

CITY OF WARREN, PENNSYLVANIA

AUDIT REPORT

DECEMBER 31, 2024

CITY OF WARREN, PENNSYLVANIA
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CITY OF WARREN, PENNSYLVANIA

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Independent Auditor's Report

To the City Council
City of Warren, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Warren, Pennsylvania as of December 31, 2024, and the respective changes in financial position, and where applicable, cash flows, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Warren, 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 opinion.

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 the financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report
(Continued)

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 Warren, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the statements as a whole are free from material misstatement, whether due to error or fraud, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 the City of Warren, 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 the City of Warren, Pennsylvania's ability to continue as a going concern for a reasonable period of time.

Independent Auditor's Report
(Continued)

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Warren's basic financial statements. The accompanying combining and individual nonmajor fund, pension fund financial statements, budget to actual schedules for the sewer and parking fund, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund, pension fund financial statements, budget to actual schedules for the sewer and parking fund, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Independent Auditor's Report
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2025 on our consideration of the City of Warren, 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 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 Warren's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Warren, Pennsylvania's internal control over financial reporting and compliance.

Heberlein and Falk, P.C.

Heberlein & Falk, P.C.

October 22, 2025
Erie, Pennsylvania

CITY OF WARREN, PENNSYLVANIA
Management's Discussion and Analysis
For the Year Ended December 31, 2024

As management of the City of Warren, we offer readers of the City of Warren's financial statements this narrative overview and analysis of the financial activities of the City of Warren for the fiscal year ended December 31, 2024. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

Government-wide Financial Statements

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$59,492,694 (net position). Of this amount, \$14,235,828 (unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors.

Fund Financial Statements

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,679,286. Approximately 42% of this total amount, \$4,921,866 is available for spending at the government's discretion (assigned and unassigned fund balances).
- The City's General Fund reported a positive fund balance of \$5,422,313 as of December 31, 2024, compared to a positive fund balance of \$4,955,378 as of December 31, 2023.

Overview of the Financial Statements

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

The statement of net position provides information on all of the City's assets, liabilities and deferred outflows and inflows of resources with the difference between the four reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City of Warren is improving or deteriorating. Other factors to consider are changes in the City's property tax base, changes in the resident base, and the condition of the City's roads and bridges.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods, such as uncollected taxes, earned but unused vacation leave, accrued payroll, accrued interest on long-term debt, and intergovernmental receivables.

The government-wide financial statements distinguish functions of the City of Warren that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or significant portions of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, community development, building code enforcement, and culture and recreation. The business-type activities of the City include the operation of the sewage treatment plant and the operation of the parking lots and garage.

The City's government-wide financial statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the City (including infrastructure), as well as all liabilities (including long-term debt). Additionally, certain eliminations have been made in regard to internal activity, payables and receivables.

In the statement of net position and the statement of activities, we separate the City activities as follows:

Governmental Activities – Most of the City's basic services are reported in this category, including general government, fire, police, public works, building code enforcement, parks, recreation, and community services. Property and earned income taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities.

Business-type Activities – The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's sewage treatment and parking activities are reported in this category.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Unlike government-wide financial statements, the focus of fund financial statements is directed toward specific activities of the City. Except for the general fund, specific funds are established to satisfy managerial control over resources or to satisfy finance-related legal requirements. The City's fund financial statements are divided into three categories: 1) governmental funds, 2) proprietary funds, and 3) fiduciary funds.

Governmental Funds

Most of the City's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources available to spend in the near future to finance the City's programs. The differences of results in the governmental fund financial statements from those in the government-wide financial statements are explained in a reconciliation schedule following each governmental fund financial statement.

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

The City of Warren adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. The City also adopts a budget for the capital improvement program fund, the sewer revenue fund, and the parking revenue fund.

Proprietary Funds

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. For financial reporting purposes, proprietary funds are grouped into enterprise funds and internal service funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the City's enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The City uses enterprise funds to account for its wastewater utility and parking facilities. An internal service fund is used to account for the City's tax collection office.

Fiduciary Funds

Assets held by the City for other parties, either as a trustee or an agent, and that cannot be used to finance the City's own operating programs are reported in the fiduciary funds. The City is the trustee, or fiduciary, for the City's three defined benefit pension plans. Fiduciary fund financial statements consist of a statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including a budgetary comparison schedule for the general fund, pension information, and postemployment benefit information. Other supplementary information includes a combining balance sheet and a combining statement of revenues, expenditures, and changes in fund balances for non-major governmental funds, and budgetary schedules for the sewer revenue fund and the parking revenue fund.

Government-wide Financial Analysis

The following schedule is a summary of the statements of net position:

City of Warren, Pennsylvania						
Net Position at December 31, 2024 and 2023						
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	\$ 9,998,614	\$ 10,567,183	\$ 7,503,927	\$ 6,854,739	\$ 17,502,541	\$ 17,421,922
Internal balances	1,674,097	1,308,108	(1,674,097)	(1,308,108)	-	-
Capital assets, net of depreciation	31,203,820	30,672,666	31,125,602	31,844,492	62,329,422	62,517,158
Note receivable	-	-	1,094,885	1,176,590	1,094,885	1,176,590
Net Pension Asset	812,586	160,318	-	-	812,586	160,318
Total Assets	<u>43,689,117</u>	<u>42,708,275</u>	<u>38,050,317</u>	<u>38,567,713</u>	<u>81,739,434</u>	<u>81,275,988</u>
Deferred Outflows of Resources						
Deferred Outflows - pensions	-	673,448	-	-	-	673,448
Total Deferred Outflows	<u>-</u>	<u>673,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>673,448</u>
Liabilities						
Current and other liabilities	1,977,503	2,767,473	751,402	732,388	2,728,905	3,499,861
Long-term portion of liabilities	4,140,025	4,418,831	15,121,254	15,790,833	19,261,279	20,209,664
Total Liabilities	<u>6,117,528</u>	<u>7,186,304</u>	<u>15,872,656</u>	<u>16,523,221</u>	<u>21,990,184</u>	<u>23,709,525</u>
Deferred Inflows of Resources						
Deferred Inflows - pensions	108,717	-	-	-	108,717	-
Unearned revenues-spec assessments	147,839	92,367	-	-	147,839	92,367
Total Deferred Inflows	<u>256,556</u>	<u>92,367</u>	<u>-</u>	<u>-</u>	<u>256,556</u>	<u>92,367</u>
Net Position						
Investment in capital assets, net of related debt	27,059,919	26,231,512	15,344,639	15,397,399	42,404,558	41,628,911
Restricted	2,852,308	2,862,040	-	-	2,852,308	2,862,040
Unrestricted	7,402,806	7,009,500	6,833,022	6,647,093	14,235,828	13,656,593
Total Net Position	<u>\$ 37,315,033</u>	<u>\$ 36,103,052</u>	<u>\$ 22,177,661</u>	<u>\$ 22,044,492</u>	<u>\$ 59,492,694</u>	<u>\$ 58,147,544</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Warren, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$59,492,694 at the close of the most recent fiscal year.

A significant portion of the City's net assets reflects its investment in capital assets (land, buildings, improvements, infrastructure and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should still be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Resources of \$2,852,308 are subject to external restrictions for highway, street and building renovation projects. The balance of unrestricted net position of \$14,235,828 may be used to meet the City's ongoing obligations to citizens and creditors.

The City's net position from governmental activities increased \$1,211,981 from \$36,103,052 to \$37,315,033.

The City's net position from business-type activities increased \$133,169 from \$22,044,492 to \$22,177,661. Net investment in capital assets decreased \$52,760; unrestricted net position increased \$185,929.

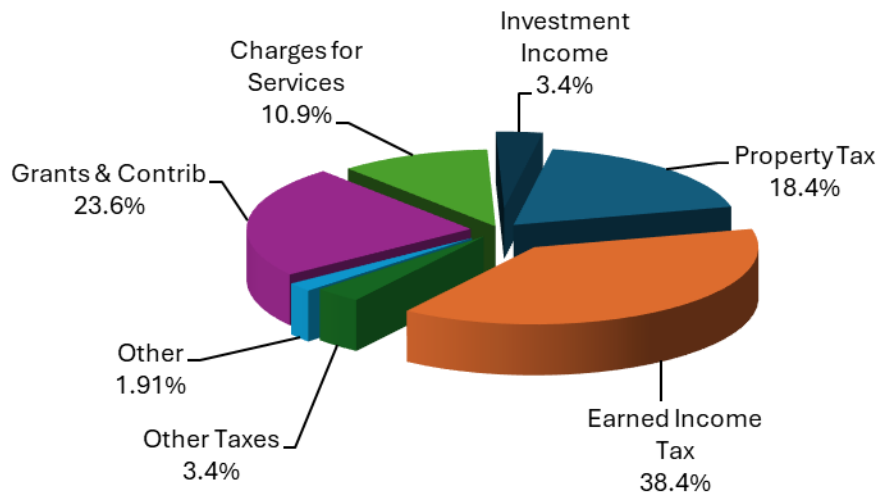
The following is a summary of the information presented in the statement of activities:

City of Warren, Pennsylvania						
Changes in Net Position for the Years Ended December 31, 2024 and 2023						
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2023	2023
Revenues						
Program Revenues:						
Charges for services	\$ 1,308,573	\$ 490,557	\$ 2,908,432	\$ 2,930,101	\$ 4,217,005	\$ 3,420,658
Operating grants and contrib	2,697,609	1,745,822	-	-	2,697,609	1,745,822
Capital grants and contrib	147,600	725,201	-	-	147,600	725,201
General Revenues:						
Property taxes	2,216,451	2,213,198	-	-	2,216,451	2,213,198
Earned income tax	4,629,007	4,456,964	-	-	4,629,007	4,456,964
Other taxes	411,528	419,323	-	-	411,528	419,323
Investment income	405,948	298,038	374,963	241,747	780,911	539,785
Other	229,639	147,966	(2,603)	-	227,036	147,966
Total Revenues	12,046,355	10,497,069	3,280,792	3,171,848	15,327,147	13,668,917
Expenses						
Governmental Activities:						
General government	1,581,501	1,520,188	-	-	1,581,501	1,520,188
Public safety	4,933,452	4,601,914	-	-	4,933,452	4,601,914
Public works, culture/rec	2,741,474	2,273,731	-	-	2,741,474	2,273,731
Community development	1,387,285	797,283	-	-	1,387,285	797,283
Building code enforcement	301,910	174,372	-	-	301,910	174,372
Interest expense	110,894	119,296	-	-	110,894	119,296
Other	-	-	-	-	-	-
Business-type Activities:						
Sewer wastewater	-	-	2,462,827	2,288,627	2,462,827	2,288,627
Parking	-	-	462,654	492,951	462,654	492,951
Total Expenses	11,056,516	9,486,784	2,925,481	2,781,578	13,981,997	12,268,362
Change in Net Position						
before other items	989,839	1,010,285	355,311	390,270	1,345,150	1,400,555
Special Item	-	-	-	-	-	-
Transfers	222,142	405,559	(222,142)	(405,559)	-	-
Capital Contributions	-	-	-	-	-	-
Change in Net Position	1,211,981	1,415,844	133,169	(15,289)	1,345,150	1,400,555
Net Position, Beginning of Year	36,103,052	34,687,208	22,044,492	22,059,781	58,147,544	56,746,989
Prior Period Adjustments						
Net Position, End of year	\$ 37,315,033	\$ 36,103,052	\$ 22,177,661	\$ 22,044,492	\$ 59,492,694	\$ 58,147,544

The City's governmental activities in 2024 relied heavily upon earned income tax revenue (38.4%), property tax revenue (18.4%), grants and contributions (23.6%), and charges for services (10.9%) to fund operations. There were no tax increases for 2024, therefore, the real estate rate remained at 20.8 mills and earned income remained at 2.3% (2.8% including the school district rate of 0.5%) for City residents. Earned income tax revenue saw an increase over 2023 revenues by \$172,043, while property taxes saw an increase of \$3,253. Overall tax revenue increased 2.4% over 2023 collections.

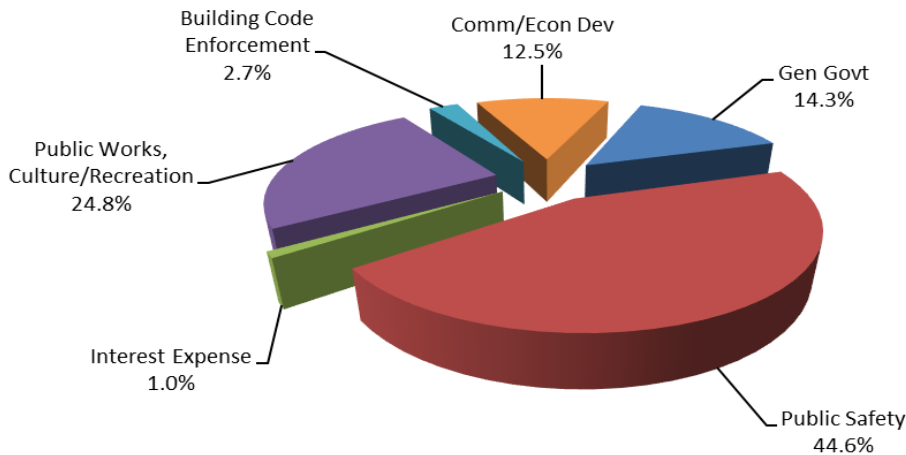
The following graph shows the composition of revenues by source for the City's governmental activities:

Revenues by Source - Governmental Activities



The following graph presents governmental expenses by function:

Expenses by Function - Governmental Activities



Capital Assets

The City's investment in capital assets for governmental and business-type activities as of December 31, 2024, amounts to \$62,329,422 (net of accumulated depreciation). This investment in capital assets includes land and buildings, machinery and equipment, vehicles, the sewer system, infrastructure and construction in progress.

Major capital asset events during the current fiscal year include the following:

- 2025 Ford Explorer plus upfitting for \$63,895 – Fire Department
- Heating & Air Mini Splits plus installation for \$17,674 – Municipal Building
- Communication Board for \$2,180 – Lacy Park
- Paint Machine for \$5,097 – Department of Public Works
- Field Groomer for \$6,086 – Betts Park Softball Fields
- New Boiler for the CAR Pool Facility totaling \$26,413
- 2024 Ford Bronco for \$31,464 – Codes & Permitting
- Flagpole and installation for \$3,784 – Roundabout
- Security Camera update for \$11,420 – Municipal Building
- Taser Equipment for \$36,712 – Police Department
- Vehicle Exhaust Extraction System for \$76,800 – Fire Department
- Bell Tower Restoration for \$41,152 – Municipal Building
- Restroom Rehabilitation for \$136,701 – Betts Park
- Elevator upgrade totaling \$129,125 – Municipal Building
- Fire Alarm upgrade totaling \$49,769 - Municipal Building
- Office Renovations totaling \$42,060 – Fire Department
- Truck Bay upgrades totaling \$84,669 – Fire Department
- Fence installation totaling \$11,400 – Lacy Park
- Downtown Bike Racks totaling \$9,456
- The Sewer Fund assets included a Sanitary Sewer tamper for \$2,100 and a 2023 Ford Transit Van with Camera System for \$223,650.

Long-Term Liabilities

At the end of the current fiscal year, the City had revenue and general obligation notes that totaled \$4,131,313; compensated absences totaled \$486,039; capital leases totaled \$12,588. Included in the revenue and general obligation note balance is a note obtained in 2022 for the refinance of two existing loans with the remaining funds to be allocated for potential repairs to the Clark Street Parking Garage as well as promissory interfund notes for the 2020 purchase of an Aerial fire truck and the 2021 purchase of a Pumper Fire Truck, both financed with sewer funds. The balance outstanding at year end for the 2017 Pennvest sewer treatment plant upgrade construction project totaled \$15,780,963.

General Fund Budgetary Highlights

The City continues to approach the annual budget process with a cautious financial strategy while many economic factors are still unpredictable. Fortunately, due to thoughtful spending and higher than anticipated revenues, the City's fund balance has increased over the past several years with a 9% increase as of the end of 2024. For 2024 there was a positive variance from final budget appropriations in the amount of \$504,051 in revenues and \$546,186 in expenditures, resulting in an overall positive increase in fund balance of \$466,935.

Economic Factors and Next Year's Budget

According to the 2023 census data, the population for the City of Warren has experienced continuous decline, dropping from 9,404 in the 2020 census to 9,125 with the most recent count. Additionally, there have been several large tax appeals filed for properties located within the City, which could potentially have a negative impact on the monies collected for real estate taxes.

The factors listed above as well as infrastructure costs, public safety costs, employee-related costs for healthcare, pensions and wages were considered in preparing the City of Warren budget for the 2025 fiscal year. The City allocated \$563,477 of its fund balance to balance the 2025 budget.

Requests for Information

This financial report is designed to provide a general overview of the City of Warren's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Warren Finance Office, 318 West Third Avenue, Warren, PA 16365

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CITY OF WARREN, PENNSYLVANIA
Statement of Net Position
December 31, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 8,264,823	\$ 6,969,373	\$ 15,234,196
Restricted cash	73,756	-	73,756
Receivable, net	210,438	427,372	637,810
Taxes receivable, net	332,375	-	332,375
Intergovernmental receivable, net	1,116,775	107,182	1,223,957
Prepaid items	447	-	447
Interfund receivable	1,674,097	(1,674,097)	-
Total Current Assets	11,672,711	5,829,830	17,502,541
Non-Current Assets			
Capital assets:			
Assets not being depreciated	1,790,827	46,795	1,837,622
Assets being depreciated, net	29,412,993	31,078,807	60,491,800
Note receivable	-	1,094,885	1,094,885
Net pension asset	812,586	-	812,586
Total Non-Current Assets	32,016,406	32,220,487	64,236,893
Total Assets	43,689,117	38,050,317	81,739,434
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	-	-	-
LIABILITIES			
Current Liabilities			
Accounts payable	230,382	57,395	287,777
Accrued liabilities	71,637	-	71,637
Intergovernmental payable	133,271	-	133,271
Interest payable	-	13,151	13,151
Other liabilities	1,052,298	-	1,052,298
Compensated absences	184,646	8,034	192,680
Finance lease payable	5,143	-	5,143
Notes payable	300,126	672,822	972,948
Total Current Liabilities	1,977,503	751,402	2,728,905
Non-Current Liabilities			
Compensated absences	301,393	13,113	314,506
Finance lease payable	7,445	-	7,445
Notes payable	3,831,187	15,108,141	18,939,328
Total Non-Current Liabilities	4,140,025	15,121,254	19,261,279
Total Liabilities	6,117,528	15,872,656	21,990,184
DEFERRED INFLOWS OF RESOURCES			
Pension items	108,717	-	108,717
Unearned revenues-special assessments	147,839	-	147,839
Total Deferred Inflows	256,556	-	256,556
NET POSITION			
Net investment in capital assets	27,059,919	15,344,639	42,404,558
Restricted for:			
Liquid fuels	129,025	-	129,025
Capital Improvement	2,699,970	-	2,699,970
CDBG	(2,560)	-	(2,560)
Streetscape project	25,873	-	25,873
Unrestricted	7,402,806	6,833,022	14,235,828
Total Net Position	\$ 37,315,033	\$ 22,177,661	\$ 59,492,694

The notes to the financial statements are an integral part of these statements.

CITY OF WARREN, PENNSYLVANIA

Statement of Activities

For the Year Ended December 31, 2024

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Operating Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Governmental Activities:</u>				
General government	\$ 1,581,501	\$ 128,330	\$ 98,503	\$ -
Public safety	4,933,452	491,700	449,860	-
Public works	2,005,545	543,502	396,214	-
Culture and recreation	735,929	100,141	-	-
Community development	1,387,285	10,255	1,744,224	147,600
Building code enforcement	301,910	34,645	8,808	-
Interest expense	110,894	-	-	-
Total Governmental Activities	11,056,516	1,308,573	2,697,609	147,600
<u>Business-Type Activities:</u>				
Sewer	2,462,827	2,508,664	-	-
Parking	462,654	399,768	-	-
Total Business-Type Activities	2,925,481	2,908,432	-	-
Total	\$ 13,981,997	\$ 4,217,005	\$ 2,697,609	\$ 147,600

The notes to the financial statements are an integral part of these statements.

Net (Expense)/Revenue and Changes in Net Position

Governmental Activities	Business- Type Activities	Total
\$ (1,354,668)	\$ -	\$ (1,354,668)
(3,991,892)	-	(3,991,892)
(1,065,829)	-	(1,065,829)
(635,788)	-	(635,788)
514,794	-	514,794
(258,457)	-	(258,457)
(110,894)	-	(110,894)
(6,902,734)	-	(6,902,734)
-	45,837	45,837
-	(62,886)	(62,886)
-	(17,049)	(17,049)
(6,902,734)	(17,049)	(6,919,783)

General Revenues:

Taxes			
Property tax	2,216,451	-	2,216,451
Earned income tax	4,629,007	-	4,629,007
Local services tax	302,473	-	302,473
Realty transfer tax	102,357	-	102,357
Utility tax	6,698	-	6,698
Investment earnings	405,948	374,963	780,911
Transfers in/(out)	222,142	(222,142)	-
Gain/(Loss) on sale of fixed assets	11,638	(2,603)	9,035
Miscellaneous revenues	218,001	-	218,001
Total General Revenues	8,114,715	150,218	8,264,933
Change in Net Position	1,211,981	133,169	1,345,150
Net Position, Beginning of Year	36,103,052	22,044,492	58,147,544
Net Position, End of Year	\$ 37,315,033	\$ 22,177,661	\$ 59,492,694

CITY OF WARREN, PENNSYLVANIA

**Balance Sheet
Governmental Funds
December 31, 2024**

	General Fund	Warren Redevelopment Assistance Loan Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,874,678	\$ 30,907	\$ 4,180,803	\$ 8,086,388
Restricted cash	73,756	-	-	73,756
Receivable, net	210,438	-	-	210,438
Taxes receivable, net	332,375	-	-	332,375
Intergovernmental receivable, net	-	909,275	207,500	1,116,775
Prepaid items	447	-	-	447
Interfund receivable	1,664,107	195,000	-	1,859,107
Total Assets	\$ 6,155,801	\$ 1,135,182	\$ 4,388,303	\$ 11,679,286
LIABILITIES				
Accounts payable	\$ 162,720	\$ -	\$ 67,411	\$ 230,131
Accrued liabilities	71,637	-	-	71,637
Interfund payable	-	-	140,097	140,097
Other liabilities	36,944	-	1,015,354	1,052,298
Total Liabilities	271,301	-	1,222,862	1,494,163
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	314,348	-	-	314,348
Unavailable revenue - special assessments	147,839	-	-	147,839
Total Deferred Inflows of Resources	462,187	-	-	462,187
FUND BALANCE				
Nonspendable:				
Prepaid items	447	-	-	447
Restricted:				
Liquid fuels	-	-	129,025	129,025
Streetscape project	-	-	-	-
CDBG	-	-	(2,560)	(2,560)
Capital improvement	-	-	2,699,970	2,699,970
Committed:				
Economic development funding	-	1,135,182	314,835	1,450,017
Boat Launch	500,000	-	-	500,000
Glade floodway	-	-	24,171	24,171
Assigned:				
Community improvement projects	539,500	-	-	539,500
Equipment	9,945	-	-	9,945
Operations	46,477	-	-	46,477
Parking fund	249,411	-	-	249,411
Unassigned	4,076,533	-	-	4,076,533
Total Fund Balance	5,422,313	1,135,182	3,165,441	9,722,936
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 6,155,801	\$ 1,135,182	\$ 4,388,303	\$ 11,679,286

The notes to the financial statements are an integral part of these statements.

CITY OF WARREN, PENNSYLVANIA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2024

Differences in amounts reported for governmental activities in the Statement of Net Position

Fund balances - governmental funds	\$	9,722,936
Capital assets used in governmental activities are not financial resources and are, therefore, not reported in the governmental funds		31,203,820
Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		(108,717)
Certain long-term assets are not available to pay current period expenditures and, therefore, are unearned in the funds-Unavailable revenue-Property taxes		314,348
Certain assets/(liabilities) are not due and payable in the current period and, therefore, are not reported in the funds		
Notes payable	\$	(4,131,313)
Finance lease payable		(12,588)
Net pension asset		812,586
Compensated absences		(486,039)
		(3,817,354)
Net position of governmental activities	\$	37,315,033

The notes to the financial statements are an integral part of these statements.

CITY OF WARREN, PENNSYLVANIA
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2024

	General Fund	Warren Redevelopment Assistance Loan Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 7,253,506	\$ -	\$ -	\$ 7,253,506
Intergovernmental	667,789	10,000	2,167,419	2,845,208
Charges for services	842,783	-	-	842,783
Interest, rents and royalties	119,950	14,073	283,359	417,382
Licenses and permits	372,694	-	-	372,694
Fines and forfeits	51,479	-	-	51,479
Other	165,071	-	50,000	215,071
Total Revenues	<u>9,473,272</u>	<u>24,073</u>	<u>2,500,778</u>	<u>11,998,123</u>
EXPENDITURES				
General government	1,071,684	-	-	1,071,684
Public safety	4,785,841	-	-	4,785,841
Public works	1,839,263	-	-	1,839,263
Culture and recreation	683,809	-	-	683,809
Community development	-	10,000	2,728,514	2,738,514
Building code enforcement	292,375	-	-	292,375
Debt service	-	-	285,885	285,885
Total Expenditures	<u>8,672,972</u>	<u>10,000</u>	<u>3,014,399</u>	<u>11,697,371</u>
Excess of revenues over expenditures	<u>800,300</u>	<u>14,073</u>	<u>(513,621)</u>	<u>300,752</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	608,493	-	971,558	1,580,051
Transfers out	(971,558)	-	(386,351)	(1,357,909)
Gain on sale of asset	29,700	-	-	29,700
Total Other Financing Sources (Uses)	<u>(333,365)</u>	<u>-</u>	<u>585,207</u>	<u>251,842</u>
Net Change in Fund Balance	466,935	14,073	71,586	552,594
Fund Balances, Beginning of Year	<u>4,955,378</u>	<u>1,121,109</u>	<u>3,093,855</u>	<u>9,170,342</u>
Fund Balances, End of Year	<u>\$ 5,422,313</u>	<u>\$ 1,135,182</u>	<u>\$ 3,165,441</u>	<u>\$ 9,722,936</u>

The notes to the financial statements are an integral part of these statements.

CITY OF WARREN, PENNSYLVANIA
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2024

Net change in fund balances - total governmental funds	\$	552,594
Capital outlay, reported as expenditures in the governmental funds, are shown as capital assets in the Statement of Net Position		1,681,505
The net effect of various miscellaneous transactions involving capital assets (i.e. disposal of assets) is to decrease net position		(18,062)
Depreciation expense on governmental capital assets included in the governmental activities in the Statement of Activities		(1,132,289)
Certain activities reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as revenues in the governmental funds:		
Unavailable revenue - property taxes	\$	3,481
Change in net pension asset/liability		652,268
		655,749
Deferred outflow/inflow activity is not reflected in the fund statements as they are related to future pension obligations		(782,165)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. In the current year these amounts are:		
Payments on notes payable		292,597
Payments on finance lease payable		4,656
Change in compensated absences		(42,604)
		254,649
Change in net position of governmental activities	\$	1,211,981

The notes to the financial statements are an integral part of these statements.

CITY OF WARREN, PENNSYLVANIA

Statement of Net Position

Proprietary Funds

December 31, 2024

	Business-Type Activities			Governmental
	Sewer Fund	Parking Fund	Total Enterprise Funds	Internal Service Fund
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 6,283,543	\$ 685,830	\$ 6,969,373	\$ 178,435
Receivable, net	414,988	12,384	427,372	-
Intergovernmental receivable, net	107,182	-	107,182	-
Total Current Assets	<u>6,805,713</u>	<u>698,214</u>	<u>7,503,927</u>	<u>178,435</u>
Non-Current Assets				
Land	25,165	21,630	46,795	-
Assets being depreciated, net	24,662,487	6,416,320	31,078,807	-
Note receivable	1,094,885	-	1,094,885	-
Total Non-Current Assets	<u>25,782,537</u>	<u>6,437,950</u>	<u>32,220,487</u>	<u>-</u>
Total Assets	<u>\$ 32,588,250</u>	<u>\$ 7,136,164</u>	<u>\$ 39,724,414</u>	<u>\$ 178,435</u>
LIABILITIES AND NET POSITION				
Liabilities				
Current Liabilities				
Accounts payable	\$ 53,796	\$ 3,599	\$ 57,395	251
Interest payable	13,151	-	13,151	-
Intergovernmental payable	-	-	-	133,271
Interfund payable	1,424,686	249,411	1,674,097	44,913
Compensated absences	8,034	-	8,034	-
Note payable	672,822	-	672,822	-
Total Current Liabilities	<u>2,172,489</u>	<u>253,010</u>	<u>2,425,499</u>	<u>178,435</u>
Non-Current Liabilities				
Compensated absences	13,113	-	13,113	-
Note payable	15,108,141	-	15,108,141	-
Total Non-Current Liabilities	<u>15,121,254</u>	<u>-</u>	<u>15,121,254</u>	<u>-</u>
Total Liabilities	<u>17,293,743</u>	<u>253,010</u>	<u>17,546,753</u>	<u>178,435</u>
NET POSITION				
Net investment in capital assets	8,906,689	6,437,950	15,344,639	-
Unrestricted	6,387,818	445,204	6,833,022	-
Total Net Position	<u>15,294,507</u>	<u>6,883,154</u>	<u>22,177,661</u>	<u>-</u>
Total Liabilities and Net Position	<u>\$ 32,588,250</u>	<u>\$ 7,136,164</u>	<u>\$ 39,724,414</u>	<u>\$ 178,435</u>

The notes to the financial statements are an integral part of these statements.

CITY OF WARREN, PENNSYLVANIA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2024

	Business-Type Activities			Governmental Activities
	Sewer Fund	Parking Fund	Total Enterprise Funds	Internal Service Fund
Operating Revenues				
Charges for services	\$ 2,508,664	\$ 399,768	\$ 2,908,432	\$ 33,113
Total Operating Revenues	2,508,664	399,768	2,908,432	33,113
Operating Expenses				
Salaries and wages	486,964	81,636	568,600	19,653
Employee benefits	164,420	17,133	181,553	12,156
Supplies	158,932	3,573	162,505	841
Contracted Services	172,330	-	172,330	-
Utilities	164,939	28,162	193,101	65
Other	469,363	75,124	544,487	398
Depreciation	685,011	257,026	942,037	-
Total Operating Expenses	2,301,959	462,654	2,764,613	33,113
Operating Income (Loss)	206,705	(62,886)	143,819	-
Non-Operating Revenues (Expenses)				
Investment earnings	360,207	14,756	374,963	-
Gain (loss) on disposal	(2,603)	-	(2,603)	-
Interest expense	(160,868)	-	(160,868)	-
Transfers in	-	148,622	148,622	-
Transfers out	(256,410)	(114,354)	(370,764)	-
Total Non-Operating Revenue (Expenses)	(59,674)	49,024	(10,650)	-
Change in Net Position	147,031	(13,862)	133,169	-
Net Position, Beginning of Year	15,147,476	6,897,016	22,044,492	-
Net Position, End of Year	\$ 15,294,507	\$ 6,883,154	\$ 22,177,661	\$ -

The notes to the financial statements are an integral part of these statements.

CITY OF WARREN, PENNSYLVANIA

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2024

	Business-Type Activities			Governmental Activities
	Sewer Fund	Parking Fund	Total Enterprise Funds	Internal Service Fund
Cash flows from operating activities:				
Cash receipts from customers	\$ 2,496,657	\$ 401,897	\$ 2,898,554	\$ 33,113
Cash payments to suppliers for goods and services	(483,397)	(33,647)	(517,044)	(657)
Cash payments to employees for services	(307,154)	(71,782)	(378,936)	30,039
Cash payments for other operating expenses	(469,918)	(75,124)	(545,042)	(398)
Net cash provided by (used by) operating activities	<u>1,236,188</u>	<u>221,344</u>	<u>1,457,532</u>	<u>62,097</u>
Cash flows from noncapital financing activities:				
Transfers in from other funds	-	148,622	148,622	-
Transfers to other funds	(256,410)	(114,354)	(370,764)	-
Net cash used by noncapital and related activities	<u>(256,410)</u>	<u>34,268</u>	<u>(222,142)</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition/disposal of capital assets	(225,750)	-	(225,750)	-
Principal payments on note/lease	(666,130)	-	(666,130)	-
Interest paid on debt	(160,868)	-	(160,868)	-
Net cash used by capital and related financing activities	<u>(1,052,748)</u>	<u>-</u>	<u>(1,052,748)</u>	<u>-</u>
Cash flows from investing activities:				
Interest income	360,207	14,756	374,963	-
Payments received on note from General Fund	81,705	-	81,705	-
Net cash provided by investing activities	<u>441,912</u>	<u>14,756</u>	<u>456,668</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	368,942	270,368	639,310	62,097
Cash and cash equivalents, January 1, 2024	<u>5,914,601</u>	<u>415,462</u>	<u>6,330,063</u>	<u>116,338</u>
Cash and cash equivalents, December 31, 2024	<u>\$ 6,283,543</u>	<u>\$ 685,830</u>	<u>\$ 6,969,373</u>	<u>\$ 178,435</u>
Reconciliation of operating income to net cash provided by (used by) operating activities:				
Operating income (loss)	\$ 206,705	\$ (62,886)	\$ 143,819	\$ -
Adjustment to reconcile operating income (loss) to net cash provided by (used by) operating activities:				
Depreciation	685,011	257,026	942,037	-
Changes in assets, liabilities, and deferred inflows				
(Increase) decrease in receivable	5,075	2,129	7,204	-
(Increase) decrease in intergovernmental receivable	(17,082)	-	(17,082)	-
Increase (decrease) in accounts payable	12,804	(1,912)	10,892	249
Increase (decrease) in compensated absences	5,228	-	5,228	-
Increase (decrease) in intergovernmental payable	-	-	-	49,386
Increase (decrease) in interest payable	(555)	-	(555)	-
Increase (decrease) in interfund payable	339,002	26,987	365,989	12,462
Net cash provided by (used by) operating activities	<u>\$ 1,236,188</u>	<u>\$ 221,344</u>	<u>\$ 1,457,532</u>	<u>\$ 62,097</u>

The notes to the financial statements are an integral part of these statements.

CITY OF WARREN, PENNSYLVANIA
Statement of Fiduciary Net Position
Pension Trusts
December 31, 2024

ASSETS

Cash and cash equivalents	\$ 104,655
Investments	<u>25,547,236</u>
Total Assets	<u><u>\$ 25,651,891</u></u>

LIABILITIES

Accounts payable	<u>\$ 25,735</u>
Total Liabilities	<u>25,735</u>

NET POSITION

Net position held in trust for pension benefits	<u>25,626,156</u>
Total Net Position	<u>25,626,156</u>
Total Liabilities and Net Position	<u><u>\$ 25,651,891</u></u>

The notes to the financial statements are an integral part of these statements.

CITY OF WARREN, PENNSYLVANIA
Statement of Changes in Fiduciary Net Position
Pension Trusts
For the Year Ended December 31, 2024

Additions:	
Contributions	
Employer	\$ 441,558
Plan members	121,822
	<hr/>
Total	563,380
Investment income (loss), net	2,534,773
	<hr/>
Total Additions	3,098,153
	<hr/>
Deductions:	
Benefits	1,319,462
Management expense	129,164
	<hr/>
Total Deductions	1,448,626
	<hr/>
Change in Net Position	1,649,527
Net Position, Beginning of Year	23,976,629
	<hr/>
Net Position, End of Year	\$ 25,626,156
	<hr/> <hr/>

The notes to the financial statements are an integral part of these statements.

CITY OF WARREN, PENNSYLVANIA
Notes to Financial Statements
December 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Warren, Pennsylvania was incorporated in 1832, operating as a borough under the Borough code until December 31, 1977, when it changed to a Home Rule Municipality under the Home Rule Charter and Optional Plans Law, Pennsylvania Act 62 of 1972. On January 2, 1989, the Borough changed its name to the City of Warren. The City operates under a council-manager form of government and provides the following services as authorized by its charter: Public Safety – Police and Fire, Highways and Streets, Sanitation, Health and Social Services, Culture/Recreation, Public Improvements, Planning and Zoning, Code Enforcement, and General Administrative Services.

The City's financial statements include the accounts of all City operations. The criteria for including organizations within the City's reporting entity primarily include the degree of oversight responsibility maintained by the City Council. Examples of oversight responsibility include financial interdependency, selection of governing authority, designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

The City established the Redevelopment Authority of the City of Warren, whose purpose is to acquire and dispose of blighted properties within the City. Financial data for the Redevelopment Authority of the City of Warren is not included as a component unit in these financial statements because inclusion is immaterial to the City's basic financial statements. The Redevelopment Authority of the City of Warren has issued separate financial statements for 2024.

B. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. 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.

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following governmental funds:

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

The Warren Redevelopment Assistance Loan fund is used to provide funding for start-up businesses and non-profit organizations created to improve the City of Warren.

The Capital Improvement Program fund accounts for governmental fund-type capital projects of the City.

The Community Development Block Grant fund accounts for federally funded programs of the City.

The Highway Aid fund accounts for monies received from the state and used for street and road projects.

The Glade Run Escrow fund accounts for funds held for the maintenance of Glade Run under an agreement with Department of Environmental Protection.

The Debt Service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City reports the following proprietary funds:

The Sewer Revenue fund accounts for activities of the City's sewage system. The City operates the sewage treatment plant and sewage pumping stations and collections systems.

The Parking Revenue fund accounts for the activities of the City's parking operations.

Additionally, the City reports the following fund types:

The Internal Service fund accounts for services provided to other departments of the City, or to other governments, on a cost reimbursement basis.

The Fiduciary funds account for the activities of the City's pension funds, which accumulates resources for pension benefit payments to qualified employees.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities' column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and pension trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

F. Budgetary Information

The City follows these procedures in establishing the budget:

1. In accordance with the City's Home Rule Charter, on or before 45 days prior to December 31, the City Manager submits a proposed budget and an accompanying message to the City Council for the ensuing year. The message explains the budget both in fiscal terms and in terms of programs, policies, activities, and plans. The budget document provides a financial plan of the general fund, the capital improvement fund, the sewer revenue fund, and the parking revenue fund for the upcoming year and is balanced in that the total of proposed expenditures does not exceed total estimated revenues. The budget is in such form as the City Manager deems desirable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. A public hearing is conducted to obtain taxpayer comment.
3. Prior to December 31, the budget is legally enacted by resolution.
4. Formal budgetary integration is employed as a management control device during the year for the general fund, the capital improvement fund, and the enterprise funds.
5. Adoption of the budget constitutes the appropriation of the amounts specified in the general fund as expenditures.
6. Appropriations may be transferred within departments at any time during the year by the City Manager. City Council may, by resolution, transfer appropriations between departments. Appropriations may not be reduced below any amounts required by law or by more than the amount of unappropriated balance remaining.
7. Appropriations lapse at the end of each fiscal year unless encumbered.
8. City Council may authorize supplemental appropriations during the year.

The City does not provide a budget for its major special revenue fund, the Warren Redevelopment Assistance Loan fund, as the fund's revenues and expenditures relate only to the fund's loan activity.

Excess of expenditures over appropriations

The budget for the parking revenue fund and sewer revenue fund disclosed an excess of expenditures over appropriations of \$231,417 and \$495,542, respectively, mainly due to depreciation expense not being budgeted for by the City and lower than anticipated other expenditures. The amounts over expended were funded by prior year's accumulated net position.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and cash equivalents and investments

The government's cash and cash equivalents as used in the statement of cash flows are considered to be cash on hand, demand deposits, pooled for investment purposes in the Pennsylvania Local Government Investment Trust (PLGIT), and short-term investments with original maturities of three months or less from the date of acquisition.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pennsylvania statutes provide for investment of Governmental Funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of Governmental Funds for investment purposes. Fiduciary Fund investments may also be made in corporate stocks and bonds, real estate, and other investments consistent with sound business practices.

The deposit and investment policy of the City adheres to state statutes and prudent business practice. The investments of the Fiduciary Funds are administered by trustees and are held separately from those of other City funds.

2. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

3. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the government 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 minimum useful life is used (in excess of one year), but only those infrastructure projects that cost more than \$10,000 are reported as capital assets.

Capital assets in governmental activities acquired prior to December 31, 2002 are valued at acquisition costs provided by an industrial appraiser. Governmental capital assets purchased after December 31, 2002 are valued at cost. Governmental infrastructure assets acquired after December 31, 2003 are reported at cost. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets life are not capitalized. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Lives</u>
Computers and software	5
Machinery and equipment	8-15
Vehicles	8
Improvements	15-20
Buildings	20-40
Infrastructure	50

4. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of deferred inflows, which arise under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in the governmental funds balance sheet and statement of net position. The governmental funds report unavailable revenues from two sources: property taxes, which is currently shown in the fund statements, and special assessments, which is shown in both the fund statements and government-wide statements. The government also has a deferred inflow related to net pension liability amounts (see Note 7 for further information). These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Fund balance flow assumptions

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

7. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the director of finance to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Revenues and Expenditures/Expenses

1. Program revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property taxes

The property tax is levied each June on the assessed valuation of property located in the City as of the preceding June. Assessed values are established annually by Warren County and are equalized by the State at an estimated 50% of current market value. Assessed valuation of taxable real estate amounted to \$106,669,290 at a tax rate of 20.8 mills. Taxes are paid at discount to September 30th and at par to November 30th. Taxes paid after November 30th are assessed a 10% penalty.

Unpaid property taxes are returned to the County Treasurer by the City on the last Monday in April. The property is levied at that time. Delinquent notices are sent in July. Taxpayers have until the following June to pay the balance. If unpaid by July 1, property is advertised for sale. The property is then posted in August and sold on the second Monday of September.

3. Compensated absences and accumulated unpaid employee benefits

Unionized and nonunionized City employees generally earn sick leave at rates set forth in the respective union contracts. Sick leave accumulates on a monthly basis and is fully vested when earned. Accumulation policies vary depending on the contract.

4. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts.

5. Credit risk

During the course of operations, the City grants credit to its customers, substantially all of whom are located in the City's area.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Proprietary funds operating and nonoperating revenues and expenses.

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

NOTE 2 – CASH DEPOSITS AND INVESTMENTS – PRIMARY GOVERNMENT

Primary Government:

Deposits

At December 31, 2024, the City’s deposits, excluding the pension trust funds, are as follows:

	<u>Bank</u>	<u>Book</u>
Governmental Activities:		
Cash and cash equivalents	\$ 8,935,122	\$ 8,338,579
Business-Type Activities:		
Cash and cash equivalents	<u>6,969,134</u>	<u>6,969,373</u>
	<u>\$ 15,904,256</u>	<u>\$ 15,307,952</u>

Included in the governmental activities and business-type activities, unrestricted cash is the City’s investment in PLGIT external investment pools, with total deposit of \$11,887,515 as of December 31, 2024. The City’s investment in the investment pool is the same as the value of the pool shares and is reported at amortized cost, which approximate market. All investments in an external investment pool that are not SEC registered are subject to oversight by the Commonwealth. The City can withdraw funds from the investment pools without limitation or fees. The credit quality rating for PLGIT accounts is AAAM.

Custodial Credit Risk – For a deposit, custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of December 31, 2024, \$602,494 of the City’s \$4,016,741 bank balance was insured by the Federal Deposit Insurance Corporation (FDIC). Of the remaining bank balance, \$3,414,247 is collateralized in accordance with Act 72 of the Pennsylvania State Legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution’s name, and the remaining balance is uncollateralized and uninsured. These deposits have carrying amounts of \$4,018,663 as of December 31, 2024.

NOTE 3 – RECEIVABLES

Receivables as of December 31, 2024 for the government’s individual major funds and nonmajor funds in the aggregate are as follows:

	General Fund	Sewer Fund	Parking Fund	Warren Redevelopment Assistance Loan Fund	Capital Improvement Program	Total
Taxes	\$ 332,375	\$ -	\$ -	\$ -	\$ -	\$ 332,375
Intergovernmental	-	107,182	-	909,275	207,500	1,223,957
Other	379,688	478,811	12,384	-	-	870,883
Gross Receivables	712,063	585,993	12,384	909,275	207,500	2,427,215
Less: Allowance for Uncollectable	(169,250)	(63,823)	-	-	-	(233,073)
Net Receivables	<u>\$ 542,813</u>	<u>\$ 522,170</u>	<u>\$ 12,384</u>	<u>\$ 909,275</u>	<u>\$ 207,500</u>	<u>\$ 2,194,142</u>

Reconciliation to Government-wide Statement of Net Position

Receivable	\$ 870,883
Allowance for uncollectible accounts	<u>(233,073)</u>
Receivable, net	<u>\$ 637,810</u>

The receivables in the Warren Redevelopment Assistance Loan Fund is related to West of Liberty Apartments and DewBoi Properties, LLC.

NOTE 4 – CAPITAL ASSETS

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

	Balance January 1, 2024	Additions/ Adjustments	Deletions/ Adjustments	Balance December 31, 2024
Governmental Activities				
Capital Assets not Depreciated:				
Land	\$ 609,956	\$ -	\$ -	\$ 609,956
Construction in progress	81,378	895,648	-	977,026
Redevelopment properties	203,845	-	-	203,845
Total Capital Assets not Depreciated	<u>\$ 895,179</u>	<u>\$ 895,648</u>	<u>\$ -</u>	<u>\$ 1,790,827</u>
Capital Assets Depreciated:				
Infrastructure	\$ 28,326,210	\$ -	\$ -	\$ 28,326,210
Buildings	6,062,348	563,211	-	6,625,559
Improvements other than buildings	4,333,952	67,972	-	4,401,924
Machinery and equipment, computers and software	2,732,408	59,315	(71,624)	2,720,099
Vehicles	3,820,303	95,359	(95,359)	3,820,303
Furnitures and fixtures	128,012	-	-	128,012
Total Assets Depreciated	<u>45,403,233</u>	<u>785,857</u>	<u>(166,983)</u>	<u>46,022,107</u>
Less Accumulated Depreciation:				
Infrastructure	(6,340,229)	(460,636)	-	(6,800,865)
Buildings	(3,576,245)	(153,368)	-	(3,729,613)
Improvements other than buildings	(2,135,995)	(150,811)	-	(2,286,806)
Machinery and equipment, computers and software	(1,760,498)	(143,460)	63,097	(1,840,861)
Vehicles	(1,696,110)	(222,411)	85,824	(1,832,697)
Furnitures and fixtures	(116,667)	(1,605)	-	(118,272)
Total Accumulated Depreciation	<u>(15,625,746)</u>	<u>(1,132,291)</u>	<u>148,921</u>	<u>(16,609,114)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 29,777,487</u>	<u>\$ (346,434)</u>	<u>\$ (18,062)</u>	<u>\$ 29,412,993</u>

NOTE 4 – CAPITAL ASSETS (CONTINUED)

	Balance January 1, 2024	Additions/ Adjustments	Deletions/ Adjustments	Balance December 31, 2024
Business-Type Activities				
Capital Assets not Depreciated:				
Land	\$ 46,795	\$ -	\$ -	\$ 46,795
Total Capital Assets not Depreciated	<u>\$ 46,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,795</u>
Capital Assets Depreciated:				
Buildings and improvements	\$ 155,060	\$ -	\$ -	\$ 155,060
Sewer treatment plant	26,155,219	-	-	26,155,219
Sewer machinery and equipment	637,980	2,100	(26,027)	614,053
Sewer collection system	3,075,041	-	-	3,075,041
Vehicles	717,339	223,650	(24,825)	916,164
Furniture and fixtures	342	-	-	342
Parking garage	9,570,275	-	-	9,570,275
Parking lots and parking equipment	1,114,347	-	-	1,114,347
Total Assets Depreciated	<u>41,425,603</u>	<u>225,750</u>	<u>(50,852)</u>	<u>41,600,501</u>
Less Accumulated Depreciation:				
Buildings and improvements	(7,124)	(5,087)	-	(12,211)
Sewer treatment plant	(3,689,175)	(527,025)	-	(4,216,200)
Sewer machinery and equipment	(375,754)	(33,085)	23,424	(385,415)
Sewer collection system	(1,242,157)	(52,163)	-	(1,294,320)
Vehicles	(302,094)	(67,651)	24,825	(344,920)
Furniture and fixtures	(327)	-	-	(327)
Parking garage	(3,465,716)	(192,565)	-	(3,658,281)
Parking lots and parking equipment	(545,559)	(64,461)	-	(610,020)
Total Accumulated Depreciation	<u>(9,627,906)</u>	<u>(942,037)</u>	<u>48,249</u>	<u>(10,521,694)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 31,797,697</u>	<u>\$ (716,287)</u>	<u>\$ (2,603)</u>	<u>\$ 31,078,807</u>

NOTE 4 – CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

General government	\$ 577,468
Public safety	260,427
Public works	192,489
Culture and recreation	90,583
Community development	5,661
Building code enforcement	<u>5,661</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 1,132,289</u>
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Business-Type Activities:

Depreciation	
Sewer fund	\$ 685,011
Parking fund	<u>257,026</u>

Total Depreciation Expense - Business-Type Activities	<u>\$ 942,037</u>
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NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2024 is as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
General	Sewer	\$ 1,424,686
General	Parking	249,411
General	Tax Agency	44,913
General	Capital Improvement	140,096
Warren Redevelopment	General	195,000
CDBG	General	<u>-</u>
		<u>\$ 2,054,106</u>

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS
(CONTINUED)**

Reconciliation of interfund balances between governmental activities and business-type activities were as follows:

Total interfund balances above	\$ 2,054,106
Less: interfund balances between governmental funds	<u>(380,009)</u>
Total interfund balances between governmental activities and business-type activities	<u>\$ 1,674,097</u>

Interfund balances represent amounts owed to general fund for short-term payments made out of the general fund for operating expenses.

Transfers for the year ended December 31, 2024 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Capital Improvement	\$ 447,944
Capital Improvement	Parking Fund	148,622
General Fund	Debt Service Fund	285,885
Parking Fund	General Fund	114,354
Sewer Fund	General Fund	256,410
Highway Aid Fund	General Fund	237,729
General Fund	Capital Improvement	<u>237,729</u>
		<u>\$ 1,728,673</u>

Transfers are made to account for capital items purchased through the capital improvement fund and to fund operating expenses out of the general fund.

NOTE 6 – LONG-TERM LIABILITIES

General Obligation Debt

Sewer Treatment Plant Upgrade – A note in the amount of \$21,491,723 was obtained to pay for costs of the sewer treatment plant upgrade. The note is payable to Pennvest in monthly installments of \$69,126, including interest at 1%, maturing in 2044. The note is secured by full faith, credit, and taxing power of the City. Payments begin at the earlier of three months after the estimated date of completion, the first day of the calendar month following completion of the project, or three years from the date of settlement. Interest expense for the year was \$161,423. The outstanding amount of the note as of December 31, 2024 is \$15,780,963.

Parking Garage – The City obtained a General Obligation Note in the amount of \$3,600,000 for accelerated payoff of the above Streetscape Project Note, Parking Garage Note and for additional repair work on parking garage and other capital projects. The note is payable to a bank in quarterly installments of \$71,471, at a variable interest rate. The note matures March 2037. The note is secured by the full faith, credit, and taxing power of the City.

As of year ended December 31, 2024, there have been no significant events of default with finance-related consequences nor any termination events or subjective acceleration clauses.

Debt Service Requirements

Year Ending	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 300,126	\$ 101,778	\$ 672,822	\$ 154,731	\$ 972,948	\$ 256,509
2026	307,849	94,053	679,581	147,972	987,430	242,025
2027	315,773	86,129	686,408	141,145	1,002,181	227,274
2028	323,907	77,997	693,304	134,250	1,017,211	212,247
2029	332,251	69,653	700,268	127,285	1,032,519	196,938
2030-2034	1,794,241	215,275	3,608,290	529,476	5,402,531	744,751
2035-2039	757,166	21,239	3,793,211	344,554	4,550,377	365,793
2040-2044	-	-	3,987,609	150,156	3,987,609	150,156
2045-2046	-	-	959,470	6,007	959,470	6,007
	<u>\$ 4,131,313</u>	<u>\$ 666,124</u>	<u>\$ 15,780,963</u>	<u>\$ 1,735,576</u>	<u>\$ 19,912,276</u>	<u>\$ 2,401,700</u>

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

Interfund Notes

The City of Warren General Fund signed two promissory notes with the City of Warren Sewer Fund to borrow money for the purchase of two firetrucks. Principal and interest payments shall commence on January 1, 2021 and July 1, 2021. The Notes bear interest rates of 3.0% per annum and principal and interest payments of \$6,477 per month and \$3,191 per month, respectively for 15 years ending December 31, 2035 and December 31, 2036, respectively.

Finance Leases

The City entered into lease agreements to finance the acquisition of office equipment. The leases are recorded at the present value of the future minimum lease payments as of the date of their purchase. The assets acquired under capital leases are recorded at \$24,876, accumulated depreciation of \$12,421 and are included with capital assets in the statement of net position.

Following is a schedule of the future minimum lease payments required under these capital leases, and the present value of the net minimum lease payments at December 31, 2024. Finance lease amortization is included in depreciation expense.

<u>Asset Class</u>	<u>Governmental Activities</u>
Machinery and equipment	\$ 24,876
Less accumulated depreciation	<u>(12,421)</u>
Total	<u><u>\$ 12,455</u></u>

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2024 are as follows:

<u>Year Ending</u>	<u>Governmental Activities</u>
2025	\$ 6,244
2026	4,037
2027	2,933
2028	<u>1,466</u>
Total minimum lease payments	14,680
Less amount representing interest	<u>(2,092)</u>
Present value of minimum lease payments	<u><u>\$ 12,588</u></u>

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

Long-term liability activity for the year ended December 31, 2024 was as follows:

	January 1, 2024	Additions	Reductions	December 31, 2024	Due Within One Year
Governmental Activities:					
Notes payable	\$ 4,423,910	\$ -	\$ (292,597)	\$ 4,131,313	\$ 300,126
Finance Leases	17,244	-	(4,656)	12,588	5,143
Compensated absences	443,435	1,227,767	(1,185,163)	486,039	184,646
	<u>\$ 4,884,589</u>	<u>\$ 1,227,767</u>	<u>\$ (1,482,416)</u>	<u>\$ 4,629,940</u>	<u>\$ 489,915</u>
Business-Type activities:					
Sewer fund upgrade note	\$ 16,447,093	\$ -	\$ (666,130)	\$ 15,780,963	\$ 672,822
Compensated absences	15,919	129,639	(124,411)	21,147	8,034
	<u>\$ 16,463,012</u>	<u>\$ 129,639</u>	<u>\$ (790,541)</u>	<u>\$ 15,802,110</u>	<u>\$ 680,856</u>

NOTE 7 – RETIREMENT PLANS

The City administers three single-employer defined benefit pension plans: Municipal employees, Police and Firefighters. The Plans were established by municipal ordinance with the authority for municipal contributions required by Act 205 of the Pennsylvania legislature. A separate report is not issued for each Plan. Each Plan is accounted for as a separate pension trust fund on the accrual basis and is governed by City Council. Assets are held separately and may be used only for the payment of benefits to members of the respective Plans.

Municipal Employees

The City of Warren Municipal Employee Pension Plan is a single-employer defined benefit pension Plan. The Plan was established by Ordinance No. 845, effective August 15, 1966. The Plan was amended and restated by Ordinance No. 1880, effective October 17, 2016. The Plan is governed by the City Council of the City of Warren which may amend Plan provisions, and which is responsible for the management of Plan assets. The City Council has delegated the authority to manage certain Plan assets to Vanguard. The Plan is required to file Form PC-203C biennially with the Pennsylvania Department of the Auditor General’s Municipal Pension Reporting Program (MPRP). The most recent filing was as of January 1, 2023.

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Benefit Provisions

Eligibility Requirements

New Hires Plan: Hired on or after January 1, 2018 for union employees and hired on or after January 1, 2019 for non-union employees.

Normal Retirement: Age 62 and 10 years of service.

For New Hires Plan: Age 60 and 20 years of service.

Early Retirement: Age 57 and 12 years of service.

For New Hires Plan: None.

Vesting: 50% after 5 years of service, increasing by 10% for each additional year, up to a maximum of 100% after the completion of 10 years of service.

For New Hires Plan: 100% after 20 years of service.

Retirement Benefit: A monthly benefit equal to 1.2% of Final Average Monthly Salary (base pay averaged over the final 60 months of employment), plus 1.0% of Final Average Monthly Salary in excess of \$550 multiplied by years of service.

For New Hires Plan: A monthly benefit equal to 50% of Average Compensation (base pay averaged over the highest 5-year period, or rate of monthly pay at retirement, whichever is higher). Such benefit shall be offset by 40% of a Participant's full Social Security old-age insurance benefit.

Death Benefit

Before 10 Years of service: Refund of contributions if any, plus interest.

After 10 Years of service The participant's spouse will receive 50% of the participant's Accrued Benefit, payable for life or until remarriage.

For New Hires Plan: Refund of Contributions

NOTE 7 – RETIREMENT PLANS (CONTINUED)

After Retirement: The Normal Form of Benefit is a life annuity. At retirement, the participant may select an optional form of benefit payment that is an actuarial equivalent of the Normal Form.

For New Hires Plan: None except that if total benefits paid to the participant are less than the refund of contributions, the excess balance is payable.

Late Retirement: The Benefit is the greater of the Normal Retirement Benefit actuarially increased to Late Retirement date, or the accrued benefit at actual Late Retirement date.

For New Hires Plan: The accrued benefit at actual Late Retirement date.

Early Retirement:

Amount of Benefit: Normal Retirement benefit based on Years of Continuous Service at date of actual retirement payable at Normal Retirement.

For New Hires Plan: None.

Reduction for Early Commencement: Benefit may be elected immediately, but will be reduced by 6.7% for each year by which commencement of benefits precedes Normal Retirement Date.

Deposits

At December 31, 2024, the Plan held \$51,587 in deposits. All deposits were fully insured by the Federal Deposit Insurance Corporation (FDIC).

Investments

The Plan is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act. The Plan's target asset allocation is as follows:

<u>Asset Class</u>	<u>Target Percentage</u>
Equities	58-68%
Fixed Income	17-37%
Real Estate	0-10.0%
Infrastructure	0-10.0%

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Credit Risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan has no investment policy for credit risk. The credit ratings of the Plan’s investments (excluding obligations explicitly guaranteed by the U.S. government) are indicated on the table below.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Fixed Income Mutual Funds	\$ 2,457,333	Not Rated

The above investments are categorized in the fair value hierarchy as Level 2 investments (Fixed Income Mutual Funds).

The valuation technique used in determining the above fair value are recently executed transactions, market price quotations and pricing models that factor in where applicable interest rates, bond, or CD spread volatility. There were no significant changes in the valuation techniques used as of December 31, 2023.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Plan places no limit on the amount that may be invested in any one issuer. At December 31, 2024, the Plan had no investments (other than U.S. Government and U. S. Government guaranteed obligations, mutual funds or other pooled investments) in any one issuer that represent 5% or more of Fiduciary Net Position.

Interest Rate Risk for investments is the risk that a change in interest rates will adversely affect the fair value of an investment. The Plan has no investment policy for interest rate risk other than the 42.5% limit on fixed income securities. The maturities of the Plan’s debt investments are listed on the table below.

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>					
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>N/A</u>	<u>1-5.99</u>	<u>6 - 10</u>	<u>More than 10</u>
Debt Securities-Fixed Income Funds	<u>\$ 2,457,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,457,333</u>	<u>\$ -</u>

Contributions

The employer follows the funding policy prescribed by Act 205 of 1984 (as amended), which requires that annual contributions be based upon the Minimum Municipal Obligation (MMO) using the Plan’s most recent biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds state and member contributions must be funded by the employer.

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Employees hired on or before January 1, 2018 are required to contribute 2.0% of covered payroll to the Plan. Employees hired after January 1, 2018 are required to contribute 3.5% of covered payroll to the Plan. This contribution is governed by the Plan’s governing ordinances and collective bargaining.

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

Net Pension Liability

The components of the net pension liability at December 31, 2024 are as follows:

Total pension liability*	\$ 7,487,080
Plan fiduciary net position	<u>(7,899,753)</u>
Net pension liability/(asset)	<u>\$ (412,673)</u>

Plan fiduciary net position as a percentage of the total pension liability: 105.5%

*The total pension liability was determined by an actuarial valuation as of January 1, 2023 and rolled forward to the reporting date using the following significant actuarial assumptions applied to all periods included in the measurement:

Actuarial Assumptions

Inflation: 2.75%

Salary increases: 4.50% including inflation

Mortality: PubG-2010 mortality projected for the year 2020 with rates derived from the Long-Range Demographic Assumptions for the 2020 SSA’s trustee report.

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Expected Long-Term

Rate of Return:

7.00 % applied to all periods

The long-term expected rate of return on pension Plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of inflation and investment expenses not funded through the MMO) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of December 31, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real ROR</u>
US Equity-Large Cap	4.25% - 7.31%
US Equity-Small/Mid Cap	4.70% - 8.42%
Non-US Equity-Developed	4.54% - 7.92%
Non-US Equity-Emerging	5.22% - 9.27%
US Corp Bond - Core	.97% - 1.94%
US Corp Bond-High Yield	2.62% - 4.32%
Non-US Debt-Developed	.88% - 2.14%
Non-US Debt-Emerging	2.34% - 4.06%
US Treasuries / Cash	.47% - 1.07%

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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 employer contributions will be made equal to the Minimum Municipal Obligation. Based on those assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension Plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Sensitivity of the net pension liability to changes in the discount rate

The following shows the effect of a 1% change in the discount rate on the net pension liability:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability/(Asset)	\$ 420,068	\$ (412,673)	\$ (1,117,736)

Payable to the Pension Plan

At December 31, 2024, the City did not owe anything to the Plan.

Plan Membership

The Plan provides pensions for full-time municipal employees of the City. As of December 31, 2024, pension Plan membership consists of:

Active employees	24
Retirees and beneficiaries currently receiving benefits	27
Terminated employees entitled to benefits but not yet receiving them	<u>6</u>
Total	<u><u>57</u></u>

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/23	\$ 7,229,648	\$ 7,450,831	\$ (221,183)
Changes for the Year:			
Service cost	179,487	-	179,487
Interest	503,981	-	503,981
Differences between expected and actual experience	-	-	-
Change of assumptions	-	-	-
Contributions - employer	-	98,503	(98,503)
Contributions - employee	-	32,618	(32,618)
Net investment income	-	794,706	(794,706)
Benefit payments and refunds of employee contributions	(426,036)	(426,036)	-
Administrative expense	-	(50,869)	50,869
Net changes	<u>257,432</u>	<u>448,922</u>	<u>(191,490)</u>
Balances at 12/31/2024	<u>\$ 7,487,080</u>	<u>\$ 7,899,753</u>	<u>\$ (412,673)</u>

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Police Pension

The City of Warren Police Pension Plan is a single-employer defined benefit pension Plan. The Plan was established by Ordinance No. 376, effective May 7, 1945. The Plan was amended and restated by Ordinance No. 1669, effective January 1, 2002. The Plan is governed by the City Council of the City of Warren which may amend Plan provisions, and which is responsible for the management of Plan assets. The City Council has delegated the authority to manage certain Plan assets to Vanguard. The Plan is required to file Form PC-201C biennially with the Pennsylvania Department of the Auditor General's Municipal Pension Reporting Program (MPRP). The most recent filing was as of January 1, 2023.

Benefit Provisions

Eligibility Requirements:

Normal Retirement: If hired before January 1, 2021 – Completion of 20 years of service.

If hired on or after January 1, 2021 – Age 50 and completion of 20 years of service.

Vesting: 100% after 12 years of service.

Retirement Benefit

If hired before January 1, 2021 - A monthly benefit equal to 50% of Final Average Monthly Compensation (total wages plus 40% of accumulated sick days earned prior to retirement averaged over the final 36 months of employment), plus Extra Service benefit of 1/40 of the Normal Retirement Benefit for each completed Year of Service in excess of 20 years, up to a maximum increase of \$500. Service completed after age 65 is not counted.

If hired on or after January 1, 2021 – A monthly benefit equal to 50% of Final Average Monthly Compensation (based pay plus longevity averaged over the final 36 months of employment).

Death Benefit

Before Retirement Eligibility: Refund of contributions plus interest.

NOTE 7 – RETIREMENT PLANS (CONTINUED)

After Retirement Eligibility: If hired before January 1, 2021 - The surviving spouse will receive 100% of the amount the participant was receiving or entitled to receive payable for life or until remarriage. In the event of the spouse's death or remarriage, the participant's children under age 18 will share the benefit, or until age 21 if a full-time student.

If hired on or after January 1, 2021 - The surviving spouse will receive 50% of the amount the participant was receiving or entitled to receive payable for life or until remarriage. In the event of the spouse's death or remarriage, the participant's children under age 18 will share the benefit, or until age 21 if a full-time student.

Disability Benefit

Service Related: For total and permanent disablement, a monthly benefit equal to 50% of compensation averaged over the final 36 months prior to disablement will be payable commencing the first day of the month following disablement and continuing for duration of Disability prior to Normal Retirement date and life thereafter.

Non-Service Related: None.

DROP Benefit: None.

Cost-of Living Adjustment: Normal retirees will receive a 2.0% per year increase in their benefit. Total increases may not exceed 70% of the contractual pay rate of a fourth-year officer/First Class Patrolman at the time of retirement. Disabled retirees will receive annual increases based on the Consumer Price Index up to a maximum of 30% of the original benefit.

Vesting Benefit: A benefit at Normal Retirement date equal to 50% of Final Average Monthly Compensation in the 36 months preceding termination multiplied by the ratio of actual service to projected years of service at normal retirement eligibility. Benefit is paid in lieu of the return of member contributions.

Deposits

At December 31, 2024, the Plan held \$61,987 in deposits. All deposits were fully insured by the Federal Deposit Insurance Corporation (FDIC).

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Investments

The Plan is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act. The Plan’s target asset allocation is as follows:

<u>Asset Class</u>	<u>Target Percentage</u>
Equities	58-68%
Fixed Income	17-37%
Real Estate	0-10.0%
Infrastructure	0-10.0%

Credit Risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan has no formal policy for credit risk. The credit ratings of the Plan’s investments (excluding obligations explicitly guaranteed by the U.S. government) are indicated on the table below.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Fixed Income Mutual Funds	\$3,151,768	Not Rated

The above investments are categorized in the fair value hierarchy in the following manner:

	<u>Level II</u>
Fixed Income Mutual Funds	<u>3,151,768</u>
	<u>\$ 3,151,768</u>

The valuation technique used in determining the above fair value are recently executed transactions, market price quotations and pricing models that factor in where applicable interest rates, bond, or CD spread volatility. There were no significant changes in the valuation techniques used as of December 31, 2024.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Plan places no limit on the amount that may be invested in any one issuer. At December 31, 2024, the Plan had no investments (other than U.S. Government and U. S. Government guaranteed obligations, mutual funds or other pooled investments) in any one issuer that represent 5% or more of Fiduciary Net Position.

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Interest Rate Risk for investments is the risk that a change in interest rates will adversely affect the fair value of an investment. The Plan has no investment policy for interest rate risk other than the 42.5% limit on fixed income securities. The maturities of the Plan’s debt investments are listed on the table below.

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5.99</u>	<u>6 - 10</u>	<u>More than 10</u>
Fixed Income Mutual Funds	\$ 3,151,768	\$ -	\$ -	\$ 3,151,768	\$ -

Contributions

The employer follows the funding policy prescribed by Act 205 of 1984 (as amended), which requires that annual contributions be based upon the Minimum Municipal Obligation (MMO) using the Plan’s most recent biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds state and member contributions must be funded by the employer.

Employees are required to contribute 5.0% of covered payroll to the Plan. This contribution is governed by the Plan’s governing ordinances and collective bargaining. Contributions are currently reduced to 2.0% of covered payroll.

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

Net Pension Liability

The components of the net pension liability (asset) at December 31, 2023 are as follows:

Total pension liability*	\$ 9,930,499
Plan fiduciary net position	<u>(10,096,504)</u>
Net pension liability/(asset)	<u>\$ (166,005)</u>

Plan fiduciary net position as a percentage of the total pension liability: 101.7%

NOTE 7 – RETIREMENT PLANS (CONTINUED)

*The total pension liability was determined by an actuarial valuation as of January 1, 2023 and rolled forward to the reporting date using the following significant actuarial assumptions applied to all periods included in the measurement:

Actuarial Assumptions:

Inflation:	2.75%
Salary increases:	4.50% including inflation, plus for officers hired prior to January 1, 2021 an additional 2.667% in the year preceding retirement to reflect unused sick days used in the calculation of Final Average Monthly Compensation.
Mortality:	PubS-2010 mortality projected from the year 2020 with rates derived from the Long-Range Demographic Assumptions for the 2020 SSA’s Trustee report.
Expected Long-Term Rate of Return:	7.00% applied to all periods

The long-term expected rate of return on pension Plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of inflation and investment expenses not funded through the MMO) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of December 31, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real ROR</u>
US Equity-Large Cap	4.25% - 7.31%
US Equity-Small/Mid Cap	4.70% - 8.42%
Non-US Equity-Developed	4.54% - 7.92%
Non-US Equity-Emerging	5.22% - 9.27%
US Corp Bond - Core	.97% - 1.94%
US Corp Bond-High Yield	2.62% - 4.32%
Non-US Debt-Developed	.88% - 2.14%
Non-US Debt-Emerging	2.34% - 4.06%
US Treasuries / Cash	.47% - 1.07%

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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 employer contributions will be made equal to the Minimum Municipal Obligation. Based on those assumptions, the pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension Plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following shows the effect of a 1% change in the discount rate on the net pension liability(asset):

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 1,032,181	\$ (166,005)	\$ (1,154,774)

Payable to the Pension Plan

At December 31, 2024, the City did not owe anything to the Plan.

Plan Membership

The Plan provides pensions for full-time policemen of the City. As of December 31, 2024, pension Plan membership consists of:

Active employees	16
Retirees and beneficiaries currently receiving benefits	25
Terminated employees entitled to benefits but not yet receiving them	0
Total	41

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/23	\$ 9,667,976	\$ 9,595,870	\$ 72,106
Changes for the Year:			
Service cost	266,973	-	266,973
Interest	672,166	-	672,166
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - employer	-	194,970	(194,970)
Contributions - employee	-	23,946	(23,946)
Net investment income	-	1,016,876	(1,016,876)
Benefit payments and refunds of employee contributions	(676,616)	(676,616)	-
Administrative expense	-	(58,542)	58,542
Net changes	<u>262,523</u>	<u>500,634</u>	<u>(238,111)</u>
Balances at 12/31/2024	<u>\$ 9,930,499</u>	<u>\$ 10,096,504</u>	<u>\$ (166,005)</u>

Firefighter Pension

The City of Warren Firefighters Pension Plan is a single-employer defined benefit pension Plan. The Plan was established September 1, 1974 (adopted pursuant to Act 600 of 1956). The Plan was amended and restated by Ordinance No. 1668, effective January 1, 2010. The Plan is governed by the City Council of the City of Warren which may amend Plan provisions, and which is responsible for the management of Plan assets. The City Council has delegated the authority to manage certain Plan assets to Vanguard. The Plan is required to file Form PC-202C biennially with the Pennsylvania Department of the Auditor General’s Municipal Pension Reporting Program (MPRP). The most recent filing was as of January 1, 2023.

Benefit Provisions

Pension Plan benefit provisions are as follows:

Eligibility Requirements

Normal Retirement: Age 50 and 20 years of service. Retirement is mandatory at age 62 except for the Chief.

Early Retirement: None.

Vesting: 100% after 12 years of service.

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Retirement Benefit:	A monthly benefit equal to 50% of Final Average Monthly Compensation, base pay plus longevity averaged over the highest 5 years or the final monthly rate of pay, whichever is higher, plus a service increment of 1/40 of the Normal Retirement Benefit for each completed Year of Service in excess of 20 years, up to a maximum of \$250. For new hires after January 1, 2020, the maximum service increment is \$100. Service completed after age 65 is not counted.
Death Benefit	
Before Retirement Eligibility:	A monthly benefit equal to 50% of Vested Accrued Benefit at date of death is payable to the participant's spouse immediately upon death.
After Retirement Eligibility or in-Service death:	A monthly benefit equal to 100% of the benefit the participant was receiving or was entitled to receive payable to the survivor for life. For those participants who die while in active service, the benefit is deferred until the participant's normal retirement date.
Disability Benefit	
Service Related:	Upon total and permanent disablement as determined by a qualified physician, participant will receive a monthly benefit equal to 50% of compensation averaged over the final 60 months prior to disablement. Benefit commences the first day of the month following disablement and continuing for duration of Disability prior to Normal Retirement date and life thereafter.
Non-Service Related:	Hired on or after 1/1/2010, there is a 10-year service requirement. Monthly benefit is 30%.
DROP Benefit	None.
Other Benefits	
Vesting Benefit	Prospective Normal Retirement Benefit is multiplied by the ratio of service to date divided by projected service to Normal Retirement payable at Normal Retirement Date.

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Member Contributions

Amount or Rate: 5.0% of wages + \$2.50 per month for service increment
(For those hired after January 1, 2020, \$1 per month for service increment).

Interest Rate Credited to
Member Contributions: 0.0%

Deposits

At December 31, 2024, the Plan held \$34,484 in deposits. Deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC).

Investments

The Plan is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act. The Plan's target asset allocation is as follows:

<u>Asset Class</u>	<u>Target Percentage</u>
Equities	58-68%
Fixed Income	17-37%
Real Estate	0-10.0%
Infrastructure	0-10.0%

Credit Risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan has no formal policy for credit risk. At December 31, 2024, the credit ratings of the Plan's investments (excluding obligations explicitly guaranteed by the U.S. government) are indicated on the table below.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Fixed Income Mutual Funds	\$2,380,967	Not Rated

The above investments are categorized in the fair value hierarchy in the following manner:

	<u>Level II</u>
Fixed Income Mutual Funds	<u>2,380,967</u>
	<u>\$ 2,380,967</u>

NOTE 7 – RETIREMENT PLANS (CONTINUED)

The valuation technique used in determining the above fair value are recently executed transactions, market price quotations and pricing models that factor in where applicable interest rates, bond, or CD spread volatility. Annuity contract is based on contract value adjusted for any investment related activity. There were no significant changes in the valuation techniques used as of December 31, 2023.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Plan places no limit on the amount that may be invested in any one issuer. At December 31, 2024, the Plan had no investments (other than U.S. Government and U.S. Government guaranteed obligations, mutual funds or other pooled investments) in any one issuer that represent 5% or more of Fiduciary Net Position.

Interest Rate Risk for investments is the risk that a change in interest rates will adversely affect the fair value of an investment. The maturities of the Plan's debt investments are listed on the table below.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5.99</u>	<u>6 - 10</u>	<u>More than 10</u>
Mutual Funds	\$ 2,380,967	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,380,967</u>	<u>\$ -</u>

Contributions

The employer follows the funding policy prescribed by Act 205 of 1984 (as amended), which requires that annual contributions be based upon the Minimum Municipal Obligation (MMO) using the Plan's most recent biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds state and member contributions must be funded by the employer.

Employees are required to contribute 5.0% of covered payroll + \$2.50 per month (\$1.00 per month if hired after January 1, 2020) for service increment to the Plan. This contribution is governed by the Plan's governing ordinances and collective bargaining.

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

NOTE 7 – RETIREMENT PLANS (CONTINUED)

The components of the net pension liability at December 31, 2023 are as follows:

Total pension liability*	\$ 7,420,272
Plan fiduciary net position	<u>(7,654,180)</u>
Net pension liability/(asset)	<u>\$ (233,908)</u>

Plan fiduciary net position as a percentage of the total pension liability: 103.2%

*The total pension liability was determined by an actuarial valuation as of January 1, 2023 and rolled forward to the reporting date using the following significant actuarial assumptions applied to all periods included in the measurement:

Actuarial Assumptions

Inflation:	2.75%
Salary increases:	4.50% including inflation
Mortality:	PubS-2010 mortality projected from the year 2020 with rates derived from the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report.
Expected Long-Term Rate of Return:	6.75 % applied to all periods

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of inflation and investment expenses not funded through the MMO) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of December 31, 2024 are summarized in the following table:

NOTE 7 – RETIREMENT PLANS (CONTINUED)

<u>Asset Class</u>	<u>Long-Term Expected Real ROR</u>
US Equity-Large Cap	4.25% - 7.31%
US Equity-Small/Mid Cap	4.70% - 8.42%
Non-US Equity-Developed	4.54% - 7.92%
Non-US Equity-Emerging	5.22% - 9.27%
US Corp Bond - Core	.97% - 1.94%
US Corp Bond-High Yield	2.62% - 4.32%
Non-US Debt-Developed	.88% - 2.14%
Non-US Debt-Emerging	2.34% - 4.06%
US Treasuries / Cash	.47% - 1.07%

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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 employer contributions will be made equal to the Minimum Municipal Obligation. Based on those assumptions, the pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension Plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following shows the effect of a 1% change in the discount rate on the net pension liability:

	<u>1% Decrease 5.75%</u>	<u>Current Discount Rate 6.75%</u>	<u>1% Increase 7.75%</u>
Net Pension Liability (asset)	<u>\$ 749,750</u>	<u>\$ (233,908)</u>	<u>\$ (1,036,586)</u>

Payable to the Pension Plan

At December 31, 2024, the City did not owe anything to the Plan.

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Plan Membership

The Plan provides pensions for full-time firefighters of the City. As of December 31, 2023, pension Plan membership consists of:

Active employees	23
Retirees and beneficiaries currently receiving benefits	6
Terminated employees entitled to benefits but not yet receiving them	<u>3</u>
Total	<u><u>32</u></u>

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/23	\$ 6,942,802	\$ 6,954,043	\$ (11,241)
Changes for the Year:			
Service cost	218,115	-	218,115
Interest	476,164	-	476,164
Changes of benefit terms	-	-	-
Differences between expected and actual experiences	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	148,085	(148,085)
Contributions - employee	-	65,236	(65,236)
Net investment income	-	753,622	(753,622)
Benefit payments and refunds of employee contributions	(216,809)	(216,809)	-
Administrative expense	-	(49,997)	49,997
Net changes	<u>477,470</u>	<u>700,137</u>	<u>(222,667)</u>
Balances at 12/31/2024	<u>\$ 7,420,272</u>	<u>\$ 7,654,180</u>	<u>\$ (233,908)</u>

NOTE 7 – RETIREMENT PLANS (CONTINUED)

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

For the year ended December 31, 2024, the City recognized pension expense of \$571,455. At December 31, 2024, the Plan reported deferred outflows of resources and deferred inflows of resources related to the municipal employee's, firefighter's and police officer's pension from the following sources:

	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 259,173
Changes of assumptions	(171,806)
Net difference between projected and actual earnings on pension plan investments	<u>21,350</u>
Total	<u><u>\$ 108,717</u></u>

Amounts reported as deferred outflows of resources (+) and deferred inflows (-) of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:

2025	220,420
2026	503,584
2027	(597,734)
2028	(185,424)
2029	(12,392)
Thereafter	<u>(37,171)</u>
Total	<u><u>\$ (108,717)</u></u>

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Grant Programs

The City participates in both state and federal grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The City is potentially liable for any expenditure that may be disallowed pursuant to the terms of these grant programs.

Litigation

The City may be subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the ultimate outcome of the claims and litigation, if any, will not have a material adverse effect on the City's financial position.

NOTE 9 – SELF INSURANCE – HEALTH INSURANCE

The City entered into an agreement with Municipal Benefit Services (funded by the Municipal Employees Insurance Trust) to provide health and welfare benefits to the City's employees and retirees.

The City's self-insurance program pays health and dental insurance coverage for City employees. Retired employees are also covered by the program provided they pay a monthly premium to the City. Under the Trust Agreement, the City is obligated to make employer contributions as determined by the Trust or on a monthly basis.

At December 31, 2024, there is no material liability of unpaid claims to be reported by the City.

NOTE 10 – SUBSEQUENT EVENTS

The City has evaluated subsequent events through October 22, 2025, the date which the financial statements were available to be issued.

**Required Supplementary
Information**

CITY OF WARREN, PENNSYLVANIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 6,836,325	\$ 6,836,325	\$ 7,253,506	\$ 417,181
Intergovernmental	944,183	944,183	667,789	(276,394)
Charges for services	759,350	759,350	842,783	83,433
Interest, rents and royalties	26,453	26,453	119,950	93,497
Licenses and permits	313,460	313,460	372,694	59,234
Fines and forfeits	48,500	48,500	51,479	2,979
Other	40,950	40,950	165,071	124,121
Total Revenues	<u>8,969,221</u>	<u>8,969,221</u>	<u>9,473,272</u>	<u>504,051</u>
EXPENDITURES				
Current:				
General government	1,262,052	1,262,052	1,071,684	190,368
Public safety	4,793,169	4,793,169	4,785,841	7,328
Public works	2,203,541	2,203,541	1,839,263	364,278
Culture and recreation	612,962	612,962	683,809	(70,847)
Building code enforcement	347,434	347,434	292,375	55,059
Total Expenditures	<u>9,219,158</u>	<u>9,219,158</u>	<u>8,672,972</u>	<u>546,186</u>
Excess of revenues over expenditures	<u>(249,937)</u>	<u>(249,937)</u>	<u>800,300</u>	<u>1,050,237</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	405,559	405,559	608,493	202,934
Transfers out	(916,320)	(916,320)	(971,558)	(55,238)
Gain on sale of asset	-	-	29,700	29,700
Total Other Financing Sources (Uses)	<u>(510,761)</u>	<u>(510,761)</u>	<u>(333,365)</u>	<u>177,396</u>
Net Change in Fund Balance	(760,698)	(760,698)	466,935	1,227,633
Fund Balances, Beginning of Year	<u>4,955,378</u>	<u>4,955,378</u>	<u>4,955,378</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 4,194,680</u>	<u>\$ 4,194,680</u>	<u>\$ 5,422,313</u>	<u>\$ 1,227,633</u>

CITY OF WARREN, PENNSYLVANIA
Schedule of Changes in the City's Net Pension Liability and Related Ratios
December 31,

Municipal Employees Pension Plan

Total Pension Liability at Plan Year End

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarial Accrued Liability at January 1	\$ 7,229,648	\$ 7,203,105	\$ 6,963,688	\$ 6,596,710	\$ 6,352,664	\$ 6,335,217	\$ 6,106,471	\$ 5,416,298	\$ 5,210,339	\$ 5,091,945
Service cost	179,487	171,758	180,582	189,453	170,404	162,677	151,378	166,289	137,298	135,432
Differences between expected and actual experience	-	(197,001)	-	13,298	-	(212,170)	-	70,534	-	(113,700)
Benefit payments	(426,036)	(435,674)	(426,586)	(387,506)	(385,549)	(375,405)	(363,384)	(327,099)	(320,606)	(276,676)
Changes of assumptions	-	-	-	83,275	-	-	-	356,408	-	-
Interest	503,981	487,460	485,421	468,458	459,191	442,345	440,752	424,041	389,267	373,338
Total Pension Liability (TPL)	\$ 7,487,080	\$ 7,229,648	\$ 7,203,105	\$ 6,963,688	\$ 6,596,710	\$ 6,352,664	\$ 6,335,217	\$ 6,106,471	\$ 5,416,298	\$ 5,210,339

Plan Fiduciary Net Position

Balance at January 1	\$ 7,450,831	\$ 6,601,024	\$ 8,090,250	\$ 7,312,690	\$ 6,425,877	\$ 5,461,886	\$ 5,893,933	\$ 5,320,229	\$ 5,139,874	\$ 5,280,405
Benefit payments	(426,036)	(435,674)	(426,586)	(387,506)	(385,549)	(375,405)	(363,384)	(327,099)	(320,606)	(276,676)
Contributions - employer	98,503	171,713	208,825	212,654	213,434	193,712	193,392	135,508	136,779	193,634
Contributions - member	32,618	29,870	29,829	30,347	29,975	26,515	24,575	24,878	22,187	21,480
Net investment income	794,706	1,104,365	(1,275,419)	946,066	1,049,999	1,135,471	(259,726)	760,021	369,746	(48,092)
Administrative expenses	(50,869)	(20,467)	(25,875)	(24,001)	(21,046)	(16,302)	(26,904)	(19,604)	(27,751)	(30,877)
Total Plan Fiduciary Net Position	\$ 7,899,753	\$ 7,450,831	\$ 6,601,024	\$ 8,090,250	\$ 7,312,690	\$ 6,425,877	\$ 5,461,886	\$ 5,893,933	\$ 5,320,229	\$ 5,139,874

City Net Pension Liability (Asset)	\$ (412,673)	\$ (221,183)	\$ 602,081	\$ (1,126,562)	\$ (715,980)	\$ (73,213)	\$ 873,331	\$ 212,538	\$ 96,069	\$ 70,465
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Plan fiduciary net position as a percentage of the total pension liability	105.5%	103.1%	91.6%	116.2%	110.9%	101.2%	86.2%	96.5%	98.2%	98.60%
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Covered-employee payroll	\$ 1,444,465	\$ 1,281,207	\$ 1,458,990	\$ 1,301,859	\$ 1,475,101	\$ 1,478,079	\$ 1,279,181	\$ 1,255,134	\$ 1,264,036	\$ 1,114,818
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City's Net Pension Liability/(Asset) as a percentage of covered-employee payroll	-28.6%	-17.3%	41.3%	-86.5%	-48.5%	-5.0%	68.3%	16.9%	7.6%	6.3%
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CITY OF WARREN, PENNSYLVANIA
Schedule of Changes in the City's Net Pension Liability and Related Ratios
December 31,

Police Pension Plan

Total Pension Liability at Plan Year End

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarial Acrued Liability at January 1	\$ 9,667,976	\$ 9,084,018	\$ 8,895,642	\$ 8,362,539	\$ 8,146,516	\$ 8,063,251	\$ 7,873,272	\$ 7,269,402	\$ 7,113,618	\$ 7,193,968
Service cost	266,973	255,477	225,341	215,637	198,956	189,934	179,535	171,394	159,679	152,075
Changes of benefit terms	-	-	-	283,149	-	-	-	-	-	(18,267)
Differences between expected and actual experience	-	358,060	-	(143,969)	-	(115,414)	-	(59,672)	-	(267,700)
Benefit payments	(676,616)	(685,286)	(652,966)	(579,846)	(567,758)	(561,254)	(553,666)	(529,712)	(529,881)	(459,060)
Changes of assumptions	-	428	-	156,886	-	-	-	471,417	-	-
Interest	672,166	655,279	616,001	601,246	584,825	569,999	564,110	550,443	525,986	512,602
Total Pension Liability (TPL)	\$ 9,930,499	\$ 9,667,976	\$ 9,084,018	\$ 8,895,642	\$ 8,362,539	\$ 8,146,516	\$ 8,063,251	\$ 7,873,272	\$ 7,269,402	\$ 7,113,618

Plan Fiduciary Net Position

Balance at January 1	\$ 9,595,870	\$ 8,637,498	\$ 10,749,048	\$ 9,816,583	\$ 8,768,129	\$ 7,568,938	\$ 8,300,110	\$ 7,611,053	\$ 7,478,342	\$ 7,835,276
Benefit payments	(676,616)	(685,286)	(652,966)	(579,846)	(567,758)	(561,254)	(553,666)	(529,712)	(529,881)	(459,060)
Contributions - employer	194,970	216,622	236,595	229,924	205,345	192,439	183,505	145,471	133,197	188,168
Contributions - member	23,946	22,717	23,849	43,231	21,541	19,988	19,727	17,913	18,538	17,049
Net investment income	1,016,876	1,431,296	(1,689,455)	1,270,307	1,413,188	1,566,206	(360,541)	1,086,322	544,151	(66,660)
Administrative expenses	(58,542)	(26,977)	(29,573)	(31,151)	(23,862)	(18,188)	(20,197)	(30,937)	(33,294)	(36,431)
Total Plan Fiduciary Net Position	\$ 10,096,504	\$ 9,595,870	\$ 8,637,498	\$ 10,749,048	\$ 9,816,583	\$ 8,768,129	\$ 7,568,938	\$ 8,300,110	\$ 7,611,053	\$ 7,478,342
City Net Pension Liability (Asset)	\$ (166,005)	\$ 72,106	\$ 446,520	\$ (1,853,406)	\$ (1,454,044)	\$ (621,613)	\$ 494,313	\$ (426,838)	\$ (341,651)	\$ (364,724)
Plan fiduciary net position as a percentage of the total pension liability	101.7%	99.3%	95.1%	120.8%	117.4%	107.6%	93.9%	105.4%	104.7%	105.10%
Covered-employee payroll	\$ 1,239,222	\$ 1,158,608	\$ 1,173,066	\$ 1,141,448	\$ 977,503	\$ 1,024,603	\$ 881,638	\$ 931,319	\$ 784,113	\$ 937,229
City's Net Pension Liability/(Asset) as a percentage of covered-employee payroll	-13.4%	6.2%	38.1%	-162.4%	-148.8%	-60.7%	56.1%	-45.8%	-43.6%	-38.9%

CITY OF WARREN, PENNSYLVANIA
Schedule of Changes in the City's Net Pension Liability and Related Ratios
December 31

Firefighters Pension Plan

Total Pension Liability at Plan Year End

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarial Accrued Liability at January 1	\$ 6,942,802	\$ 6,546,901	\$ 6,000,925	\$ 5,269,510	\$ 4,825,391	\$ 4,684,512	\$ 3,560,261	\$ 3,411,066	\$ 3,069,427	\$ 2,678,393
Service cost	218,115	224,790	233,849	223,779	170,095	220,114	193,215	154,335	154,629	147,970
Benefit payments	(216,809)	(148,760)	(105,227)	(84,650)	(61,141)	(21,402)	(1,352)	-	(21,854)	-
Change of benefit terms	-	-	-	-	-	-	636,134	-	-	388,152
Differences between expected and actual experience	-	(123,915)	-	(117,355)	-	(363,639)	-	(142,810)	-	(332,424)
Changes of assumptions	-	-	-	327,471	-	-	-	(87,452)	-	-
Interest	476,164	443,786	417,354	382,170	335,165	305,806	296,254	225,122	208,864	187,336
Total Pension Liability (TPL)	\$ 7,420,272	\$ 6,942,802	\$ 6,546,901	\$ 6,000,925	\$ 5,269,510	\$ 4,825,391	\$ 4,684,512	\$ 3,560,261	\$ 3,411,066	\$ 3,069,427

Plan Fiduciary Net Position

Balance at January 1	\$ 6,954,043	\$ 5,813,206	\$ 6,611,986	\$ 5,614,378	\$ 4,600,661	\$ 3,533,786	\$ 3,347,628	\$ 2,642,410	\$ 2,153,292	\$ 1,848,930
Benefit payments	(216,809)	(148,760)	(105,227)	(84,650)	(61,141)	(21,402)	(1,352)	-	(21,854)	-
Contributions - employer	148,085	254,303	288,773	288,547	289,890	287,120	318,798	298,185	293,375	255,310
Contributions - member	65,236	63,622	57,814	57,481	57,442	55,027	48,304	46,872	42,398	40,464
Net investment income	753,622	998,930	(1,014,832)	755,873	747,807	758,568	(159,269)	374,329	189,906	25,278
Administrative expenses	(49,997)	(27,258)	(25,308)	(19,643)	(20,281)	(12,438)	(20,323)	(14,168)	(14,707)	(16,690)
Total Plan Fiduciary Net Position	\$ 7,654,180	\$ 6,954,043	\$ 5,813,206	\$ 6,611,986	\$ 5,614,378	\$ 4,600,661	\$ 3,533,786	\$ 3,347,628	\$ 2,642,410	\$ 2,153,292
City Net Pension Liability (NPL)	\$ (233,908)	\$ (11,241)	\$ 733,695	\$ (611,061)	\$ (344,868)	\$ 224,730	\$ 1,150,726	\$ 212,633	\$ 768,656	\$ 916,135

Plan fiduciary net position as a percentage of the total pension liability

	103.2%	100.2%	88.8%	110.2%	106.5%	95.3%	75.4%	94.0%	77.5%	70.2%
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Covered-employee payroll

\$	1,594,185	\$ 1,447,922	\$ 1,606,575	\$ 1,364,829	\$ 1,231,796	\$ 1,240,987	\$ 1,161,591	\$ 1,039,727	\$ 940,445	\$ 873,664
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City's Net Pension Liability as a percentage of covered-employee payroll

	-14.7%	-0.8%	45.7%	-44.8%	-28.0%	18.1%	99.1%	20.5%	81.7%	104.9%
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CITY OF WARREN, PENNSYLVANIA
Schedule of Contributions
Municipal Employees Pension Plan

Year Ended December 31	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered- employee Payroll	Contributions As a Percentage of Covered- employee Payroll
2015	193,634	193,634	-	1,114,818	17.4%
2016	136,779	136,779	-	1,264,036	10.8%
2017	135,508	135,508	-	1,255,134	10.8%
2018	193,392	193,392	-	1,279,181	15.1%
2019	193,712	193,712	-	1,478,079	13.1%
2020	213,434	213,434	-	1,475,101	14.5%
2021	212,654	212,654	-	1,409,640	15.1%
2022	208,825	208,825	-	1,458,990	14.3%
2023	171,713	171,713	-	1,281,207	13.5%
2024	92,395	98,503	(6,108)	1,444,465	6.8%

See Notes to the Supplementary Schedules for an explanation of changes to benefits and actuarial assumptions.

CITY OF WARREN, PENNSYLVANIA
Schedule of Contributions
Municipal Employees Pension Plan

Notes to the Supplementary Schedules

Unless otherwise specified, the following actuarial methods and assumptions were used in the calculation of actuarially determined contribution reported in the supplementary schedules:

Actuarial valuation date	January 1, 2023
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	16 years
Asset valuation method	4-year smoothing
Inflation	2.75%
Salary increase	4.50% including inflation
Investment rate of return	7.00% net of investment expenses not funded through the MMO, and including inflation
Mortality	2010 Public Retirement Plan – General Employees mortality tables (PubG-2010). Rates projected to improve based on Long-Range Demographic Assumptions for 2020 SSA’s Trustee Report
Retirement age	Later of Normal Retirement age or attained age if currently eligible to retire.

Changes to Benefits:

Effective 1-1-2018, the pension plan was amended to grant Third Class City Code minimum required benefits for full-time, non-uniformed, non-union employees hired after January 1, 2018 and for full-time, non-uniformed, non-union employees hired after January 1, 2019.

Changes to Assumptions:

Effective 1-1-2009, AVA smoothing (4-year) and RP-2000 Combined Healthy Mortality Table

Effective 1-1-2011, pre-retirement death benefits are valued directly

Effective 1-1-2013, mortality assumption updated to recognize mortality improvements are expected to continue to occur

Effective 1-1-2017, inflation lowered from 3.0% to 2.75%; interest rate lowered from 7.5% to 7.25%; salary increase rate lowered from 5.0% to 4.75%; mortality assumption updated from RP-2000 Combined Healthy mortality and 7.5% Scale AA to RP-2014 mortality and mortality improvement based on the Social Security Administration’s 2015 Demographic Assumptions; disability assumption updated from 60% of the rates from Advanced Pension tables to rates based on the Social Security Administration’s 2010 projections of disability incidence.

Notes to the Supplementary Schedules (continued)

Effective 1-1-2021, inflation lowered from 2.75% to 2.50%; interest rate lowered from 7.25% to 7.00%; salary increase rate lowered from 4.75% to 4.50%; mortality assumption updated to 2010 Public Retirement Plans – General Employees mortality tables (PubG-2010). Mortality Improvement projected from year 2020 with rates derived from the Long-Range Demographic Assumptions for the 2020 Social Security Administration’s Trustee Report. Disability assumption updated to rates derived from the Social Security Administration’s 2020 projections of disability incidence (ultimate rates only).

Effective 1-1-2023: Inflation increased from 2.50% to 2.75%

CITY OF WARREN, PENNSYLVANIA
Schedule of Contributions
Police Pension Plan

<u>Year Ended December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered- employee Payroll</u>	<u>Contributions As a Percentage of Covered- employee Payroll</u>
2015	188,168	188,168	-	937,229	20.1%
2016	133,197	133,197	-	784,113	17.0%
2017	145,471	145,471	-	931,319	15.6%
2018	183,505	183,505	-	881,638	20.8%
2019	192,439	192,439	-	1,024,003	18.8%
2020	205,345	205,345	-	977,503	21.0%
2021	229,924	229,924	-	1,141,448	20.1%
2022	236,595	236,595	-	1,173,066	20.2%
2023	216,622	216,622	-	1,158,608	18.3%
2024	171,178	194,970	(23,792)	1,239,222	15.7%

See Notes to the Supplementary Schedules for an explanation of changes to benefits and actuarial assumptions.

CITY OF WARREN, PENNSYLVANIA
Schedule of Contributions
Police Pension Plan

Notes to the Supplementary Schedules

Unless otherwise specified, the following actuarial methods and assumptions were used in the calculation of the most recent actuarially determined contribution reported in the supplementary schedules:

Actuarial valuation date	January 1, 2023
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	16 years
Asset valuation method	4-year smoothing
Inflation	2.75%
Salary increase	4.50% plus an additional 2.667% in the year preceding retirement to reflect the inclusion of pay for unused sick days in the calculation of Final Average Monthly Compensation including inflation.
Investment rate of return	7.00% net of investment expenses not funded through the MMO, and including inflation.
Mortality	2010 Public Retirement Plan – Public Safety mortality tables and projected to improve with rates derived from the Long-Range Demographic Assumptions for the 2020 Social Security Administration’ Trustee Report.
Retirement age	Participants who will be over age 55+ at 20 or more years of service are assumed to retire. For all others 40% are assumed to retire upon reaching 20 years of service, 20% are assumed to retire after reaching 21 or more years of service before age 55.

Changes to Benefits:

Effective 1-1-2007, the extra service benefit was changed to 1/40 of normal retirement benefit for each year completed over 20 up to a maximum monthly benefit of \$500. Also, the percentage of accumulated sick days used in the calculation of final average monthly compensation increased to 40%.

Effective 1-1-2009, normal retirement eligibility was changed to 20 years of service with no age requirement.

Effective 1-1-2015, Plan amended to eliminate killed-in-service benefit.

CITY OF WARREN, PENNSYLVANIA
Schedule of Contributions
Police Pension Plan
(Continued)

Changes to Assumptions:

Effective 1-1-2009, asset smoothing (4-year), pre-retirement death benefits now directly valued, mortality table changed to RP-2000 Combined Healthy Mortality Table projected forward to 2005 with scale AA, and retirement assumption of 20% once 20 years of service with 100% assumed to age 55.

Effective 1-1-2013, mortality improvement and blue-collar adjustment now included.

Effective 1-1-2017, inflation lowered from 3.0% to 2.75%; interest rate lowered from 7.5% to 7.25%; salary increase rate lowered from 5.0% to 4.75%; mortality assumption updated from RP-2000 Combined Healthy Mortality with Blue Collar adjustment and 75% Scale AA to RP-2014 mortality with 50% Blue Collar adjustment and mortality improvement based on the Social Security Administration's 2015 Demographic Assumptions; disability assumption updated from 60% of the rates from Advance Pension Tables to rates based on the Social Security Administration's 2010 projections of disability incidence; retirement assumption was modified, increasing rates of retirement under age 55.

Effective 1-1-2021, inflation lowered from 2.75% to 2.50%; interest rate lowered from 7.25% to 7.00%; salary increase rate lowered from 4.75% to 4.50%; mortality assumption updated to 2010 Public Retirement Plan – Public Safety mortality tables (PubS-2010) and mortality improvement based on the Social Security Administration's 2020 Demographic Assumptions; disability assumption updated to rates derived from the Social Security Administration's 2020 projections of disability incidence (ultimate rates only).

Effective 1-1-2023, Inflation increased from 2.50% to 2.75%.

CITY OF WARREN, PENNSYLVANIA
Schedule of Contributions
Firefighters Pension Plan

Year Ended December 31	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered- employee Payroll	Contributions As a Percentage of Covered- employee Payroll
2015	255,310	255,310	-	873,664	29.2%
2016	293,375	293,375	-	940,445	31.2%
2017	298,185	298,185	-	1,039,727	28.7%
2018	318,798	318,798	-	1,161,591	27.4%
2019	287,120	287,120	-	1,240,987	23.1%
2020	289,890	289,890	-	1,231,796	23.5%
2021	288,547	288,547	-	1,364,829	21.1%
2022	288,773	288,773	-	1,606,575	18.0%
2023	254,303	254,303	-	1,447,922	17.6%
2024	119,487	148,085	(28,598)	1,594,185	9.3%

See Notes to the Supplementary Schedules for an explanation of changes to benefits and actuarial assumptions.

CITY OF WARREN, PENNSYLVANIA
Schedule of Contributions
Firefighters Pension Plan

Notes to the Supplementary Schedules

Unless otherwise specified, the following actuarial methods and assumptions were used in the calculation of the most recent actuarially determined contribution reported in the supplementary schedules:

Actuarial valuation date	January 1, 2023
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	16 years aggregate
Asset valuation method	4-Year smoothing
Inflation	2.75%
Salary increase	4.5% including inflation
Investment rate of return	6.75% net of investment expenses not funded through the MMO, and including inflation
Mortality	2010 Public Retirement Plan – Public Safety mortality tables (PubS-2010). Mortality improvement rates derived from the Long-Range Demographic Assumptions for 2020 SSA’s Trustee Report
Retirement Age:	Normal retirement age, or attained age, if currently eligible to retire

Changes to Benefits:

Effective in 2010, compensation base for benefits was changed to the greater of monthly rate of pay at retirement, normal retirement benefit is 50% of final average salary, employee contributions increased to 5.0% and a differentiation was made between service and non-service related disabilities.

Effective 1-1-2015, a 100% survivor benefit was added, a pre-retirement death benefit was added with 50% of the vested accrued payable immediately or 100% of the accrued payable at normal retirement, a service increment equal to 1/40 of benefit for service over 20 years up to a maximum of \$250 a month and employee contributions increased \$2.50 per month per employee.

Effective 1-1-2018, as of January 1, 2020, the retirement eligibility has been reduced from age 55 with 20 years of service to age 50 with 20 years of service. Additionally, for new hires after January 1, 2020, the maximum service increment has been reduced from \$250 a month to \$100 a month.

Effective 1-1-2020, a change in normal retirement eligibility requirement from age 55 after the completion of 20 years of service to age 50 after completion of 20 years of service.

CITY OF WARREN, PENNSYLVANIA
Schedule of Contributions
Firefighters Pension Plan
(Continued)

Changes to Assumptions:

Effective 1-1-2007, interest rate lowered to 5.5%.

Effective 1-1-2009, mortality table updated to RP-2000 Combined Healthy Mortality.

Effective 1-1-2011, interest rate lowered to 5.25% and direct value of the pre-retirement death benefits.

Effective 1-1-2013, interest rate increased to 6.50%, no turnover assumed and a mortality projection and blue-collar adjustment were included.

Effective 1-1-2017, interest rate was increased to 6.75%. The rate of inflation was lowered to 2.75% the mortality table was updated to RP-2014 Mortality Table with 50% Blue Collar Adjustment. Mortality Improvement rates derived from the Long-Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report. Disability assumption changed to rates based on the Social Security Administration's 2010 projection of disability incidence.

Effective 1-1-2021, The rate of inflation was lowered to 2.50%. The mortality table was updated to 2010 Public Retirement Plan – Public Safety mortality tables (PubS-2010). Mortality Improvement rates derived from the Long-Range Demographic Assumptions for the 2020 SSA's Trustee Report. Disability assumption changed to rates based on the Social Security Administration's 2020 projection of disability incidence.

Effective 1-1-2023: Inflation increased from 2.50% to 2.75%

CITY OF WARREN, PENNSYLVANIA
Schedule of Investment Ratios

Annual money weighted return, net of investment expense not funded through MMO.

Municipal Employees

2015	-0.93%
2016	7.36%
2017	14.63%
2018	-4.45%
2019	21.35%
2020	16.64%
2021	13.20%
2022	-13.57%
2023	17.26%
2024	10.97%

Police

2015	-0.87%
2016	7.46%
2017	14.70%
2018	-4.44%
2019	21.33%
2020	16.46%
2021	13.25%
2022	-16.13%
2023	17.24%
2024	10.97%

Firefighters

2015	1.34%
2016	8.67%
2017	13.97%
2018	-4.70%
2019	21.21%
2020	16.12%
2021	13.48%
2022	-14.64%
2023	17.03%
2024	10.94%

CITY OF WARREN, PENNSYLVANIA
Pension Trusts
Schedules of Funding Progress

Schedules of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Excess as a % of Covered Payroll ((b-a)/c)
Employee Pension Fund						
1/1/2023	\$ 7,601,638	\$ 7,006,104	\$ (595,534)	108.5%	\$ 1,458,990	N/A
1/1/2021	6,660,959	6,693,283	32,324	99.5%	1,475,101	2.2%
1/1/2019	5,779,012	6,123,047	344,035	94.4%	1,279,181	26.9%
1/1/2017	5,545,250	5,843,240	297,990	94.9%	1,264,036	23.60%
1/1/2015	4,989,306	4,978,245	(11,061)	100.2%	1,160,268	NA
1/1/2013	4,148,734	4,607,336	458,602	90.0%	1,120,583	40.9%
Police Pension Fund						
1/1/2023	\$ 9,954,795	\$ 9,442,506	\$ (512,289)	105.4%	\$ 1,173,066	N/A
1/1/2021	8,939,453	8,658,605	(280,848)	103.2%	977,503	N/A
1/1/2019	8,001,853	7,947,837	(54,016)	100.7%	881,638	NA
1/1/2017	7,928,591	7,681,147	(247,444)	103.2%	784,113	NA
1/1/2015	7,358,838	6,908,001	(450,837)	106.5%	782,344	NA
1/1/2013	6,494,538	6,772,003	277,465	95.9%	864,627	32.1%
Firefighters Pension Fund						
1/1/2023	\$ 6,613,213	\$ 6,422,986	\$ (190,227)	103.0%	\$ 1,606,575	N/A
1/1/2021	5,288,647	5,479,626	190,979	96.5%	1,231,796	15.5%
1/1/2019	3,533,786	4,320,873	787,087	81.8%	1,161,591	67.8%
1/1/2017	2,642,410	3,180,804	538,394	83.1%	940,445	57.20%
1/1/2015	1,848,930	2,734,121	885,191	67.6%	807,829	109.6%
1/1/2013	1,062,663	2,115,985	1,053,322	50.2%	805,823	130.7%

Other Supplementary Information

CITY OF WARREN, PENNSYLVANIA
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Parking Fund
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Operating Revenues				
Charges for service	\$ 410,120	\$ 410,120	\$ 399,768	\$ (10,352)
Total Operating Revenues	<u>410,120</u>	<u>410,120</u>	<u>399,768</u>	<u>(10,352)</u>
Operating Expenses				
Salaries and wages	96,156	96,156	81,636	14,520
Employee benefits	12,226	12,226	17,133	(4,907)
Supplies	12,300	12,300	3,573	8,727
Utilities	19,693	19,693	28,162	(8,469)
Other	90,862	90,862	75,124	15,738
Depreciation	-	-	257,026	(257,026)
Total Operating Expenses	<u>231,237</u>	<u>231,237</u>	<u>462,654</u>	<u>(231,417)</u>
Operating Income (Loss)	<u>178,883</u>	<u>178,883</u>	<u>(62,886)</u>	<u>(241,769)</u>
Non-Operating Revenue (Expense)				
Investment earnings	1,000	1,000	14,756	13,756
Transfers in	-	-	148,622	148,622
Transfers out	(149,149)	(149,149)	(114,354)	34,795
Total Non-Operating Revenue (Expense)	<u>(148,149)</u>	<u>(148,149)</u>	<u>49,024</u>	<u>197,173</u>
Change in Net Position	30,734	30,734	(13,862)	(44,596)
Net Position, Beginning of Year	<u>6,897,016</u>	<u>6,897,016</u>	<u>6,897,016</u>	<u>-</u>
Net Position, End of Year	<u>\$ 6,927,750</u>	<u>\$ 6,927,750</u>	<u>\$ 6,883,154</u>	<u>\$ (44,596)</u>

The notes to the financial statements are an integral part of these statements

CITY OF WARREN, PENNSYLVANIA
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Sewer Fund
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Operating Revenues				
Charges for service	2,545,313	\$ 2,545,313	\$ 2,508,664	\$ (36,649)
Total Operating Revenues	<u>2,545,313</u>	<u>2,545,313</u>	<u>2,508,664</u>	<u>(36,649)</u>
Operating Expenses				
Salaries and wages	491,832	491,832	486,964	4,868
Employee benefits	181,060	181,060	164,420	16,640
Supplies	179,515	179,515	158,932	20,583
Sludge removal	147,200	147,200	172,330	(25,130)
Utilities	167,610	167,610	164,939	2,671
Other	639,200	639,200	469,363	169,837
Depreciation / amortization	-	-	685,011	(685,011)
Total Operating Expenses	<u>1,806,417</u>	<u>1,806,417</u>	<u>2,301,959</u>	<u>(495,542)</u>
Operating Income (Loss)	<u>738,896</u>	<u>738,896</u>	<u>206,705</u>	<u>(532,191)</u>
Non-Operating Revenue (Expense)				
Investment earnings	69,319	69,319	360,207	290,888
Gain (loss) on disposal	-	-	(2,603)	(2,603)
Interest expense	(161,424)	(161,424)	(160,868)	556
Transfers out	(256,410)	(256,410)	(256,410)	-
Total Non-Operating Revenue (Expense)	<u>(348,515)</u>	<u>(348,515)</u>	<u>(59,674)</u>	<u>288,841</u>
Change in Net Position	390,381	390,381	147,031	(243,350)
Net Position, Beginning of Year	<u>15,147,476</u>	<u>15,147,476</u>	<u>15,147,476</u>	<u>-</u>
Net Position, End of Year	<u>\$ 15,537,857</u>	<u>\$ 15,537,857</u>	<u>\$ 15,294,507</u>	<u>\$ (243,350)</u>

CITY OF WARREN, PENNSYLVANIA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2024

	Capital Improvement Program Fund	Highway Aid	Glade Run Escrow	Community Development Block Grant	Debt Service	Total Nonmajor Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 4,027,606	\$ 129,025	\$ 24,171	\$ 1	\$ -	\$ 4,180,803
Accounts receivable	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-
Intergovernmental receivable, net	207,500	-	-	-	-	207,500
Total Assets	\$ 4,235,106	\$ 129,025	\$ 24,171	\$ 1	\$ -	\$ 4,388,303
LIABILITIES						
Accounts payable	\$ 67,411	\$ -	\$ -	\$ -	\$ -	\$ 67,411
Interfund payable	140,097	-	-	-	-	140,097
Deferred revenue	1,012,793	-	-	2,561	-	1,015,354
Total Liabilities	1,220,301	-	-	2,561	-	1,222,862
FUND BALANCE						
Restricted:						
Liquid fuels	-	129,025	-	-	-	129,025
CDBG	-	-	-	(2,560)	-	(2,560)
Capital improvement	2,699,970	-	-	-	-	2,699,970
Committed						
Capital improvement	314,835	-	-	-	-	314,835
Glade floodway	-	-	24,171	-	-	24,171
Total Fund Balance	3,014,805	129,025	24,171	(2,560)	-	3,165,441
Total Liabilities and Fund Balance	\$ 4,235,106	\$ 129,025	\$ 24,171	\$ 1	\$ -	\$ 4,388,303

CITY OF WARREN, PENNSYLVANIA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2024

	Capital Improvement Program Fund	Highway Aid	Glade Run Escrow	Community Development Block Grant	Debt Service	Total Nonmajor Governmental Funds
REVENUES						
Intergovernmental	1,875,391	285,595	\$ -	\$ 6,433	\$ -	\$ 2,167,419
Interest, rents and royalties	269,513	13,606	228	12	-	283,359
Other revenue	50,000	-	-	-	-	50,000
Total Revenues	2,194,904	299,201	228	6,445	-	2,500,778
EXPENDITURES						
Community development	2,719,509	-	-	9,005	-	2,728,514
Debt service	-	-	-	-	285,885	285,885
Total Expenditures	2,719,509	-	-	9,005	285,885	3,014,399
Excess of revenues over expenditures	(524,605)	299,201	228	(2,560)	(285,885)	(513,621)
OTHER FINANCING SOURCES (USES)						
Transfers in	685,673	-	-	-	285,885	971,558
Transfers out	(148,622)	(237,729)	-	-	-	(386,351)
Bond proceeds	-	-	-	-	-	-
Total Other Financing Sources (Uses)	537,051	(237,729)	-	-	285,885	585,207
Net Change in Fund Balance	12,446	61,472	228	(2,560)	-	71,586
Fund Balance, Beginning of Year	3,002,359	67,553	23,943	-	-	3,093,855
Fund Balance, End of Year	<u>\$ 3,014,805</u>	<u>\$ 129,025</u>	<u>\$ 24,171</u>	<u>\$ (2,560)</u>	<u>\$ -</u>	<u>\$ 3,165,441</u>

CITY OF WARREN, PENNSYLVANIA
Combining Schedule of Fiduciary Net Position
Pension Trusts
December 31, 2024

	Firefighter Pension	Police Pension	Non-Uniform Employee Pension	Total
ASSETS				
Cash and cash equivalents	\$ 18,258	\$ 53,055	\$ 33,342	\$ 104,655
Investments	7,637,375	10,043,450	7,866,411	25,547,236
Total Assets	<u>\$ 7,655,633</u>	<u>\$ 10,096,505</u>	<u>\$ 7,899,753</u>	<u>\$ 25,651,891</u>
LIABILITIES				
Accounts payable	\$ 7,283	\$ 9,051	\$ 9,401	\$ 25,735
Total Liabilities	<u>7,283</u>	<u>9,051</u>	<u>9,401</u>	<u>25,735</u>
NET POSITION				
Net position held in trust for pension	7,648,350	10,087,454	7,890,352	25,626,156
Total Net Position	<u>7,648,350</u>	<u>10,087,454</u>	<u>7,890,352</u>	<u>25,626,156</u>
Total Liabilities and Net Position	<u>\$ 7,655,633</u>	<u>\$ 10,096,505</u>	<u>\$ 7,899,753</u>	<u>\$ 25,651,891</u>

CITY OF WARREN, PENNSYLVANIA
Combining Schedule of Changes in Fiduciary Net Position
Pension Trusts
For the Year Ended December 31, 2024

	<u>Firefighter Pension</u>	<u>Police Pension</u>	<u>Non-Uniform Employee Pension</u>	<u>Total</u>
Additions:				
Contributions				
Employer	\$ 148,085	\$ 194,970	\$ 98,503	\$ 441,558
Plan members	<u>65,258</u>	<u>23,946</u>	<u>32,618</u>	<u>121,822</u>
Total	213,343	218,916	131,121	563,380
Investment income (loss), net	<u>744,743</u>	<u>1,004,760</u>	<u>785,270</u>	<u>2,534,773</u>
Total Additions	<u>958,086</u>	<u>1,223,676</u>	<u>916,391</u>	<u>3,098,153</u>
Deductions:				
Benefits	216,810	676,616	426,036	1,319,462
Management expense	<u>40,345</u>	<u>47,080</u>	<u>41,739</u>	<u>129,164</u>
Total Deductions	<u>257,155</u>	<u>723,696</u>	<u>467,775</u>	<u>1,448,626</u>
Change in Net Position	700,931	499,980	448,616	1,649,527
Net Position, Beginning of Year	<u>6,947,419</u>	<u>9,587,474</u>	<u>7,441,736</u>	<u>23,976,629</u>
Net Position, End of Year	<u><u>\$ 7,648,350</u></u>	<u><u>\$ 10,087,454</u></u>	<u><u>\$ 7,890,352</u></u>	<u><u>\$ 25,626,156</u></u>



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

To the City Council
City of Warren, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Warren, Pennsylvania as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Warren, Pennsylvania’s basic financial statements, and have issued our report thereon dated October 22, 2025.

Report on Internal Control Over Financial Reporting

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

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

**Independent Auditor’s Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*
(Continued)**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Heberlein and Falk, P.C.

Heberlein & Falk, P.C.

October 22, 2025
Erie, Pennsylvania



**Independent Auditor's Report on Compliance for each Major Federal Program
and Report on Internal Control over Compliance in accordance with
the Uniform Guidance**

Chairperson and Members
City of Warren

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Warren's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Warren's major federal programs for the year ended December 31, 2024. City of Warren's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Warren, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Warren and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Warren's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Warren's federal programs.

**Independent Auditor's Report on Compliance for each Major Federal Program
and Report on Internal Control over Compliance in accordance with
the Uniform Guidance
(continued)**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Warren's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Warren's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Warren's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Warren's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Warren's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Independent Auditor's Report on Compliance for each Major Federal Program
and Report on Internal Control over Compliance in accordance with
the Uniform Guidance
(continued)**

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Heberlein and Falk, P.C.

Heberlein & Falk, P.C.

October 22, 2025
Erie, Pennsylvania

CITY OF WARREN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

Description of Grantor Agency/Program Title	Federal Assistance Listing Number	Passed Through to Subrecipients	Federal Expenditures
<u>U.S. Housing and Urban Development</u>			
<i>Passed through from PA Department of Community and Economic Development</i>			
Community Development Block Grant	14.228	\$ -	\$ 9,005
<u>U.S. Department of Health and Human Services</u>			
FEMA - Assistance to Firefighters	97.044	\$ -	\$ 73,143
<u>U.S. Department of Justice</u>			
Bulletproof Vest Partnership Program	16.607	\$ -	\$ 2,487
<u>U.S. Department of Transportation</u>			
Highway Planning and Construction	20.205	\$ -	\$ 831,538
<u>U.S. Department of Treasury</u>			
ARPA Local Fiscal Recovery Funds	21.019	\$ -	\$ 836,350
Total Expenditures of Federal Awards		<u>\$ -</u>	<u>\$ 1,752,523</u>

CITY OF WARREN
Schedule of Expenditures of Federal Awards
Footnotes and Other Information
For the Year Ended December 31, 2024

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the City of Warren under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Warren it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Warren.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein contained types of expenditures are not allowable or are limited as to reimbursement. The City did not use the de Minimis cost rate of 10 percent as provided by the federal government in accordance with the Uniform Guidance.

CITY OF WARREN
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

1. Summary of auditors' results

- (i) Type of report issued on the financial statements: Unmodified opinion.
- (ii) Internal control over financial reporting:
 - Material weakness(es) identified – None
 - Significant deficiency(ies) identified – None reported
- (iii) The audit disclosed no noncompliance which is material to the financial statements.
- (iv) Internal control over major federal program:
 - Material weakness(es) identified – None
 - Significant deficiency(ies) identified – None reported
- (v) Type of report issued on compliance for major programs: Unmodified opinion.
- (vi) The audit disclosed no audit findings which are required to be reported.
- (vii) Major programs:
 - Highway Planning and Construction (LFAR) – 20.205
 - ARPA Local Fiscal Recovery Funds – 21.019
- (viii) Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
- (ix) City of Warren did not qualify as a low-risk auditee.

2. Findings required to be reported in accordance with generally accepted government auditing standards

None.

3. Findings and questioned costs for Federal awards

None.

CITY OF WARREN
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2024

1. Prior significant deficiencies: None.
2. Prior material noncompliance with provisions of laws, regulations, contracts, or grant agreements related to a major program: None.
3. Known questioned costs greater than \$25,000: None.
4. There were no findings in the prior year.

CITY OF WARREN
Corrective Action Plan
For the Year Ended December 31, 2024

Not applicable. There were no current year findings required to be reported.

CITY OF WARREN
List of Report Distribution
December 31, 2024

The following is a listing of all agencies that the audit reports are distributed to:

1. United States Bureau of the Census