

**TOWNSHIP OF BETHLEHEM**

**Financial Statements,  
Independent Auditor's Report  
and Supplementary Information**

**December 31, 2020**

**CAMPBELL, RAPPOLD & YURASITS LLP  
Certified Public Accountants  
1033 South Cedar Crest Boulevard, Allentown, PA 18103**

**TOWNSHIP OF BETHLEHEM  
TABLE OF CONTENTS**

---

	<b>Page(s)</b>
<b>Independent Auditor's Report</b>	1 - 3
Management's Discussion and Analysis	4 - 9
<u>Basic Financial Statements:</u>	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet - Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to The Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to The Statement of Activities	15
Statement of Net Position - Proprietary Funds	16
Statement of Revenues, Expenditures and Changes in Net Position - Proprietary Funds	17
Statement of Cash Flows - Proprietary Funds	18
Statement of Net Position - All Fiduciary Funds	19
Statement of Changes in Net Position - All Fiduciary Funds	20
Notes to Financial Statements	21 - 66
<u>Required Supplementary Information:</u>	
General Fund - Schedule of Revenues and Other Financing Sources - Budget Comparison	68
General Fund - Schedule of Expenditures and Other Financing Uses - Budget Comparison	69
Schedule of Township Contributions - Teamsters Pension Plan	70
Schedule of Changes in Net Pension Liability and Related Ratios - Teamsters Pension Plan	71
Notes to Required Supplementary Schedules - Teamsters Pension Plan	72
Schedule of Township Contributions - Non-Uniformed Pension Plan	73

Schedule of Changes in Net Pension Liability and Related Ratios - Non-Uniformed Pension Plan	74
Notes to Required Supplementary Schedules - Non-Uniformed Pension Plan	75
Schedule of Township Contributions - AFSCME Pension Plan	76
Schedule of Changes in Net Pension Liability and Related Ratios - AFSCME Pension Plan	77
Notes to Required Supplementary Schedules - AFSCME Pension Plan	78
Schedule of Township Contributions - Police Pension Plan	79
Schedule of Changes in Net Pension Liability and Related Ratios - Police Pension Plan	80
Notes to Required Supplementary Schedules - Police Pension Plan	81
Schedule of Changes in Net OPEB Liability and Related Ratios	82
<u><i>Other Supplementary Information:</i></u>	
Combining Balance Sheet - All Special Revenue Funds	85
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Special Revenue Funds	86
Combining Balance Sheet - All Capital Project Funds	87
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Capital Project Funds	88
Combining Statement of Net Position - All Pension Funds	89
Combining Statement of Changes in Net Position - All Pension Funds	90
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 <i>Government Auditing Standards</i>	91 - 92

## INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Commissioners  
Township of Bethlehem  
Bethlehem, PA

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Bethlehem, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township of Bethlehem's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinion on these financial statements based on our audit. We did not audit the financial statements of Bethlehem Township Municipal Authority, which represent 51.46%, 67.21% and 8.80%, respectively, of the assets, net position and revenues of the business-type activities. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Bethlehem Township Municipal Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Bethlehem, as of December 31, 2020, 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.

### **Report on Summarized Comparative Information**

We have previously audited the Township of Bethlehem's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9, budgetary comparison, pension and other postemployment benefit information on pages 68-82 be presented to supplement the basic financial statements. Such information, 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.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Bethlehem's basic financial statements. The combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2021 on our consideration of the Township of Bethlehem's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Bethlehem'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 Township of Bethlehem's internal control over financial reporting and compliance.

*Congbell, Rappold & Yucasita LLP*

July 12, 2021

**TOWNSHIP OF BETHLEHEM  
2020 FINANCIAL STATEMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Township of Bethlehem's discussion and analysis provides an overview of the Township's financial activities for the fiscal year ended December 31, 2020. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the Township's financial statements beginning on page 10.

**FINANCIAL HIGHLIGHTS**

- The net position all government funds (excluding pensions and custodial funds) increased by \$2,555,749 during 2020. This is primarily due to Act 511 Tax Proceeds, Permits and Federal, State and Local grants.
- The General Fund balance decreased \$1,273,784 during 2020.
- The net position of the Sewer fund increased by \$1,260,565 during 2020.

**USING THIS ANNUAL REPORT**

This annual report consists of two parts: management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 10-11 provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. Since the Township of Bethlehem is a general purpose government we have elected to combine fund financial statements into government-wide financial statements for single presentation. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

**REPORTING ON THE TOWNSHIP AS A WHOLE**

The analysis of the Township as a whole begins on page 10. One of the most important questions asked about the Township's finances is "is the Township as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. The basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Township's net position and changes in them. You can think of the Township's net position – the difference between assets and liabilities – as one way to measure the Township's financial health, or financial position. Over time, increases or decreases in the Township's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Township's property tax base and the condition of the Township's roads, to assess the overall health of the Township.

**TOWNSHIP OF BETHLEHEM  
2020 FINANCIAL STATEMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

In the Statement of Net Position and the Statement of Activities, the Township presents Governmental and Business Type Activities. All of the Township's basic services are reported here. The Township's Governmental Activities include the General Fund, Special Revenue Fund (includes State Liquid Fuels Fund, Fire Fund and D.A.R.E.-Canine Fund) and Capital Projects Fund (includes Capital Reserve Fund and Parks and Recreation Fund). These fund types are explained in more detail on pages 22-23. The Township has one Business Type Activity which is its Sewer Fund.

**REPORTING THE TOWNSHIP'S MOST SIGNIFICANT FUNDS**

Our analysis of the Township's governmental funds begins on page 12 and provides detailed information about the most significant funds – General Fund, Capital Projects Funds and Special Revenue Funds - not the Township as a whole. All of the Township's basic services are reported in the general fund, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual basis of accounting. The general fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

**THE TOWNSHIP AS TRUSTEE**

The Township is the trustee, or fiduciary, over its employees' pension trust funds. It is also responsible for other assets which can only be used for the depositors based on the trust agreement with those depositors. All of the Township's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 19-20. We exclude these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**THE TOWNSHIP OF BETHLEHEM AS A WHOLE**

The Township of Bethlehem's combined net position increased from \$33,189,190 in 2019 to \$35,744,939 in 2020, or a net increase of \$2,555,749, mainly due to Act 511 Tax Proceeds, Permits and Federal, State and Local grants.



**TOWNSHIP OF BETHLEHEM  
2020 FINANCIAL STATEMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

Our analysis below focuses on the net position and changes in net position of the Township's governmental and business type activities.

	<u>Governmental Funds 2020</u>	<u>Business Type Activities 2020</u>	<u>Government Wide 2020</u>
Current and Other Assets	\$ 10,822,339	\$ 4,375,305	\$ 15,197,644
Capital Assets, Net	34,571,424	2,458,770	37,030,194
Total Assets	<u>\$ 45,393,763</u>	<u>\$ 6,834,075</u>	<u>\$ 52,227,838</u>
Total Deferred Outflows of Resources	<u>\$ 1,151,405</u>	<u>\$ -</u>	<u>\$ 1,151,405</u>
Current Liabilities	\$ 3,083,369	\$ 498,814	\$ 3,582,183
Long-Term Liabilities	9,882,155	1,102,588	10,984,743
Total Liabilities	<u>\$ 12,965,524</u>	<u>\$ 1,601,402</u>	<u>\$ 14,566,926</u>
Total Deferred Outflows of Resources	<u>\$ 3,067,378</u>	<u>\$ -</u>	<u>\$ 3,067,378</u>
Invested in Capital Assets, Net of Debt	\$ 24,127,807	\$ 1,926,180	\$ 26,053,987
Restricted	6,179,701	-	6,179,701
Unrestricted	204,758	3,306,493	3,511,251
Total Net Position	<u>\$ 30,512,266</u>	<u>\$ 5,232,673</u>	<u>\$ 35,744,939</u>

Net position of the Township's government activities increased by 4.43% in 2020. Therefore, the Township increased its net position for governmental activities by \$1,295,184 in 2020.

The net position of the Township's Business Type Activities increased by 31.74%. Accordingly, the Township increased its net position for Business Type Activities by \$1,260,565. The unrestricted net position – that part of net position that can be used to finance daily business type activities is \$3,306,493 at the end of 2020.

	<u>Governmental Funds 2020</u>	<u>Business Type Activities 2020</u>	<u>Government Wide 2020</u>
<u>Revenue</u>			
Charges for Services	\$ 1,346,051	\$ 6,461,284	\$ 7,807,335
Operating Grants and Contributions	1,797,562	-	1,797,562
Capital Grants and Contributions	48,630	-	48,630
Taxes	14,268,297	-	14,268,297
Miscellaneous Income	1,156,074	-	1,156,074
Interest Income	40,005	24,035	64,040
Total Revenue	<u>\$ 18,656,619</u>	<u>\$ 6,485,319</u>	<u>\$ 25,141,938</u>
<u>Expenditures</u>			
General Government	\$ 8,531,663	\$ -	\$ 8,531,663
Public Safety	3,969,050	-	3,969,050
Public Works	1,837,293	5,020,797	6,858,090
Cultural and Recreation	944,326	-	944,326
Interest on Long-Term Debt	308,889	92,598	401,487
Unallocated Depreciation	1,605,331	165,547	1,770,878
Bad Debt Expense	-	110,695	110,695
Total Expenses	<u>\$ 17,196,552</u>	<u>\$ 5,389,637</u>	<u>\$ 22,586,189</u>
Transfers	<u>(164,883)</u>	<u>164,883</u>	<u>-</u>
Change in Net Position	<u>\$ 1,295,184</u>	<u>\$ 1,260,565</u>	<u>\$ 2,555,749</u>

**TOWNSHIP OF BETHLEHEM  
2020 FINANCIAL STATEMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

Overall, the Township's governmental program revenues, including intergovernmental aid decreased from \$21,698,323 in 2019 to \$18,577,095 in 2020 primarily based on a decrease in Permits, Mercantile Taxes and Recreation and Membership fees due to facility closures and reduction in operations related to the global COVID-19 pandemic.

Business Type revenue decreased by \$415,290 primarily due to a decrease sewer rental income and reimbursable industrial waste surcharges.

**Governmental Activities**

The cost of all governmental activities (government-wide activities) in 2020 was \$22,586,189 compared to \$24,446,852 in 2019. The decrease in cost is mainly costs associated with the repairs and maintenance of related capital improvements and equipment. As shown in the Statement of Activities on page 11, the amount our taxpayers ultimately financed for these activities through Township taxes, fines, licenses, and other revenue was \$15,299,493. Some of the cost was paid by those who directly benefitted from the program which amounted to \$1,346,051. Other governments and organizations that subsidized certain programs with grants and contributions amounted to \$1,846,192.

**Business Type Activities**

Overall the Sewer Fund (business type activities) net position increased from \$3,972,108 in 2019 to \$5,232,673 in 2020.

The following table presents the cost of each of the Township's largest programs (General Government, Public Safety, Public Works, Culture and Recreation) and business type activities as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Township's taxpayers by each of these functions.

		Charges	Operating	Capital	2020 Net (Revenue)
	Expenses	For Service	Grants	Grants	Expense
General Government	\$ 8,531,663	\$ 847,896	\$ -	\$ -	\$ 7,683,767
Public Safety	3,969,050	61,542	-	-	3,907,508
Public Works	1,837,293	39,613	1,797,562	48,630	(48,512)
Culture and Recreation	944,326	397,000	-	-	547,326
Sewer	5,389,637	6,461,284	-	-	(1,071,647)

**THE TOWNSHIP OF BETHLEHEM FUNDS**

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a fund balance of \$10,162,476.

A significant contributor to the fund balance is the operating grants and contributions received in 2020. The year end fund balance consists of \$3,084,742 in unassigned funds, \$4,023,265 in restricted funds, \$428,741 in committed funds and \$2,625,728 in assigned funds.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual revenue of the general fund (the main operating fund of the Township) was \$1,556,497 below budget projections, with the largest de-escalation seen in charges for services consisting of subdivision fees, zoning fees, community center and recreation fees, police safety, property inspection, and tax certification.

**TOWNSHIP OF BETHLEHEM  
2020 FINANCIAL STATEMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

The actual expenditures of the general fund were \$2,732,179 below budget amounts. The most significant favorable variances of \$677,151 in general government and \$692,388 was in public works – highways and streets. Unfavorable variances are due to general government engineering and legal costs as a match to grant funding and public safety personnel costs such as 3<sup>rd</sup> party inspections and vehicle repairs.

**CAPITAL PROJECTS AND DEBT ADMINISTRATION**

Capital Projects

2020 Capital improvements:

Parks and recreation improvements, public safety equipment and vehicles, storm sewer rehabilitation and road pavement rehabilitation.

The Township's fiscal year 2020 capital budget calls for it to spend \$2,955,033 in capital improvements or equipment.

Debt

Long-term debt includes notes payable maturing at various dates through October 2025 related to refinance of previous notes and financing capital improvements. Long-term debt balance at December 31, 2020 is \$10,976,207.

The Township is also liable for lease rental debt with the Bethlehem Township Municipal Authority maturing August 2031. Lease rental debt balance at December 31, 2020 is \$763,350.

**BETHLEHEM TOWNSHIP DEMOGRAPHICS & ECONOMIC OUTLOOK**

July 2019 US Census data estimate the population of the Township of Bethlehem is 24,341 with 9,514 housing units and 200 businesses.

82 percent of the population is above 18 and 20 percent of the population is above 65.

There are approximately 66 percent of the population that are in the labor force. The median household income is \$84,612.

The median home value is \$245,700, of which 87 percent are owner occupied and 13 percent are rental units.

Township of Bethlehem has a total of 201 businesses. In 2020, the leading industries were Health Care, Social Services, Retail and Food Services. There was 1 new business added in 2020.

As of February 2021, the assessed value of all property in the Township of Bethlehem is \$905,355,000. An **assessed** value is the dollar value assigned to a property to measure applicable taxes. **Assessed valuation** determines the value of a residence for tax purposes and takes comparable home sales and inspections into consideration. It is the price placed on a home by the corresponding government municipality to calculate property taxes.

**TOWNSHIP OF BETHLEHEM  
2020 FINANCIAL STATEMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed in writing to the Township Manager, 4225 Easton Avenue, Bethlehem, PA 18020.

**TOWNSHIP OF BETHLEHEM  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2019**

<b>ASSETS</b>	Governmental Activities	Business-Type Activities	2020 Total	2019 Total
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 9,338,752	\$ 3,737,896	\$ 13,076,648	\$ 14,564,542
Accounts Receivable, Net	263,185	637,409	900,594	891,460
Taxes Receivable, Net	1,106,016	-	1,106,016	1,008,170
Internal Balances	114,386	-	114,386	624,028
<b>Total Current Assets</b>	<b>10,822,339</b>	<b>4,375,305</b>	<b>15,197,644</b>	<b>17,088,200</b>
<b>Noncurrent Assets:</b>				
Land	4,059,744	-	4,059,744	4,059,744
Building and Building Improvements	24,064,960	-	24,064,960	23,974,266
Parks	5,839,903	-	5,839,903	5,822,621
Vehicles and Equipment	18,909,932	1,880,089	20,790,021	18,909,557
Road and Systems Improvements	11,043,495	-	11,043,495	10,847,407
Storm Sewer and Drainage	1,742,904	-	1,742,904	1,681,356
Sewer System	-	3,176,941	3,176,941	2,352,301
Accumulated Depreciation	(31,089,514)	(2,598,260)	(33,687,774)	(31,916,896)
<b>Total Noncurrent Assets</b>	<b>34,571,424</b>	<b>2,458,770</b>	<b>37,030,194</b>	<b>35,730,356</b>
<b>TOTAL ASSETS</b>	<b>45,393,763</b>	<b>6,834,075</b>	<b>52,227,838</b>	<b>52,818,556</b>
<b>Deferred Outflows of Resources</b>				
Change in Actuarial Assumptions	1,151,405	-	1,151,405	1,419,641
Difference between Projected and Actual Earnings on Investments	-	-	-	88,954
<b>Total Deferred Outflows of Resources</b>	<b>1,151,405</b>	<b>-</b>	<b>1,151,405</b>	<b>1,508,595</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	504,376	-	504,376	399,604
Accrued Expenses	155,487	22,088	177,575	328,654
Internal Balances	-	100,286	100,286	611,528
Current Portion of Capital Lease Obligations	131,684	130,656	262,340	295,185
Current Portion of Notes Payable	2,291,822	135,178	2,427,000	2,188,405
Current Portion of Authority Loans Payable	-	110,606	110,606	59,408
<b>Total Current Liabilities</b>	<b>3,083,369</b>	<b>498,814</b>	<b>3,582,183</b>	<b>3,882,784</b>
<b>Noncurrent Liabilities:</b>				
Net Pension Liability	818,514	-	818,514	3,677,845
Net OPEB Liability	530,821	-	530,821	553,919
Compensated Absences Provision	150,398	9,765	160,163	124,022
Notes Payable	8,151,795	397,412	8,549,207	10,081,083
Capital Lease Obligations	230,627	42,667	273,294	426,076
Authority Loans Payable	-	652,744	652,744	713,352
<b>Total Noncurrent Liabilities</b>	<b>9,882,155</b>	<b>1,102,588</b>	<b>10,984,743</b>	<b>15,576,297</b>
<b>TOTAL LIABILITIES</b>	<b>12,965,524</b>	<b>1,601,402</b>	<b>14,566,926</b>	<b>19,459,081</b>
<b>Deferred Inflows of Resources</b>				
Deferred Revenue	37,367	-	37,367	116,889
Difference between Projected and Actual Earnings on Investments	1,701,812	-	1,701,812	-
Change between Expected and Actual Experience	1,328,199	-	1,328,199	1,561,991
<b>Deferred Inflows of Resources</b>	<b>3,067,378</b>	<b>-</b>	<b>3,067,378</b>	<b>1,678,880</b>
<b>NET POSITION</b>				
Invested in Capital Assets, Net of Related Debt	24,127,807	1,926,180	26,053,987	23,460,868
Restricted for:				
Capital Projects	5,120,680	-	5,120,680	5,366,456
Special Revenue	1,059,021	-	1,059,021	1,016,202
Unassigned	204,758	3,306,493	3,511,251	3,345,664
<b>TOTAL NET POSITION</b>	<b>\$ 30,512,266</b>	<b>\$ 5,232,673</b>	<b>\$ 35,744,939</b>	<b>\$ 33,189,190</b>

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

**TOWNSHIP OF BETHLEHEM  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		2020 Total	2019 Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		
<b>Governmental Activities:</b>								
General Government	\$ 8,531,663	\$ 847,896	\$ -	\$ -	\$ (7,683,767)	\$ -	\$ (7,683,767)	\$ (8,785,776)
Public Safety	3,969,050	61,542	-	-	(3,907,508)	-	(3,907,508)	(3,718,753)
Public Works	1,837,293	39,613	1,797,562	48,630	48,512	-	48,512	1,401,056
Cultural and Recreation	944,326	397,000	-	-	(547,326)	-	(547,326)	(53,463)
Interest on Long-Term Debt	308,889	-	-	-	(308,889)	-	(308,889)	(399,973)
Unallocated Depreciation	1,605,331	-	-	-	(1,605,331)	-	(1,605,331)	(1,547,377)
<b>Total Governmental Activities</b>	<b>17,196,552</b>	<b>1,346,051</b>	<b>1,797,562</b>	<b>48,630</b>	<b>(14,004,309)</b>	<b>-</b>	<b>(14,004,309)</b>	<b>(13,104,286)</b>
<b>Business Type Activities:</b>								
Enterprise Fund	5,389,637	6,461,284	-	-	-	1,071,647	1,071,647	668,535
<b>Total Business-Type Activities</b>	<b>5,389,637</b>	<b>6,461,284</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,071,647</b>	<b>1,071,647</b>	<b>668,535</b>
<b>Total Primary Government</b>	<b>\$ 22,586,189</b>	<b>\$ 7,807,335</b>	<b>\$ 1,797,562</b>	<b>\$ 48,630</b>	<b>\$ (14,004,309)</b>	<b>\$ 1,071,647</b>	<b>\$ (12,932,662)</b>	<b>\$ (12,435,751)</b>
<b>General Revenues:</b>								
<b>Taxes:</b>								
Property Taxes, levied for general purposes, net					\$ 7,872,593	\$ -	\$ 7,872,593	\$ 8,368,135
Local Service Tax					626,173	-	626,173	655,034
Earned Income Taxes					4,687,484	-	4,687,484	4,580,689
Other Taxes					1,082,047	-	1,082,047	1,189,671
Miscellaneous Income					1,156,074	-	1,156,074	1,634,013
Interest Income					40,005	24,035	64,040	234,974
Transfers In/(Out)					(164,883)	164,883	-	-
<b>Total General Revenues, Special Items, Extraordinary Items, and Transfers</b>					<b>15,299,493</b>	<b>188,918</b>	<b>15,488,411</b>	<b>16,662,516</b>
<b>Change in Net Position</b>					<b>1,295,184</b>	<b>1,260,565</b>	<b>2,555,749</b>	<b>4,226,765</b>
<b>Net Position - Beginning</b>					<b>29,217,082</b>	<b>3,972,108</b>	<b>33,189,190</b>	<b>28,962,425</b>
<b>Net Position - Ending</b>					<b>\$ 30,512,266</b>	<b>\$ 5,232,673</b>	<b>\$ 35,744,939</b>	<b>\$ 33,189,190</b>

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

**TOWNSHIP OF BETHLEHEM  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2020  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2019**

	Major Funds		Non-Major Funds	2020	2019
	General	Capital Projects	Special Revenue	Total	Total
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,160,106	\$ 5,120,680	\$ 1,057,965	\$ 9,338,751	\$ 10,304,112
Taxes Receivable, Net	1,106,016	-	-	1,106,016	1,008,170
Accounts Receivable, Net	263,185	-	-	263,185	393,245
Due from Other Funds	113,330	-	1,056	114,386	624,028
<b>TOTAL ASSETS</b>	<b>\$ 4,642,637</b>	<b>\$ 5,120,680</b>	<b>\$ 1,059,021</b>	<b>\$ 10,822,338</b>	<b>\$ 12,329,555</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 504,375	\$ -	\$ -	\$ 504,375	\$ 399,604
Accrued Expenses	155,487	-	-	155,487	290,734
<b>TOTAL LIABILITIES</b>	<b>659,862</b>	<b>-</b>	<b>-</b>	<b>659,862</b>	<b>690,338</b>
<b>FUND BALANCES</b>					
Assigned	898,033	1,727,695	-	2,625,728	3,421,663
Restricted	-	3,392,985	630,280	4,023,265	4,123,947
Committed	-	-	428,741	428,741	287,298
Unassigned	3,084,742	-	-	3,084,742	3,806,309
<b>TOTAL FUND BALANCES</b>	<b>3,982,775</b>	<b>5,120,680</b>	<b>1,059,021</b>	<b>10,162,476</b>	<b>11,639,217</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,642,637</b>	<b>\$ 5,120,680</b>	<b>\$ 1,059,021</b>	<b>\$ 10,822,338</b>	<b>\$ 12,329,555</b>

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

**TOWNSHIP OF BETHLEHEM  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

---

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** \$ 10,162,476

**Amounts Reported for Governmental Activities in the  
Statement of Net Position are Different Because:**

Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$65,660,938 and the accumulated depreciation is \$31,089,514. 34,571,424

Deferred revenue represents the portion of the Community Center memberships, which relate to a subsequent period. Such receipts are revenues and available for appropriation in the funds statements, but are recognized when earned in the statement of activities. (37,367)

Net deferred outflows of resources related to pensions and other are applicable to future periods and therefore are not reported in governmental funds. (1,878,606)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term liabilities at year end consist of:

Compensated Absences	\$ (150,398)	
Net Pension Liability	(818,514)	
Net OPEB Liability	(530,821)	
Capital Lease Obligations	(362,311)	
Notes Payable	<u>(10,443,617)</u>	
		<u>(12,305,661)</u>

**TOTAL NET POSITION -  
GOVERNMENTAL ACTIVITIES** \$ 30,512,266

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



**TOWNSHIP OF BETHLEHEM**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019**

	Major Funds		Non-Major Funds	2020 Total	2019 Total
	General	Capital Projects	Special Revenue		
<b>REVENUES</b>					
Taxes	\$ 14,136,361	\$ -	\$ 131,936	\$ 14,268,297	\$ 14,793,526
Licenses and Permits	711,612	-	-	711,612	718,972
Fines and Forfeitures	43,301	-	-	43,301	59,521
Interest and Rents	54,642	27,172	9,344	91,158	200,299
Intergovernmental Revenues	924,290	91,189	833,998	1,849,477	2,764,072
Charges for Services	457,176	-	-	457,176	1,527,921
Other Revenues	1,156,074	-	-	1,156,074	1,634,012
<b>TOTAL REVENUES</b>	<b>17,483,456</b>	<b>118,361</b>	<b>975,278</b>	<b>18,577,095</b>	<b>21,698,323</b>
<b>EXPENDITURES</b>					
General Government	9,579,865	-	-	9,579,865	9,950,547
Public Safety	3,947,722	-	-	3,947,722	3,803,333
Public Works	1,136,582	25,500	675,209	1,837,291	1,393,679
Cultural and Recreation	944,327	-	-	944,327	1,398,504
Interest	2,351,908	-	-	2,351,908	2,087,001
<b>TOTAL EXPENDITURES</b>	<b>17,960,404</b>	<b>25,500</b>	<b>675,209</b>	<b>18,661,113</b>	<b>18,633,064</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(476,948)</b>	<b>92,861</b>	<b>300,069</b>	<b>(84,018)</b>	<b>3,065,259</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers In	18,047	-	-	18,047	417,345
Operating Transfers Out	(814,883)	(338,637)	(257,250)	(1,410,770)	(1,317,392)
Total Other Financing Sources (Uses)	(796,836)	(338,637)	(257,250)	(1,392,723)	(900,047)
Net Change in Fund Balances	(1,273,784)	(245,776)	42,819	(1,476,741)	2,165,212
Fund Balances, January 1	5,256,559	5,366,456	1,016,202	11,639,217	9,474,005
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 3,982,775</b>	<b>\$ 5,120,680</b>	<b>\$ 1,059,021</b>	<b>\$ 10,162,476</b>	<b>\$ 11,639,217</b>

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

**TOWNSHIP OF BETHLEHEM  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

---

**Net Change in Fund Balances - Governmental Funds** \$ (1,476,741)

**Amounts Reported for Governmental Activities in the  
Statement of Activities are Different Because:**

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

	Capital Outlay	\$ 2,075,003	
	Less: Depreciation Expense	<u>(1,605,331)</u>	469,672

Repayments of capital leases is an expenditure in the governmental funds, but the repayment reduces capital lease liability in the statement of net position. 242,464

Deferred revenue represents community center membership receipts available for appropriation in the fund statements, but is recognized when earned in the statement of activities. 79,522

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 2,059,170

Proceeds from issuance of debt, including leases, is a current resource as a financing source in the governmental funds, but an increase in a liability on the statement of net assets. (1,105,778)

The net result of deferred inflows of resources and deferred outflows of resources of net pension liability and other post-retirement benefits. 1,057,219

In the statement of activities, certain operating expenses -- compensated absences (vacations) are special termination benefits (early retirement) and pensions -- are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. (30,344)

**Change in Net Position of Governmental Activities** \$ 1,295,184

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

**TOWNSHIP OF BETHLEHEM  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
DECEMBER 31, 2020  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2019**

	December 31, 2020	December 31, 2019
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents - Unrestricted	\$ 3,737,896	\$ 4,260,430
Accounts Receivable, Net	637,409	498,215
<b>Total Current Assets</b>	<b>4,375,305</b>	<b>4,758,645</b>
<b>Noncurrent Assets:</b>		
Fixed Assets, Less		
Accumulated Depreciation	2,458,770	1,628,604
<b>Total Noncurrent Assets</b>	<b>2,458,770</b>	<b>1,628,604</b>
<b>TOTAL ASSETS</b>	<b>\$ 6,834,075</b>	<b>\$ 6,387,249</b>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accrued Expenses	\$ 22,088	\$ 37,920
Due to Other Funds	100,286	611,528
Current Portion of Long-Term Debt	135,178	133,236
Current Portion of Authority Loans Payable	110,606	59,408
Current Portion of Capital Leases	130,656	134,221
<b>Total Current Liabilities</b>	<b>498,814</b>	<b>976,313</b>
<b>Noncurrent Liabilities:</b>		
Compensated Absences	9,765	3,968
Capital Lease Obligations	42,667	173,324
Authority Loans Payable	652,744	713,352
Notes Payable	397,412	548,184
<b>Total Noncurrent Liabilities</b>	<b>1,102,588</b>	<b>1,438,828</b>
<b>TOTAL LIABILITIES</b>	<b>1,601,402</b>	<b>2,415,141</b>
<b>NET POSITION</b>		
Invested in Capital Assets, Net of		
Related Debt	1,926,180	947,184
Unrestricted	3,306,493	3,024,924
<b>Total Net Position</b>	<b>5,232,673</b>	<b>3,972,108</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 6,834,075</b>	<b>\$ 6,387,249</b>

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

**TOWNSHIP OF BETHLEHEM  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019**

---

	Year Ended December 31, 2020	Year Ended December 31, 2019
<b>OPERATING REVENUES:</b>		
Charges for Services	\$ 6,217,765	\$ 6,872,578
Other Revenue	243,519	4,626
	<b>Total Operating Revenues</b>	<b>6,877,204</b>
<b>OPERATING EXPENSES:</b>		
Personnel	802,416	802,293
Supplies	123,696	130,627
Professional Services	113,045	214,367
Employee Benefits	556,125	481,968
Insurance	90,707	87,497
Repairs and Maintenance	164,452	716,067
Disposal System	3,170,356	3,261,099
Depreciation and Amortization	165,547	167,658
Bad Debt Expense	110,695	226,230
	<b>Total Operating Expense</b>	<b>6,087,806</b>
	<b>OPERATING INCOME</b>	<b>789,398</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Interest Revenue	24,035	90,208
Interest Expense	(92,598)	(120,863)
	<b>Total Non-operating Revenues (Expenses)</b>	<b>(30,655)</b>
Income Before Contributions and Transfers	1,095,682	758,743
Transfers In (Out)	164,883	(1,034)
	<b>Change in Net Position</b>	<b>757,709</b>
Total Net Position - January 1	3,972,108	3,214,399
<b>TOTAL NET POSITION - December 31</b>	<b>\$ 5,232,673</b>	<b>\$ 3,972,108</b>

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

**TOWNSHIP OF BETHLEHEM  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019**

	Year Ended December 31, 2020	Year Ended December 31, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 5,967,876	\$ 6,835,218
Cash Payment to Suppliers for Goods and Services	(4,173,498)	(4,043,259)
Cash Payments to Employees for Services	(1,368,576)	(1,279,436)
Other Operating Receipts	243,519	4,626
	<u>669,321</u>	<u>1,517,149</u>
Net Cash Provided by Operating Activities		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Operating Transfers In (Out)	164,883	(1,034)
	<u>164,883</u>	<u>(1,034)</u>
Net Cash Provided (Used) from Noncapital Financing Activities		
<b>CASH FLOWS FROM CAPITAL ACTIVITIES:</b>		
Borrowings on Long-Term Debt	-	755,040
Principal Paid on Long-Term Debt	(148,830)	(907,816)
Interest Paid on Long-Term Debt	(16,699)	(26,158)
Principal Paid on Capital Lease Obligations	(134,222)	(205,092)
Interest Paid on Capital Lease Obligations	(11,986)	(15,016)
Borrowings on Authority Lease	50,000	-
Principal Paid on Authority Lease	(59,410)	(481,871)
Interest Paid on Authority Lease	(63,913)	(79,689)
Purchase of Fixed Assets	(995,713)	(39,087)
	<u>(1,380,773)</u>	<u>(999,689)</u>
Net Cash Used by Capital Activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest Received	24,035	90,208
	<u>24,035</u>	<u>90,208</u>
Net Cash Provided from Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	(522,534)	606,634
Cash and Cash Equivalents, January 1	4,260,430	3,653,796
	<u>4,260,430</u>	<u>3,653,796</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ 3,737,896</b>	<b>\$ 4,260,430</b>
<b>Reconciliation of Operating Income to Net Cash Provided Operating Activities</b>		
Operating Income	\$ 1,164,245	\$ 789,398
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	165,547	167,658
Bad Debts	110,695	226,230
Changes in Assets and Liabilities:		
Increase (Decrease) in Amounts Due to Other Funds	(511,242)	366,398
Increase in Accounts Receivable	(249,889)	(37,360)
Increase (Decrease) in Accrued Expenses	(10,035)	4,825
	<u>(494,924)</u>	<u>727,751</u>
Total Adjustments		
Net Cash Provided by Operating Activities	<u>\$ 669,321</u>	<u>\$ 1,517,149</u>

Noncash Capital Financing Activities:

Capital assets of \$-0- and \$33,480 were acquired through capital leases in 2020 and 2019, respectively.

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

**TOWNSHIP OF BETHLEHEM  
STATEMENT OF NET POSITION  
ALL FIDUCIARY FUNDS  
DECEMBER 31, 2020  
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2019**

	Pension Funds	Custodial Funds	December 31, 2020	December 31, 2019
<b>ASSETS:</b>				
Cash and Cash Equivalents - Unrestricted	\$ 622,876	\$ -	\$ 622,876	\$ 627,396
Cash and Cash Equivalents - Restricted	-	937,653	937,653	709,417
Investments - at Fair Value				
Cash and Sweep Balances	590,834	-	590,834	477,144
Common Stocks	34,966,837	-	34,966,837	29,834,783
Total Assets	<u>\$ 36,180,547</u>	<u>\$ 937,653</u>	<u>\$ 37,118,200</u>	<u>\$ 31,648,740</u>
<b>LIABILITIES:</b>				
Accounts Payable	\$ (2,285)	\$ -	\$ (2,285)	\$ (2,285)
Due to Depositors	-	910,914	910,914	685,657
Due to Other Funds	14,100	-	14,100	12,500
Total Liabilities	<u>11,815</u>	<u>910,914</u>	<u>922,729</u>	<u>695,872</u>
<b>NET POSITION:</b>				
Restricted	<u>36,168,732</u>	<u>26,739</u>	<u>36,195,471</u>	<u>30,952,868</u>
Total Liabilities and Net Position	<u>\$ 36,180,547</u>	<u>\$ 937,653</u>	<u>\$ 37,118,200</u>	<u>\$ 31,648,740</u>

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

**TOWNSHIP OF BETHLEHEM  
STATEMENT OF CHANGES IN NET POSITION  
ALL FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019**

	Pension Funds	Custodial Funds	Total Year Ended December 31, 2020	Total Year Ended December 31, 2019
<b>ADDITIONS:</b>				
Contributions:				
Employer	\$ 1,824,229	\$ -	\$ 1,824,229	\$ 1,781,482
Plan Members	130,263	-	130,263	131,549
Total Contributions	<u>1,954,492</u>	<u>-</u>	<u>1,954,492</u>	<u>1,913,031</u>
Investment Earnings:				
Interest, Dividends and Net Unrealized Gain	4,350,287	2,979	4,353,266	3,960,515
Less: Investment Expenses	<u>(80,447)</u>	<u>-</u>	<u>(80,447)</u>	<u>(84,578)</u>
Net Investment Gain	<u>4,269,840</u>	<u>2,979</u>	<u>4,272,819</u>	<u>3,875,937</u>
Collections from Other Entities	<u>-</u>	<u>850,331</u>	<u>850,331</u>	<u>1,113,850</u>
Total Additions	<u>6,224,332</u>	<u>853,310</u>	<u>7,077,642</u>	<u>6,902,818</u>
<b>DEDUCTIONS:</b>				
Administration	16,205	-	16,205	23,069
Benefit Payments	968,503	-	968,503	863,896
Payments to Other Entities	<u>-</u>	<u>850,331</u>	<u>850,331</u>	<u>1,113,850</u>
Total Deductions	<u>984,708</u>	<u>850,331</u>	<u>1,835,039</u>	<u>2,000,815</u>
<b>NET INCREASE</b>	5,239,624	2,979	5,242,603	4,902,003
<b>NET POSITION:</b>				
Net Position, January 1	<u>30,929,108</u>	<u>23,760</u>	<u>30,952,868</u>	<u>26,050,865</u>
Net Position, December 31	<u>\$ 36,168,732</u>	<u>\$ 26,739</u>	<u>\$ 36,195,471</u>	<u>\$ 30,952,868</u>

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

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**1. Entity**

The Township of Bethlehem was founded in 1746 and incorporated as a First Class Township of the State of Pennsylvania in 1963. The Township operates under an elected Board of Commissioners and provides the following services to its residents: public safety (police and fire), highways and streets, sanitation, culture-recreation, planning and zoning, and general administrative services.

In evaluating the Township as a reporting entity, management has addressed all potential component units for which the Township may or may not be financially accountable, and as such, be includable within the Township's financial statements. In accordance with Statement of Governmental Accounting Standards Board (GASB) No. 14 and No. 39, the Township is financially accountable if it appoints a voting majority of the organization governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burden on the Township. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Following is a brief description of the component unit meeting the above criteria and as a result included within the financial reporting entity, a description of the component unit's relationship with the Township, and a discussion of how component unit information has been incorporated into the financial statements:

Bethlehem Township Municipal Authority ("Authority") - Operates under the laws of the Commonwealth of Pennsylvania with a board appointed by the Township Commissioners. The Authority was created November 18, 1952 by Township of Bethlehem for the initial purpose of constructing a sanitary sewer system which was financed by the issuance of Sewer Revenue Bonds. The Authority funds are blended into the Sewer Fund. Separate financial statements for Bethlehem Township Municipal Authority are audited by other auditors.

**2. Summary of Significant Accounting Policies**

The financial statements of the Township of Bethlehem have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

*Fund Accounting*

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, expenditures, or expenses, and other financing sources and uses. These various funds are summarized by type in the financial statements. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.



**TOWNSHIP OF BETHLEHEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

---

**2. Summary of Significant Accounting Policies (Continued)**

*Basis of Presentation*

The Township's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Township as a whole. As a general rule the effect of interfund activity has been eliminated from these statements. Governmental activities which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately in the government-wide financial statements from business-type activities which rely, to a significant extent on fees and charges for support.

The statement of net position presents the financial condition of the governmental and business-type activity of the Township at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the Township and for each function of the Township's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Township.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Township's enterprise fund are service charges for sewer. Operating expenses for the Township's enterprise funds include treatment and collection costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses.

For financial reporting purposes, the Township's funds have been grouped by fund type and are presented in this report in the following manner:

***Governmental Fund Types***

Governmental funds are those through which most governmental functions of the Township are financed. The acquisition, use and balances of the Township's expendable financial resources and the related liabilities are accounted for through the following governmental funds:

- ***General Fund (Major Fund)*** - is used to account for all financial transactions applicable to the general operations of the Township except for those required to be accounted for in another fund.

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**2. Summary of Significant Accounting Policies (Continued)**

*Basis of Presentation (Continued)*

- **Special Revenue Funds (Non-major Funds)** - are used to account for proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The following are special revenue fund types:

**Liquid Fuels Tax Fund** - is utilized to account for the financial activity of the Township's motor vehicle fuel tax allocation from the Commonwealth of Pennsylvania.

**D.A.R.E.-Canine** - is utilized to account for the financial activity of the projects related to the police force and its related expenditures.

**Fire Fund** - is utilized to account for the financial activity of the Township's fire tax revenue and its related expenditures.

- **Capital Projects Fund (Major Funds)** - are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Capital Reserve and Parks and Recreation funds are included in the accompanying financial statements as Capital Projects Funds.

***Proprietary Fund Types***

Proprietary funds are used to account for the Township's ongoing activities that are similar to those often found in the private sector. The measurement focus is based upon the determination of net income. The Township has one type of proprietary fund - the Enterprise Fund.

- **Enterprise Fund** - is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income are appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Township has one Enterprise Fund described below.

**Sewer Fund** - is used to account for the operation and maintenance of the sanitary sewage treatment plant and is operated in a manner similar to a private business enterprise and is intended to be self-supporting.

***Fiduciary Fund Types***

Fiduciary funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following are the Township's fiduciary fund types:

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**2. Summary of Significant Accounting Policies (Continued)**

*Basis of Presentation (Continued)*

- ***Custodial Funds*** - are used to account for funds held in escrow for other parties. The principal revenue source for these funds are investment earnings.
- ***Pension Funds*** - are used to account for pension benefits for employees. The principal revenue sources for these funds are state aid, employer and employee contributions, and investment earnings. The Township of Bethlehem has five pension trust funds as described below:

***Teamsters Pension Fund*** - is used to account for pension benefits for Township employees. The principal revenue source for this fund is employer contributions.

***Police Pension Fund*** - is used to account for pension benefits for police officers. The principal revenue sources for this fund are employer and employee contributions.

***AFSCME Pension Fund*** - is used to account for pension benefits for the Township's public works and PPIS employees. The principal revenue source for this fund is employer contributions.

***Non-Uniform Pension Fund*** - is used to account for pension benefits for Township employees. The principal revenue source for this fund is employer contributions.

***Defined Contribution Fund*** - is used to account for pension benefits for Township employees not classified as a police officer. The principal revenue source for this fund is employer contributions.

*Measurement Focus and Basis of Accounting*

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position. 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 tax revenue to be available if collected within 60 days of the end of the fiscal period.

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**2. Summary of Significant Accounting Policies (Continued)**

*Measurement Focus and Basis of Accounting (Continued)*

Revenue from federal, state and other grants designated for payment of specific Township expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. 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.

*Budgets and Budgetary Accounting*

The Township adopts annual budgets for the General Fund in accordance with the First Class Township Code. All budgets are adopted on a budgetary (cash basis), which is not consistent with accounting principles generally accepted in the United States of America. All budgeted amounts included in the accompanying general purpose financial statements and supplementary information are as originally adopted or as amended by the Board of Commissioners. Budget information is presented only for the general fund, as required by accounting principles generally accepted in the United States of America.

*Cash and Investments*

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, cash with fiscal agent and deposits in the Pennsylvania Local Government Investment Trust (PLGIT).

For the purpose of the proprietary funds, "Statement of Cash Flows", cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, all highly liquid investments with an original maturity of three months or less and deposits in the Pennsylvania Local Government Investment Trust (PLGIT).

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value. Insurance holdings, if any, are valued at reported contract values.

*Interfund Transactions*

Certain inter-fund transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Other inter-fund transactions are reported as transfers. Non-recurring or non-routine permanent transfers of net position are reported as residual transfers of net position. All other inter-fund transfers are reported as operating transfers.

**TOWNSHIP OF BETHLEHEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

---

**2. Summary of Significant Accounting Policies (Continued)**

Restricted Assets

Cash and investments have been restricted to the extent of escrows payable, pension reserves and specific uses.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes and grants. Business-type activities report utility charges as their major receivables.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All reported capital assets except for, land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building and Improvements	20
Treatment Plants and Mains	50
Vehicles	5 to 15
Equipment	5 to 15

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 and so will not be recognized as an inflow of resources (revenue) until then.

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**2. Summary of Significant Accounting Policies (Continued)**

*Accrued Liabilities and Long-term Obligations*

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position.

*Compensated Absences*

The Township accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and government-wide presentations.

*Deferred Revenue*

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and collections of community center memberships received before eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

*Net Position*

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Township or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Township's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**2. Summary of Significant Accounting Policies (Continued)**

Government – Wide Fiduciary and Proprietary Fund Net Position

Net Position is divided into two components:

- Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted – consist of assets that are restricted by the Township’s creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unassigned – all other net position is reported in this category.

Governmental Fund Balances

The fund balance of Governmental Fund Types and the Pension Trust Fund are classified in four separate categories. The categories, and their general meanings, are as follows:

- Restricted fund balance - indicates the portion of the fund balance that can only be spent for specific purposes because of constitutional provisions, legislation, or constraints that are externally imposed.
- Committed fund balance - indicates the portion of the fund balance that can only be used for specific purposes determined by formal action of the Board.
- Assigned fund balance - indicates the portion of the fund balance that has been appropriated for specific purposes by authorization of the Board.
- Unassigned fund balance - indicates the portion of the fund balance that is available for appropriation and expenditure, in future periods.

Pension Plan

The Township has four defined benefit pension plans. Pension costs for the plans include current service costs, which are accrued and funded on a current basis, and prior costs which are amortized over 30 years.

Transfers

Legally authorized payments or authorizations to make payments from a fund receiving revenue to a fund through which the resources are to be expended are reported as operating transfers. Transfers to the pension funds are quasi-external transactions.

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**2. Summary of Significant Accounting Policies (Continued)**

Management Estimates

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

**3. Cash and Investments**

General

Section 1316 of the Pennsylvania Township Code provides for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Commonwealth of Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

The deposit and investment policy of the Township adheres to the statutes of the Commonwealth. Deposits of the Township, except for Pension Trust Fund deposits which are administered by trustees, are either maintained in demand deposits or are held in bank money market accounts. There were no deposit or investment transactions during the year that were in violation of either the Commonwealth's statutes or the policy of the Township.

Cash (Cash on Hand and Bank Balances)

At December 31, 2020, the carrying amount of the Township's bank deposits at two financial institutions (excluding those held in the Pension Trust Funds, but including Custodial Funds) totaled \$7,402,218 and the corresponding bank balances were \$7,706,205 of which \$500,000 was insured by the Federal Deposit Insurance Corporation ("FDIC"); the uninsured bank balances of \$7,206,205 were collateralized, as described below.

Under Act No. 72 of the 1972 Session of the Pennsylvania General Assembly (the "Act of 72"), financial institutions were granted the authority to secure the deposits of public bodies by pledging a pool of assets, as defined in the Act of 72, to cover all public funds deposited in excess of FDIC limits. The uninsured bank balances of the Township in the amount of \$7,206,205 were collateralized by this pool of assets maintained by the Township's depository institutions.

In addition, the Township included in cash, amounts held on hand in petty cash. At December 31, 2020, the petty cash balance was \$600.



**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**3. Cash and Investments (Continued)**

Cash Equivalents

As of December 31, 2020, the carrying amounts of deposits in the Pennsylvania Local Government Investment Trust (“PLGIT” or “Trust”) (excluding those held in the Pension Trust Funds, but including Custodial Funds) were \$4,077,662. The Township maintains deposits in the PLGIT portfolio of the Trust. The assets in these portfolios are marked to market daily, there are stated limits on the weighted average maturity of the portfolios and the Trust seeks to maintain a net asset value of \$1.00 per share. Accordingly, the market value for the deposits in PLGIT are not materially different from the carrying amount. All deposits in PLGIT are insured or registered, or securities held by the Township’s or its agent in the Township’s name.

Investments

Under Section 1316 of the Pennsylvania Township Code, the Township is authorized to invest in United States Treasury Bills, short-term obligations of the U.S. Government or its agencies or instrumentalities, obligations of the U.S. Government or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision, shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the only investments of that company are in the authorized investments for Township funds listed above and certificates of deposit purchased from institutions insured by the Federal Deposit Insurance Corporation or similar agencies to the extent that such accounts are so insured. Investments of pension trust funds are placed pursuant to guidelines established by the respective pension boards.

As of December 31, 2020 and 2019, the Township had the following investments:

	Maturities	Fair Value
<u>Investment - Pension Trust Funds</u>		
<b><u>2020</u></b>		
Cash and Sweep Balances	\$	590,834
Common Stocks		34,966,837
	\$	35,557,671
<b><u>2019</u></b>		
Cash and Sweep Balances	\$	477,144
Common Stocks		29,834,783
	\$	30,311,927

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**3. Cash and Investments (Continued)**

Investments (Continued)

Interest Rate Risk

The Township has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Township has no investment policy that would limit its investment choices to certain credit ratings.

Concentration of Credit Risk

The Township places limits on the amount the Township may invest in any one issuer. Currently the Township does not have any investments not included in the Pension Trust Funds.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral security that are in the possession of any outside party. The Township has no investments subject to custodial credit risk.

**4. Taxes Receivable**

Based upon assessed valuations provided by the County (\$897,447,700 in 2020), the Township bills and collects its own property taxes. The schedule for property taxes levied for 2020 is as follows:

January 1	- levy date
January 1 - March 31	- 2% discount period
April 1 - May 31	- face payment period
June 1 - December 31	- 10% penalty period
January 15	- lien date

The Township continues to collect delinquent real estate taxes through mid-January of the following year. At that time, all unpaid real estate taxes are turned over to the County of Northampton Tax Claim Bureau for further collection. The municipal tax rate for all purposes was 7.74 mills (\$7.74 per \$1,000 of assessed valuation) for 2020 and 2019.

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**4. Taxes Receivable (Continued)**

The balances at December 31, 2020 and 2019 are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized
<b><u>2020</u></b>				
Real Estate	\$ 13,541	\$ -	\$ 13,541	\$ -
Earned Income Tax	873,014	-	873,014	-
Business Privilege and Mercantile	67,757	-	67,757	-
Local Service Tax	151,704	-	151,704	-
	<u>\$ 1,106,016</u>	<u>\$ -</u>	<u>\$ 1,106,016</u>	<u>\$ -</u>
<b><u>2019</u></b>				
Real Estate	\$ 25,040	\$ -	\$ 25,040	\$ -
Earned Income Tax	821,314	-	821,314	-
Business Privilege and Mercantile	13,162	-	13,162	-
Local Service Tax	148,654	-	148,654	-
	<u>\$ 1,008,170</u>	<u>\$ -</u>	<u>\$ 1,008,170</u>	<u>\$ -</u>

**5. Inter-fund Receivables and Payables**

Inter-fund receivable and payable balances as of December 31, 2020 and 2019 as follows:

	Due From Other Funds	Due to Other Funds
<b><u>2020</u></b>		
<i><u>Governmental Activities</u></i>		
General Fund	\$ 113,330	\$ -
Fire Fund	1,056	-
<i><u>Business Type Activities</u></i>		
Sewer Fund	-	100,286
<i><u>Fiduciary Activities</u></i>		
Pension Trust Funds	-	14,100
	<u>\$ 114,386</u>	<u>\$ 114,386</u>
<b><u>2019</u></b>		
<i><u>Governmental Activities</u></i>		
General Fund	\$ 617,080	\$ -
Fire Fund	6,948	-
<i><u>Business Type Activities</u></i>		
Sewer Fund	-	611,528
<i><u>Fiduciary Activities</u></i>		
Pension Trust Funds	-	12,500
	<u>\$ 624,028</u>	<u>\$ 624,028</u>

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**6. Inter-fund Transfers**

Inter-fund transfers during 2020 and 2019 were as follows:

	Transfers from Other Funds	Transfers to Other Funds
<b><u>2020</u></b>		
<i>Governmental Activities</i>		
General Fund	\$ 1,245,887	\$ 814,883
Capital Reserve Fund	-	338,637
State Liquid Fuels Fund	-	257,250
<i>Business Type Activities</i>		
Sewer Fund	164,883	-
	<u>\$ 1,410,770</u>	<u>\$ 1,410,770</u>
<b><u>2019</u></b>		
<i>Governmental Activities</i>		
General Fund	\$ 1,161,903	\$ 780,006
Capital Reserve Fund	12,747	321,561
State Liquid Fuels Fund	-	215,605
Fire Fund	111,011	-
Parks and Recreation Fund	45,292	12,747
<i>Business Type Activities</i>		
Sewer Fund	-	1,034
	<u>\$ 1,330,953</u>	<u>\$ 1,330,953</u>

**7. Capital Assets**

Capital asset activity for the fiscal year ended December 31, 2020, was as follows:

	Balance Jan. 1, 2020	Additions	Retirements	Balance Dec. 31, 2020
Governmental Activities:				
<i>Capital Assets not Being Depreciated:</i>				
Land	\$ 4,059,744	\$ -	\$ -	\$ 4,059,744
Total Capital Assets Not Being Depreciated	<u>4,059,744</u>	<u>-</u>	<u>-</u>	<u>4,059,744</u>
<i>Capital Assets Being Depreciated</i>				
Building and Building Improvements	23,974,266	90,694	-	24,064,960
Vehicles and Equipment	17,200,541	1,709,391	-	18,909,932
Parks	5,822,621	17,282	-	5,839,903
Road System and Improvements	10,847,407	196,088	-	11,043,495
Storm Sewer and Drainage	1,681,356	61,548	-	1,742,904
Total at Historical Cost	<u>59,526,191</u>	<u>2,075,003</u>	<u>-</u>	<u>61,601,194</u>
Less Accumulated Depreciation	<u>(29,484,183)</u>	<u>(1,605,331)</u>	<u>-</u>	<u>(31,089,514)</u>
Government Activity Capital Assets, Net	<u>\$ 34,101,752</u>	<u>\$ 469,672</u>	<u>\$ -</u>	<u>\$ 34,571,424</u>

Depreciation expense for the general fund was \$1,605,331 and \$1,547,377 in 2020 and 2019, respectively.

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**7. Capital Assets (Continued)**

	Balance Jan. 1, 2020	Additions	Retirements	Balance Dec. 31, 2020
<i>Business-Type Activities:</i>				
<i>Capital Assets Being Depreciated</i>				
Vehicles and Equipment	\$ 1,709,016	\$ 171,073	\$ -	\$ 1,880,089
Sewer System	2,352,301	824,640	-	3,176,941
Total Capital Assets Being Depreciated	4,061,317	995,713	-	5,057,030
Less Accumulated Depreciation	(2,432,713)	(165,547)	-	(2,598,260)
Business-Type Capital Assets, Net	<u>\$ 1,628,604</u>	<u>\$ 830,166</u>	<u>\$ -</u>	<u>\$ 2,458,770</u>

Depreciation expense for the sewer fund was \$165,547 and \$167,658 in 2020 and 2019, respectively.

**8. Long-Term Debt**

Changes in long-term obligations for the year ended December 31, 2020, are as follows:

	Balance Outstanding Jan. 1, 2020	Additions	Reductions	Balance Outstanding Dec. 31, 2020	Amounts Due Within One Year
<i>Governmental Activities:</i>					
<u>Series 2017:</u>					
10-year Term Loan Payable to Bank, fixed interest annual interest rate of 2.74% for seven years, at which time will reset between a floor of 2.40% and cap of 6.00%. Payable in semi-annual installments, matures April, 2027.	\$ 2,567,487	\$ 914,719	\$ (311,000)	\$ 3,171,206	\$ 446,000
<u>Series 2019:</u>					
6-year Term Loan Payable to Bank, variable interest annual interest rate at Prime. Matures October, 2025.	9,020,581	-	(1,748,170)	7,272,411	1,845,822
	11,588,068	914,719	(2,059,170)	10,443,617	2,291,822
Compensated Absences	120,054	30,344	-	150,398	-
	<u>\$ 11,708,122</u>	<u>\$ 945,063</u>	<u>\$ (2,059,170)</u>	<u>\$ 10,594,015</u>	<u>\$ 2,291,822</u>
<i>Business-Type Activities:</i>					
<u>Series 2019:</u>					
6-year Term Loan Payable to Bank, variable interest annual interest rate at Prime. Matures October, 2025.	\$ 681,420	\$ -	\$ (148,830)	\$ 532,590	\$ 135,178
	681,420	-	(148,830)	532,590	135,178
Compensated Absences	3,968	5,797	-	9,765	-
	<u>\$ 685,388</u>	<u>\$ 5,797</u>	<u>\$ (148,830)</u>	<u>\$ 542,355</u>	<u>\$ 135,178</u>

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**8. Long-Term Debt (Continued)**

The annual debt service requirements to maturity, including principal and interest, as of December 31, 2020, are as follows:

During the year(s) ended December 31,	Principal	Interest
2021	\$ 2,427,000	\$ 277,982
2022	2,476,000	212,997
2023	2,464,000	147,112
2024	1,858,000	81,981
2025	917,001	68,006
2026-2030	834,206	28,853
Totals	<u>\$ 10,976,207</u>	<u>\$ 816,931</u>

**9. Lease Rental Debt**

The Township's lease agreement with the Bethlehem Township Municipal Authority requires the Township to pay an allocated percent of the debt service of the Authority's bonds as rentals. The City of Bethlehem also requires the Township to pay an allocated percent of the debt service of the Authority's bonds as rentals. The Township has recorded its share of the outstanding lease rental debt of the Authority in the Government wide statement of net assets. An asset, related to such debt, is not to be reported, as they were acquired by and reside with the Authority.

According to the lease rental agreement with the Sewer Authority, surplus reserve allowance clause sec. 6.03 requires certain calculated cash surpluses be remitted to the Sewer Authority, in excess of an established threshold. Such threshold is exceeded from time to time requiring remittance to the Authority.

Authority debt consists of a twenty-year PennWorks (Series 2011) note with monthly installments including principal and interest of \$6,139, bearing an interest rate of 2.00%. The note matures in August 2031.

Authority debt also consists of Bond Series 2020. The Bond is due in semiannual installments at an interest rate of 1.50%, respectively. These underlying bonds mature in December 2030.

The underlying Bethlehem Township Municipal Authority debt is as follows:

	Balance Outstanding Jan. 1, 2020	Additions	Reductions	Balance Outstanding Dec. 31, 2020
Penn Works Loan (Series 2011)	\$ 772,760	\$ -	\$ (59,410)	\$ 713,350
2020 Revenue Note	-	50,000	-	50,000
	<u>\$ 772,760</u>	<u>\$ 50,000</u>	<u>\$ (59,410)</u>	<u>\$ 763,350</u>

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**9. Lease Rental Debt (Continued)**

The annual lease rental requirements to maturity, including principal and interest, as of December 31, 2020, are as follows:

During the year(s) ended December 31,	Principal	Interest
2021	\$ 110,606	\$ 13,714
2022	61,830	12,490
2023	63,078	11,242
2024	64,351	9,969
2025	65,650	8,670
2026-2030	348,669	22,931
2031-2035	49,166	372
Totals	\$ 763,350	\$ 79,388

**10. Commitments and Contingencies**

The Township receives Federal and State Grants for specific purposes that are subject to review and audit by Federal and State agencies. Such audits could result in a request for reimbursement by the Federal and State agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the Township's management, such disallowances, if any, will not be significant to the Township's basic purpose financial statements.

In 1975, the Township and the Bethlehem Township Municipal Authority entered into an agreement with the City of Bethlehem and the Bethlehem Authority to expand the City's sanitary sewage system. The City agreed to accept, transport and treat the Township's sanitary sewage, and the Township agreed to pay treatment charges and rentals to the City to cover debt service and operating costs in an amount representative of the Township's portion of the expansion to the full expansion project. The Township renewed the agreement in 1993 and may terminate this agreement after August 31, 2031 with notice given five years prior to the termination date.

**11. Defined Contribution Retirement Plan**

The Township provides pension benefits for all of its eligible full-time non-uniform employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees who work forty or more hours per week are eligible to participate. The plan requires the Township to contribute an amount equal to 6% of the employee's salary as defined by the plan each year. The Township's contributions for each employee and investment earnings allocated to the employee's account are fully vested upon entering the plan.

The Township's contributions paid to the plan during 2020 and 2019 were \$28,671 and \$0-, respectively. The Municipal Minimum Obligation of \$30,254 for 2020 was partially covered by forfeitures within the Plan. The Municipal Minimum Obligation of \$21,838 for 2019 was covered in full by forfeitures within the Plan.

**TOWNSHIP OF BETHLEHEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

---

**12. Defined Benefit Retirement Plans**

Plan Description - AFSCME, Non-Uniform and Teamster Pension Plans

The pension plans provide pension and death benefits. A member may retire after reaching the age of 62 and accumulating 10 years of service. Benefits vest after 5 years of service. Employees who retire at or after age 62 with 10 or more years of service are entitled to pension payments for the remainder of their lives equal to 2.0%, 2.0% and 1.75%, respectively for AFSCME, Non-Uniform and Teamster Pension Plans of their final, three-year average monthly salary multiplied by the number of applicable whole years of service completed by such member. Pension provisions include death benefits. The surviving spouse or dependent children under the age of 18 receive 50% of the amount otherwise payable to the participant. The Township pays the full cost of the Plan. Member contributions are not required.

Plan Description - Police Pension Plan

The pension plan provides pension benefits and death and disability benefits. A member may retire after reaching the age of 50 and accumulating 25 years of service. Benefits vest after 12 years of service. Employees who retire at or after age 50 with 12 or more years of service are entitled to pension payments for the remainder of their lives equal to 50% of their final, three-year average monthly salary. For each completed year of service in excess of twenty-five (25) years, the participant shall be entitled to a monthly service increment of \$100 per month for each year of service in excess of 25 years, up to a maximum benefit of \$200 per month for members who complete 27 or more years of service (i.e., \$100 per month for the 26th year of service and \$200 per month for the 27th year of service and beyond).

Effective January 1, 2016, an early retirement benefit shall be provided to a member of the police force with twenty or more years of vesting service who terminates employment prior to the completion of normal retirement age and service requirements and who files a written application for an early retirement benefit with the governing body of the employer and shall be the actuarial equivalent of the accrued benefit as calculated. Pension provisions include death and disability benefits. A disabled employee is entitled to receive a monthly amount equal to the benefit based on the normal retirement formula. The surviving spouse or dependent children under the age of 18 receive 50% of the amount otherwise payable to the participant. The disabled employee is entitled to receive disability payments for life, while the surviving spouse may receive death benefits for life or as long as the spouse does not remarry. Employees of the Township are required to pay a percentage of their gross earnings to the pension plan. The payments are deducted from the employee's wages or salary and remitted by the Township to the Pension Fund on a monthly basis. If an employee leaves the employment of the Township before 12 years of service, the accumulated contributions plus earned interest are refunded to the employee or the employee's designated beneficiary. The Township makes annual contributions to the pension plan equal to any minimum municipal obligation, as calculated. Those contributions are funded in part through amounts received from the Pennsylvania General Municipal Pension System as state aid.



**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**12. Defined Benefit Retirement Plans (Continued)**

Reporting Entity

The Township maintains four single-employer, defined benefit pension plans which cover all full-time classed employees. The Plans are part of the Township of Bethlehem financial reporting entity and are included in the Township's general-purpose financial statements as a Pension Trust Fund.

Plan Valuation

The pension plan descriptions and actuarial valuations are available at the Township offices.

Trend Information

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the Township's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the Plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Public Employee Retirement System. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the Township's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Public Employee Retirement System. Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

**Teamsters Pension Plan**

**Eligibility**

All full-time non-uniformed Teamsters employees of Bethlehem Township hired before July 1, 2013, join the Plan upon employment.

**Normal Retirement**

A member is eligible for normal retirement after attainment of age 62 and completion of 10 years of vesting service.

The normal retirement pension is payable monthly during the member's lifetime, with payments ceasing upon death.

The amount of monthly pension is equal to 1.75% of average monthly compensation, multiplied by the number of years of benefit service completed by the member after January 1, 1998, and during the period January 1, 1961, to December 31, 1979.

Average monthly compensation is based upon the last 36 months of employment.

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**12. Defined Benefit Retirement Plans (Continued)**

**Teamsters Pension Plan (Continued)**

**Late Retirement**

If a member continues working after his normal retirement date, his pension does not start until he actually retires. The monthly late retirement pension is equal to the greater of the benefit accrued to the late retirement date or the actuarial equivalent of the benefit accrued as of the end of the preceding plan year.

**Early Retirement**

A member is eligible for early retirement after attainment of age 55 and completion of 10 years of vesting service. The monthly early retirement pension is equal to the benefit accrued to the date of early retirement, reduced 5/9 of 1% for each of the first 60 months early and 5/18 of 1% for each additional month early.

**Disability Retirement**

If an active member is totally and permanently disabled prior to his normal retirement date, he is eligible for a disability pension. The monthly disability pension is equal to the benefit accrued to the date of disability.

**Death Benefits**

The death benefit for a vested member who has been married at least one year is a 50% survivor pension for his spouse. Payment of the survivor benefit would begin on the date on which the member would first have been eligible for retirement. The amount of survivor benefit would be the 50% survivor benefit payable under a joint and 50% survivor pension option, based upon the pension accrued to the date of death and reduced for early commencement of benefits, if applicable.

**Vesting**

A member's benefits vest upon completion of five years of vesting service. The vested benefit is a deferred monthly pension beginning at normal retirement equal to the benefit accrued to the date of termination.

**Accrued Pension**

The benefit accrued at any date other than the normal retirement date is equal to the projected normal retirement benefit formula, but based upon compensation and benefit service to date.

**Contributions**

The Township pays the full cost of the Plan. Employee contributions are not required.

**Service Rules**

Service is based on years of service from date of employment to date of retirement.

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**12. Defined Benefit Retirement Plans (Continued)**

**Teamsters Pension Plan (Continued)**

**Plan Membership at December 31, 2020**

Inactive Members or Beneficiaries Currently Receiving Benefits	6
Inactive Members Entitled to but not yet Receiving Benefits	1
Active Members	7
Total Members	14

**Net Pension Liability**

The net pension liability was measured as of December 31, 2020, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2019. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

**Actuarial Assumptions**

The total pension liability in the January 1, 2019 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	3.00%	
Salary Increases	5.00%	(average, including inflation)
Investment Rate of Return	7.00%	(including inflation)
Postretirement Cost of Living Increase	0.00%	

Mortality rates were based on the PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2018 to reflect mortality improvement.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	50.00%	5.50% - 7.50%
Fixed Income	45.00%	1.00% - 3.00%
Cash	5.00%	0.00% - 1.00%

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**12. Defined Benefit Retirement Plans (Continued)**

**Teamsters Pension Plan (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

**Changes in the Net Pension Liability**

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2019	\$ 1,782,494	\$ 1,553,025	\$ 229,469
Changes for the year:			
Service Cost	24,553	-	24,553
Interest Cost	124,453	-	124,453
Changes in Benefit Terms	-	-	-
Changes for Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	81,756	(81,756)
Contributions - Member	-	-	-
Net Investment Income	-	206,707	(206,707)
Benefit Payments	(58,298)	(58,298)	-
Administrative Expense	-	(2,600)	2,600
Other Changes	-	-	-
Net Changes	<u>90,708</u>	<u>227,565</u>	<u>(136,857)</u>
Balance at December 31, 2020	<u>\$ 1,873,202</u>	<u>\$ 1,780,590</u>	<u>\$ 92,612</u>

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

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 313,818	\$ 92,612	\$ (93,185)

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**12. Defined Benefit Retirement Plans (Continued)**

**Teamsters Pension Plan (Continued)**

Ultimately, this schedule should present information for the last ten years. However, until the years of information can be compiled, information is presented for as many years as is available.

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Service Cost	\$ 20,820	\$ 21,861	\$ 23,384	\$ 24,553
Interest on the Total Pension Liability	100,926	106,278	118,145	124,453
Changes in Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience <sup>1</sup>	(11,250)	(11,250)	(12,393)	(12,390)
Changes of Assumptions <sup>1</sup>	10,857	10,857	33,089	33,090
Member Contributions	-	-	-	-
Projected Earnings on Pension Plan Investments	(84,700)	(95,952)	(94,896)	(109,442)
Difference between Projected and Actual Earnings on Investments <sup>2</sup>	16,084	45,072	27,412	(9,847)
Pension Plan Administrative Expense	3,900	3,500	5,300	2,600
Other Changes in Fiduciary Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Pension Expense	<u>\$ 56,637</u>	<u>\$ 80,366</u>	<u>\$ 100,041</u>	<u>\$ 53,017</u>

<sup>1</sup> Each year's gain or loss is recognized over a closed period, using the average of the expected remaining services lives of all active and inactive employees that are provided through this pension plan.

<sup>2</sup> Each year's gain or loss is recognized over a 5 year period.

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources**

For the year ended December 31, 2020, the Township recognized pension expense of \$81,756. At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 2,284
Changes in Assumptions	44,463	-
Net Difference Between Projected and Actual Earnings on Pension plan Investments	<u>-</u>	<u>80,823</u>
Total	<u>\$ 44,463</u>	<u>\$ 83,107</u>

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**12. Defined Benefit Retirement Plans (Continued)**

**Teamsters Pension Plan (Continued)**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources (Continued)**

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

Years Ended December 31,			
	2021	\$	4,955
	2022		12,966
	2023		(37,112)
	2024		(19,453)

**Non-Uniformed Pension Plan**

**Eligibility**

All full-time non-uniformed employees of Bethlehem Township hired before July 1, 2013, who are not covered by a collective bargaining agreement join the Plan upon employment.

**Normal Retirement**

A member is eligible for normal retirement after attainment of age 62 and completion of 10 years of vesting service.

The normal retirement pension is payable monthly during the member's lifetime, with payments ceasing upon death.

The amount of monthly pension is equal to 2.0% of average monthly compensation, multiplied by the number of years of benefit service completed by the member after January 1, 1997, and during the period January 1, 1961, to December 31, 1979.

Average monthly compensation is based upon the last 36 months of employment.

**Late Retirement**

If a member continues working after his normal retirement date, his pension does not start until he actually retires. The monthly late retirement pension is equal to the greater of the benefit accrued to the late retirement date or the actuarial equivalent of the benefit accrued as of the end of the preceding plan year.

**Early Retirement**

A member is eligible for early retirement after attainment of age 55 and completion of 10 years of vesting service. The monthly early retirement pension is equal to the benefit accrued to the date of early retirement, reduced 5/9 of 1% for each of the first 60 months early and 5/18 of 1% for each additional month early.

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**12. Defined Benefit Retirement Plans (Continued)**

**Non-Uniformed Pension Plan (Continued)**

**Disability Retirement**

If an active member is totally and permanently disabled prior to his normal retirement date, he is eligible for a disability pension. The monthly disability pension is equal to the benefit accrued to the date of disability.

**Death Benefits**

The death benefit for a vested member who has been married at least one year is a 50% survivor pension for his spouse. Payment of the survivor benefit would begin on the date on which the member would first have been eligible for retirement. The amount of survivor benefit would be the 50% survivor benefit payable under a joint and 50% survivor pension option, based upon the pension accrued to the date of death and reduced for early commencement of benefits, if applicable.

**Vesting**

A member's benefits vest upon completion of five years of vesting service. The vested benefit is a deferred monthly pension beginning at normal retirement equal to the benefit accrued to the date of termination.

**Accrued Pension**

The benefit accrued at any date other than the normal retirement date is equal to the projected normal retirement benefit formula, but based upon compensation and benefit service to date.

**Contributions**

The Township pays the full cost of the Plan. Employee contributions are not required.

**Service Rules**

Service is based on years of service from date of employment to date of retirement.

**Plan Membership at December 31, 2020**

Inactive Members or Beneficiaries Currently Receiving Benefits	5
Inactive Members Entitled to but not yet Receiving Benefits	6
Active Members	<u>12</u>
Total Members	<u><u>23</u></u>

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**12. Defined Benefit Retirement Plans (Continued)**

**Non-Uniformed Pension Plan (Continued)**

**Net Pension Liability**

The net pension liability was measured as of December 31, 2020, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2019. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

**Actuarial Assumptions**

The total pension liability in the January 1, 2019 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	3.00%	
Salary Increases	5.00%	(average, including inflation)
Investment Rate of Return	7.00%	(including inflation)
Postretirement Cost of Living Increase	0.00%	

Mortality rates were based on the PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2018 to reflect mortality improvement.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	50.00%	5.50% - 7.50%
Fixed Income	45.00%	1.00% - 3.00%
Cash	5.00%	0.00% - 1.00%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.



**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**12. Defined Benefit Retirement Plans (Continued)**

**Non-Uniformed Pension Plan (Continued)**

**Changes in Net Pension Liability**

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2019	\$ 4,796,563	\$ 3,855,896	\$ 940,667
Changes for the year:			
Service Cost	91,975	-	91,975
Interest Cost	340,517	-	340,517
Changes in Benefit Terms	-	-	-
Changes for Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	223,360	(223,360)
Contributions - Member	-	-	-
Net Investment Income	-	529,700	(529,700)
Benefit Payments	(48,027)	(48,027)	-
Administrative Expense	-	(2,600)	2,600
Other Changes	-	-	-
Net Changes	<u>384,465</u>	<u>702,433</u>	<u>(317,968)</u>
Balance at December 31, 2020	<u>\$ 5,181,028</u>	<u>\$ 4,558,329</u>	<u>\$ 622,699</u>

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

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 1,246,401	\$ 622,699	\$ 103,095

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**12. Defined Benefit Retirement Plans (Continued)**

**Non-Uniformed Pension Plan (Continued)**

Ultimately, this schedule should present information for the last ten years. However, until the years of information can be compiled, information is presented for as many years as is available.

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Service Cost	\$ 82,498	\$ 86,623	\$ 87,595	\$ 91,975
Interest on the Total Pension Liability	250,262	271,857	315,166	340,517
Changes in Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience <sup>1</sup>	(34,075)	(34,075)	(17,137)	(17,137)
Changes of Assumptions <sup>1</sup>	32,915	32,915	75,553	75,553
Member Contributions	-	-	-	-
Projected Earnings on Pension Plan Investments	(192,162)	(226,937)	(232,377)	(275,958)
Difference between Projected and Actual Earnings on Investments <sup>2</sup>	32,371	100,715	57,289	(29,961)
Pension Plan Administrative Expense	3,900	3,500	5,100	2,600
Other Changes in Fiduciary Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Pension Expense	<u>\$ 175,709</u>	<u>\$ 234,598</u>	<u>\$ 291,189</u>	<u>\$ 187,589</u>

<sup>1</sup> Each year's gain or loss is recognized over a closed period, using the average of the expected remaining services lives of all active and inactive employees that are provided through this pension plan.

<sup>2</sup> Each year's gain or loss is recognized over a 5 year period.

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources**

For the year ended December 31, 2020, the Township recognized pension expense of \$223,360. At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 8,473	\$ -
Changes in Assumptions	193,743	-
Net Difference Between Projected and Actual Earnings on Pension plan Investments	<u>-</u>	<u>214,309</u>
Total	<u>\$ 202,216</u>	<u>\$ 214,309</u>

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**12. Defined Benefit Retirement Plans (Continued)**

**Non-Uniformed Pension Plan (Continued)**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources (Continued)**

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

Years Ended December 31,			
	2021	\$	14,856
	2022		58,395
	2023		(34,596)
	2024		(50,748)

**AFSCME Pension Plan**

**Eligibility**

All full-time non-uniformed A.F.S.C.M.E. employees of Bethlehem Township hired before January 1, 2015, join the Plan upon employment.

**Normal Retirement**

A member is eligible for normal retirement after attainment of age 62 and completion of 10 years of vesting service.

The normal retirement pension is payable monthly during the member's lifetime, with payments ceasing upon death.

The amount of monthly pension is equal to the applicable percentage of average monthly compensation. The applicable percentage is the sum of the following:

- 1.50% multiplied by the number of years of benefit service completed by the member during the periods January 1, 1961, to December 31, 1979, and January 1, 1995, to December 31, 2002,
- 1.75% multiplied by the number of years of benefit service completed by the member during the period January 1, 2003, to December 31, 2006,
- 2.00% multiplied by the number of years of benefit service completed by the member after January 1, 2007.

Average monthly compensation is based upon the last 36 months of employment.

**Late Retirement**

If a member continues working after his normal retirement date, his pension does not start until he actually retires. The monthly late retirement pension is equal to the greater of the benefit accrued to the late retirement date or the actuarial equivalent of the benefit accrued as of the end of the preceding plan year.

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**12. Defined Benefit Retirement Plans (Continued)**

**AFSCME Pension Plan (Continued)**

**Early Retirement**

A member is eligible for early retirement after attainment of age 55 and completion of 10 years of vesting service. The monthly early retirement pension is equal to the benefit accrued to the date of early retirement, reduced 5/9 of 1% for each of the first 60 months early and 5/18 of 1% for each additional month early.

**Disability Benefits**

If an active member is totally and permanently disabled prior to his normal retirement date, he is eligible for a disability pension. The monthly disability pension is equal to the benefit accrued to the date of disability.

**Death Benefits**

The death benefit for a vested member who has been married at least one year is a 50% survivor pension for his spouse. Payment of the survivor benefit would begin on the date on which the member would first have been eligible for retirement. The amount of survivor benefit would be the 50% survivor benefit payable under a joint and 50% survivor pension option, based upon the pension accrued to the date of death and reduced for early commencement of benefits, if applicable.

**Vesting**

A member's benefits vest upon completion of five years of vesting service. The vested benefit is a deferred monthly pension beginning at normal retirement equal to the benefit accrued to the date of termination.

**Accrued Pension**

The benefit accrued at any date other than the normal retirement date is equal to the projected normal retirement benefit formula, but based upon compensation and benefit service to date.

**Contributions**

The Township pays the full cost of the Plan. Employee contributions are not required.

**Service Rules**

Service is based on years of service from date of employment to date of retirement.

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**12. Defined Benefit Retirement Plans (Continued)**

**AFSCME Pension Plan (Continued)**

**Plan Membership at December 31, 2020**

Inactive Members or Beneficiaries Currently Receiving Benefits	9
Inactive Members Entitled to but not yet Receiving Benefits	4
Active Members	19
Total Members	32

**Net Pension Liability**

The net pension liability was measured as of December 31, 2020, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2019. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

**Actuarial Assumptions**

The total pension liability in the January 1, 2019 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	3.00%	
Salary Increases	5.00%	(average, including inflation)
Investment Rate of Return	7.00%	(including inflation)
Postretirement Cost of Living Increase	0.00%	

Mortality rates were based on the PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2018 to reflect mortality improvement.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	50.00%	5.50% - 7.50%
Fixed Income	45.00%	1.00% - 3.00%
Cash	5.00%	0.00% - 1.00%

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**12. Defined Benefit Retirement Plans (Continued)**

**AFSCME Pension Plan (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

**Changes in the Net Pension Liability**

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2019	\$ 6,225,340	\$ 5,093,120	\$ 1,132,220
Changes for the year:			
Service Cost	123,025	-	123,025
Interest Cost	439,374	-	439,374
Changes in Benefit Terms	-	-	-
Changes for Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	362,851	(362,851)
Contributions - Member	-	-	-
Net Investment Income	-	705,369	(705,369)
Benefit Payments	(143,178)	(143,178)	-
Administrative Expense	-	(3,000)	3,000
Other Changes	-	-	-
Net Changes	<u>419,221</u>	<u>922,042</u>	<u>(502,821)</u>
Balance at December 31, 2020	<u>\$ 6,644,561</u>	<u>\$ 6,015,162</u>	<u>\$ 629,399</u>

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**12. Defined Benefit Retirement Plans (Continued)**

**AFSCME Pension Plan (Continued)**

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

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 1,537,161	\$ 629,399	\$ (130,394)

Ultimately, this schedule should present information for the last ten years. However, until the years of information can be compiled, information is presented for as many years as is available.

	2017	2018	2019	2020
Service Cost	\$ 121,465	\$ 127,538	\$ 117,167	\$ 123,025
Interest on the Total Pension Liability	357,311	387,787	410,757	439,374
Changes in Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience <sup>1</sup>	9,770	9,770	(28,940)	(28,940)
Changes of Assumptions <sup>1</sup>	30,937	30,937	56,293	56,293
Member Contributions	-	-	-	-
Projected Earnings on Pension Plan Investments	(255,082)	(299,102)	(305,767)	(364,102)
Difference between Projected and Actual Earnings on Investments <sup>2</sup>	43,784	134,268	76,120	(41,271)
Pension Plan Administrative Expense	4,100	3,900	5,900	3,000
Other Changes in Fiduciary Net Position	-	-	-	-
Pension Expense	\$ 312,285	\$ 395,098	\$ 331,530	\$ 187,379

<sup>1</sup> Each year's gain or loss is recognized over a closed period, using the average of the expected remaining services lives of all active and inactive employees that are provided through this pension plan.

<sup>2</sup> Each year's gain or loss is recognized over a 5 year period.

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**12. Defined Benefit Retirement Plans (Continued)**

**AFSCME Pension Plan (Continued)**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources**

For the year ended December 31, 2020, the Township recognized pension expense of \$362,851. At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 163,959
Changes in Assumptions	281,467	-
Net Difference Between Projected and Actual Earnings on Pension plan Investments	-	290,054
Total	\$ 281,467	\$ 454,013

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

Years Ended December 31,			
	2021	\$	(32,125)
	2022		(8,566)
	2023		(99,050)
	2024		(40,900)
	2025		8,095



**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**12. Defined Benefit Retirement Plans (Continued)**

**Police Pension Plan**

**Eligibility**

All full-time members of the police force join the Plan upon employment.

**Normal Retirement**

A member is eligible for normal retirement after attainment of age 50 and completion of 25 years of vesting service.

The normal retirement pension is payable monthly during the member's lifetime, with payments continuing after the member's death to the surviving spouse, or eligible child, equal to 50% of the amount payable to the member at the time of the member's death.

The amount of monthly pension is equal to 50% of average monthly compensation, plus a service increment equal to \$100 per month for each year of benefit service completed in excess of 25 years, up to a maximum of \$200 additional per month.

Average monthly compensation is based upon the last 36 months of employment.

**Late Retirement**

If a member continues working after his normal retirement date, his pension does not start until he actually retires. The monthly late retirement pension is equal to the benefit accrued to the late retirement date.

**Early Retirement**

A member is eligible for early retirement after completion of 20 years of vesting service. The monthly early retirement pension is equal to the actuarial equivalent of the benefit accrued to the date of early retirement.

**Disability Retirement**

If an active member is disabled in the line of duty, he is eligible for a disability pension. The monthly disability pension is equal to 50% of the member's monthly salary at the time of disability.

**Postretirement Cost-of-Living Increase**

An annual cost-of-living adjustment is made to retirees, with a maximum total cost-of-living increase of 30%, and a maximum pension benefit of 75% of the compensation used for computing retirement benefits.

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**12. Defined Benefit Retirement Plans (Continued)**

**Police Pension Plan (Continued)**

**Death Benefits**

If a member is eligible for retirement at the time of death, a monthly death benefit is payable to his surviving spouse, or eligible child, equal to 50% of the monthly benefit the member would have been receiving had he been retired at the time of death.

**Vesting**

A member's benefits vest upon completion of 12 years of vesting service. The vested benefit is a deferred monthly pension beginning at normal retirement equal to the benefit accrued to the date of termination.

**Accrued Pension**

The benefit accrued at any date other than the normal retirement date is equal to the projected normal retirement benefit multiplied by the ratio of the number of years of benefit service to date to the total number of years of benefit service projected at normal retirement.

**Contributions**

Members contribute 4.0% of compensation.

Member contributions are credited with 5.0% annual interest.

**Purchase of Military Service Credits**

Non-intervening military service credits may be purchased for each year of military service, up to a maximum of five years.

**Plan Membership at December 31, 2020**

Inactive Members or Beneficiaries Currently Receiving Benefits	21
Inactive Members Entitled to but not yet Receiving Benefits	1
Active Members	<u>35</u>
Total Members	<u><u>57</u></u>

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**12. Defined Benefit Retirement Plans (Continued)**

**Police Pension Plan (Continued)**

**Net Pension Liability**

The net pension liability was measured as of December 31, 2020, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2019. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

**Actuarial Assumptions**

The total pension liability in the January 1, 2019 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	3.00%	
Salary Increases	5.00%	(average, including inflation)
Investment Rate of Return	7.00%	(including inflation)
Postretirement Cost of Living Increase	3.00%	

Mortality rates were based on the PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2018 to reflect mortality improvement.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	50.00%	5.50% - 7.50%
Fixed Income	45.00%	1.00% - 3.00%
Cash	5.00%	0.00% - 1.00%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**12. Defined Benefit Retirement Plans (Continued)**

**Police Pension Plan (Continued)**

**Changes in the Net Pension Liability**

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2019	\$ 21,733,908	\$ 20,358,419	\$ 1,375,489
Changes for the year:			
Service Cost	627,714	-	627,714
Interest Cost	1,539,934	-	1,539,934
Changes in Benefit Terms	-	-	-
Changes for Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	1,127,591	(1,127,591)
Contributions - Member	-	177,440	(177,440)
Net Investment Income	-	2,771,102	(2,771,102)
Benefit Payments	(725,122)	(725,122)	-
Administrative Expense	-	(6,800)	6,800
Other Changes	-	-	-
Net Changes	<u>1,442,526</u>	<u>3,344,211</u>	<u>(1,901,685)</u>
Balance at December 31, 2020	<u>\$ 23,176,434</u>	<u>\$ 23,702,630</u>	<u>\$ (526,196)</u>

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

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current	1% Increase
	6.00%	Discount Rate 7.00%	8.00%
Net Pension Liability	\$ 2,615,691	\$ (526,196)	\$ (3,119,977)

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**12. Defined Benefit Retirement Plans (Continued)**

**Police Pension Plan (Continued)**

Ultimately, this schedule should present information for the last ten years. However, until the years of information can be compiled, information is presented for as many years as is available.

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Service Cost	\$ 540,384	\$ 567,403	\$ 597,823	\$ 627,714
Interest on the Total Pension Liability	1,290,988	1,380,808	1,443,706	1,539,934
Changes in Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience <sup>1</sup>	(92,971)	(92,971)	(209,666)	(209,666)
Changes of Assumptions <sup>1</sup>	52,235	52,235	113,290	113,290
Member Contributions	(122,597)	(155,073)	(251,485)	(177,440)
Projected Earnings on Pension Plan Investments	(1,080,576)	(1,232,200)	(1,233,345)	(1,445,148)
Difference between Projected and Actual Earnings on Investments <sup>2</sup>	204,352	574,896	342,345	(146,383)
Pension Plan Administrative Expense	5,700	6,900	7,700	6,800
Other Changes in Fiduciary Net Position	-	-	-	-
Pension Expense	<u>\$ 797,515</u>	<u>\$ 1,101,998</u>	<u>\$ 810,368</u>	<u>\$ 309,101</u>

<sup>1</sup> Each year's gain or loss is recognized over a closed period, using the average of the expected remaining services lives of all active and inactive employees that are provided through this pension plan.

<sup>2</sup> Each year's gain or loss is recognized over a 5 year period.

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources**

For the year ended December 31, 2020, the Township recognized pension expense of \$1,127,591. At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 1,136,088
Changes in Assumptions	621,378	-
Net Difference Between Projected and Actual Earnings on Pension plan Investments	<u>-</u>	<u>1,116,626</u>
Total	<u>\$ 621,378</u>	<u>\$ 2,252,714</u>

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**12. Defined Benefit Retirement Plans (Continued)**

**Police Pension Plan (Continued)**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources (Continued)**

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

Years Ended December 31,			
	2021	\$	(322,867)
	2022		(223,574)
	2023		(603,083)
	2024		(370,532)
	2025		(55,640)
	2026		(55,640)

**13. Postemployment Benefits Other Than Pensions**

**Plan Description**

The Township of Bethlehem administers a single-employer defined benefit healthcare plan. The benefit provisions and obligations to contribute are established in accordance with separate employee contracts. In accordance with the employee contracts, the Township's obligation for payment of health insurance coverage premiums is limited to \$350 per month until the retiree reaches age sixty-five or receives spousal or other employer benefits for police employees retiring between January 1, 2005 and December 31, 2010, and \$450 per month for a period of ninety-six months for police employees retiring on or after January 1, 2011 and hired prior to January 1, 2015. Any police employee hired after January 1, 2015 is not entitled to the post-retirement benefit. The retirees are obligated to absorb any and all monthly premium costs in excess of Township contributions. The Retiree Health Plan does not issue a publicly available financial report.

**Discount Rate**

3.26%. Based on S&P Municipal Bond 20-Year High Grade Rate Index at January 1, 2020.

**Salary**

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purposes, annual salary increases are assumed to be 5.00%.

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**13. Postemployment Benefits Other Than Pensions (Continued)**

**Withdrawal**

Table D-1: Rates of withdrawal at selected ages:

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	5.5000%	35	2.5000%	50	0.0000%
25	5.0000%	40	1.0000%	55	0.0000%
30	4.0000%	45	0.5000%	60	0.0000%

**Mortality**

PubS-2010 Mortality Table

Incorporated into the table are rates projected generationally using Scale MP-2018 to reflect mortality improvement.

**Disability**

SOA 1987 Group LTD Table – Males, 3-month elimination. Sample rates are shown below.

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	0.1444%	35	0.2123%	50	0.7536%
25	0.1534%	40	0.2931%	55	1.2612%
30	0.1708%	45	0.4561%	60	1.8818%

**Retirement**

Active members are assumed to retire after attainment of age 53 and completion of 25 years of service, or age on valuation date, if greater.

**Percentage of Eligible Retirees Electing Coverage in Plan**

100% of eligible employees are assumed to elect coverage at retirement.

**Per Capita Claims Cost**

Police Officers are not able to continue on the Township’s Medical Coverage upon retirement. The only postemployment benefits valued are the monthly stipends as described in the Plan Description.

**Health Care Cost Trend Rate**

Monthly Stipends are assumed to be flat and not increase with trend.

**Actuarial Value of Assets**

Equal to the Market Value of Assets.

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**13. Postemployment Benefits Other Than Pensions (Continued)**

**Actuarial Cost Method – Entry Age Normal**

Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

**Participant Data**

Based on census information as of January 1, 2020.

At January 1, 2020, the following eligible employees and retirees were covered by the plan:

Active Members	27
Vested Former Participants	0
Retired Participants	<u>5</u>
Total Participants	<u><u>32</u></u>

**Net OPEB Liability**

The components of the net OPEB liability of the Township at December 31, 2020 were as follows:

	<u>2020</u>
Total OPEB Liability	\$ 530,821
Plan Fiduciary Net Position	<u>-</u>
Net OPEB Liability	<u><u>\$ 530,821</u></u>



**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**13. Postemployment Benefits Other Than Pensions (Continued)**

**Changes in Net OPEB Liability**

The following table shows the changes in net OPEB liability recognized over the measurement period:

	Increase/(Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2019	\$ 553,949	\$ -	\$ 553,949
Changes for the year:			
Service Cost	21,818	-	21,818
Interest Cost <sup>2</sup>	20,215	-	20,215
Changes in Benefit Terms	-	-	-
Changes for Experience <sup>1</sup>	(39,247)	-	(39,247)
Changes of Assumptions <sup>1</sup>	11,747	-	11,747
Contributions - Employer	-	37,661	(37,661)
Contributions - Member	-	-	-
Net Investment Income	-	-	-
Benefit Payments <sup>2</sup>	(37,661)	(37,661)	-
Administrative Expense	-	-	-
Other Changes	-	-	-
Net Changes	<u>(23,128)</u>	<u>-</u>	<u>(23,128)</u>
Balance at December 31, 2020	<u>\$ 530,821</u>	<u>\$ -</u>	<u>\$ 530,821</u>

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

<sup>2</sup> These figures are based on estimated benefit payments. These amounts may be adjusted for actual benefit payments made during the year.

**Net OPEB Liability Sensitivity – Discount Rate**

The following is a sensitivity analysis of the net OPEB liability to changes in the discount rate. The table below presents the net OPEB liability calculated using the discount rate of 3.26% as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower (2.26%) or one percent higher (4.26%) than the current rate:

	1% Decrease 2.26%	Current Discount Rate 3.26%	1% Increase 4.26%
Net OPEB Liability	\$ 562,236	\$ 530,821	\$ 501,098

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**13. Postemployment Benefits Other Than Pensions (Continued)**

**Net OPEB Liability Sensitivity – Healthcare Trend**

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

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	\$ 530,821	\$ 530,821	\$ 530,821

Ultimately, this schedule should present information for the last ten years. However, until the years of information can be compiled, information is presented for as many years as is available.

	2018	2019	2020
Service Cost	\$ 19,721	\$ 22,653	\$ 21,818
Interest on the Total OPEB Liability	20,223	17,958	20,215
Changes in Benefit Terms	-	-	-
Contributions - Employee	-	-	-
Amortization of Deferred Outflows	1,951	1,951	3,419
Amortization of Deferred Inflows	-	(1,662)	(6,568)
Other Changes	-	-	-
OPEB Expense	\$ 41,895	\$ 40,900	\$ 38,884

**OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources**

For the year ended December 31, 2020, the Township recognized OPEB expense of \$20,987. At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 34,341
Changes in Assumptions	21,984	11,630
Total	\$ 21,984	\$ 45,971

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**13. Postemployment Benefits Other Than Pensions (Continued)**

**OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to postemployment benefits other than pensions will be recognized in OPEB expense as follows:

Years Ended December 31,		
	2021	\$ (3,149)
	2022	(3,149)
	2023	(3,149)
	2024	(3,149)
	2025	(3,149)
	2026	(3,149)
	2027	(5,093)

**14. Fund Balances**

The fund balances have been categorized based on the relative strength of the spending constraints placed on the purpose for which the resources can be used, as follows:

	General Fund	Capital Reserve Fund	Capital Recreation Fund	Liquid Fuels Fund	D.A.R.E.- Canine Fund	Fire Fund	Pension Trust Funds	Custodial Funds	Totals
Unassigned	\$ 3,084,742	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,084,742
Restricted	-	3,392,985	-	630,280	-	-	36,168,732	26,739	40,218,736
Committed	-	-	-	-	40,778	387,963	-	-	428,741
Assigned	898,033	-	1,727,695	-	-	-	-	-	2,625,728
<b>Totals</b>	<b>\$ 3,982,775</b>	<b>\$ 3,392,985</b>	<b>\$ 1,727,695</b>	<b>\$ 630,280</b>	<b>\$ 40,778</b>	<b>\$ 387,963</b>	<b>\$ 36,168,732</b>	<b>\$ 26,739</b>	<b>\$ 46,357,947</b>

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**15. Operating Leases**

The Township leases various pieces of equipment under multiple long-term lease agreements, expiring April 2024. Expenses incurred under the leases were \$20,376 and \$18,636 for 2020 and 2019, respectively. Future minimum lease payments are as follows:

Year ending December 31,		
	2021	\$ 18,530
	2022	17,118
	2023	12,179
	2024	<u>2,343</u>
Total Minimum Lease Payments		<u><u>\$ 50,170</u></u>

**16. Capital Lease**

The Township leases equipment under various non-cancellable leases that are classified as capital leases expiring at various dates through January 2024. The lease agreements contain a bargain purchase option at the end of the lease terms.

Future minimum lease payments under the capital leases are as follows:

Year ending December 31,		
	2021	\$ 286,209
	2022	140,213
	2023	109,789
	2024	<u>41,323</u>
Total Minimum Lease Payments		577,534
Less: Amount Representing Interest		<u>(41,900)</u>
Present Value of Minimum Lease Payments		535,634
Less: Current Portion		<u>(262,340)</u>
Capital Lease Obligation, Net		<u><u>\$ 273,294</u></u>

Property and equipment include the following amounts for lease obligations which have been capitalized.

Equipment	\$ 2,249,047
Less: Accumulated Depreciation	<u>(946,624)</u>
Net Book Value	<u><u>\$ 1,302,423</u></u>

Lease amortization, included in depreciation expense, was \$219,660 and \$213,964 in 2020 and 2019, respectively.

**TOWNSHIP OF BETHLEHEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

---

**17. Risk Management and Litigation**

*Risk Management*

The Township is exposed to various risk of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are provided for through insurance from private insurance companies. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred, and the amount of the loss can be reasonably stated. In determining claims, events that might create claims, but for which none have been reported are considered. During the year ended December 31, 2020 and the two previous fiscal years, no settlements exceeded insurance coverage.

*Litigation*

In the normal course of operations, the Township is involved in various civil disputes. Management and Township solicitor estimate that the amount of actual potential claims against the Township as of December 31, 2020, will not materially affect the financial condition of the Township.

**18. Subsequent Events**

In preparing these financial statements, the Township has evaluated events and transactions for potential recognition or disclosure through July 12, 2021, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**TOWNSHIP OF BETHLEHEM  
GENERAL FUND - SCHEDULE OF REVENUES AND OTHER  
FINANCING SOURCES - BUDGET COMPARISON  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Actual	Original Budget	Variance Favorable (Unfavorable)
<b>REVENUES RECEIVED</b>			
Taxes			
Real Estate	\$ 6,663,067	\$ 6,840,879	\$ (177,812)
Real Estate Transfer	1,077,591	925,000	152,591
Earned Income	4,687,483	4,550,000	137,483
Amusement	26,724	30,000	(3,276)
Mercantile	1,055,323	1,225,000	(169,677)
Local Services Tax	626,173	650,000	(23,827)
Total Taxes	<u>14,136,361</u>	<u>14,220,879</u>	<u>(84,518)</u>
Licenses and Permits			
Permits	336,112	428,000	(91,888)
TV Cable	370,350	410,000	(39,650)
Miscellaneous	5,150	5,200	(50)
Total Licenses and Permits	<u>711,612</u>	<u>843,200</u>	<u>(131,588)</u>
Fines and Forfeitures			
Ordinance Violations	9,954	10,000	(46)
Vehicle Code Violations	33,147	60,000	(26,853)
Miscellaneous Fines	200	1,000	(800)
Total Fines and Forfeitures	<u>43,301</u>	<u>71,000</u>	<u>(27,699)</u>
Interest and Rents			
Interest	3,488	3,000	488
Rents	51,154	65,000	(13,846)
Total Interest and Rents	<u>54,642</u>	<u>68,000</u>	<u>(13,358)</u>
Intergovernmental Revenues			
Federal Funds	9,338	-	9,338
State Funds	537,306	1,125,000	(587,694)
PURTA Tax	14,438	15,000	(562)
Local Funds	363,208	-	363,208
Total Intergovernmental Revenues	<u>924,290</u>	<u>1,140,000</u>	<u>(215,710)</u>
Charges for Services			
Subdivision Fees	13,320	1,000	12,320
Zoning Fees	39,613	18,000	21,613
Community Center and Recreation Fees	317,476	1,320,000	(1,002,524)
Police Safety	14,957	18,100	(3,143)
Property Inspection	12,906	40,000	(27,094)
Tax Certification	16,128	10,000	6,128
Miscellaneous	42,776	55,000	(12,224)
Total Charges for Services	<u>457,176</u>	<u>1,462,100</u>	<u>(1,004,924)</u>
Other Revenues			
Sale of Property	4,412	35,000	(30,588)
Sale of Maps and Books	3,832	2,400	1,432
Refunds	528,761	165,000	363,761
Engineering Fee Reimbursements	583,882	950,000	(366,118)
Legal Fee Reimbursements	30,044	80,000	(49,957)
Medical Reimbursements	5,143	2,374	2,769
Total Other Revenues	<u>1,156,074</u>	<u>1,234,774</u>	<u>(78,700)</u>
Total Revenues Received	<u>\$ 17,483,456</u>	<u>\$ 19,039,953</u>	<u>\$ (1,556,497)</u>

See independent auditor's report on required supplementary information.

**TOWNSHIP OF BETHLEHEM  
GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER  
FINANCING USES - BUDGET COMPARISON  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Actual</u>	<u>Original Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES PAID</b>			
General Government			
Legislative	\$ 636,717	\$ 134,709	\$ (502,008)
Administrative and Executive	5,447,437	6,379,755	932,318
Financial Administration	788,586	427,725	(360,861)
Planning and Zoning	833,320	1,449,356	616,036
Physical Plant	1,215,696	1,166,971	(48,725)
Insurance	658,109	698,500	40,391
Total General Government	<u>9,579,865</u>	<u>10,257,016</u>	<u>677,151</u>
Public Safety			
Police Protection	3,030,510	3,843,987	813,477
Protective Inspection and Code Enforcement	457,715	2,500	(455,215)
Fire Protection	459,497	825,700	366,203
Total Public Safety	<u>3,947,722</u>	<u>4,672,187</u>	<u>724,465</u>
Public Works - Highways and Streets			
Street Construction	28,941	2,000	(26,941)
Street Lighting	-	-	-
Street Maintenance	86,619	148,700	62,081
Snow and Ice Removal	20,377	115,750	95,373
Street Signs and Markings	44,245	62,500	18,255
Storm Sewer Maintenance	10,917	28,500	17,583
Street Cleaning	28,855	50,000	21,145
Recycling	8,776	30,000	21,224
General Services	907,852	1,391,520	483,668
Total Public Works - Highways and Streets	<u>1,136,582</u>	<u>1,828,970</u>	<u>692,388</u>
Culture and Recreation			
Playground and Parks	14,891	42,000	27,109
Community Center	481,252	1,088,954	607,702
Library	448,184	448,217	-
Total Culture and Recreation	<u>944,327</u>	<u>1,579,171</u>	<u>634,812</u>
Interest	2,351,908	2,355,272	3,364
Total Expenditures Paid	<u>17,960,404</u>	<u>20,692,616</u>	<u>2,732,179</u>
<b>EXCESS (DEFICIT) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES PAID</b>	(476,948)	(1,652,663)	1,175,683
Other Financing Sources (Uses)			
Transfers In	18,047	-	18,047
Transfers Out	(814,883)	-	(814,883)
Total Other Financing Sources (Uses), Net	(796,836)	-	(796,836)
<b>EXCESS (DEFICIT) OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER FINANCING USES</b>	(1,273,784)	(1,652,663)	378,846
<b>FUND BALANCE - JANUARY 1, 2020</b>	<u>5,256,559</u>	<u>5,256,559</u>	<u>-</u>
<b>FUND BALANCE - DECEMBER 31, 2020</b>	<u>\$ 3,982,775</u>	<u>\$ 3,603,896</u>	<u>\$ 378,846</u>

See independent auditor's report on required supplementary information.



**TOWNSHIP OF BETHLEHEM  
SCHEDULE OF TOWNSHIP CONTRIBUTIONS -  
TEAMSTERS PENSION PLAN  
FOR THE LAST TEN YEARS ENDED**

---

Year	Actuarially Determined Contributions	Contributions From Employer	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Payroll
2011	\$ 76,879	\$ 76,879	-	-	0.00%
2012	74,903	74,903	-	-	0.00%
2013	77,867	77,867	-	-	0.00%
2014	76,151	76,151	-	379,272	20.08%
2015	93,149	93,149	-	387,643	24.03%
2016	89,381	89,381	-	338,852	26.38%
2017	86,995	86,995	-	349,626	24.88%
2018	85,054	85,054	-	359,287	23.67%
2019	80,528	80,528	-	326,299	24.68%
2020	81,756	81,756	-	355,519	23.00%

See independent auditor's report on required supplementary information.

The accompanying notes to required supplementary schedules are an integral part of these schedules.

**TOWNSHIP OF BETHLEHEM  
SCHEDULE OF CHANGES IN NET PENSION  
LIABILITY AND RELATED RATIOS -  
TEAMSTERS PENSION PLAN  
FOR THE LAST TEN YEARS ENDED**

	2016	2017	2018	2019	2020
<b>Total Pension Liability</b>					
Service Cost	\$ 30,111	\$ 20,820	\$ 21,861	\$ 23,384	\$ 24,553
Interest	95,967	100,926	106,278	118,145	124,453
Changes of Benefit Terms	-	-	-	-	-
Changes for Experience	-	(43,036)	-	(4,570)	-
Changes of Assumptions	-	43,429	-	88,927	-
Benefit Payments, Including Refunds of Member Contributions	(42,127)	(50,543)	(42,127)	(46,861)	(58,298)
Net Change in Total Pension Liability	83,951	71,596	86,012	179,025	90,708
Total Pension Liability - Beginning	1,361,910	1,445,861	1,517,457	1,603,469	1,782,494
Total Pension Liability - Ending	<u>\$ 1,445,861</u>	<u>\$ 1,517,457</u>	<u>\$ 1,603,469</u>	<u>\$ 1,782,494</u>	<u>\$ 1,873,202</u>
<b>Plan Fiduciary Net Pension</b>					
Contributions - Employer	\$ 89,381	\$ 86,995	\$ 85,054	\$ 80,528	\$ 81,756
Contributions - Member	-	-	-	-	-
Net Investment Income	47,268	124,757	(48,986)	183,184	206,707
Benefit Payments, Including Refunds of Member Contributions	(42,127)	(50,543)	(42,127)	(46,861)	(58,298)
Administrative Expense	(3,000)	(3,900)	(3,500)	(5,300)	(2,600)
Net Change in Plan Fiduciary Net Position	91,522	157,309	(9,559)	211,551	227,565
Plan Net Position - Beginning	1,102,202	1,193,724	1,351,033	1,341,474	1,553,025
Plan Net Position - Ending	<u>\$ 1,193,724</u>	<u>\$ 1,351,033</u>	<u>\$ 1,341,474</u>	<u>\$ 1,553,025</u>	<u>\$ 1,780,590</u>
Municipality's Net Pension Liability	\$ 252,137	\$ 166,424	\$ 261,995	\$ 229,469	\$ 92,612
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.6%	89.0%	83.7%	87.1%	95.1%
Covered Employee Payroll	\$ 338,852	\$ 349,626	\$ 359,287	\$ 326,299	\$ 355,519
Municipality's Net Pension Liability as a Percentage	74.4%	47.6%	72.9%	70.3%	26.0%

Ultimately, this schedule should present information for the last ten years. However, until the years of information can be compiled, information is presented for as many years as is available.

See independent auditor's report on required supplementary information.

The accompanying notes to required supplementary schedules are an integral part of these schedules.

**TOWNSHIP OF BETHLEHEM  
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES -  
TEAMSTERS PENSION PLAN  
DECEMBER 31, 2020**

---

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date: 1/1/2017

Actuarial Cost Method: Entry Age Normal

Amortization Method: Level Dollar Closed

Remaining Amortization Period: 8 years

Asset Valuation Method: Market value of assets as determined by the trustee.

Inflation: 3.00%

Salary Increases: 5.00%

Investment Rate of Return: 7.00%

Retirement Age: Normal Retirement Age.

Mortality: IRS 2017 Static Combined Table for Small Plans. Incorporated into the table are rates for annuitants projected 7 years and rates for non-annuitants projected 15 years using Scale AA to reflect mortality improvement.

Changes in benefit terms: None since 1/1/2017.

See independent auditor's report on required supplementary information.

**TOWNSHIP OF BETHLEHEM  
SCHEDULE OF TOWNSHIP CONTRIBUTIONS -  
NON-UNIFORMED PENSION PLAN  
FOR THE LAST TEN YEARS ENDED**

---

Year	Actuarially Determined Contributions	Contributions From Employer	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Payroll
2011	\$ 171,922	\$ 171,922	-	-	0.00%
2012	167,466	167,466	-	-	0.00%
2013	212,776	212,776	-	-	0.00%
2014	215,384	215,384	-	919,596	23.42%
2015	221,658	221,658	-	953,388	23.25%
2016	247,234	247,234	-	886,618	27.89%
2017	245,785	245,785	-	873,533	28.14%
2018	250,338	250,338	-	917,726	27.28%
2019	220,502	220,502	-	944,119	23.36%
2020	223,360	223,360	-	1,004,464	22.24%

See independent auditor's report on required supplementary information.

The accompanying notes to required supplementary schedules are an integral part of these schedules.

**TOWNSHIP OF BETHLEHEM  
SCHEDULE OF CHANGES IN NET PENSION  
LIABILITY AND RELATED RATIOS -  
NON-UNIFORMED PENSION PLAN  
FOR THE LAST TEN YEARS ENDED**

	2016	2017	2018	2019	2020
<b>Total Pension Liability</b>					
Service Cost	\$ 100,129	\$ 82,498	\$ 86,623	\$ 87,595	\$ 91,975
Interest	220,111	250,262	271,857	315,166	340,517
Changes of Benefit Terms	-	-	-	-	-
Changes for Experience	-	(49,585)	-	84,691	-
Changes of Assumptions	-	197,489	-	213,190	-
Benefit Payments, Including Refunds of Member Contributions	(18,115)	(21,457)	(35,321)	(41,942)	(48,027)
Net Change in Total Pension Liability	302,125	459,207	323,159	658,700	384,465
Total Pension Liability - Beginning	3,053,372	3,355,497	3,814,704	4,137,863	4,796,563
 Total Pension Liability - Ending	 <u>\$ 3,355,497</u>	 <u>\$ 3,814,704</u>	 <u>\$ 4,137,863</u>	 <u>\$ 4,796,563</u>	 <u>\$ 5,181,028</u>
 <b>Plan Fiduciary Net Pension</b>					
Contributions - Employer	\$ 247,234	\$ 245,785	\$ 250,338	\$ 220,502	\$ 223,360
Contributions - Member	-	-	-	-	-
Net Investment Income	101,433	280,820	(114,781)	449,496	529,700
Benefit Payments, Including Refunds of Member Contributions	(18,115)	(21,457)	(35,321)	(41,942)	(48,027)
Administrative Expense	(3,100)	(3,900)	(3,500)	(5,100)	(2,600)
Net Change in Plan Fiduciary Net Position	327,452	501,248	96,736	622,956	702,433
Plan Net Position - Beginning	2,307,504	2,634,956	3,136,204	3,232,940	3,855,896
 Plan Net Position - Ending	 <u>\$ 2,634,956</u>	 <u>\$ 3,136,204</u>	 <u>\$ 3,232,940</u>	 <u>\$ 3,855,896</u>	 <u>\$ 4,558,329</u>
 Municipality's Net Pension Liability	 \$ 720,541	 \$ 678,500	 \$ 904,923	 \$ 940,667	 \$ 622,699
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 78.5%	 82.2%	 78.1%	 80.4%	 88.0%
 Covered Employee Payroll	 \$ 886,618	 \$ 873,533	 \$ 917,726	 \$ 944,119	 \$ 1,004,464
 Municipality's Net Pension Liability as a Percentage	 81.3%	 77.7%	 98.6%	 99.6%	 62.0%

Ultimately, this schedule should present information for the last ten years. However, until the years of information can be compiled, information is presented for as many years as is available.

See independent auditor's report on required supplementary information.

The accompanying notes to required supplementary schedules are an integral part of these schedules.

**TOWNSHIP OF BETHLEHEM  
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES -  
NON-UNIFORMED PENSION PLAN  
DECEMBER 31, 2020**

---

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date: 1/1/2017

Actuarial Cost Method: Entry Age Normal

Amortization Method: Level Dollar Closed

Remaining Amortization Period: 11 years

Asset Valuation Method: Market value of assets as determined by the trustee.

Inflation: 3.00%

Salary Increases: 5.00%

Investment Rate of Return: 7.00%

Retirement Age: Normal Retirement Age.

Mortality: IRS 2017 Static Combined Table for Small Plans. Incorporated into the table are rates for annuitants projected 7 years and rates for non-annuitants projected 15 years using Scale AA to reflect mortality improvement.

Changes in benefit terms: None since 1/1/2017.

See independent auditor's report on required supplementary information.

**TOWNSHIP OF BETHLEHEM  
SCHEDULE OF TOWNSHIP CONTRIBUTIONS -  
AFSCME PENSION PLAN  
FOR THE LAST TEN YEARS ENDED**

---

Year	Actuarially Determined Contributions	Contributions From Employer	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Payroll
2011	\$ 198,786	\$ 198,786	-	-	0.00%
2012	200,260	200,260	-	-	0.00%
2013	255,326	255,326	-	-	0.00%
2014	255,611	255,611	-	1,338,098	19.10%
2015	285,888	285,888	-	1,463,304	19.54%
2016	313,991	313,991	-	1,438,375	21.83%
2017	312,122	312,122	-	1,489,963	21.15%
2018	303,807	303,807	-	1,336,867	22.73%
2019	369,685	369,685	-	1,343,498	27.52%
2020	362,851	362,851	-	1,271,744	28.53%

See independent auditor's report on required supplementary information.

The accompanying notes to required supplementary schedules are an integral part of these schedules.

**TOWNSHIP OF BETHLEHEM  
SCHEDULE OF CHANGES IN NET PENSION  
LIABILITY AND RELATED RATIOS -  
AFSCME PENSION PLAN  
FOR THE LAST TEN YEARS ENDED**

	2016	2017	2018	2019	2020
<b>Total Pension Liability</b>					
Service Cost	\$ 111,399	\$ 121,465	\$ 127,538	\$ 117,167	\$ 123,025
Interest	315,921	357,311	387,787	410,757	439,374
Changes of Benefit Terms	-	-	-	-	-
Changes for Experience	-	(85,445)	-	(270,968)	-
Changes of Assumptions	-	278,435	-	177,492	-
Benefit Payments, Including Refunds of Member Contributions	(39,081)	(39,081)	(59,888)	(106,761)	(143,178)
Net Change in Total Pension Liability	388,239	632,685	455,437	327,687	419,221
Total Pension Liability - Beginning	4,421,292	4,809,531	5,442,216	5,897,653	6,225,340
Total Pension Liability - Ending	<u>\$ 4,809,531</u>	<u>\$ 5,442,216</u>	<u>\$ 5,897,653</u>	<u>\$ 6,225,340</u>	<u>\$ 6,644,561</u>
<b>Plan Fiduciary Net Pension</b>					
Contributions - Employer	\$ 313,991	\$ 315,122	\$ 303,807	\$ 369,685	\$ 362,851
Contributions - Member	-	-	-	-	-
Net Investment Income	135,540	372,877	(153,317)	596,515	705,369
Benefit Payments, Including Refunds of Member Contributions	(39,081)	(39,081)	(59,888)	(106,761)	(143,178)
Administrative Expense	(3,200)	(4,100)	(3,900)	(5,900)	(3,000)
Net Change in Plan Fiduciary Net Position	407,250	644,818	86,702	853,539	922,042
Plan Net Position - Beginning	3,100,811	3,508,061	4,152,879	4,239,581	5,093,120
Plan Net Position - Ending	<u>\$ 3,508,061</u>	<u>\$ 4,152,879</u>	<u>\$ 4,239,581</u>	<u>\$ 5,093,120</u>	<u>\$ 6,015,162</u>
Municipality's Net Pension Liability	\$ 1,301,470	\$ 1,289,337	\$ 1,658,072	\$ 1,132,220	\$ 629,399
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.9%	76.3%	71.9%	81.8%	90.5%
Covered Employee Payroll	\$ 1,438,375	\$ 1,489,963	\$ 1,336,867	\$ 1,343,498	\$ 1,271,744
Municipality's Net Pension Liability as a Percentage	90.5%	86.5%	124.0%	84.3%	49.5%

Ultimately, this schedule should present information for the last ten years. However, until the years of information can be compiled, information is presented for as many years as is available.

See independent auditor's report on required supplementary information.

The accompanying notes to required supplementary schedules are an integral part of these schedules.



**TOWNSHIP OF BETHLEHEM  
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES -  
AFSCME PENSION PLAN  
DECEMBER 31, 2020**

---

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date: 1/1/2017

Actuarial Cost Method: Entry Age Normal

Amortization Method: Level Dollar Closed

Remaining Amortization Period: 11 years

Asset Valuation Method: Market value of assets as determined by the trustee.

Inflation: 3.00%

Salary Increases: 5.00%

Investment Rate of Return: 7.00%

Retirement Age: Normal Retirement Age.

Mortality: IRS 2017 Static Combined Table for Small Plans. Incorporated into the table are rates for annuitants projected 7 years and rates for non-annuitants projected 15 years using Scale AA to reflect mortality improvement.

Changes in benefit terms: None since 1/1/2017.

See independent auditor's report on required supplementary information.

**TOWNSHIP OF BETHLEHEM  
SCHEDULE OF TOWNSHIP CONTRIBUTIONS -  
POLICE PENSION PLAN  
FOR THE LAST TEN YEARS ENDED**

---

Year	Actuarially Determined Contributions	Contributions From Employer	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Payroll
2011	\$ 1,022,891	\$ 1,022,891	-	-	0.00%
2012	991,608	991,608	-	-	0.00%
2013	1,025,439	1,025,439	-	-	0.00%
2014	1,005,701	1,005,701	-	2,782,518	36.14%
2015	1,032,224	1,032,224	-	2,808,701	36.75%
2016	999,359	999,359	-	2,972,018	33.63%
2017	1,022,493	1,022,493	-	2,990,858	34.19%
2018	1,040,946	1,040,946	-	3,059,633	34.02%
2019	1,110,767	1,110,767	-	3,249,647	34.18%
2020	1,127,591	1,127,591	-	3,454,542	32.64%

See independent auditor's report on required supplementary information.

The accompanying notes to required supplementary schedules are an integral part of these schedules.

**TOWNSHIP OF BETHLEHEM  
SCHEDULE OF CHANGES IN NET PENSION  
LIABILITY AND RELATED RATIOS -  
POLICE PENSION PLAN  
FOR THE LAST TEN YEARS ENDED**

	2016	2017	2018	2019	2020
<b>Total Pension Liability</b>					
Service Cost	\$ 545,840	\$ 540,384	\$ 567,403	\$ 597,823	\$ 627,714
Interest	1,231,493	1,290,988	1,380,808	1,443,706	1,539,934
Changes of Benefit Terms	2,129	-	-	-	-
Changes for Experience	-	(999,926)	-	(933,556)	-
Changes of Assumptions	-	602,322	-	488,437	-
Benefit Payments, Including Refunds of Member Contributions	(504,018)	(548,924)	(601,599)	(668,332)	(725,122)
Net Change in Total Pension Liability	1,275,444	884,844	1,346,612	928,078	1,442,526
Total Pension Asset - Beginning	17,298,930	18,574,374	19,459,218	20,805,830	21,733,908
Total Pension Liability - Ending	<u>\$ 18,574,374</u>	<u>\$ 19,459,218</u>	<u>\$ 20,805,830</u>	<u>\$ 21,733,908</u>	<u>\$ 23,176,434</u>
<b>Plan Fiduciary Net Pension</b>					
Contributions - Employer	\$ 999,359	\$ 1,022,493	\$ 1,040,946	\$ 1,110,767	\$ 1,127,591
Contributions - Member	119,613	122,597	155,073	251,485	177,440
Net Investment Income	596,360	1,577,066	(620,518)	2,396,098	2,771,102
Benefit Payments, Including Refunds of Member Contributions	(504,018)	(548,924)	(601,599)	(668,332)	(725,122)
Administrative Expense	(8,100)	(5,700)	(6,900)	(7,700)	(6,800)
Net Change in Plan Fiduciary Net Position	1,203,214	2,167,532	(32,998)	3,082,318	3,344,211
Plan Net Position - Beginning	13,938,353	15,141,567	17,309,099	17,276,101	20,358,419
Plan Net Position - Ending	<u>\$ 15,141,567</u>	<u>\$ 17,309,099</u>	<u>\$ 17,276,101</u>	<u>\$ 20,358,419</u>	<u>\$ 23,702,630</u>
Municipality's Net Pension Liability	\$ 3,432,807	\$ 2,150,119	\$ 3,529,729	\$ 1,375,489	\$ (526,196)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.5%	89.0%	83.0%	93.7%	102.3%
Covered Employee Payroll	\$ 2,972,018	\$ 2,990,858	\$ 3,059,633	\$ 3,249,647	\$ 3,454,542
Municipality's Net Pension Liability as a Percentage	115.5%	71.9%	115.4%	42.3%	-15.2%

Ultimately, this schedule should present information for the last ten years. However, until the years of information can be compiled, information is presented for as many years as is available.

See independent auditor's report on required supplementary information.

The accompanying notes to required supplementary schedules are an integral part of these schedules.

**TOWNSHIP OF BETHLEHEM  
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES -  
POLICE PENSION PLAN  
DECEMBER 31, 2020**

---

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date: 1/1/2017

Actuarial Cost Method: Entry Age Normal

Amortization Method: Level Dollar Closed

Remaining Amortization Period: 7 years

Asset Valuation Method: Market value of assets as determined by the trustee.

Inflation: 3.00%

Salary Increases: 5.00%

Investment Rate of Return: 7.00%

Retirement Age: Attainment of age 53 and completion of 25 years of service.

Mortality: IRS 2017 Static Combined Table for Small Plans. Incorporated into the table are rates for annuitants projected 7 years and rates for non-annuitants projected 15 years using Scale AA to reflect mortality improvement.

Changes in benefit terms: None since 1/1/2017.

See independent auditor's report on required supplementary information.

**TOWNSHIP OF BETHLEHEM  
SCHEDULE OF CHANGES IN NET OPEB  
LIABILITY AND RELATED RATIOS  
FOR THE LAST TEN YEARS ENDED**

	2018	2019	2020
<b>Total OPEB Liability</b>			
Service Cost	\$ 19,721	\$ 22,653	\$ 21,818
Interest	20,223	17,958	20,215
Changes of Benefit Terms	-	-	-
Differences between Expected and Actual Experience	-	-	(39,247)
Changes of Assumptions	17,558	(14,954)	11,747
Benefit Payments, Including Refunds of Member Contributions	(36,504)	(37,858)	(37,661)
Other Changes	-	-	-
Net Change in Total OPEB Liability	20,998	(12,201)	(23,128)
Total OPEB Liability - Beginning	545,152	566,150	553,949
Total OPEB Liability - Ending	<u>\$ 566,150</u>	<u>\$ 553,949</u>	<u>\$ 530,821</u>
<b>Plan Fiduciary Net Pension</b>			
Contributions - Employer	\$ 36,504	\$ 37,858	\$ 37,661
Contributions - Employee	-	-	-
Net Investment Income	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(36,504)	(37,858)	(37,661)
Administrative Expense	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-
Plan Net Position - Beginning	-	-	-
Plan Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Municipality's Net OPEB Liability	\$ 566,150	\$ 553,949	\$ 530,821
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%
Covered Employee Payroll	\$ 2,708,056	\$ 2,708,056	\$ 2,641,874
Municipality's Net OPEB Liability as a Percentage of Covered Employee Payroll	20.9%	20.5%	20.1%

Ultimately, this schedule should present information for the last ten years. However, until the years of information can be compiled, information is presented for as many years as is available.

See independent auditor's report on required supplementary information.

The accompanying notes to required supplementary schedules are an integral part of these schedules.

OTHER SUPPLEMENTARY INFORMATION

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

**TOWNSHIP OF BETHLEHEM  
COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS  
DECEMBER 31, 2020**

	State Liquid Fuels	D.A.R.E.-Canine	Fire	Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 630,280	\$ 40,778	\$ 386,907	\$ 1,057,965
Due From Other Funds	-	-	1,056	1,056
Total Assets	<u>\$ 630,280</u>	<u>\$ 40,778</u>	<u>\$ 387,963</u>	<u>\$ 1,059,021</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-
<b>Fund Balance</b>				
Restricted	630,280	-	-	630,280
Committed	-	40,778	387,963	428,741
Total Liabilities and Fund Balances	<u>\$ 630,280</u>	<u>\$ 40,778</u>	<u>\$ 387,963</u>	<u>\$ 1,059,021</u>

See independent auditor's report on supplementary information.



**TOWNSHIP OF BETHLEHEM  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	State Liquid Fuels	D.A.R.E.-Canine	Fire	Total
<b>REVENUES RECEIVED</b>				
Taxes	\$ -	\$ -	131,936	\$ 131,936
Intergovernmental Revenues	826,089	4,625	3,284	833,998
Interest	7,746	-	1,598	9,344
Total Revenues Received	<u>833,835</u>	<u>4,625</u>	<u>136,818</u>	<u>975,278</u>
<b>EXPENDITURES PAID</b>				
Public Works - Highways and Streets	\$ 675,209	\$ -	\$ -	\$ 675,209
Total Expenditures Paid	<u>675,209</u>	<u>-</u>	<u>-</u>	<u>675,209</u>
<b>EXCESS OF REVENUES RECEIVED OVER EXPENDITURES PAID</b>	<u>158,626</u>	<u>4,625</u>	<u>136,818</u>	<u>300,069</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(257,250)	-	-	(257,250)
Total Other Financing Sources (Uses), Net	<u>(257,250)</u>	<u>-</u>	<u>-</u>	<u>(257,250)</u>
<b>EXCESS (DEFICIT) OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER FINANCING USES</b>	(98,624)	4,625	136,818	42,819
Fund Balances - January 1, 2020	<u>728,904</u>	<u>36,153</u>	<u>251,145</u>	<u>1,016,202</u>
Fund Balances - December 31, 2020	<u>\$ 630,280</u>	<u>\$ 40,778</u>	<u>\$ 387,963</u>	<u>\$ 1,059,021</u>

See independent auditor's report on supplementary information.

**TOWNSHIP OF BETHLEHEM  
COMBINING BALANCE SHEET – ALL CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2020**

	Capital Reserve	Parks and Recreation	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,392,985	\$ 1,727,695	\$ 5,120,680
Total Assets	<u>\$ 3,392,985</u>	<u>\$ 1,727,695</u>	<u>\$ 5,120,680</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance</b>			
Restricted	3,392,985	-	3,392,985
Assigned	<u>-</u>	<u>1,727,695</u>	<u>1,727,695</u>
Total Fund Balance	<u>3,392,985</u>	<u>1,727,695</u>	<u>5,120,680</u>
Total Liabilities and Fund Balances	<u>\$ 3,392,985</u>	<u>\$ 1,727,695</u>	<u>\$ 5,120,680</u>

See independent auditor's report on supplementary information.

**TOWNSHIP OF BETHLEHEM  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES – ALL CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	Capital Reserve	Parks and Recreation	Total
<b>REVENUES RECEIVED</b>			
Interest	\$ 15,775	\$ 11,397	\$ 27,172
Grants	42,559	-	42,559
Intergovernmental	-	48,630	48,630
Total Revenues Received	<u>58,334</u>	<u>60,027</u>	<u>118,361</u>
<b>EXPENDITURES PAID</b>			
Planning and Zoning	<u>25,500</u>	<u>-</u>	<u>25,500</u>
Total Expenditures Paid	<u>25,500</u>	<u>-</u>	<u>25,500</u>
<b>EXCESS OF REVENUES RECEIVED OVER EXPENDITURES PAID</b>	<u>32,834</u>	<u>60,027</u>	<u>92,861</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	<u>(338,637)</u>	<u>-</u>	<u>(338,637)</u>
Total Other Financing Uses - Net	<u>(338,637)</u>	<u>-</u>	<u>(338,637)</u>
<b>EXCESS (DEFICIT) OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER FINANCING USES</b>	(305,803)	60,027	(245,776)
Fund Balances - January 1, 2020	<u>3,698,788</u>	<u>1,667,668</u>	<u>5,366,456</u>
Fund Balances - December 31, 2020	<u>\$ 3,392,985</u>	<u>\$ 1,727,695</u>	<u>\$ 5,120,680</u>

See independent auditor's report on supplementary information.

**TOWNSHIP OF BETHLEHEM**  
**COMBINING STATEMENT OF NET POSITION – ALL PENSION FUNDS**  
**DECEMBER 31, 2020**

	Pension Trust Funds					Total
	Teamsters Pension	Police Pension	AFSCME Pension	Non-Uniform Pension	Defined Contribution	
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 47,115	\$ 389,795	\$ 78,823	\$ 107,143	\$ -	\$ 622,876
Investments - At Fair Value						
Cash and Sweep Balances	25,655	382,114	87,387	65,429	30,249	590,834
Common Stocks	1,707,820	22,928,521	5,848,867	4,385,757	95,872	34,966,837
<b>Total Assets</b>	<b>\$ 1,780,590</b>	<b>\$ 23,700,430</b>	<b>\$ 6,015,077</b>	<b>\$ 4,558,329</b>	<b>\$ 126,121</b>	<b>\$ 36,180,547</b>
<b>LIABILITIES:</b>						
Accounts Payable	\$ -	\$ (2,200)	\$ (85)	\$ -	\$ -	\$ (2,285)
Due to Other Funds	-	-	-	-	14,100	14,100
<b>Total Liabilities</b>	<b>-</b>	<b>(2,200)</b>	<b>(85)</b>	<b>-</b>	<b>14,100</b>	<b>11,815</b>
<b>NET POSITION:</b>						
Restricted	1,780,590	23,702,630	6,015,162	4,558,329	112,021	36,168,732
<b>Total Liabilities and Net Position</b>	<b>\$ 1,780,590</b>	<b>\$ 23,700,430</b>	<b>\$ 6,015,077</b>	<b>\$ 4,558,329</b>	<b>\$ 126,121</b>	<b>\$ 36,180,547</b>

See independent auditor's report on supplementary information.

**TOWNSHIP OF BETHLEHEM  
COMBINING STATEMENT OF CHANGES IN NET POSITION – ALL PENSION FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Teamsters Pension	Police Pension	AFSCME Pension	Non-Uniform Pension	Defined Contribution	Total
<b>ADDITIONS:</b>						
<i>Contributions:</i>						
Employer	\$ 81,756	\$ 1,127,591	\$ 362,851	\$ 223,360	\$ 28,671	\$ 1,824,229
Plan Members	-	130,263	-	-	-	130,263
<b>Total Contributions</b>	<b>81,756</b>	<b>1,257,854</b>	<b>362,851</b>	<b>223,360</b>	<b>28,671</b>	<b>1,954,492</b>
<i>Investment Earnings:</i>						
Interest, dividends and net unrealized gains	210,650	2,869,296	718,775	539,785	11,781	4,350,287
Less: Investment Expenses	(3,943)	(52,788)	(13,407)	(10,085)	(224)	(80,447)
<b>Total Additions</b>	<b>288,463</b>	<b>4,074,362</b>	<b>1,068,219</b>	<b>753,060</b>	<b>40,228</b>	<b>6,224,332</b>
<b>DEDUCTIONS:</b>						
Administration	2,205	6,800	3,000	2,600	1,600	16,205
Benefit Payments	58,693	718,606	143,177	48,027	-	968,503
<b>Total Deductions</b>	<b>60,898</b>	<b>725,406</b>	<b>146,177</b>	<b>50,627</b>	<b>1,600</b>	<b>984,708</b>
Excess of Additions Over Deductions	227,565	3,348,956	922,042	702,433	38,628	5,239,624
<b>NET POSITION</b>						
Net Position, January 1, 2020	1,553,025	20,353,674	5,093,120	3,855,896	73,393	30,929,108
Net Position, December 31, 2020	<u>\$ 1,780,590</u>	<u>\$ 23,702,630</u>	<u>\$ 6,015,162</u>	<u>\$ 4,558,329</u>	<u>\$ 112,021</u>	<u>\$ 36,168,732</u>

See independent auditor's report on supplementary information.

**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 Board of Commissioners of  
Township of Bethlehem  
Bethlehem, PA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Township of Bethlehem, which comprise the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated July 12, 2021. Our report includes a reference to other auditors who audited the financial statements of Bethlehem Township Municipal Authority, as described in our report on the Township of Bethlehem's financial statements. This report does not include the results of the other auditors' testing of internal control. The financial statements of Bethlehem Township Municipal Authority were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township of Bethlehem'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 Township'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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Congbell, Rappold & Yucasita LLP*

July 12, 2021