVABLES

The City, acting as lessor, leases wireless communications facilities under long-term, noncancelable lease agreements. The leases expire at various dates through 2042. During the year ended December 31, 2025, the City recognized \$6,402 and \$14,778 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Principal and interest requirements to maturity under lease agreements are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 26,451	\$ 14,503	\$ 40,954
2027	7,864	14,216	22,080
2028	10,477	13,880	24,357
2029	10,928	13,429	24,357
2030	11,398	12,959	24,357
Thereafter	271,892	102,508	374,400
Total	<u>\$ 339,010</u>	<u>\$ 171,495</u>	<u>\$ 510,505</u>

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 8 PUBLIC-PRIVATE PARTNERSHIPS

Discretely Presented Component Unit – Scranton Parking Authority

The Authority recognizes contractually determined revenue related to the service concession agreement public-private partnerships agreement for the parking facilities. The arrangement did not provide for any variable or additional payments. All revenues for the public-private partnerships agreement term were received in advance; therefore, no public-private partnerships asset receivable and corresponding deferred inflow were recorded. The advanced public-private partnerships agreement revenue is recorded as a deferred inflow and amortized straight-line over the life of the agreement. The total amount of public-private partnerships revenue in 2025 was \$357,166.

Under an intergovernmental agreement between the City of Scranton (City) and the Parking Authority (Parking Authority) of the City of Scranton, the Parking Authority agreed to transfer all assets other than operating cash to the City. Subsequently, the City restated its service concession agreement with Community Development Properties, Scranton Inc. over the existing term ending in 2061, no consideration was exchanged. As a result of this transfer, the City recognized the following assets, liabilities and deferred inflows in August of 2025 of:

Nondepreciable Assets	\$ 1,967,064
Depreciable Assets	52,903,217
Accumulated Depreciation	<u>(24,220,993)</u>
Total Capital Assets	<u>30,649,288</u>
Deferred Inflows	
Public Private Partnerships	<u>(25,834,999)</u>
Total Deferred Inflows	<u>(25,834,999)</u>
Transfer of Business Operations	<u><u>\$ 4,814,289</u></u>

NOTE 9 SHORT-TERM DEBT

The City will, in certain years, obtain tax anticipation notes (TAN) for cash flow needs. During the fiscal year 2025, the City did not obtain any such notes.

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 10 LONG-TERM OBLIGATIONS

At December 31, 2025, general long-term debt obligations were as follows:

	Balance Outstanding - Beginning of Year	Additions	Reductions	Balance Outstanding - End of Year	Amounts Due Within One Year
General Obligation Bonds:					
Series A and AA of 2016	\$ 14,560,000	\$ -	\$ (4,535,000)	\$ 10,025,000	\$ 4,765,000
Series A of 2017	9,275,000	-	(405,000)	8,870,000	420,000
Refunding Bonds 2024	29,595,000	-	(2,130,000)	27,465,000	2,490,000
Refunding Bond Premium	2,591,534	-	(774,029)	1,817,505	-
Total General Obligation Bonds	56,021,534	-	(7,844,029)	48,177,505	7,675,000
General Obligation Notes:					
Series of 2016	-	-	-	-	-
Series of 2021	1,687,000	-	(412,000)	1,275,000	418,000
Series of 2023	4,065,000	-	(5,000)	4,060,000	5,000
Total General Obligation Notes	5,752,000	-	(417,000)	5,335,000	423,000
Notes Payable:					
PIB Loan	240,724	-	(240,724)	-	-
Total Notes Payable	240,724	-	(240,724)	-	-
Total Long-Term Debt Obligations	<u>\$ 62,014,258</u>	<u>\$ -</u>	<u>\$ (8,501,753)</u>	<u>\$ 53,512,505</u>	<u>\$ 8,098,000</u>
Other Long-Term Liabilities:					
Financed Purchase Contracts	\$ 1,749,582	\$ 359,157	\$ (566,590)	\$ 1,542,149	\$ 608,961
Leases	4,034,545	160,876	(915,800)	3,279,621	851,392
Subscription Based Information					
Technology Arrangements	962,362	1,083,141	(299,944)	1,745,559	479,813
Compensated Absences	4,623,118	337,197	-	4,960,315	1,987,731
Total Other Long-Term Debt Obligations	<u>\$ 11,369,607</u>	<u>\$ 1,940,371</u>	<u>\$ (1,782,334)</u>	<u>\$ 11,527,644</u>	<u>\$ 3,927,897</u>

Compensated absences is shown at the net of increases and decreases.

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 10 LONG-TERM OBLIGATIONS (CONTINUED)

A summary of long-term debt outstanding at December 31, 2025, is as follows:

General Obligation Bonds

General Obligation Bonds, Series A and AA of 2016

In June 2016, the City issued Guaranteed Lease Revenue Bonds, Series A and Series AA of 2016 in the amount of \$29,810,000 and \$7,920,000, at interest rates of 5.00% and 5.25%, respectively. Principal and interest are due each year in May and November through November 2028 and 2026, respectively.

General Obligation Bonds, Series of 2017

In August 2017, the City issued General Obligation Bonds in the amount of \$24,620,000, at an interest rate of 5%. Principal and interest are due each year on September 1, through September 2029. The bonds were used to refund the Series B of 2003 debt.

General Obligation Bonds, Series of 2024

In February 2024, the City issued General Obligation Bonds in the amount of \$29,880,000 at an interest rate of 5%. Principal and interest are due each year in May and November. These bonds were used to refund general obligation series 2016 bonds in the amount of \$31,250,000.

Future debt service requirements on general obligation bonds as of December 31, 2025, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 7,675,000	\$ 2,319,988	\$ 9,994,988
2027	8,060,000	1,934,250	9,994,250
2028	8,465,000	1,531,250	9,996,250
2029	9,325,000	1,108,000	10,433,000
2030	5,095,000	641,750	5,736,750
2031 to 2032	7,740,001	887,500	8,627,501
Total	<u>46,360,000</u>	<u>\$ 8,422,738</u>	<u>54,782,738</u>
Plus: Unamortized Premium	1,817,505		1,817,505
	<u>\$ 48,177,505</u>		<u>\$ 56,600,243</u>

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 10 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Notes

General Obligation Note, Series of 2016

On August 24, 2016, the City of Scranton, in accordance with the Local Governmental Unit Debt Act of the Commonwealth of Pennsylvania, Act 53 Section 8111(a), issued \$32,850,000 of 5.00% general obligation notes. Proceeds of the notes were used towards the costs of a project consisting of (a) refunding the City's outstanding lease rental debt represented by the City's respective guaranties of the Parking Authority of the City of Scranton, Pennsylvania's (the Parking Authority) Guaranteed Parking Revenue Bonds, Series of 2004, the Parking Authority's Guaranteed Parking Revenue Bonds, Series of 2006, and the Parking Authority's Guaranteed Parking Revenue Bond, Series of 2007 (collectively, the Refunded Bonds), (b) funding various capital improvements in the City, including renovations to certain fire stations located in the City, and (c) paying the costs related to the issuance of the notes. Interest is payable on May 15 and November 15 each year with final maturity November 15, 2032.

The notes are subject to redemption at the option of the City prior to maturity. The notes are subject to mandatory redemption from required sinking fund amortization, prior to maturity, in part, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to date fixed for redemption, on November 15 of each year, drawn by lot by the paying agent.

These bonds were refunded with the 2024 issuance. Funds were placed with the custodian (DTC) for future payments of the debt in full. The City will save approximately \$2.1 million due to the refunding.

General Obligation Note, Series of 2021

On July 13, 2021, the City of Scranton, in accordance with the Local Governmental Debt Act of the Commonwealth of Pennsylvania, Act 53 Section 8111(a), issued \$3,210,000 of general obligation notes with an interest rate of 1.71%. Proceeds of the notes were used to pay off the City's Emmaus General Authority, Series 2002 General Obligation Bonds. Principal and interest is payable on August 1 each year with final maturity on August 1, 2028.

General Obligation Note, Series of 2023

On November 8, 2023, the City of Scranton, in accordance with the Local Governmental Debt Act of the Commonwealth of Pennsylvania, Act 53 Section 8111(a), issued \$4,070,000 of general obligation notes with an interest rate of 4.75%. Proceeds of the notes will be used to fund new capital projects of the City and various costs of issuance. Principal and interest is payable on May 1 and November 1 each year with final maturity on November 1, 2031.

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 10 LONG-TERM OBLIGATIONS (CONTINUED)

Future debt service requirements on general obligation notes as of December 31, 2025, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$423,000	\$214,653	\$ 637,653
2027	430,000	207,267	637,267
2028	437,000	199,762	636,762
2029	5,000	192,138	197,138
2030	3,340,000	191,900	3,531,900
2031 to 2032	700,000	33,250	733,250
Total	<u>\$ 5,335,000</u>	<u>\$ 1,038,970</u>	<u>\$ 6,373,970</u>

Financed Purchase Agreements

The City has entered into various financed purchase agreements for equipment with a net value of \$1,677,758 at December 31, 2025, payable in annual installments including interest from 3.35% to 8.94%, with final payments through fiscal year 2029.

Future debt service requirements on capitalized leases as of December 31, 2025, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	608,961	\$75,650	\$ 684,611
2027	457,160	42,914	500,074
2028	346,689	33,481	380,170
2029	129,339	3,176	132,515
Total	<u>\$ 1,542,149</u>	<u>\$ 155,221</u>	<u>\$ 1,697,370</u>

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 11 LEASES AND SBITA PAYABLE

The City leases equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2029. The right-to-use lease assets and the related accumulated amortization are detailed in Note 6.

Principal and interest requirements to maturity under lease agreements are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$851,392	\$291,187	\$ 1,142,579
2027	901,238	204,021	1,105,259
2028	848,479	130,711	979,190
2029	598,104	78,782	676,886
2030	80,408	34,983	115,391
Total	<u>\$ 3,279,621</u>	<u>\$ 739,684</u>	<u>\$ 4,019,305</u>

The City has entered into subscription-based information technology arrangements (SBITAs) for body camera and enterprise resource planning software. The SBITA arrangements expire at various dates through 2029 and provide for renewal options. The right-to-use SBITA assets and the related accumulated amortization are detailed in Note 6.

The future subscription payments under SBITA agreements are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 479,813	\$ 124,449	\$ 604,262
2027	463,240	390,451	853,691
2028	521,805	58,148	579,953
2029	132,152	21,754	153,906
2030	148,550	11,513	160,063
Total	<u>\$ 1,745,560</u>	<u>\$ 606,315</u>	<u>\$ 2,351,875</u>

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 12 INTERFUND TRANSFERS

Interfund transfers during the year ended December 31, 2025, were as follows:

	Operating Transfer In	Operating Transfer Out
General Fund:		
Liquid Fuels	\$ 1,154,034	
Capital Reserve Fund		3,793,404
Worker Compensation		3,600,000
Special Cities:		
Capital Reserve Fund	50,000	648,625
OECD		
Capital Reserve Fund	202,374	
Liquid Fuels		
General Fund		1,154,034
Capital Reserve Fund		2,024,941
Capital Fund:		
Special Cities	598,625	
General Fund	3,793,404	
Worker's Compensation Fund:	1,288,000	
OECD		202,374
Liquid Fuels	2,024,941	
Worker's Compensation Fund:		
General Fund	3,600,000	
Capital Reserve Fund		1,288,000
Total	<u>\$ 12,711,378</u>	<u>\$ 12,711,378</u>

During the year, transfers are used to move revenues from the fund with collection authorization to the general fund as obligations become due.

NOTE 13 RISK MANAGEMENT

Health Insurance

The City self-insures for health insurance to a maximum claim amount of \$325,000, after which claims are assumed by private insurance companies. Highmark Blue Cross/Blue Shield (BCBS) manages the claims, and the City remits weekly payments to BCBS to cover the claims and administrative fees. Employees contribute to the cost of the insurance in amounts determined by their labor contract. The reconciliation of changes in the aggregate liabilities for the current year and the prior year are as follows:

<u>Year Ending December 31,</u>	Balance - Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance - End of Year
2024	\$ 299,111	\$ 17,076,443	\$ 16,777,633	\$ 597,921
2025	597,921	18,443,816	18,643,803	397,934

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 13 RISK MANAGEMENT (CONTINUED)

Workers' Compensation

The City's risk management activities for workers' compensation are reported within governmental activities and recorded in the Workers' Compensation Internal Service Fund. The purpose of this fund is to administer a self-insured retention program (SIR). Claims in excess of SIR limits of \$1,000,000 are covered through third-party insurance policies. Payments of actual claim costs are made by a third-party administrator and are billed to the City and reimbursed by the General Fund. The claim costs are reflected as revenues in the internal service fund.

The accrued workers' compensation claim loss reserve of \$9,294,581 as of December 31, 2025, was determined by an actuary and represents the discounted present value of expected losses using a 4.20% interest factor. The actuarial value was determined as of August 31, 2025. The amount of workers' compensation claims operating expense (income) for the internal service fund for the year ended December 31, is as follows:

Workers' Compensation Claims:

Claims and Cost Paid	\$ (2,729,082)
Increase in Actuarial Discounted Loss Reserves	<u>(103,376)</u>
Workers' Compensation Claims, Net	<u><u>\$ (2,832,458)</u></u>

The reconciliation of changes in the aggregate liabilities for the current year and the prior year are as follows:

<u>Year Ending December 31,</u>	<u>Balance - Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance - End of Year</u>
2024	\$ 11,840,901	\$ 2,904,628	\$ 2,825,242	\$ 11,920,287
2025	11,920,287	103,376	2,729,082	9,294,581

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. The City retains the risk up to various levels depending on the type of risk. Excess loss coverage is purchased for coverage on claims exceeding the retention level.

At December 31, 2025, the City's self-insured retention limits are as follows:

	<u>Self-Insurance Retention (SIR) (All Claims Up to)</u>	<u>Excess Coverage Policy (From SIR Up to)</u>
Type of Coverage:		
General Liability	\$ 50,000	\$ 1,000,000
Law Enforcement Liability	150,000	1,000,000
Public Officials Liability	15,000	1,000,000
Property	25,000	57,142,273
Automobile Liability	50,000	1,000,000
Excess Workers' Compensation	1,000,000	25,000,000
Boiler and Machinery	25,000	57,142,273

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 14 PENSION PLANS – DEFINED BENEFIT

Plan Description

The City sponsors and administers three single employer defined benefit pension plans covering substantially all full-time employees. These plans are the police, firemen, and nonuniformed pension plans (the Plans). Pennsylvania Act 205 and the City's Home Rule Charter assigns the authority to establish and amend benefit provisions to the Pension Fund Board as authorized by City Council. Plans have been designated as severely distressed under Pennsylvania Act 205.

The Police Pension Plan provides for normal retirement with 25 years of credited service and an attained age of 55 years for members hired on or after July 1, 1987. For members hired prior to July 1, 1987, the Plan provides for normal retirement with 25 years of credited service. The Firemen's Pension Plan provides for normal retirement at age 55 with 25 years of credited service for members hired on or after July 1, 1987. For members hired prior to July 1, 1987, the Plan provides for normal retirement with 25 years of credited service. The Nonuniformed Pension Plan provides for normal retirement at age 55 with completion of 15 years of service and have contributed to the pension fund for 20 years. Members are 100% vested when eligible.

Information regarding the plans can be obtained from the City. The plans do not issue separate financial statements but are included in the City's fund financial statements as a fiduciary fund type: Pension Trust Funds.

Plan Membership

The following table provides information concerning the types of covered employees and benefit provision for each of the Plans.

	<u>Police Pension Plan</u>	<u>Firemen Pension Plan</u>	<u>Nonuniformed Pension Plan</u>
Inactive Plan Members Currently Receiving Benefits	190	195	135
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2	-	18
Active Plan Members	<u>134</u>	<u>132</u>	<u>105</u>
Total	<u><u>326</u></u>	<u><u>327</u></u>	<u><u>258</u></u>

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan pension payments and member/employer contributions are recognized in the period they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Plan Contributions

Police and firemen are required to contribute 6% of covered payroll. Nonuniformed nonunion employees are required to contribute 3% of covered payroll but not more than \$24 per month if hired before July 1, 1987. Nonuniformed nonunion employees contribute \$22 per month if hired after July 1, 1987, or amounts as determined by ordinance.

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 14 PENSION PLANS – DEFINED BENEFIT (CONTINUED)

Plan Contributions (Continued)

Pennsylvania Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act of the Commonwealth of Pennsylvania (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 valuation for all of the City's plans was completed as of January 1, 2025. The MMO is now defined as the total financial requirement to the pension fund, less funding adjustment and estimated member contribution. The Commonwealth of Pennsylvania provides an allocation of funds which must be used for pension funding. Any financial requirements established by the MMO which exceeds Commonwealth and member contributions must be funded by the City. In accordance with Act 205, the City was required to contribute to the three plans for the year ended December 31, 2025.

Contributions, based on the MMO, in 2025 consisted of the following:

	Police Pension Plan	Firemen Pension Plan	Nonuniformed Pension Plan	Total
City	\$1,672,586	\$2,670,566	\$ -	\$ 4,343,152
Commonwealth	2,346,456	2,306,462	732,942	5,385,860
Total	<u>\$ 4,019,042</u>	<u>\$ 4,977,028</u>	<u>\$ 732,942</u>	<u>\$ 9,729,012</u>

Financial Statements

As of December 31, 2025, the pension plans' statements of fiduciary net position were as follows:

	Police Pension Plan	Firemen Pension Plan	Nonuniformed Pension Plan
Assets:			
Cash and Cash Equivalents	\$ 1,110,099	\$ 1,024,523	\$ 122,154
Investments	84,517,823	78,002,548	9,300,314
Receivables	460	425	51
Total Assets	<u>85,628,382</u>	<u>79,027,496</u>	<u>9,422,519</u>
Liabilities:			
Accounts Payable	<u>23,393</u>	<u>21,590</u>	<u>2,574</u>
Fiduciary Net Position:			
Restricted for Pensions	<u>\$ 85,604,989</u>	<u>\$ 79,005,906</u>	<u>\$ 9,419,945</u>

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 14 PENSION PLANS – DEFINED BENEFIT (CONTINUED)

Financial Statements (Continued)

For the year December 31, 2025, the pension plans' statements of changes in fiduciary net position were as follows:

	<u>Police Pension Plan</u>	<u>Firemen Pension Plan</u>	<u>Nonuniformed Pension Plan</u>
Additions			
Contributions:			
Employer Contributions (Including Commonwealth Aid)	\$ 4,785,657	\$ 4,416,743	\$ 526,612
Contributions by Members	<u>691,620</u>	<u>638,305</u>	<u>76,106</u>
Total Contributions	5,477,278	5,055,047	602,718
Net Investment Income	<u>10,474,188</u>	<u>9,666,758</u>	<u>1,152,576</u>
Total Additions	15,951,466	14,721,806	1,755,294
Deductions			
Retirement Benefits Paid	6,639,881	6,128,028	730,650
Administrative Expenses	<u>222,955</u>	<u>205,768</u>	<u>24,534</u>
Total Deductions	<u>6,862,836</u>	<u>6,333,796</u>	<u>755,184</u>
Change in Net Position	9,088,630	8,388,010	1,000,110
Net Position - Beginning of Year	<u>76,516,359</u>	<u>70,617,896</u>	<u>8,419,835</u>
Net Position - End of Year	<u><u>\$ 85,604,989</u></u>	<u><u>\$ 79,005,906</u></u>	<u><u>\$ 9,419,945</u></u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plans do not have a formal investment policy that addresses credit risk. The credit risk of a debt instrument as measured by a Nationally Recognized Statistical Rating Organization (NRSRO). (Morningstar for bond mutual funds or Moody's for bonds and mortgages) is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality</u>
Fixed Income Funds	31,278,650	AA
Fixed Income Funds	35,446,517	A
Money Market Funds	14,519,890	Not Rated
Total	<u><u>\$ 81,245,057</u></u>	

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 14 PENSION PLANS – DEFINED BENEFIT (CONTINUED)

Custodial Credit Risk

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the Plans will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Plans do not have a formal investment policy that addresses custodial credit risk, however, the Plan held no investments that were exposed to custodial credit risk at December 31, 2025.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plans do not have a formal investment policy that addresses foreign currency risk, however, the Plans held no investments that were exposed to foreign currency risk as of December 31, 2025.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment or a deposit. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. The Plans do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of December 31, 2025 the Plans' investment balance exposed to interest rate risk was as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	Greater Than 10
Fixed Income Funds	\$ 66,725,167	\$ -	\$ -	\$ 66,725,167	\$ -
Total	\$ 66,725,167	\$ -	\$ -	\$ 66,725,167	\$ -

Net Pension Liability

At December 31, 2025, the City reported a net pension liability for the Police Plan of \$16,599,371, the Firemen's Plan of \$22,521,192, and the Nonuniformed Plan of \$2,656,488. Update procedures were used to roll forward to the plans' fiscal year ending December 31, 2025. The total pension liability was determined as part of an actuarial valuation at January 1, 2024, and rolled forward to December 31, 2025.

The components of the net pension liability at December 31, 2025, were as follows:

	Police Plan	Firemen Plan	Nonuniformed Plan
Total Pension Liability	\$ 102,227,753	\$ 101,548,688	\$ 12,079,007
Plan Fiduciary Net Position	(85,628,382)	(79,027,496)	(9,422,519)
Net Pension Liability	\$ 16,599,371	\$ 22,521,192	\$ 2,656,488
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.8%	77.8%	78.0%

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 14 PENSION PLANS – DEFINED BENEFIT (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of December 31, 2025, is as follows:

Asset Class:	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap Equity	34.20 %	4.82 %
U.S. Small Cap Equity	1.80	5.63
Developed International Equity	13.50	4.85
Emerging Equity	5.50	5.44
Core Fixed Income	40.00	2.01
Cash	5.00	<u>0.04</u>
Total Net Blended Return*		<u><u>3.54 %</u></u>
Long-Term Expected Rate of Return (Including Inflation)		<u><u>5.94 %</u></u>

*Excludes 2.40% Inflation Assumption

For the year ended December 31, 2025, the annual money weighted rate of return on pension plan investments, net of investment expense was 5.94%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Discount Rate

The discount rate used to measure the total pension liability for the three pensions was 6.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based upon the Plan's current target investment allocation and the associated long-term expected investment returns for its asset classes, the Plan's long-term returns may be less than its actuarial discount rate assumption used to determine its pension liability. This may result in future increased total and net pension liability. The actuary recommends that the governing body explore the costs of lowering the actuarial assumed investment rate of return going forward to be more consistent with the plan's anticipated investment returns.

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 14 PENSION PLANS – DEFINED BENEFIT (CONTINUED)

Changes in the Police Plan Net Pension Liability

	(A) Total Pension Liability	(B) Plan Fiduciary Net Position	(A - B) Net Pension Liability
Balances - Beginning of Year	\$ 91,724,200	\$ 76,641,033	\$ 15,083,167
Changes for the Period:			
Service Cost	1,235,184	-	1,235,184
Interest	6,522,781	-	6,522,781
Assumption Changes	9,962,672	-	9,962,672
Contribution - Buy Back	199	-	199
Difference Between Expected and Actual Experience	-	-	-
	(1,237,302)	-	(1,237,302)
Assumption Changes	-	-	-
Employer Contributions	-	-	-
(Including Commonwealth Aid)	-	4,019,241	(4,019,241)
Employee Contributions	-	727,676	(727,676)
Net Investment Income	-	10,289,880	(10,289,880)
Benefit Payments and Refunds	(5,979,980)	(5,979,980)	-
Administrative Expense	-	(69,468)	69,468
Net Changes	<u>10,503,554</u>	<u>8,987,349</u>	<u>1,516,205</u>
Balances - End of Year	<u>\$ 102,227,754</u>	<u>\$ 85,628,382</u>	<u>\$ 16,599,372</u>

Changes in the Firemen's Plan Net Pension Liability

	(A) Total Pension Liability	(B) Plan Fiduciary Net Position	(A - B) Net Pension Liability
Balances - Beginning of Year	\$ 92,192,667	\$ 70,438,898	\$ 21,753,769
Changes for the Period:			
Service Cost	1,196,210	-	1,196,210
Interest	6,532,878	-	6,532,878
Difference Between Expected and Actual Experience	-	-	-
	(1,264,296)	-	(1,264,296)
Contribution - Buy Back	4,530	-	4,530
Assumption Changes	9,447,101	-	9,447,101
Employer Contributions	-	-	-
(Including Commonwealth Aid)	-	4,981,558	(4,981,558)
Employee Contributions	-	726,684	(726,684)
Net Investment Income	-	9,506,273	(9,506,273)
Benefit Payments and Refunds	(6,560,402)	(6,560,402)	-
Administrative Expense	-	(65,515)	65,515
Net Changes	<u>9,356,021</u>	<u>8,588,598</u>	<u>767,423</u>
Balances - End of Year	<u>\$ 101,548,688</u>	<u>\$ 79,027,496</u>	<u>\$ 22,521,192</u>

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 14 PENSION PLANS – DEFINED BENEFIT (CONTINUED)

Changes in the Nonuniformed Plan Net Pension Liability

	(A) Total Pension Liability	(B) Plan Fiduciary Net Position	(A - B) Net Pension Liability
Balances - Beginning of Year	\$ 10,974,454	\$ 8,517,249	\$ 2,457,205
Changes for the Period:			
Service Cost	54,121	-	54,121
Interest	765,708	-	765,708
Difference Between Expected and Actual Experience	-	-	-
Assumption Changes	263,319	-	263,319
Contribution - Buy Back	955,054	-	955,054
Employer Contributions	528	-	528
(Including Commonwealth Aid)	-	-	-
Employee Contributions	-	733,470	(733,470)
Net Investment Income	-	31,100	(31,100)
Benefit Payments and Refunds	-	1,131,396	(1,131,396)
Administrative Expense	(934,177)	(934,177)	-
Net Changes	-	(56,519)	56,519
Balances - End of Year	<u>1,104,553</u>	<u>905,270</u>	<u>199,283</u>
	<u>\$ 12,079,007</u>	<u>\$ 9,422,519</u>	<u>\$ 2,656,488</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.25%) or one-percentage-point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net Pension Liability:			
Police Pension Plan	<u>\$28,426,386</u>	<u>\$16,599,371</u>	<u>\$6,546,995</u>
Firemen Pension Plan	<u>\$33,591,388</u>	<u>\$22,521,192</u>	<u>\$12,982,430</u>
Nonuniformed Pension Plan	<u>\$3,789,464</u>	<u>\$2,656,488</u>	<u>\$1,720,525</u>

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 14 PENSION PLANS – DEFINED BENEFIT (CONTINUED)

City's Recognition of the Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources

As allowed by GASB Statement No. 68, the City is reporting on its government-wide financial statements, its net pension liability, and related deferred outflows of resources and inflows of resources using information from the City's pension plans measured as of December 31, 2025. The City's pension plans' total pension liability as of December 31, 2025, was \$215,855,448, less the City pension plans' fiduciary net position of \$174,078,397, resulting in a net pension liability of \$41,777,051 at December 31, 2025. Accordingly, as of December 31, 2025, the City reported a net pension liability in the government-wide statement of net position. For the year ended December 31, 2025, the City recognized net pension expense of \$8,890,063. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to the City pension plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Expected and Actual Experience:		
Police Pension Plan	\$ -	\$1,703,275
Firemen Pension Plan	-	2,332,333
Nonuniformed Pension Plan	323,122	-
Change in Assumptions:		
Police Pension Plan	9,231,382	-
Firemen Pension Plan	8,851,901	-
Nonuniformed Pension Plan	944,098	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments:		
Police Pension Plan	-	2,890,756
Firemen Pension Plan	-	3,220,250
Nonuniformed Pension Plan		277,796
Total	<u>\$ 19,350,503</u>	<u>\$ 10,424,410</u>

Amounts reported as deferred outflows (inflows) of resources will be recognized in the pension expense as follows:

<u>Year Ending December 31,</u>	<u>Police Pension Plan</u>	<u>Firemen Pension Plan</u>	<u>Nonuniformed Pension Plan</u>
2026	\$3,490,545	\$2,019,830	\$516,391
2027	(174,277)	(640,526)	94,215
2028	546,672	60,997	175,133
2029	774,381	459,216	203,685
2030	-	1,399,831	-
Thereafter	-	-	-
Total	<u>\$ 4,637,321</u>	<u>\$ 3,299,348</u>	<u>\$ 989,424</u>

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 15 PENSION PLAN – DEFINED CONTRIBUTION

In 2025, the City made contributions to the City's 457(b) defined contribution plan pursuant to its collective bargaining agreement with the IAMAW 2462 Local Lodge. The City can contribute up to 1% of an eligible employee's salary, based on a 1:2 match. For the year ended December 31, 2025, the City contributed \$22,000 to this plan for eligible employees who were active on the roster as of September 30, 2025.

NOTE 16 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City sponsors three Health and Welfare Plans (the H&W Plans). The H&W Plans are single-employer defined benefit healthcare plans administered by the City as another postemployment benefit plan (OPEB). The H&W Plans provide medical coverage to eligible retirees and their dependents who meet specific criteria.

Under the police, firemen, and clerical labor contracts, the City is responsible for providing health insurance to retirees and spouses for the remainder of their lives if the employee was hired or retired prior to December 31, 1993. Employees hired after December 31, 1993, are not eligible for these benefits. The City's contribution for retiree health insurance is equal to the cost in effect in 1993 plus 75% of any increase above that cost. The retiree pays the other 25%.

Under the public works labor contract, the City will provide health insurance to retirees and spouses only from age 62 to 65. The City's contribution is equal to the cost in effect in 1994 plus 75% of any increase above those costs. The retiree pays the other 25%.

Plan Membership

The following employees were covered by the benefit terms at December 31, 2025:

Inactive Plan Members, or Beneficiaries	
Currently Receiving Benefits	489
Inactive Plan Members Entitled to But	
Not Yet Receiving Benefits	-
Active Plan Members	488
Total	<u>977</u>

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 16 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Financial Statements

As of December 31, 2025, the Trust's statement of fiduciary net position was as follows:

Assets:	
Cash and Cash Equivalents	\$ 29,868
Investments:	
Fixed Income Securities	1,281,221
Domestic Equity Securities	2,031,394
Receivables	2,498
Total Assets	<u>3,344,981</u>
Fiduciary Net Position	
Restricted for OPEB	3,344,981
Total Net Position	<u><u>\$ 3,344,981</u></u>

As of December 31, 2025, the Trust's statement of change in fiduciary net position was as follows:

Additions:	
Contributions:	
Employer	\$ 300,000
Benefit Contributions	9,899,656
Total Contributions	<u>10,199,656</u>
Investment Earnings:	
Net Increase in the Fair Value of Investments	430,089
Total Investment Earnings	430,089
Less: Investment Expense	-
Net Investment Earnings	<u>430,089</u>
Total Additions	10,629,745
Deductions:	
Benefits	9,899,656
Administrative Expenses	-
Total Deductions	<u>9,899,656</u>
Net Increase (Decrease) in Fiduciary Net Position	730,089
Fiduciary Net Position - Beginning of Year	<u>2,614,892</u>
Fiduciary Net Position - End of Year	<u><u>\$ 3,344,981</u></u>

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 16 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements. A \$300,000 contribution was made to the Trust. No benefits were paid out of the Trust during the fiscal year ending December 31, 2025.

Investments

The Trust's investment policy and any changes to the policy are adopted by the board of trustees of the Trust. The current policy was approved in December 2022 and contains long-term asset allocation ranges.

The primary objective of the investment policy is to assure that assets will be available to pay postemployment benefits throughout the life of the Plan and to maintain or improve the market value of the fund relative to vested and accrued benefit liabilities. The objectives seek to preserve the actuarial soundness of the Plan by achieving a long-term return of at least the actuarial return rate and to prudently manage the inherent investment risks that are related to the achievement of this goal.

Long-term asset allocation ranges are developed based on several factors including, the long-term investment goals of the Trust; the Trustee's tolerance for short-term losses; the Trust's liquidity needs; and any legal or regulatory requirements.

Custodial credit risk is the risk that the Trust will not be able to recover the value of its investments if the counterparty fails. The Trust's mutual fund investments are not subject to custodial credit risk in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*—an amendment of GASB Statement No. 3, as the investments are open-end mutual funds.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plans do not have a formal investment policy that addresses credit risk. The credit risk of a debt instrument as measured by a Nationally Recognized Statistical Rating Organization (NRSRO). All of the Trust's mutual funds and ETFs are not rated.

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 16 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Investments (Continued)

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment or a deposit. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of December 31, 2025, the Trust's investment balance exposed to interest rate risk was as follows:

Investment Type	Investment Maturities		
	No Maturity	Less Than 1 Year	1-5 Years
Fixed Income Mutual Funds	\$ 928,744	\$ -	\$ -
Fixed Income ETF	352,477	-	-
Equity Mutual Funds	-	-	-
International Equity ETF	251,757	-	-
International Equity Mutual Funds	468,257	-	-
US Equity ETF	1,254,759	-	-
US Large CAP Value	29,747	-	-
US Small CAP Growth	26,875	-	-
Total OPEB Trust Fund	<u>3,312,615</u>	<u>-</u>	<u>-</u>

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment in a foreign financial institution. The Plan mitigates this risk by limiting its investments in funds with foreign exposure. The underlying assets of the Trust's International Equity Mutual Funds and ETFs are invested in foreign assets that may be exposed to exchange rate changes.

Concentration risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The following investments represent over 5% of total investments with a single investor as of December 31, 2025:

	Investment	%
ISHARES CORE U.S. AGG	\$ 352,477	13.22%
BAIRD CORE PLUS BOND	347,819	13.05%
NUVEEN CORE BOND	213,134	8.00%
PRUDENTIAL TOT RETURN BOND	245,483	9.21%
FIDELITY INTL IDX	251,757	9.45%
SCHWAB US LARGE-CAP ETF	1,254,759	47.08%
Total	<u>\$ 2,665,428</u>	

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 16 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Investments (Continued)

GAAP defines fair value as the price that would be received upon the sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. GAAP specifies a hierarchy of inputs to valuation techniques, which categorizes inputs to fair-value measurement that reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs).

The following summarizes the fair-value hierarchy:

Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market that an organization has the ability to access,

Level 2 Inputs – Inputs other than the quoted prices in active markets that are observable either directly or indirectly, and

Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair-value measurements.

The following tables present the fair-value measurements of assets recognized in the accompanying statements of net position measured at fair-value on a recurring basis and the level within the fair-value hierarchy in which the fair-value measurements fall at December 31, 2025:

Investment Type	Investment Maturities				Fair Value
	Level 1	Level 2	Level 3		
Fixed Income Mutual Funds	\$ 928,744	\$ -	\$ -	\$ -	\$ 928,744
Fixed Income ETF	352,477	-	-	-	352,477
Equity Mutual Funds	-	-	-	-	-
International Equity ETF	251,757	-	-	-	251,757
International Equity Mutual Funds	468,257	-	-	-	468,257
US Equity ETF	1,254,759	-	-	-	1,254,759
US Large CAP Value	29,747	-	-	-	29,747
US Small CAP Growth	26,875	-	-	-	26,875
Total OPEB Trust Fund	<u>3,312,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,312,615</u>

Net OPEB Liability

At December 31, 2025, the City reported a net OPEB liability for Plan of \$140,521,853. The net OPEB liability was measured as of December 31, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2025, rolled forward to December 31, 2025.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 16 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability (Continued)

The components of the net OPEB liability at December 31, 2025, were as follows:

	<u>City OPEB Plan</u>
Total OPEB Liability	\$ 143,866,734
Plan Fiduciary Net Position	(3,344,881)
Net OPEB Liability	<u>\$ 140,521,853</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>2.32%</u>

Actuarial Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation performed as of December 31, 2025, using the following actuarial methods and assumptions.

The total OPEB liability for the Plan was determined by an actuarial valuation performed as of December 31, 2025, using the following actuarial methods and assumptions.

Valuation Date	January 1, 2025
Measurement Date	December 31, 2025
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation	2.41%
Salary Increases	4.50%
20-Year Tax-Exempt Municipal Bond Rate	5.00%
Long-Term Expected Rate of Return	5.00%
Discount Rate	5.00%
Healthcare Cost Trend Rate	Initial trend starting at 1.75% and gradually decreasing to an ultimate trend rate of 4.75% over a period of 9 years.

All mortality rates were based on the PubG-2010 mortality tables. All mortality rates are projected five years past the valuation date using mortality improvement scale MP-2021.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 5.00%. The expected rate of return on trust investments is 5.00%. This rate was used to discount projected benefit payments.

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 16 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in Police Plan Net OPEB Liability

	(A) Total OPEB Liability	(B) Plan Fiduciary Net Position	(A - B) Net OPEB Liability
Balance - Beginning of Year	\$ 148,319,972	\$ 2,615,005	\$ 145,704,967
Changes for the Period:			
Service Cost	2,409,198	-	2,409,198
Interest	6,992,193	-	6,992,193
Changes in Benefit Terms	(482,157)	-	(482,157)
Changes in Assumptions	2,523,044	-	2,523,044
Difference Between Expected and Actual Experience	(5,995,860)	-	(5,995,860)
Contributions - Employer	-	300,000	(300,000)
Net Investment Income	-	429,876	(429,876)
Administrative Expense	-	-	-
Benefit Payments	(9,899,656)	-	(9,899,656)
Net Changes	(4,453,238)	729,876	(5,183,114)
Balance - End of Year	<u>\$ 143,866,734</u>	<u>\$ 3,344,881</u>	<u>\$ 140,521,853</u>

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

The following presents the total OPEB liability of the City, calculated using a discount rate and healthcare trend rate that is one-percentage-point lower, and one-percentage-point higher than the current discount rate and healthcare cost trend rate, respectively:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Other Postemployment Benefits Liability:			
Net OPEB Liability	<u>\$154,664,130</u>	<u>\$140,521,853</u>	<u>\$128,377,002</u>
		Current Health Care Cost Trend Rates	
	1% Decrease	(5.0%)	1% Increase
Other Postemployment Benefits Liability:			
Net OPEB Liability	<u>\$127,509,072</u>	<u>\$140,521,853</u>	<u>\$155,603,121</u>

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 16 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

For the year ended December 31, 2025, the City recognized net OPEB expense of (\$4,821,628). At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,719,091	\$ 6,364,684
Changes of Assumptions	2,102,537	19,617,280
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	362,437
Totals	<u>\$ 4,821,628</u>	<u>\$ 26,344,401</u>

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

Year Ending December 31,	Other Postemployment Benefits
2026	(13,162,106)
2027	(5,097,027)
2028	(2,049,210)
2029	(635,629)
2030	(578,801)
Total	<u>\$ (21,522,773)</u>

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 17 FUND BALANCE

The following is a summary of the governmental fund balances of the City at December 31, 2025:

General Fund:		
Restricted:		
Capital Reserve	\$	8,661,870
Assigned		-
Unassigned		22,104,914
Total General Fund		<u>30,766,784</u>
Office of Economic and Community Development Fund:		
Restricted:		
Community Development		2,006,106
Special Cities Fund:		
Restricted:		
Other Externally Imposed Restrictions		2,542,156
Total Special Cities Fund		<u>2,542,156</u>
American Rescue Plan Act Fund:		
Restricted		4,057,448
Nonmajor Funds:		
Nonspendable:		
Property Held for Resale		96,769
Restricted:		
Roads and Streets		1,501,520
Capital Reserve		3,246,234
Unassigned		(69,242)
Total Nonmajor Funds		<u>4,775,281</u>
Total Governmental Funds Balance	\$	<u><u>44,147,775</u></u>

NOTE 18 CREDIT 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 80% of the total taxes collected by the City in 2025. 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 market value of the City's investments is subject to fluctuations in the prevailing market prices of those investments.

NOTE 19 RELATED PARTY TRANSACTIONS

The City paid \$954,207 to the Single Tax Office to subsidize certain operating costs of this entity. The Single Tax Office collected approximately \$44.6 million of tax revenues and refuse fees on behalf of the City in 2025.

**CITY OF SCRANTON, PENNSYLVANIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 20 COMMITMENTS AND CONTINGENCIES

Litigation

The City is named as a party in various legal proceedings and investigations that occur in the normal course of governmental operations. Although the ultimate outcome of these legal proceedings and investigations is unknown, the City is vigorously defending its position in each case.

Collective Bargaining Agreements

Substantially all of the City's nonmanagement employees are covered by collective bargaining agreements between the City and various unions.

NOTE 21 TAX ABATEMENTS

As of December 31, 2025, the City provides tax abatements through a Local Economic Revitalization Tax Assistance (LERTA) program. The City established a local LERTA to provide property tax abatements that encourage revitalization of existing land and buildings on all residential, commercial, and industrial properties located within the City.

LERTA approved projects will receive a 10-year, 100% tax abatement on owner improvements to properties within the City. The exemption will begin when the new assessed value takes effect. Tax exemption applies to the improvements to the land or building only and are subject to standard tax rates and terms. For the year ended December 31, 2025, the City was not able to determine the amount of taxes abated.

NOTE 22 SEWER AUTHORITY

During the year ended December 31, 2016, the Sewer Authority was sold to Pennsylvania American Water Company (PAWC) for \$195,000,000. The City received \$66,519,986 as part of the sale in addition to escrow deposits and wind-down funds held back of \$17,840,000, which are held by a third party. \$67,065,588 was used to pay off the defeased Sewer Authority debt, and the Borough of Dunmore, Pennsylvania, (Dunmore) received \$16,626,366 for their share of the sale and \$4,460,000 of escrow deposits.

As part of the agreement, the City agreed to assume certain liabilities which were estimated to be less than the escrow deposit. However, if certain liabilities exceed the escrow deposits, the City would be liable for its proportionate share. Management believes that the escrow will be sufficient to extinguish all liabilities. Additionally, the City agreed to share in the upkeep of certain storm water assets with the seller and Dunmore. Management believes such upkeep will be de minimis to the City.

CITY OF SCRANTON, PENNSYLVANIA
SCHEDULE OF REVENUE AND EXPENDITURES – BUDGET AND ACTUAL –
GENERAL FUND
DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE				
Taxes	\$ 88,980,928	\$ 88,980,928	\$ 91,557,750	\$ 2,576,822
Intergovernmental	6,602,794	6,602,794	5,477,189	(1,125,605)
Departmental Earnings	165,000	165,000	41,910	(123,090)
Refuse Disposal Fees	7,700,000	7,700,000	7,676,938	(23,062)
Licenses and Permits	4,220,390	4,220,390	3,121,828	(1,098,562)
Cable Television Franchise Revenue	- 1,681,000	- 1,681,000	- 756,466	- (924,534)
Payments in Lieu of Taxes	280,000	280,000	246,132	(33,868)
Program Income	-	-	305,200	305,200
Rents and Concessions	-	-	-	-
Investment Income	850,000	850,000	1,169,955	319,955
Other Revenues	40,000	40,000	593,143	553,143
Total Revenue	110,520,112	110,520,112	110,946,511	426,399
EXPENDITURES				
General Government	22,674,988	22,674,988	18,935,988	3,739,000
Public Safety	54,963,370	54,963,370	54,202,892	760,478
Public Works	15,891,277	15,666,277	14,721,390	944,887
Culture and Recreation	2,006,410	2,006,410	1,939,249	67,161
Debt Service Payments	10,629,021	10,404,021	10,952,965	(548,944)
Capital Outlay	7,005,046	7,005,046	1,083,141	5,921,905
Total Expenditures	113,170,112	112,720,112	101,835,625	10,884,487
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(2,650,000)	(2,200,000)	9,110,886	11,310,886
OTHER FINANCING SOURCES (USES)				
Proceeds from Leases	-	-	-	-
Proceeds from SBITAs	-	-	1,083,141	1,083,141
Proceeds from finance purchases	-	-	-	-
Operating Transfers Out	-	-	(7,393,402)	(7,393,402)
Proceeds on refunding	-	-	-	-
Premium on refunding	-	-	-	-
Payments to escrow agent	-	-	-	-
Court Award	(400,000)	(400,000)	(379,506)	20,494
Proceeds From Note Issuance	-	-	-	-
Operating Transfers In	2,650,000	2,650,000	1,154,034	(1,495,966)
Total Other Financing Sources (Uses)	2,250,000	2,250,000	(5,535,733)	(7,785,733)
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(400,000)	50,000	3,575,153	3,525,153
Fund Balance - Beginning of Year	30,729,712	30,729,712	27,191,631	(3,538,081)
FUND BALANCE - END OF YEAR	<u>\$ 30,329,712</u>	<u>\$ 30,779,712</u>	<u>\$ 30,766,784</u>	<u>\$ (12,928)</u>

CITY OF SCRANTON, PENNSYLVANIA
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND
RELATED RATIOS - POLICE PENSION PLAN
LAST TEN FISCAL YEARS*
(UNAUDITED)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	\$ 1,235,184	\$ 1,190,903	\$ 1,139,620	\$ 1,199,704	\$ 1,148,042	\$ 1,166,860	\$ 1,116,612	\$ 1,109,820	\$ 1,062,029	\$ 1,300,741
Interest	6,522,781	6,398,414	6,282,314	6,155,559	6,041,782	5,593,207	5,502,284	5,569,195	5,475,400	7,797,729
Differences Between Expected and Actual Experience	(1,237,302)	-	(1,285,574)	-	(855,617)	-	(1,580,091)	-	(7,477,628)	-
Changes in Assumptions	9,962,672	-	1,556,900	-	5,847,205	-	1,864,184	-	(20,511,936)	-
Benefit Payments, Including Refunds of Member Contributions	(5,979,781)	(5,856,395)	(5,887,272)	(5,749,072)	(5,595,212)	(5,495,991)	(5,334,064)	(5,330,467)	(5,338,761)	(5,334,183)
Net Change in Total Pension Liability	10,503,554	1,732,922	1,805,988	1,606,191	6,586,200	1,264,076	1,568,925	1,348,548	(26,790,896)	3,764,287
Total Pension Liability - Beginning	91,724,200	89,991,278	88,185,290	86,579,099	79,992,899	78,728,823	77,159,898	75,811,350	102,602,246	98,837,959
Total Pension Liability - Ending (A)	<u>\$ 102,227,754</u>	<u>\$ 91,724,200</u>	<u>\$ 89,991,278</u>	<u>\$ 88,185,290</u>	<u>\$ 86,579,099</u>	<u>\$ 79,992,899</u>	<u>\$ 78,728,823</u>	<u>\$ 77,159,898</u>	<u>\$ 75,811,350</u>	<u>\$ 102,602,246</u>
Plan Fiduciary Net Position:										
Contributions - Employer	\$ 1,672,586	\$ 4,674,982	\$ 3,209,356	\$ 3,302,127	\$ 2,816,730	\$ 2,563,526	\$ 2,100,737	\$ 12,903,789	\$ 6,647,833	\$ 5,006,025
Contributions - State Aid	2,346,456	2,056,796	2,023,720	1,788,053	1,490,084	1,600,420	1,757,264	1,522,058	1,348,946	1,268,647
Contributions - Member	727,676	679,707	665,354	653,257	650,747	654,294	652,255	643,578	645,078	754,378
Net Investment Income	10,289,880	6,289,307	7,929,933	(11,125,096)	6,967,540	8,415,913	8,676,068	(1,841,689)	4,364,702	2,556,892
Benefit Payments, Including Refunds of Member Contributions	(5,979,781)	(5,856,395)	(5,887,272)	(5,749,072)	(5,595,212)	(5,495,991)	(5,332,669)	(5,330,472)	(5,338,761)	(5,334,183)
Administrative Expense	(69,468)	(70,110)	(69,853)	(43,672)	(46,147)	(44,836)	(52,225)	(48,449)	(64,224)	(56,185)
Net Change in Plan Fiduciary Net Position	8,987,349	7,774,287	7,871,238	(11,174,403)	6,283,742	7,693,326	7,801,430	7,848,815	7,603,574	4,195,574
Plan Fiduciary Net Position - Beginning	76,641,032	68,866,745	60,995,507	72,169,910	65,886,168	58,192,842	50,391,412	42,542,597	34,939,023	30,743,449
Plan Fiduciary Net Position - Ending (B)	<u>\$ 85,628,381</u>	<u>\$ 76,641,032</u>	<u>\$ 68,866,745</u>	<u>\$ 60,995,507</u>	<u>\$ 72,169,910</u>	<u>\$ 65,886,168</u>	<u>\$ 58,192,842</u>	<u>\$ 50,391,412</u>	<u>\$ 42,542,597</u>	<u>\$ 34,939,023</u>
Plan's Net Pension Liability (A) - (B)	<u>\$ 16,599,373</u>	<u>\$ 15,083,168</u>	<u>\$ 21,124,533</u>	<u>\$ 27,189,783</u>	<u>\$ 14,409,189</u>	<u>\$ 14,106,731</u>	<u>\$ 20,535,981</u>	<u>\$ 26,768,486</u>	<u>\$ 33,268,753</u>	<u>\$ 67,663,223</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.8 %	83.6 %	76.5 %	69.2 %	83.4 %	82.4 %	73.9 %	65.3 %	56.1 %	34.1 %
Covered Employee Payroll	\$ 12,200,000	\$ 11,500,000	\$ 11,300,000	\$ 11,000,000	\$ 11,500,000	\$ 12,800,000	\$ 11,000,000	\$ 10,800,000	\$ 11,000,000	\$ 10,100,000
Plan's Net Pension Liability as a Percentage of Covered Employee Payroll	136.1 %	131.2 %	186.9 %	247.2 %	125.3 %	110.2 %	186.7 %	247.9 %	302.4 %	669.9 %

Notes to Schedule:

Assumption Changes:

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

In 2017, the interest rate assumption was changed from 8.0% to 7.5% per annum, salary rates changed from 5.0% to 4.5%, and the cost of living adjustment assumption was removed.

In 2019, the interest rate assumption was decreased from 7.5% to 7.25%.

In 2021, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2017 using Scale AA to the Puks-2010.

In 2023, the mortality assumption was changed to the PubS 2010 to the PubS-2010 projected 5 years past the valuation date using the most recent MP Scale

CITY OF SCRANTON, PENNSYLVANIA
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
FIREMEN PENSION PLAN
LAST TEN FISCAL YEARS*
(UNAUDITED)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	\$ 1,196,210	\$ 1,207,633	\$ 1,155,630	\$ 1,079,830	\$ 1,033,330	\$ 1,022,441	\$ 978,412	\$ 985,136	\$ 942,714	\$ 998,710
Interest	6,532,878	6,454,891	6,385,333	6,374,425	6,318,173	5,841,596	5,818,493	5,842,733	5,826,106	8,107,968
Differences Between Expected and Actual Experience	(1,264,296)	-	(2,549,618)	-	(989,568)	-	357,621	-	(3,178,426)	-
Changes in Assumptions	9,447,101	-	1,901,425	-	7,178,923	-	1,779,419	-	(23,063,685)	-
Benefit Payments, Including Refunds of Member Contributions	(6,555,872)	(6,590,409)	(6,676,678)	(6,786,124)	(6,458,121)	(6,523,487)	(6,521,054)	(6,691,385)	(6,487,711)	(6,465,804)
Net Change in Total Pension Liability	9,356,021	1,072,115	216,092	668,131	7,082,737	340,550	2,412,891	136,484	(25,961,002)	2,640,874
Total Pension Liability - Beginning	92,192,667	91,120,552	90,904,460	90,236,329	83,153,592	82,813,042	80,400,151	80,263,667	106,224,669	103,583,795
Total Pension Liability - Ending (A)	<u>\$ 101,548,688</u>	<u>\$ 92,192,667</u>	<u>\$ 91,120,552</u>	<u>\$ 90,904,460</u>	<u>\$ 90,236,329</u>	<u>\$ 83,153,592</u>	<u>\$ 82,813,042</u>	<u>\$ 80,400,151</u>	<u>\$ 80,263,667</u>	<u>\$ 106,224,669</u>
Plan Fiduciary Net Position:										
Contributions - Employer	\$ 2,670,566	\$ 8,746,297	\$ 7,377,997	\$ 7,444,849	\$ 6,059,035	\$ 4,786,111	\$ 4,242,540	\$ 14,893,060	\$ 8,262,627	\$ 6,087,485
Contributions - State Aid	2,306,462	2,119,712	2,000,409	1,684,444	1,394,139	1,501,944	1,542,204	1,400,263	1,238,828	1,023,667
Contributions - Member	726,684	715,086	694,518	668,685	669,496	642,137	643,576	603,523	612,845	751,112
Net Investment Income	9,506,273	5,763,967	6,869,579	(9,026,236)	5,366,028	6,208,454	6,269,069	(1,314,210)	2,792,721	1,522,810
Benefit Payments, Including Refunds of Member Contributions	(6,555,872)	(6,590,409)	(6,676,678)	(6,786,124)	(6,458,121)	(6,523,487)	(6,521,054)	(6,691,385)	(6,487,711)	(6,465,804)
Administrative Expense	(65,515)	(54,142)	(57,039)	(43,860)	(49,191)	(45,005)	(50,615)	(46,409)	(57,437)	(48,494)
Net Change in Plan Fiduciary Net Position	8,588,598	10,700,511	10,208,786	(6,058,242)	6,981,386	6,570,154	6,125,720	8,844,842	6,361,873	2,870,776
Plan Fiduciary Net Position - Beginning	70,438,898	59,738,387	49,529,601	55,587,843	48,606,457	42,036,303	35,910,583	27,065,741	20,703,868	17,833,092
Plan Fiduciary Net Position - Ending (B)	<u>\$ 79,027,496</u>	<u>\$ 70,438,898</u>	<u>\$ 59,738,387</u>	<u>\$ 49,529,601</u>	<u>\$ 55,587,843</u>	<u>\$ 48,606,457</u>	<u>\$ 42,036,303</u>	<u>\$ 35,910,583</u>	<u>\$ 27,065,741</u>	<u>\$ 20,703,868</u>
Plan's Net Pension Liability (A) - (B)	<u>\$ 22,521,192</u>	<u>\$ 21,753,769</u>	<u>\$ 31,382,165</u>	<u>\$ 41,374,859</u>	<u>\$ 34,648,486</u>	<u>\$ 34,547,135</u>	<u>\$ 40,776,739</u>	<u>\$ 44,489,568</u>	<u>\$ 53,197,926</u>	<u>\$ 85,520,801</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.8 %	76.4 %	65.6 %	54.5 %	61.6 %	58.5 %	50.8 %	44.7 %	33.7 %	19.5 %
Covered Employee Payroll	\$ 12,400,000	\$ 11,700,000	\$ 11,500,000	\$ 11,500,000	\$ 11,000,000	\$ 11,800,000	\$ 10,700,000	\$ 10,500,000	\$ 10,500,000	\$ 9,100,000
Plan's Net Pension Liability as a Percentage of Covered Employee Payroll	181.6 %	185.9 %	272.9 %	359.8 %	315.0 %	292.8 %	381.1 %	423.7 %	506.6 %	939.8 %

Notes to Schedule:

Assumption Changes:

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

In 2017, the interest rate assumption was changed from 8.0% to 7.5% per annum, salary rates changed from 5.0% to 4.5%, and the cost of living adjustment assumption was removed.

In 2019, the interest rate assumption was decreased from 7.5% to 7.25%.

In 2021, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2017 using Scale AA to the Puks-2010.

In 2023, the mortality assumption was changed to the PubS 2010 to the PubS-2010 projected 5 years past the valuation date using the most recent MP Scale

CITY OF SCRANTON, PENNSYLVANIA
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
NONUNIFORMED PENSION PLAN
LAST TEN FISCAL YEARS*
(UNAUDITED)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	\$ 54,121	\$ 74,795	\$ 71,574	\$ 76,015	\$ 72,742	\$ 75,250	\$ 72,010	\$ 78,810	\$ 75,416	\$ 82,437
Interest	765,708	773,320	779,426	754,473	761,996	735,818	738,607	747,109	747,856	954,145
Differences Between Expected and Actual Experience	263,319	-	191,243	-	60,058	-	13,053	-	(2,557,705)	-
Changes in Assumptions	955,054	-	278,346	-	395,975	-	215,631	-	498,678	-
Benefit Payments, Including Refunds of Member Contributions	(933,649)	(930,702)	(946,183)	(956,719)	(926,835)	(880,218)	(824,422)	(818,735)	(854,513)	(997,346)
Net Change in Total Pension Liability	1,104,553	(82,587)	374,406	(126,231)	363,936	(69,150)	214,879	7,184	(2,090,268)	39,236
Total Pension Liability - Beginning	10,974,453	11,057,040	10,682,634	10,808,865	10,444,929	10,514,079	10,299,200	10,292,016	12,382,284	12,343,048
Total Pension Liability - Ending (A)	<u>\$ 12,079,006</u>	<u>\$ 10,974,453</u>	<u>\$ 11,057,040</u>	<u>\$ 10,682,634</u>	<u>\$ 10,808,865</u>	<u>\$ 10,444,929</u>	<u>\$ 10,514,079</u>	<u>\$ 10,299,200</u>	<u>\$ 10,292,016</u>	<u>\$ 12,382,284</u>
Plan Fiduciary Net Position:										
Contributions - Employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,307,517	\$ 276,383	\$ 43,056
Contributions - State Aid	732,942	800,112	603,214	609,700	708,942	821,931	679,159	759,299	1,036,945	979,014
Contributions - Member	31,100	36,249	35,340	36,539	48,744	33,686	41,916	42,478	35,253	36,606
Net Investment Income	1,131,396	700,337	917,834	(1,352,682)	880,418	1,080,031	1,110,568	(238,160)	470,219	270,237
Benefit Payments, Including Refunds of Member Contributions	(933,649)	(930,702)	(946,183)	(956,719)	(926,835)	(880,218)	(824,422)	(818,735)	(854,513)	(997,346)
Administrative Expense	(56,519)	(53,501)	(58,670)	(42,766)	(47,430)	(49,511)	(67,831)	(66,719)	(111,870)	(109,478)
Net Change in Plan Fiduciary Net Position	905,270	552,495	551,535	(1,705,928)	663,839	1,005,919	939,390	1,985,680	852,417	222,089
Plan Fiduciary Net Position - Beginning	8,517,249	7,964,754	7,413,219	9,119,147	8,455,308	7,449,389	6,509,999	4,524,319	3,671,902	3,449,813
Plan Fiduciary Net Position - Ending (B)	<u>\$ 9,422,519</u>	<u>\$ 8,517,249</u>	<u>\$ 7,964,754</u>	<u>\$ 7,413,219</u>	<u>\$ 9,119,147</u>	<u>\$ 8,455,308</u>	<u>\$ 7,449,389</u>	<u>\$ 6,509,999</u>	<u>\$ 4,524,319</u>	<u>\$ 3,671,902</u>
Plan's Net Pension Liability (A) - (B)	<u>\$ 2,656,487</u>	<u>\$ 2,457,204</u>	<u>\$ 3,092,286</u>	<u>\$ 3,269,415</u>	<u>\$ 1,689,718</u>	<u>\$ 1,989,621</u>	<u>\$ 3,064,690</u>	<u>\$ 3,789,201</u>	<u>\$ 5,767,697</u>	<u>\$ 8,710,382</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.0 %	77.6 %	72.0 %	69.4 %	84.4 %	81.0 %	70.9 %	63.2 %	44.0 %	29.7 %
Covered Employee Payroll	\$ 6,000,000	\$ 5,700,000	\$ 5,500,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 5,900,000	\$ 5,800,000	\$ 5,800,000	\$ 5,400,000
Plan's Net Pension Liability as a Percentage of Covered Employees Payroll	44.3 %	43.1 %	56.2 %	54.5 %	28.2 %	33.2 %	51.9 %	65.3 %	99.4 %	161.3 %

Notes to Schedule:

Assumption Changes:

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

In 2017, the interest rate assumption was changed from 8.0% to 7.5% per annum, and salary rates changed from 5.0% to 4.5%.

In 2019, the interest rate assumption was decreased from 7.5% to 7.25%.

In 2021, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2017 using Scale AA to the PubS-2010.

In 2023, the mortality assumption was changed to the PubS 2010 to the PubS-2010 projected 5 years past the valuation date using the most recent MP Scale

CITY OF SCRANTON, PENNSYLVANIA
SCHEDULE OF CITY CONTRIBUTIONS
PENSION PLANS
LAST TEN FISCAL YEARS*
(UNAUDITED)

	2025	2024	2023	2022	2021	2020	2019	2018*	2017	2016
Police Pension Plan:										
Actuarially Determined Contribution	\$ 3,160,885	\$ 6,731,778	\$ 5,233,076	\$ 5,090,180	\$ 4,306,814	\$ 4,163,946	\$ 3,858,001	\$ 4,042,020	\$ 7,996,779	\$ 6,274,672
Contributions in Relation to the Actuarially Determined Contribution	<u>4,019,042</u>	<u>6,731,778</u>	<u>5,233,076</u>	<u>5,090,180</u>	<u>4,306,814</u>	<u>4,163,946</u>	<u>3,858,001</u>	<u>4,042,020</u>	<u>7,996,779</u>	<u>6,274,672</u>
Contribution Deficiency (Excess)	<u>\$ (858,157)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 12,200,000	\$ 11,500,000	\$ 11,300,000	\$ 11,000,000	\$ 11,500,000	\$ 12,800,000	\$ 11,000,000	\$ 10,800,000	\$ 11,000,000	\$ 10,100,000
Contributions as a Percentage of Covered Employee Payroll	32.9 %	58.5 %	46.3 %	46.3 %	37.5 %	32.5 %	35.1 %	37.4 %	72.7 %	62.1 %
Firemen Pension Plan:										
Actuarially Determined Contribution	\$ 4,156,608	\$ 10,866,009	\$ 9,378,406	\$ 9,129,293	\$ 7,453,174	\$ 6,288,055	\$ 5,784,744	\$ 5,909,496	\$ 9,501,455	\$ 7,111,152
Contributions in Relation to the Actuarially Determined Contribution	<u>4,977,028</u>	<u>10,866,009</u>	<u>9,378,406</u>	<u>9,129,293</u>	<u>7,453,174</u>	<u>6,288,055</u>	<u>5,784,744</u>	<u>5,909,496</u>	<u>9,501,455</u>	<u>7,111,152</u>
Contribution Deficiency (Excess)	<u>\$ (820,420)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 12,400,000	\$ 11,700,000	\$ 11,500,000	\$ 11,500,000	\$ 11,000,000	\$ 11,800,000	\$ 10,700,000	\$ 10,500,000	\$ 10,500,000	\$ 9,100,000
Contributions as a Percentage of Covered Employee Payroll	40.1 %	92.9 %	81.6 %	79.4 %	67.8 %	53.3 %	54.1 %	56.3 %	90.5 %	78.1 %
Nonuniformed Pension Plan:										
Actuarially Determined Contribution	\$ 658,763	\$ 800,112	\$ 603,214	\$ 609,700	\$ 708,942	\$ 821,931	\$ 679,159	\$ 754,924	\$ 1,313,328	\$ 1,014,228
Contributions in Relation to the Actuarially Determined Contribution	<u>732,942</u>	<u>800,112</u>	<u>603,214</u>	<u>609,700</u>	<u>708,942</u>	<u>821,931</u>	<u>679,159</u>	<u>754,924</u>	<u>1,313,328</u>	<u>1,014,228</u>
Contribution Deficiency (Excess)	<u>\$ (74,179)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 6,000,000	\$ 5,700,000	\$ 5,500,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 5,900,000	\$ 5,800,000	\$ 5,800,000	\$ 5,400,000
Contributions as a Percentage of Covered Employee Payroll	12.2 %	14.0 %	11.0 %	10.2 %	11.8 %	13.7 %	11.5 %	13.0 %	22.6 %	18.8 %

*Excludes bond proceeds of \$10,383,827 deposited on December 17, 2018, and December 20, 2018.

CITY OF SCRANTON, PENNSYLVANIA
SCHEDULE OF CHANGES IN THE CITY'S OPEB LIABILITY AND RELATED RATIOS
OPEB PLAN
LAST FOUR FISCAL YEARS*
(UNAUDITED)

	2025	2024	2023	2022
Total OPEB Liability				
Total OPEB Liability - Beginning	\$ 148,319,972	\$ 148,818,129	\$ 157,157,517	\$ 195,437,896
Service Cost	2,409,198	2,367,675	2,900,858	4,299,442
Interest	6,992,193	7,308,045	6,923,991	4,384,743
Change of Benefit Terms	(482,157)	-	(44,488)	-
Differences Between Expected and Actual Experience	-	-	-	-
Change of Assumptions	(5,995,860)	-	5,438,183	-
Benefit Payments	2,523,044	-	(13,760,349)	(37,190,448)
	(9,899,656)	(10,173,877)	(9,797,583)	(9,774,116)
Net Change in Total OPEB Liability	<u>(4,453,238)</u>	<u>(498,157)</u>	<u>(8,339,388)</u>	<u>(38,280,379)</u>
Total OPEB Liability - Ending	<u>143,866,734</u>	<u>148,319,972</u>	<u>148,818,129</u>	<u>157,157,517</u>
Plan Fiduciary Net Position				
Plan Fiduciary Net Position - Beginning	2,615,005	2,163,588	-	-
Contributions - Employer (Implicit + Explicit)	300,000	200,000	2,000,000	-
Contributions - Employee	-	-	-	-
Net Investment Income (Loss)	429,876	251,417	163,588	-
Administrative Expense	-	-	-	-
Net Change in Plan Fiduciary Net Position	<u>729,876</u>	<u>451,417</u>	<u>2,163,588</u>	<u>-</u>
Plan Fiduciary Net Position - Ending	<u>3,344,881</u>	<u>2,615,005</u>	<u>2,163,588</u>	<u>-</u>
Net OPEB Liability	<u>\$ 140,521,853</u>	<u>\$ 145,704,967</u>	<u>\$ 146,654,541</u>	<u>\$ 157,157,517</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	2.32%	1.76%	1.45%	0.00%
Covered Employee Payroll	\$ 41,192,930	\$ 38,777,363	\$ 37,107,524	\$ 34,912,230
City's Net OPEB Liability as a Percentage of Covered Employee Payroll	341.13%	375.75%	395.22%	450.15%

Notes to Schedule

Covered Employee Payroll was actual calendar year 2023 covered payroll provided by City personnel.

Difference Between Expected and Actual Experience reflects the impact of changes to the census data from the prior valuation to the valuation as of January 1, 2023.

Changes of benefit terms reflect Fire and Police Arbitration Awards.

Changes of assumptions and other inputs reflect the updated claims costs and health care trend rates, as well as the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year Ending December 31, 2023 and 2024: 5.00%

Fiscal Year Ending December 31, 2022: 4.31%

CITY OF SCRANTON, PENNSYLVANIA
SCHEDULE OF INVESTMENT RETURNS AND SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS*
(UNAUDITED)

SCHEDULE OF INVESTMENT RETURNS

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Annual money-weighted rate of return net of investment expense	16.44%	10.89%	5.66%

Data is being accumulated annually to present 10 years of the reported information.

SCHEDULE OF CONTRIBUTIONS

	<u>2025</u>	<u>2024</u>
Actuarially Determined Contribution	\$ 7,746,785	\$ -
Contributions in Relation to the Actuarially Determined Contributions	<u>300,000</u>	<u>200,000</u>
Contribution Deficiency (Excess)	<u>\$ 7,446,785</u>	<u>\$ (200,000)</u>
Covered Employee Payroll	\$ 41,192,930	\$ 38,777,363
Contributions as a Percentage of Covered Employee Payroll	0.73%	0.52%

*Data is being accumulated annually to present 10 years of the reported information.

CITY OF SCRANTON, PENNSYLVANIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025
(UNAUDITED)

NOTE 1 POLICE, FIREMEN, AND NONUNIFORMED PENSION PLANS ACTUARIAL ASSUMPTIONS

Valuation Date	January 1, 2025
Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar
Remaining Amortization Method:	
Police Pension Plan	10 Years
Firemen Pension Plan	10 Years
Nonuniformed Pension Plan	7 Years
Asset Valuation Method	Market Value
Inflation	2.25%
Salary Increases	4.50%
Investment Rate of Return	6.25%, Net of Pension Plan Investment Expense Including Inflation
Retirement Age:	
Police Pension Plan:	
Normal Retirement:	
Pre-July 1, 1987	Employee 25 Years of Service
Post-June 30, 1987	Age 55 and 25 Years of Service
Vesting	25 Years of Service
Firemen Pension Plan:	
Normal Retirement:	Pre-July 1, 1987, Employee 25 Years of Service
Pre-July 1, 1987	Employee 25 Years of Service
Post-June 30, 1987	Age 55 and 25 Years of Service
Vesting	25 Years of Service
Nonuniformed Pension Plan:	
Normal Retirement	Age 55, 15 Years of Service, and 20 Years of Contributions
Early Retirement	Age 55, 10 Years of Service, and 20 Years of Contributions
Vesting	10 Years of Service
Mortality:	
Police Pension Plan	PUBS-2010 Mortality Table
Firemen Pension Plan	PUBS-2010 Mortality Table
Nonuniformed Pension Plan	PUBS-2010 Mortality Table

NOTE 2 OPEB PLAN ACTUARIAL ASSUMPTIONS

Valuation Date	January 1, 2025
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Asset Valuation Method	5-Year Smoothing Method Described in IRS Revenue Procedure 2000-40, Approval 16
Inflation	2.41%
Salary Increases	4.50%
Investment Rate of Return	5.00%
Discount Rate	5.00%

**CITY OF SCRANTON, PENNSYLVANIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025**

	Special Revenue Fund	Capital Fund	Special Revenue Fund	Total Nonmajor Governmental Funds
	Liquid Fuels	Capital Reserve	Redevelopment Authority	
ASSETS				
Cash and Cash Equivalents	\$ 1,537,320	4,308,715	\$ 488,439	\$ 6,334,474
Accounts Receivable	-	44,010	-	44,010
Prepaid Expense	-	-	7,440	7,440
Property Held for Resale	-	-	96,769	96,769
Grant Receivable	-	-	91,562	91,562
Due From Other Funds	-	114,163	-	114,163
Notes Receivable, Net	-	-	925,000	925,000
	<u>-</u>	<u>-</u>	<u>925,000</u>	<u>925,000</u>
Total Assets	<u>\$ 1,537,320</u>	<u>\$ 4,466,888</u>	<u>\$ 1,609,210</u>	<u>\$ 7,613,418</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accrued Liabilities	\$ -	\$ -	\$ 95,196	\$ 95,196
Accounts Payable	-	1,220,654	-	\$ 1,220,654
Due to Other Funds	35,800	-	561,487	597,287
Total Liabilities	<u>35,800</u>	<u>1,220,654</u>	<u>656,683</u>	<u>1,913,137</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	-	-	925,000	925,000
FUND BALANCE				
Nonspendable	-	-	96,769	96,769
Restricted	1,501,520	3,246,234	-	4,747,754
Unassigned	-	-	(69,242)	(69,242)
Total Fund Balance	<u>1,501,520</u>	<u>3,246,234</u>	<u>27,527</u>	<u>4,775,281</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,537,320</u>	<u>\$ 4,466,888</u>	<u>\$ 1,609,210</u>	<u>\$ 7,613,418</u>

CITY OF SCRANTON, PENNSYLVANIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	Special Revenue Fund	Capital Fund	Special Revenue Fund	Total Nonmajor Governmental Funds
	Liquid Fuels	Capital Reserve	Redevelopment Authority	
REVENUES				
Intergovernmental	\$ 2,191,200	\$ 2,067,470	\$ 511,069	\$ 4,769,739
Interest Income	67,086	85,158	8,700	160,944
Other Revenues	-	57,563	498	58,061
Rents	-	-	-	-
Total Revenues	2,258,286	2,210,191	520,267	4,988,744
EXPENDITURES				
Current:				
Community Development	-	9,913,890	548,626	10,462,516
Capital Outlays	-	520,033		520,033
Debt Service:				
Principal	-	1,458,251	-	1,458,251
Interest	-	411,004	-	411,004
Total Expenditures	-	12,303,178	548,626	12,851,804
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)				
EXPENDITURES	2,258,286	(10,092,987)	(28,359)	(7,863,060)
OTHER FINANCING SOURCES				
(USES)				
Proceeds from Finance Purchases	-	359,157	-	359,157
Proceeds from Leases	-	160,876	-	160,876
Operating Transfers In	-	7,704,970	-	7,704,970
Operating Transfers Out	(3,178,975)	(202,372)	-	(3,381,347)
Total Other Financing Sources (Uses)	(3,178,975)	8,022,631	-	4,843,656
CHANGE IN FUND BALANCE	(920,689)	(2,070,356)	(28,359)	(3,019,404)
Fund Balance - Beginning of Year	2,422,209	5,316,590	55,886	7,794,685
FUND BALANCE - END OF YEAR	<u>\$ 1,501,520</u>	<u>\$ 3,246,234</u>	<u>\$ 27,527</u>	<u>\$ 4,775,281</u>

**CITY OF SCRANTON, PENNSYLVANIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2025**

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total Fiduciary Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,226,890	\$ 29,868	\$ 2,256,758
Investments	171,850,571	3,312,615	175,163,186
Accrued Income	-	-	-
Accounts Receivable	<u>936</u>	<u>2,498</u>	<u>3,434</u>
Total Assets	<u><u>\$ 174,078,397</u></u>	<u><u>\$ 3,344,981</u></u>	<u><u>\$ 177,423,378</u></u>
LIABILITIES AND NET POSITION			
LIABILITIES			
Accounts Payable	\$ 47,557	\$ -	\$ 47,557
NET POSITION			
Held in Trust for Pension Benefits	174,030,840	-	174,030,840
Held in Trust for OPEB Benefits	<u>-</u>	<u>3,344,981</u>	<u>3,344,981</u>
Total Net Position	174,030,840	3,344,981	177,375,821
Total Liabilities and Net Position	<u><u>\$ 174,078,397</u></u>	<u><u>\$ 3,344,981</u></u>	<u><u>\$ 177,423,378</u></u>

CITY OF SCRANTON, PENNSYLVANIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2025

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total Fiduciary Funds</u>
ADDITIONS			
Contributions:			
Employer Contributions (Including Commonwealth Aid)	\$ 9,729,012	\$ 300,000	\$ 10,029,012
Benefit Contributions	-	9,899,656	9,899,656
Contributions by Members	1,406,031	-	1,406,031
Total Contributions	<u>11,135,043</u>	<u>10,199,656</u>	<u>21,334,699</u>
Investment Income:			
Net Appreciation in Fair Value of Investments	14,388,336	430,089	14,818,425
Net Realized Gain on Sale of Investments	2,182,451	-	2,182,451
Interest and Dividends, Net of Fees	4,722,736	-	4,722,736
Miscellaneous Receipts	-	-	-
Total Investment Income	<u>21,293,523</u>	<u>430,089</u>	<u>21,723,612</u>
Total Additions	32,428,566	10,629,745	43,058,311
DEDUCTIONS			
Retirement Benefits Paid	13,498,559	-	13,498,559
Benefit Payments	-	9,899,656	9,899,656
Administrative Expenses	453,257	-	453,257
Total Deductions	<u>13,951,816</u>	<u>9,899,656</u>	<u>23,851,472</u>
CHANGE IN NET POSITION	18,476,750	730,089	19,206,839
Net Position - Beginning of Year	<u>155,554,090</u>	<u>2,614,892</u>	<u>158,168,982</u>
NET POSITION - END OF YEAR	<u><u>\$ 174,030,840</u></u>	<u><u>\$ 3,344,981</u></u>	<u><u>\$ 177,375,821</u></u>



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