

TOWNSHIP OF BETHLEHEM

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

December 31, 2021

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

**TOWNSHIP OF BETHLEHEM
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audited Financial Statements

Opinions

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, 2021, 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.

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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Bethlehem Township Municipal Authority, which represent 76.34%, 50.85% and 16.07%, respectively, of the assets, net position and revenues of the business-type activities and represent 0.37%, 0.37% and 2.19%, respectively, of the assets, net position and additions of the fiduciary-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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township of Bethlehem and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Summarized Comparative Information

We have previously audited the Township of Bethlehem's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 12, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-10, budgetary comparison, pension and other postemployment benefit information on pages 69-83 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Bethlehem's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022 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 Township of Bethlehem's internal control over financial reporting and compliance.

Congbell, Rappold & Yucasita LLP

July 27, 2022

**TOWNSHIP OF BETHLEHEM
2021 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, 2021. 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 11.

FINANCIAL HIGHLIGHTS

- The net position all government funds (excluding pensions and custodial funds) increased by \$7,347,512 during 2021. This is primarily due to Act 511 Tax Proceeds, Permits and Federal, State and Local grants.
- The General Fund balance increased \$1,502,517 during 2021.
- The net position of the Sewer fund increased by \$1,542,907 during 2021.

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 11-12 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 13. 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 11. 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
2021 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 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 23-24. The Township has two Business Type Activities which are its Sewer Fund and Stormwater Fund.

REPORTING THE TOWNSHIP'S MOST SIGNIFICANT FUNDS

Our analysis of the Township's governmental funds begins on page 13 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 20-21. 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 \$35,744,939 in 2020 to \$43,092,451 in 2021, or a net increase of \$7,347,512, mainly due to Act 511 Tax Proceeds, Permits and Federal, State and Local grants.

**TOWNSHIP OF BETHLEHEM
2021 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</u> <u>Funds</u> <u>2021</u>	<u>Business</u> <u>Type</u> <u>Activities</u> <u>2021</u>	<u>Government</u> <u>Wide</u> <u>2021</u>
Current and Other Assets	\$ 13,767,984	\$ 4,605,030	\$ 18,373,014
Capital Assets, Net	35,852,033	6,246,933	42,098,966
Total Assets	<u>\$ 49,620,017</u>	<u>\$ 10,851,963</u>	<u>\$ 60,471,980</u>
Total Deferred Outflows of Resources	<u>\$ 918,172</u>	<u>\$ -</u>	<u>\$ 918,172</u>
Current Liabilities	\$ 3,807,759	\$ 568,541	\$ 4,376,300
Long-Term Liabilities	6,895,354	3,507,842	10,403,196
Total Liabilities	<u>\$ 10,703,113</u>	<u>\$ 4,076,383</u>	<u>\$ 14,779,496</u>
Total Deferred Outflows of Resources	<u>\$ 3,518,205</u>	<u>\$ -</u>	<u>\$ 3,518,205</u>
Invested in Capital Assets, Net of Debt	\$ 25,543,924	\$ 5,862,546	\$ 31,406,470
Restricted	7,150,646	-	7,150,646
Unrestricted	3,622,301	913,034	4,535,335
Total Net Position	<u>\$ 36,316,871</u>	<u>\$ 6,775,580</u>	<u>\$ 43,092,451</u>

Net position of the Township's government activities increased by 19.02% in 2021. Therefore, the Township increased its net position for governmental activities by \$5,804,605 in 2021.

The net position of the Township's Business Type Activities increased by 29.49%. Accordingly, the Township increased its net position for Business Type Activities by \$1,542,907. The unrestricted net position – that part of net position that can be used to finance daily business type activities is \$913,034 at the end of 2021.

	<u>Governmental</u> <u>Funds</u> <u>2021</u>	<u>Business</u> <u>Type</u> <u>Activities</u> <u>2021</u>	<u>Government</u> <u>Wide</u> <u>2021</u>
<u>Revenue</u>			
Charges for Services	\$ 1,557,208	\$ 7,712,740	\$ 9,269,948
Operating Grants and Contributions	4,306,347	-	4,306,347
Capital Grants and Contributions	368,873	-	368,873
Taxes	15,460,505	-	15,460,505
Miscellaneous Income	1,501,776	-	1,501,776
Interest Income	3,821	1,142	4,963
Total Revenue	<u>\$ 23,198,530</u>	<u>\$ 7,713,882</u>	<u>\$ 30,912,412</u>
<u>Expenditures</u>			
General Government	\$ 8,334,191	\$ -	\$ 8,334,191
Public Safety	3,948,610	-	3,948,610
Public Works	1,712,125	5,858,098	7,570,223
Cultural and Recreation	1,029,425	-	1,029,425
Interest on Long-Term Debt	309,990	101,578	411,568
Unallocated Depreciation	1,863,588	187,149	2,050,737
Bad Debt Expense	-	220,146	220,146
Total Expenses	<u>\$ 17,197,929</u>	<u>\$ 6,366,971</u>	<u>\$ 23,564,900</u>
Transfers	<u>(195,996)</u>	<u>195,996</u>	<u>-</u>
Change in Net Position	<u>\$ 5,804,605</u>	<u>\$ 1,542,907</u>	<u>\$ 7,347,512</u>

**TOWNSHIP OF BETHLEHEM
2021 FINANCIAL STATEMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Overall, the Township's governmental program revenues, including intergovernmental aid increased from \$18,577,095 in 2020 to \$23,213,502 in 2021 primarily due to Act 511 Tax Proceeds, Permits and Federal, State and Local grants.

Business Type revenue increased by \$1,251,456 primarily due to an increase sewer rental income and reimbursable industrial waste surcharges.

Governmental Activities

The cost of all governmental activities (government-wide activities) in 2021 was \$23,564,900 compared to \$22,586,189 in 2020. The increase 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 12, the amount our taxpayers ultimately financed for these activities through Township taxes, fines, licenses, and other revenue was \$16,770,106. Some of the cost was paid by those who directly benefitted from the program which amounted to \$1,557,208. Other governments and organizations that subsidized certain programs with grants and contributions amounted to \$4,675,220.

Business Type Activities

Overall, the Sewer Fund (business type activities) net position increased from \$5,232,673 in 2020 to \$6,775,580 in 2021.

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.

	Expenses	Charges For Service	Operating Grants	Capital Grants	2021 Net (Revenue) Expense
General Government	\$ 8,334,191	\$ 975,577	\$ -	\$ -	\$ 7,358,614
Public Safety	3,948,610	64,633	2,724,462	-	1,159,515
Public Works	1,712,125	33,200	1,581,885	368,873	(271,833)
Culture and Recreation	1,029,425	483,798	-	-	545,627
Sewer and Stormwater	6,366,971	7,712,740	-	-	(1,345,769)

THE TOWNSHIP OF BETHLEHEM FUNDS

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 13) reported a fund balance of \$12,635,187.

A significant contributor to the fund balance is the operating grants and contributions received in 2021. The year end fund balance consists of \$3,935,292 in unassigned funds, \$4,579,972 in restricted funds, \$565,716 in committed funds and \$3,554,207 in assigned funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenue of the general fund (the main operating fund of the Township) was \$2,974,470 above budget projections, with the largest increase seen in intergovernmental revenues.

**TOWNSHIP OF BETHLEHEM
2021 FINANCIAL STATEMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The actual expenditures of the general fund were \$1,233,986 below budget amounts. The most significant favorable variances were \$554,743 in public safety and \$608,093 was in public works – highways and streets.

CAPITAL PROJECTS AND DEBT ADMINISTRATION

Capital Projects

2021 Capital improvements:

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

The Township's fiscal year 2022 capital budget calls for it to spend \$2,374,000 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, 2021 is \$8,891,169.

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, 2021 is \$3,613,481.

BETHLEHEM TOWNSHIP DEMOGRAPHICS & ECONOMIC OUTLOOK

July 2021 US Census data estimate the population of the Township of Bethlehem is 25,966 with 8,898 housing units and 402 businesses.

80.8 percent of the population is above 18 and 19.3 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 \$97,299.

The median home value is \$268,900, of which 84 percent are owner occupied and 16 percent are rental units.

Township of Bethlehem has a total of 402 businesses. In 2021, the leading industries were Health Care, Social Services, Retail and Food Services.

As of December 2021, the assessed value of all property in the Township of Bethlehem is \$924,383,000. 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
2021 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, 2021
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020

	Governmental Activities	Business-Type Activities	2021 Total	2020 Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 11,199,586	\$ 4,284,473	\$ 15,484,059	\$ 13,076,648
Accounts Receivable, Net	1,410,153	279,639	1,689,792	900,594
Taxes Receivable, Net	1,199,163	-	1,199,163	1,106,016
Internal Balances	(40,918)	40,918	-	114,386
Total Current Assets	13,767,984	4,605,030	18,373,014	15,197,644
Noncurrent Assets:				
Land	4,059,744	-	4,059,744	4,059,744
Building and Building Improvements	24,491,172	-	24,491,172	24,064,960
Parks	5,948,598	-	5,948,598	5,839,903
Vehicles and Equipment	19,378,958	1,909,364	21,288,322	20,790,021
Road and Systems Improvements	11,178,727	-	11,178,727	11,043,495
Storm Sewer and Drainage	1,946,609	-	1,946,609	1,742,904
Sewer System	-	7,122,978	7,122,978	3,176,941
Accumulated Depreciation	(32,953,102)	(2,785,409)	(35,738,511)	(33,687,774)
Net Pension Asset	1,801,327	-	1,801,327	-
Total Noncurrent Assets	35,852,033	6,246,933	42,098,966	37,030,194
TOTAL ASSETS	49,620,017	10,851,963	60,471,980	52,227,838
Deferred Outflows of Resources				
Change in Actuarial Assumptions	918,172	-	918,172	1,151,405
Total Deferred Outflows of Resources	918,172	-	918,172	1,151,405
LIABILITIES				
Current Liabilities:				
Accounts Payable	925,002	-	925,002	504,376
Accrued Expenses	207,795	27,254	235,049	177,575
Internal Balances	-	-	-	100,286
Current Portion of Capital Lease Obligations	153,491	35,747	189,238	262,340
Current Portion of Notes Payable	2,521,471	114,710	2,636,181	2,427,000
Current Portion of Authority Loans Payable	-	390,830	390,830	110,606
Total Current Liabilities	3,807,759	568,541	4,376,300	3,582,183
Noncurrent Liabilities:				
Net Pension Liability	-	-	-	818,514
Net OPEB Liability	575,506	-	575,506	530,821
Compensated Absences Provision	116,972	8,595	125,567	160,163
Notes Payable	5,985,311	269,677	6,254,988	8,549,207
Capital Lease Obligations	217,565	6,919	224,484	273,294
Authority Loans Payable	-	3,222,651	3,222,651	652,744
Total Noncurrent Liabilities	6,895,354	3,507,842	10,403,196	10,984,743
TOTAL LIABILITIES	10,703,113	4,076,383	14,779,496	14,566,926
Deferred Inflows of Resources				
Deferred Revenue	52,337	-	52,337	37,367
Difference between Projected and Actual Earnings on Investments	2,667,743	-	2,667,743	1,701,812
Change between Expected and Actual Experience	798,125	-	798,125	1,328,199
Deferred Inflows of Resources	3,518,205	-	3,518,205	3,067,378
NET POSITION				
Invested in Capital Assets, Net of Related Debt	25,543,924	5,862,546	31,406,470	26,053,987
Restricted for:				
Capital Projects	5,490,078	-	5,490,078	5,120,680
Special Revenue	1,660,568	-	1,660,568	1,059,021
Unassigned	3,622,301	913,034	4,535,335	3,511,251
TOTAL NET POSITION	\$ 36,316,871	\$ 6,775,580	\$ 43,092,451	\$ 35,744,939

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

**TOWNSHIP OF BETHLEHEM
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		2021 Total	2020 Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		
Governmental Activities:								
General Government	\$ 8,334,191	\$ 975,577	\$ -	\$ -	\$ (7,358,614)	\$ -	\$ (7,358,614)	\$ (7,683,767)
Public Safety	3,948,610	64,633	2,724,462	-	(1,159,515)	-	(1,159,515)	(3,907,508)
Public Works	1,712,125	33,200	1,581,885	368,873	271,833	-	271,833	48,512
Cultural and Recreation	1,029,425	483,798	-	-	(545,627)	-	(545,627)	(547,326)
Interest on Long-Term Debt	309,990	-	-	-	(309,990)	-	(309,990)	(308,889)
Unallocated Depreciation	1,863,588	-	-	-	(1,863,588)	-	(1,863,588)	(1,605,331)
Total Governmental Activities	17,197,929	1,557,208	4,306,347	368,873	(10,965,501)	-	(10,965,501)	(14,004,309)
Business Type Activities:								
Sewer	6,334,499	7,712,740	-	-	-	1,378,241	1,378,241	1,071,647
Stormwater	32,472	-	-	-	-	(32,472)	(32,472)	-
Total Business-Type Activities	6,366,971	7,712,740	-	-	-	1,345,769	1,345,769	1,071,647
Total Primary Government	\$ 23,564,900	\$ 9,269,948	\$ 4,306,347	\$ 368,873	\$ (10,965,501)	\$ 1,345,769	\$ (9,619,732)	\$ (12,932,662)
General Revenues:								
Taxes:								
Property Taxes, levied for general purposes, net					\$ 8,556,875	\$ -	\$ 8,556,875	\$ 7,872,593
Local Service Tax					664,374	-	664,374	626,173
Earned Income Taxes					5,162,937	-	5,162,937	4,687,484
Other Taxes					1,076,319	-	1,076,319	1,082,047
Miscellaneous Income					1,501,776	-	1,501,776	1,156,074
Interest Income					3,821	1,142	4,963	64,040
Transfers In/(Out)					(195,996)	195,996	-	-
Total General Revenues, Special Items, Extraordinary Items, and Transfers					16,770,106	197,138	16,967,244	15,488,411
Change in Net Position					5,804,605	1,542,907	7,347,512	2,555,749
Net Position - Beginning					30,512,266	5,232,673	35,744,939	33,189,190
Net Position - Ending					\$ 36,316,871	\$ 6,775,580	\$ 43,092,451	\$ 35,744,939

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

TOWNSHIP OF BETHLEHEM
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020

	Major Funds		Non-Major Funds	2021 Total	2020 Total
	General	Capital Projects	Special Revenue		
ASSETS					
Cash and Cash Equivalents	\$ 4,051,429	\$ 5,490,078	\$ 1,658,079	\$ 11,199,586	\$ 9,338,751
Taxes Receivable, Net	1,199,163	-	-	1,199,163	1,106,016
Accounts Receivable, Net	1,410,153	-	-	1,410,153	263,185
Due from Other Funds	-	-	2,489	2,489	114,386
TOTAL ASSETS	<u>\$ 6,660,745</u>	<u>\$ 5,490,078</u>	<u>\$ 1,660,568</u>	<u>\$ 13,811,391</u>	<u>\$ 10,822,338</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 925,002	\$ -	\$ -	\$ 925,002	\$ 504,375
Accrued Expenses	207,795	-	-	207,795	155,487
Due to Other Funds	42,656	-	751	43,407	-
TOTAL LIABILITIES	<u>1,175,453</u>	<u>-</u>	<u>751</u>	<u>1,176,204</u>	<u>659,862</u>
FUND BALANCES					
Assigned	1,550,000	2,004,207	-	3,554,207	2,625,728
Restricted	-	3,485,871	1,094,101	4,579,972	4,023,265
Committed	-	-	565,716	565,716	428,741
Unassigned	3,935,292	-	-	3,935,292	3,084,742
TOTAL FUND BALANCES	<u>5,485,292</u>	<u>5,490,078</u>	<u>1,659,817</u>	<u>12,635,187</u>	<u>10,162,476</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,660,745</u>	<u>\$ 5,490,078</u>	<u>\$ 1,660,568</u>	<u>\$ 13,811,391</u>	<u>\$ 10,822,338</u>

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, 2021**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 12,635,187

**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 \$67,003,808 and the accumulated depreciation is \$32,953,102. 34,050,706

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. (52,337)

Net deferred inflows of resources related to pensions and other are applicable to future periods and therefore are not reported in governmental funds. (2,547,696)

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	\$ (116,972)	
Net Pension Asset	1,801,327	
Net OPEB Liability	(575,506)	
Capital Lease Obligations	(371,056)	
Notes Payable	<u>(8,506,782)</u>	
		<u>(7,768,989)</u>

**TOTAL NET POSITION -
GOVERNMENTAL ACTIVITIES** \$ 36,316,871

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, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020

	Major Funds		Non-Major Funds	2021 Total	2020 Total
	General	Capital Projects	Special Revenue		
REVENUES					
Taxes	\$ 15,324,710	\$ -	\$ 135,795	\$ 15,460,505	\$ 14,268,297
Licenses and Permits	833,554	-	-	833,554	711,612
Fines and Forfeitures	46,772	-	-	46,772	43,301
Interest and Rents	37,695	2,576	774	41,045	91,158
Intergovernmental Revenues	3,490,460	412,161	773,989	4,676,610	1,849,477
Charges for Services	653,240	-	-	653,240	457,176
Other Revenues	1,501,776	-	-	1,501,776	1,156,074
TOTAL REVENUES	21,888,207	414,737	910,558	23,213,502	18,577,095
EXPENDITURES					
General Government	10,192,799	-	-	10,192,799	9,579,865
Public Safety	3,978,316	-	-	3,978,316	3,947,722
Public Works	1,209,427	298,395	204,303	1,712,125	1,837,291
Cultural and Recreation	1,029,425	-	-	1,029,425	944,327
Interest	2,609,842	-	-	2,609,842	2,351,908
TOTAL EXPENDITURES	19,019,809	298,395	204,303	19,522,507	18,661,113
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	2,868,398	116,342	706,255	3,690,995	(84,018)
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	42,873	-	-	42,873	18,047
Operating Transfers Out	(1,408,754)	253,056	(105,459)	(1,261,157)	(1,410,770)
Total Other Financing Sources (Uses)	(1,365,881)	253,056	(105,459)	(1,218,284)	(1,392,723)
Net Change in Fund Balances	1,502,517	369,398	600,796	2,472,711	(1,476,741)
Fund Balances, January 1	3,982,775	5,120,680	1,059,021	10,162,476	11,639,217
FUND BALANCES, DECEMBER 31	\$ 5,485,292	\$ 5,490,078	\$ 1,659,817	\$ 12,635,187	\$ 10,162,476

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, 2021**

Net Change in Fund Balances - Governmental Funds \$ 2,472,711

**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	\$ 1,342,870	
	Less: Depreciation Expense	<u>(1,863,588)</u>	(520,718)

Repayments of capital leases is an expenditure in the governmental funds, but the repayment reduces capital lease liability in the statement of net position. 90,180

Deferred revenue represents community center membership receipts available for appropriation in the fund statements, but is recognized when earned in the statement of activities. (14,970)

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 10,512,426

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. (8,674,516)

The net result of deferred inflows of resources and deferred outflows of resources of net pension liability and other post-retirement benefits. 1,906,066

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.

	<u>-</u>
Change in Net Position of Governmental Activities	<u><u>\$ 5,771,179</u></u>

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

TOWNSHIP OF BETHLEHEM
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020

	2021		December 31, 2021	2020		December 31, 2020
	Sewer Fund	Stormwater Fund		Sewer Fund	Stormwater Fund	
ASSETS						
Current Assets:						
Cash and Cash Equivalents - Unrestricted	\$ 4,284,473	\$ -	\$ 4,284,473	\$ 3,737,896	\$ -	\$ 3,737,896
Accounts Receivable, Net	279,639	-	279,639	637,409	-	637,409
Due from Other Funds	40,918	-	40,918	-	-	-
Total Current Assets	4,605,030	-	4,605,030	4,375,305	-	4,375,305
Noncurrent Assets:						
Fixed Assets, Less Accumulated Depreciation	6,246,933	-	6,246,933	2,458,770	-	2,458,770
Total Noncurrent Assets	6,246,933	-	6,246,933	2,458,770	-	2,458,770
TOTAL ASSETS	\$ 10,851,963	\$ -	\$ 10,851,963	\$ 6,834,075	\$ -	\$ 6,834,075
LIABILITIES						
Current Liabilities:						
Accrued Expenses	\$ 27,254	\$ -	\$ 27,254	\$ 22,088	\$ -	\$ 22,088
Due to Other Funds	-	-	-	100,286	-	100,286
Current Portion of Long-Term Debt	114,710	-	114,710	135,178	-	135,178
Current Portion of Authority Loans Payable	390,830	-	390,830	110,606	-	110,606
Current Portion of Capital Leases	35,747	-	35,747	130,656	-	130,656
Total Current Liabilities	568,541	-	568,541	498,814	-	498,814
Noncurrent Liabilities:						
Compensated Absences	8,595	-	8,595	9,765	-	9,765
Capital Lease Obligations	6,919	-	6,919	42,667	-	42,667
Authority Loans Payable	3,222,651	-	3,222,651	652,744	-	652,744
Notes Payable	269,677	-	269,677	397,412	-	397,412
Total Noncurrent Liabilities	3,507,842	-	3,507,842	1,102,588	-	1,102,588
TOTAL LIABILITIES	4,076,383	-	4,076,383	1,601,402	-	1,601,402
NET POSITION						
Invested in Capital Assets, Net of Related Debt	5,862,546	-	5,862,546	1,926,180	-	1,926,180
Unrestricted	913,034	-	913,034	3,306,493	-	3,306,493
Total Net Position	6,775,580	-	6,775,580	5,232,673	-	5,232,673
TOTAL LIABILITIES AND NET POSITION	\$ 10,851,963	\$ -	\$ 10,851,963	\$ 6,834,075	\$ -	\$ 6,834,075

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, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020

	2021		Year Ended December 31, 2021	2020		Year Ended December 31, 2020
	Sewer Fund	Stormwater Fund		Sewer Fund	Stormwater Fund	
OPERATING REVENUES:						
Charges for Services	\$ 7,328,474	\$ -	\$ 7,328,474	\$ 6,217,765	\$ -	\$ 6,217,765
Other Revenue	384,266	-	384,266	243,519	-	243,519
Total Operating Revenues	7,712,740	-	7,712,740	6,461,284	-	6,461,284
OPERATING EXPENSES:						
Personnel	864,915	-	864,915	802,416	-	802,416
Supplies	165,539	-	165,539	123,696	-	123,696
Professional Services	109,156	32,472	141,628	113,045	-	113,045
Employee Benefits	526,278	-	526,278	556,125	-	556,125
Insurance	88,212	-	88,212	90,707	-	90,707
Repairs and Maintenance	138,799	-	138,799	164,452	-	164,452
Disposal System	3,932,727	-	3,932,727	3,170,356	-	3,170,356
Depreciation and Amortization	187,149	-	187,149	165,547	-	165,547
Bad Debt Expense	220,146	-	220,146	110,695	-	110,695
Total Operating Expense	6,232,921	32,472	6,265,393	5,297,039	-	5,297,039
OPERATING INCOME (LOSS)	1,479,819	(32,472)	1,447,347	1,164,245	-	1,164,245
NON-OPERATING REVENUES (EXPENSES):						
Interest Revenue	1,142	-	1,142	24,035	-	24,035
Interest Expense	(101,578)	-	(101,578)	(92,598)	-	(92,598)
Total Non-operating Revenues (Expenses)	(100,436)	-	(100,436)	(68,563)	-	(68,563)
Income (Loss) Before Contributions and Transfers	1,379,383	(32,472)	1,346,911	1,095,682	-	1,095,682
Transfers In (Out)	163,524	32,472	195,996	164,883	-	164,883
Change in Net Position	1,542,907	-	1,542,907	1,260,565	-	1,260,565
Total Net Position - January 1	5,232,673	-	5,232,673	3,972,108	-	3,972,108
TOTAL NET POSITION - December 31	\$ 6,775,580	\$ -	\$ 6,775,580	\$ 5,232,673	\$ -	\$ 5,232,673

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, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020**

	2021		Year Ended December 31, 2021	2020		Year Ended December 31, 2020
	Sewer Fund	Stormwater Fund		Sewer Fund	Stormwater Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash Received from Customers	\$ 7,466,098	\$ -	\$ 7,466,098	\$ 5,967,876	\$ -	\$ 5,967,876
Cash Payment to Suppliers for Goods and Services	(4,575,637)	(32,472)	(4,608,109)	(4,173,498)	-	(4,173,498)
Cash Payments to Employees for Services	(1,387,197)	-	(1,387,197)	(1,368,576)	-	(1,368,576)
Other Operating Receipts	384,266	-	384,266	243,519	-	243,519
Net Cash Provided (Used) by Operating Activities	1,887,530	(32,472)	1,855,058	669,321	-	669,321
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating Transfers In	163,524	32,472	195,996	164,883	-	164,883
Net Cash Provided by Noncapital Financing Activities	163,524	32,472	195,996	164,883	-	164,883
CASH FLOWS FROM CAPITAL ACTIVITIES:						
Borrowings on Long-Term Debt	384,387	-	384,387	-	-	-
Principal Paid on Long-Term Debt	(532,590)	-	(532,590)	(148,830)	-	(148,830)
Interest Paid on Long-Term Debt	(14,787)	-	(14,787)	(16,699)	-	(16,699)
Principal Paid on Capital Lease Obligations	(130,657)	-	(130,657)	(134,222)	-	(134,222)
Interest Paid on Capital Lease Obligations	(10,046)	-	(10,046)	(11,986)	-	(11,986)
Borrowings on Authority Lease	3,010,809	-	3,010,809	50,000	-	50,000
Principal Paid on Authority Lease	(160,678)	-	(160,678)	(59,410)	-	(59,410)
Interest Paid on Authority Lease	(76,745)	-	(76,745)	(63,913)	-	(63,913)
Purchase of Fixed Assets	(3,975,312)	-	(3,975,312)	(995,713)	-	(995,713)
Net Cash Used by Capital Activities	(1,505,619)	-	(1,505,619)	(1,380,773)	-	(1,380,773)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest Received	1,142	-	1,142	24,035	-	24,035
Net Cash Provided from Investing Activities	1,142	-	1,142	24,035	-	24,035
Net Increase (Decrease) in Cash and Cash Equivalents	546,577	-	546,577	(522,534)	-	(522,534)
Cash and Cash Equivalents, January 1	3,737,896	-	3,737,896	4,260,430	-	4,260,430
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 4,284,473	\$ -	\$ 4,284,473	\$ 3,737,896	\$ -	\$ 3,737,896
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating Income (Loss)	\$ 1,479,819	\$ (32,472)	\$ 1,447,347	\$ 1,164,245	\$ -	\$ 1,164,245
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation	187,149	-	187,149	165,547	-	165,547
Bad Debts	220,146	-	220,146	110,695	-	110,695
Changes in Assets and Liabilities:						
Decrease in Amounts Due to Other Funds	(100,286)	-	(100,286)	(511,242)	-	(511,242)
Increase in Amounts Due from Other Funds	(40,918)	-	(40,918)	-	-	-
(Increase) Decrease in Accounts Receivable	137,624	-	137,624	(249,889)	-	(249,889)
Increase (Decrease) in Accrued Expenses	3,996	-	3,996	(10,035)	-	(10,035)
Total Adjustments	407,711	-	407,711	(494,924)	-	(494,924)
Net Cash Provided (Used) by Operating Activities	\$ 1,887,530	\$ (32,472)	\$ 1,855,058	\$ 669,321	\$ -	\$ 669,321

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

**TOWNSHIP OF BETHLEHEM
STATEMENT OF NET POSITION
ALL FIDUCIARY FUNDS
DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020**

	Pension Funds	Custodial Funds	Total December 31, 2021	Total December 31, 2020
ASSETS:				
Cash and Cash Equivalents - Unrestricted	\$ 979,420	\$ -	\$ 979,420	\$ 622,876
Cash and Cash Equivalents - Restricted	-	841,280	841,280	937,653
Investments - at Fair Value				
Cash and Sweep Balances	643,999	-	643,999	590,834
Common Stocks	39,740,801	-	39,740,801	34,966,837
Total Assets	\$ 41,364,220	\$ 841,280	\$ 42,205,500	\$ 37,118,200
LIABILITIES:				
Accounts Payable	\$ (2,285)	\$ (35)	\$ (2,320)	\$ (2,285)
Due to Other Funds	-	-	-	14,100
Total Liabilities	(2,285)	(35)	(2,320)	11,815
NET POSITION:				
Restricted	41,366,505	841,315	42,207,820	37,106,385
Total Liabilities and Net Position	\$ 41,364,220	\$ 841,280	\$ 42,205,500	\$ 37,118,200

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, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020**

	Pension Funds	Custodial Funds	Total Year Ended December 31, 2021	Total Year Ended December 31, 2020
ADDITIONS:				
Contributions:				
Employer	\$ 2,125,863	\$ -	\$ 2,125,863	\$ 1,824,229
Plan Members	176,825	-	176,825	130,263
Total Contributions	2,302,688	-	2,302,688	1,954,492
Investment Earnings:				
Interest, Dividends and Net Unrealized Gain	4,313,223	211	4,313,434	4,353,266
Less: Investment Expenses	(102,247)	-	(102,247)	(80,447)
Net Investment Gain	4,210,976	211	4,211,187	4,272,819
Collections from Other Entities	-	1,033,312	1,033,312	1,054,857
Total Additions	6,513,664	1,033,523	7,547,187	7,282,168
DEDUCTIONS:				
Administration	8,400	-	8,400	16,205
Benefit Payments	1,307,491	-	1,307,491	968,503
Payments to Other Entities	-	1,129,861	1,129,861	829,600
Total Deductions	1,315,891	1,129,861	2,445,752	1,814,308
NET INCREASE (DECREASE)	5,197,773	(96,338)	5,101,435	5,467,860
NET POSITION:				
Net Position, January 1	36,168,732	937,653	37,106,385	31,638,525
Net Position, December 31	<u>\$ 41,366,505</u>	<u>\$ 841,315</u>	<u>\$ 42,207,820</u>	<u>\$ 37,106,385</u>

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

TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021

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 and stormwater. 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, 2021

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 two Enterprise Funds 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.

Stormwater Fund - is used to account for the operation and maintenance of the stormwater system 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, 2021**

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, 2021**

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, 2021

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, 2021**

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 is 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, 2021**

2. Summary of Significant Accounting Policies (Continued)

Government – Wide Fiduciary and Proprietary Fund Net Position

Net Position is divided into three 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, 2021**

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, 2021, 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 \$6,602,092 and the corresponding bank balances were \$7,037,431 of which \$500,000 was insured by the Federal Deposit Insurance Corporation ("FDIC"); the uninsured bank balances of \$6,537,431 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 \$6,537,431 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, 2021, the petty cash balance was \$600.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

3. Cash and Investments (Continued)

Cash Equivalents

As of December 31, 2021, 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 \$6,122,474. 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, 2021 and 2020, the Township had the following investments:

<u>Investment - Pension Trust Funds</u>	<u>Fair Value</u>
<u>2021</u>	
Cash and Sweep Balances	\$ 643,999
Common Stocks	39,740,801
	<u>\$ 40,384,800</u>
 <u>2020</u>	
Cash and Sweep Balances	\$ 590,834
Common Stocks	34,966,837
	<u>\$ 35,557,671</u>

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

3. Cash and 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 (\$905,355,000 in 2021), the Township bills and collects its own property taxes. The schedule for property taxes levied for 2021 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 mils (\$7.74 per \$1,000 of assessed valuation) for 2021 and 2020.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

4. Taxes Receivable (Continued)

The balances at December 31, 2021 and 2020 are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible
<u>2021</u>			
Real Estate	\$ 73,732	\$ -	\$ 73,732
Earned Income Tax	950,746	-	950,746
Business Privilege and Mercantile	23,271	-	23,271
Local Service Tax	151,414	-	151,414
	<u>\$ 1,199,163</u>	<u>\$ -</u>	<u>\$ 1,199,163</u>
<u>2020</u>			
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>

5. Inter-fund Receivables and Payables

Inter-fund receivable and payable balances as of December 31, 2021 and 2020 as follows:

	Due From Other Funds	Due to Other Funds
<u>2021</u>		
<i><u>Governmental Activities</u></i>		
General Fund	\$ -	\$ 42,656
Fire Fund	2,489	-
State Liquid Fuels Fund	-	751
<i><u>Business Type Activities</u></i>		
Sewer Fund	40,918	-
	<u>\$ 43,407</u>	<u>\$ 43,407</u>
<u>2020</u>		
<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>

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

6. Inter-fund Transfers

Inter-fund transfers during 2021 and 2020 were as follows:

	Transfers from Other Funds	Transfers to Other Funds
<u>2021</u>		
<i><u>Governmental Activities</u></i>		
General Fund	\$ 886,569	\$ 1,230,162
Capital Reserve Fund	253,056	-
State Liquid Fuels Fund	-	105,459
 <i><u>Business Type Activities</u></i>		
Sewer Fund	163,524	-
Stormwater Fund	32,472	-
	\$ 1,335,621	\$ 1,335,621
 <u>2020</u>		
<i><u>Governmental Activities</u></i>		
General Fund	\$ 1,245,887	\$ 814,883
Capital Reserve Fund	-	338,637
State Liquid Fuels Fund	-	257,250
 <i><u>Business Type Activities</u></i>		
Sewer Fund	164,883	-
	\$ 1,410,770	\$ 1,410,770

7. Capital Assets

Capital asset activity for the fiscal year ended December 31, 2021, was as follows:

	Balance Jan. 1, 2021	Additions	Retirements	Balance Dec. 31, 2021
Governmental Activities:				
<i>Capital Assets not Being Depreciated:</i>				
Land	\$ 4,059,744	\$ -	\$ -	\$ 4,059,744
Total Capital Assets Not Being Depreciated	4,059,744	-	-	4,059,744
<i>Capital Assets Being Depreciated</i>				
Building and Building Improvements	24,064,960	426,212	-	24,491,172
Vehicles and Equipment	18,909,932	469,026	-	19,378,958
Parks	5,839,903	108,695	-	5,948,598
Road System and Improvements	11,043,495	135,232	-	11,178,727
Storm Sewer and Drainage	1,742,904	203,705	-	1,946,609
Total at Historical Cost	61,601,194	1,342,870	-	62,944,064
Less Accumulated Depreciation	(31,089,514)	(1,863,588)	-	(32,953,102)
Government Activity Capital Assets, Net	\$ 34,571,424	\$ (520,718)	\$ -	\$ 34,050,706

Depreciation expense for the general fund was \$1,863,588 and \$1,605,331 in 2021 and 2020, respectively.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

7. Capital Assets (Continued)

	Balance Jan. 1, 2021	Additions	Retirements	Balance Dec. 31, 2021
<i>Business-Type Activities:</i>				
<i>Capital Assets Being Depreciated</i>				
Vehicles and Equipment	\$ 1,880,089	\$ 29,275	\$ -	\$ 1,909,364
Sewer System	3,176,941	3,946,037	-	7,122,978
Total Capital Assets Being Depreciated	5,057,030	3,975,312	-	9,032,342
Less Accumulated Depreciation	(2,598,260)	(187,149)	-	(2,785,409)
Business-Type Capital Assets, Net	\$ 2,458,770	\$ 3,788,163	\$ -	\$ 6,246,933

Depreciation expense for the sewer fund was \$187,149 and \$165,547 in 2021 and 2020, respectively.

8. Long-Term Debt

Changes in long-term obligations for the year ended December 31, 2021, are as follows:

	Balance Outstanding Jan. 1, 2021	Additions	Reductions	Balance Outstanding Dec. 31, 2021	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.	\$ 3,171,206	\$ -	\$ (3,171,206)	\$ -	\$ -
<u>Series 2019:</u>					
6-year Term Loan Payable to Bank, variable interest annual interest rate at Prime. Matures October, 2025.	7,272,411	-	(7,272,411)	-	-
<u>Series 2021:</u>					
6-year Term Loan Payable to Bank, variable interest rate at Prime. Matures April, 2027	-	8,247,614	-	8,247,614	2,461,290
<u>2021 HVAC:</u>					
5-year Term Loan Payable to Bank at Fixed Rate of 2.45%. Matures February, 2026.	-	327,977	(68,809)	259,168	60,181
	10,443,617	8,575,591	(10,512,426)	8,506,782	2,521,471
Compensated Absences	150,398	-	(33,426)	116,972	-
Net Pension Liability (Asset)	818,514	-	(2,619,841)	(1,801,327)	-
Net OPEB Liability	530,821	44,685	-	575,506	-
	\$ 11,943,350	\$ 8,620,276	\$ (13,165,693)	\$ 7,397,933	\$ 2,521,471
<i>Business-Type Activities:</i>					
<u>Series 2019:</u>					
6-year Term Loan Payable to Bank, variable interest rate at Prime. Matures October, 2025.	\$ 532,590	\$ -	\$ (532,590)	\$ -	\$ -
<u>Series 2021:</u>					
6-year Term Loan Payable to Bank, variable interest rate at Prime. Matures April, 2027	-	384,387	-	384,387	114,710
	532,590	384,387	(532,590)	384,387	114,710
Compensated Absences	9,765	-	(1,170)	8,595	-
	\$ 542,355	\$ 384,387	\$ (533,760)	\$ 392,982	\$ 114,710

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

8. Long-Term Debt (Continued)

The annual debt service requirements to maturity, including principal and interest, as of December 31, 2021, are as follows:

During the year(s) ended December 31,	Principal	Interest
2022	\$ 2,636,181	\$ 52,242
2023	2,571,736	43,412
2024	1,946,316	24,166
2025	988,936	11,166
2026	520,000	4,387
2027	228,000	809
Totals	\$ 8,891,169	\$ 136,182

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, 2021	Additions	Reductions	Balance Outstanding Dec. 31, 2021	Amounts Due Within One Year
Penn Works Loan (Series 2011)	\$ 713,350	\$ -	\$ (60,609)	\$ 652,741	\$ 61,830
2020 Revenue Note	50,000	3,010,809	(100,069)	2,960,740	329,000
	\$ 763,350	\$ 3,010,809	\$ (160,678)	\$ 3,613,481	\$ 390,830

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

9. Lease Rental Debt (Continued)

The annual lease rental requirements to maturity, including principal and interest, as of December 31, 2021, are as follows:

During the year(s) ended December 31,	Principal	Interest
2022	\$ 390,830	\$ 58,435
2023	397,078	52,237
2024	403,351	45,932
2025	409,650	39,533
2026	415,975	33,025
2027-2031	1,596,597	64,915
Totals	\$ 3,613,481	\$ 294,077

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 2021 and 2020 were \$26,489 and \$28,671, respectively. The Municipal Minimum Obligation of \$30,254 for 2020 was partially covered by forfeitures within the Plan.

TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021**

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, 2021**

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, 2021**

12. Defined Benefit Retirement Plans (Continued)

Teamsters Pension Plan (Continued)

Plan Membership at December 31, 2021

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

Net Pension Liability (Asset)

The net pension liability (asset) was measured as of December 31, 2021, and the total pension liability (asset) was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2021. 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, 2021 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-2020 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, 2021**

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 (Asset)

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at December 31, 2020	\$ 1,873,202	\$ 1,780,590	\$ 92,612
Changes for the year:			
Service Cost	25,476	-	25,476
Interest Cost	130,761	-	130,761
Changes in Benefit Terms	-	-	-
Changes for Experience	64	-	64
Changes of Assumptions	-	-	-
Contributions - Employer	-	104,708	(104,708)
Contributions - Member	-	-	-
Net Investment Income	-	204,227	(204,227)
Benefit Payments	(61,459)	(61,459)	-
Administrative Expense	-	(5,100)	5,100
Other Changes	-	-	-
Net Changes	<u>94,842</u>	<u>242,376</u>	<u>(147,534)</u>
Balance at December 31, 2021	<u>\$ 1,968,044</u>	<u>\$ 2,022,966</u>	<u>\$ (54,922)</u>

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

The following presents the net pension liability (asset) of the Plan, calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability (asset) 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 (Asset)	\$ 178,297	\$ (54,922)	\$ (251,771)

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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.

	2017	2018	2019	2020	2021
Service Cost	\$ 20,820	\$ 21,861	\$ 23,384	\$ 24,553	\$ 25,476
Interest on the Total Pension Liability	100,926	106,278	118,145	124,453	130,761
Changes in Benefit Terms	-	-	-	-	-
Difference between Expected and Actual Experience ¹	(11,250)	(11,250)	(12,393)	(12,390)	(1,127)
Changes of Assumptions ¹	10,857	10,857	33,089	33,090	22,232
Member Contributions	-	-	-	-	-
Projected Earnings on Pension Plan Investments	(84,700)	(95,952)	(94,896)	(109,442)	(125,977)
Difference between Projected and Actual Earnings on Investments ²	16,084	45,072	27,412	(9,847)	(31,786)
Pension Plan Administrative Expense	3,900	3,500	5,300	2,600	5,100
Other Changes in Fiduciary Net Position	-	-	-	-	-
Pension Expense	<u>\$ 56,637</u>	<u>\$ 80,366</u>	<u>\$ 100,041</u>	<u>\$ 53,017</u>	<u>\$ 24,679</u>

¹ 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.

² 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, 2021, the Township recognized pension expense of \$104,708. At December 31, 2021, 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	\$ -	\$ 1,093
Changes in Assumptions	22,231	-
Net Difference Between Projected and Actual Earnings on Pension plan Investments	<u>-</u>	<u>127,287</u>
Total	<u>\$ 22,231</u>	<u>\$ 128,380</u>

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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,			
	2022	\$	(2,667)
	2023		(52,745)
	2024		(35,087)
	2025		(15,650)

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, 2021**

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, 2021

Inactive Members or Beneficiaries Currently Receiving Benefits	7
Inactive Members Entitled to but not yet Receiving Benefits	5
Active Members	<u>10</u>
Total Members	<u><u>22</u></u>

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

12. Defined Benefit Retirement Plans (Continued)

Non-Uniformed Pension Plan (Continued)

Net Pension Liability (Asset)

The net pension liability (asset) was measured as of December 31, 2021, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2021. 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, 2021 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-2020 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, 2021**

12. Defined Benefit Retirement Plans (Continued)

Non-Uniformed Pension Plan (Continued)

Changes in Net Pension Liability (Asset)

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at December 31, 2020	\$ 5,181,028	\$ 4,558,329	\$ 622,699
Changes for the year:			
Service Cost	88,918	-	88,918
Interest Cost	363,066	-	363,066
Changes in Benefit Terms	-	-	-
Changes for Experience	55,934	-	55,934
Changes of Assumptions	-	-	-
Contributions - Employer	-	298,567	(298,567)
Contributions - Member	-	-	-
Net Investment Income	-	529,089	(529,089)
Benefit Payments	(278,434)	(278,434)	-
Administrative Expense	-	(4,500)	4,500
Other Changes	-	-	-
Net Changes	<u>229,484</u>	<u>544,722</u>	<u>(315,238)</u>
Balance at December 31, 2021	<u>\$ 5,410,512</u>	<u>\$ 5,103,051</u>	<u>\$ 307,461</u>

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

The following presents the net pension liability (asset) of the Plan, calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability (asset) 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 (Asset)	\$ 976,471	\$ 307,461	\$ (253,706)

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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>	<u>2021</u>
Service Cost	\$ 82,498	\$ 86,623	\$ 87,595	\$ 91,975	\$ 88,918
Interest on the Total Pension Liability	250,262	271,857	315,166	340,517	363,066
Changes in Benefit Terms	-	-	-	-	-
Difference between Expected and Actual Experience ¹	(34,075)	(34,075)	(17,137)	(17,137)	(3,155)
Changes of Assumptions ¹	32,915	32,915	75,553	75,553	75,553
Member Contributions	-	-	-	-	-
Projected Earnings on Pension Plan Investments	(192,162)	(226,937)	(232,377)	(275,958)	(319,630)
Difference between Projected and Actual Earnings on Investments ²	32,371	100,715	57,289	(29,961)	(85,450)
Pension Plan Administrative Expense	3,900	3,500	5,100	2,600	4,500
Other Changes in Fiduciary Net Position	-	-	-	-	-
Pension Expense	<u>\$ 175,709</u>	<u>\$ 234,598</u>	<u>\$ 291,189</u>	<u>\$ 187,589</u>	<u>\$ 123,802</u>

¹ 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.

² 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, 2021, the Township recognized pension expense of \$298,567. At December 31, 2021, 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	\$ 67,562	\$ -
Changes in Assumptions	118,190	-
Net Difference Between Projected and Actual Earnings on Pension plan Investments	<u>-</u>	<u>338,318</u>
Total	<u>\$ 185,752</u>	<u>\$ 338,318</u>

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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,			
	2022	\$	30,486
	2023		(62,504)
	2024		(78,656)
	2025		(41,892)

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, 2021**

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, 2021**

12. Defined Benefit Retirement Plans (Continued)

AFSCME Pension Plan (Continued)

Plan Membership at December 31, 2021

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 (Asset)

The net pension liability (asset) was measured as of December 31, 2021, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2021. 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, 2021 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-2020 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, 2021**

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 (Asset)

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at December 31, 2020	\$ 6,644,561	\$ 6,015,162	\$ 629,399
Changes for the year:			
Service Cost	123,485	-	123,485
Interest Cost	476,070	-	476,070
Changes in Benefit Terms	-	-	-
Changes for Experience	122,718	-	122,718
Changes of Assumptions	-	-	-
Contributions - Employer	-	410,761	(410,761)
Contributions - Member	-	-	-
Net Investment Income	-	703,096	(703,096)
Benefit Payments	(179,519)	(179,519)	-
Administrative Expense	-	(4,900)	4,900
Other Changes	-	-	-
Net Changes	<u>542,754</u>	<u>929,438</u>	<u>(386,684)</u>
Balance at December 31, 2021	<u>\$ 7,187,315</u>	<u>\$ 6,944,600</u>	<u>\$ 242,715</u>

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

12. Defined Benefit Retirement Plans (Continued)

AFSCME Pension Plan (Continued)

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

The following presents the net pension liability (asset) of the Plan, calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability (asset) 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 (Asset)	\$ 1,199,731	\$ 242,715	\$ (562,731)

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	2021
Service Cost	\$ 121,465	\$ 127,538	\$ 117,167	\$ 123,025	\$ 123,485
Interest on the Total Pension Liability	357,311	387,787	410,757	439,374	476,070
Changes in Benefit Terms	-	-	-	-	-
Difference between Expected and Actual Experience ¹	9,770	9,770	(28,940)	(28,940)	(8,487)
Changes of Assumptions ¹	30,937	30,937	56,293	56,293	56,293
Member Contributions	-	-	-	-	-
Projected Earnings on Pension Plan Investments	(255,082)	(299,102)	(305,767)	(364,102)	(428,983)
Difference between Projected and Actual Earnings on Investments ²	43,784	134,268	76,120	(41,271)	(114,301)
Pension Plan Administrative Expense	4,100	3,900	5,900	3,000	4,900
Other Changes in Fiduciary Net Position	-	-	-	-	-
Pension Expense	\$ 312,285	\$ 395,098	\$ 331,530	\$ 187,379	\$ 108,977

¹ 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.

² Each year's gain or loss is recognized over a 5 year period.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021, the Township recognized pension expense of \$410,761. At December 31, 2021, 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	\$ -	\$ 32,754
Changes in Assumptions	225,174	-
Net Difference Between Projected and Actual Earnings on Pension plan Investments	<u>-</u>	<u>449,866</u>
Total	<u>\$ 225,174</u>	<u>\$ 482,620</u>

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,	
2022	\$ (42,934)
2023	(133,420)
2024	(75,270)
2025	(26,275)
2026	20,453

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021**

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, 2021

Inactive Members or Beneficiaries Currently Receiving Benefits	22
Inactive Members Entitled to but not yet Receiving Benefits	2
Active Members	<u>34</u>
Total Members	<u><u>58</u></u>

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

12. Defined Benefit Retirement Plans (Continued)

Police Pension Plan (Continued)

Net Pension Liability (Asset)

The net pension liability (asset) was measured as of December 31, 2021, and the total pension liability (asset) was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2021. 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, 2021 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-2020 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, 2021**

12. Defined Benefit Retirement Plans (Continued)

Police Pension Plan (Continued)

Changes in the Net Pension Liability (Asset)

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at December 31, 2020	\$ 23,176,434	\$ 23,702,630	\$ (526,196)
Changes for the year:			
Service Cost	648,943	-	648,943
Interest Cost	1,650,322	-	1,650,322
Changes in Benefit Terms	-	-	-
Changes for Experience	144,687	-	144,687
Changes of Assumptions	-	-	-
Contributions - Employer	-	1,285,338	(1,285,338)
Contributions - Member	-	176,825	(176,825)
Net Investment Income	-	2,760,174	(2,760,174)
Benefit Payments	(788,079)	(788,079)	-
Administrative Expense	-	(8,000)	8,000
Other Changes	-	-	-
Net Changes	<u>1,655,873</u>	<u>3,426,258</u>	<u>(1,770,385)</u>
Balance at December 31, 2021	<u>\$ 24,832,307</u>	<u>\$ 27,128,888</u>	<u>\$ (2,296,581)</u>

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

The following presents the net pension liability (asset) of the Plan, calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability (asset) 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 (Asset)	\$ 1,056,050	\$ (2,296,581)	\$ (5,069,715)

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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.

	2017	2018	2019	2020	2021
Service Cost	\$ 540,384	\$ 567,403	\$ 597,823	\$ 627,714	\$ 648,943
Interest on the Total Pension Liability	1,290,988	1,380,808	1,443,706	1,539,934	1,650,322
Changes in Benefit Terms	-	-	-	-	-
Difference between Expected and Actual Experience ¹	(92,971)	(92,971)	(209,666)	(209,666)	(188,996)
Changes of Assumptions ¹	52,235	52,235	113,290	113,290	113,290
Member Contributions	(122,597)	(155,073)	(251,485)	(177,440)	(176,825)
Projected Earnings on Pension Plan Investments	(1,080,576)	(1,232,200)	(1,233,345)	(1,445,148)	(1,682,497)
Difference between Projected and Actual Earnings on Investments ²	204,352	574,896	342,345	(146,383)	(442,031)
Pension Plan Administrative Expense	5,700	6,900	7,700	6,800	8,000
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>	<u>\$ (69,794)</u>

¹ 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.

² 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, 2021, the Township recognized pension expense of \$1,285,338. At December 31, 2021, 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	\$ -	\$ 802,405
Changes in Assumptions	508,088	-
Net Difference Between Projected and Actual Earnings on Pension plan Investments	-	1,752,272
Total	<u>\$ 508,088</u>	<u>\$ 2,554,677</u>

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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,			
	2022	\$	(418,439)
	2023		(797,948)
	2024		(565,397)
	2025		(250,505)
	2026		(34,970)
	2027		20,670

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

1.93%. Based on S&P Municipal Bond 20-Year High Grade Rate Index at January 1, 2021.

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, 2021**

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, 2021**

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	5
Total Participants	<u>32</u>

Net OPEB Liability

The components of the net OPEB liability of the Township at December 31, 2021 were as follows:

	<u>2021</u>
Total OPEB Liability	\$ 575,506
Plan Fiduciary Net Position	<u>-</u>
Net OPEB Liability	<u>\$ 575,506</u>

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 OPEB Liability (a)-(b)
Balance at December 31, 2020	\$ 530,821	\$ -	\$ 530,821
Changes for the year:			
Service Cost	22,110	-	22,110
Interest Cost ²	17,393	-	17,393
Changes in Benefit Terms	-	-	-
Changes for Experience ¹	-	-	-
Changes of Assumptions ¹	41,019	-	41,019
Contributions - Employer	-	35,837	(35,837)
Contributions - Member	-	-	-
Net Investment Income	-	-	-
Benefit Payments ²	(35,837)	(35,837)	-
Administrative Expense	-	-	-
Other Changes	-	-	-
Net Changes	<u>44,685</u>	<u>-</u>	<u>44,685</u>
Balance at December 31, 2021	<u>\$ 575,506</u>	<u>\$ -</u>	<u>\$ 575,506</u>

¹ 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

² 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 1.93% as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower (0.93%) or one percent higher (2.26%) than the current rate:

	1% Decrease 2.93%	Current Discount Rate 1.93%	1% Increase 0.93%
Net OPEB Liability	\$ 608,348	\$ 575,506	\$ 544,275

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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	\$ 575,506	\$ 575,506	\$ 575,506

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	2021
Service Cost	\$ 19,721	\$ 22,653	\$ 21,818	\$ 22,110
Interest on the Total OPEB Liability	20,223	17,958	20,215	17,393
Changes in Benefit Terms	-	-	-	-
Contributions - Employee	-	-	-	-
Amortization of Deferred Outflows	1,951	1,951	3,419	8,546
Amortization of Deferred Inflows	-	(1,662)	(6,568)	(6,568)
Other Changes	-	-	-	-
OPEB Expense	\$ 41,895	\$ 40,900	\$ 38,884	\$ 41,481

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

For the year ended December 31, 2021, the Township recognized OPEB expense of \$16,853. At December 31, 2021, 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	\$ -	\$ 29,435
Changes in Assumptions	54,457	9,968
Total	\$ 54,457	\$ 39,403

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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,			
2022	\$		1,978
2023			1,978
2024			1,978
2025			1,978
2026			1,978
2027			34
2028			5,130

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 Protection Fund	Totals
Unassigned	\$ 3,935,292	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,935,292
Restricted	-	3,485,871	-	1,094,101	-	-	4,579,972
Committed	-	-	-	-	41,138	524,578	565,716
Assigned	1,550,000	-	2,004,207	-	-	-	3,554,207
Totals	\$ 5,485,292	\$ 3,485,871	\$ 2,004,207	\$ 1,094,101	\$ 41,138	\$ 524,578	\$ 12,635,187

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

15. Operating Leases

The Township leases various pieces of equipment under multiple long-term lease agreements, expiring February 2025. Expenses incurred under the leases were \$19,144 and \$20,376 for 2021 and 2020, respectively. Future minimum lease payments are as follows:

Year ending December 31,				
	2022	\$	17,942	
	2023		13,003	
	2024		3,167	
	2025		<u>206</u>	
Total Minimum Lease Payments		\$	<u><u>34,318</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 December 2026. 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,				
	2022	\$	205,163	
	2023		131,659	
	2024		63,429	
	2025		22,106	
	2026		<u>22,106</u>	
Total Minimum Lease Payments			444,463	
Less: Amount Representing Interest			<u>(30,741)</u>	
Present Value of Minimum Lease Payments			413,722	
Less: Current Portion			<u>(189,238)</u>	
Capital Lease Obligation, Net		\$	<u><u>224,484</u></u>	

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

Equipment	\$ 2,855,969
Less: Accumulated Depreciation	<u>(1,196,176)</u>
Net Book Value	<u><u>\$ 1,659,793</u></u>

Lease amortization, included in depreciation expense, was \$249,552 and \$219,660 in 2021 and 2020, respectively.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021 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, 2021, 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 27, 2022, 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, 2021**

	Actual	Original Budget	Favorable (Unfavorable)
REVENUES RECEIVED			
Taxes			
Real Estate	\$ 6,930,616	\$ 6,853,864	\$ 76,752
Real Estate Transfer	1,490,464	950,000	540,464
Earned Income	5,162,939	4,700,000	462,939
Amusement	42,314	30,000	12,314
Mercantile	1,034,003	1,100,000	(65,997)
Local Services Tax	664,374	650,000	14,374
Total Taxes	<u>15,324,710</u>	<u>14,283,864</u>	<u>1,040,846</u>
Licenses and Permits			
Permits	478,786	309,500	169,286
TV Cable	354,768	410,000	(55,232)
Miscellaneous	-	5,200	(5,200)
Total Licenses and Permits	<u>833,554</u>	<u>724,700</u>	<u>108,854</u>
Fines and Forfeitures			
Ordinance Violations	10,278	10,000	278
Vehicle Code Violations	36,294	60,000	(23,706)
Miscellaneous Fines	200	1,000	(800)
Total Fines and Forfeitures	<u>46,772</u>	<u>71,000</u>	<u>(24,228)</u>
Interest and Rents			
Interest	469	5,000	(4,531)
Rents	37,226	65,000	(27,774)
Total Interest and Rents	<u>37,695</u>	<u>70,000</u>	<u>(32,305)</u>
Intergovernmental Revenues			
Federal Funds	2,582,312	-	2,582,312
State Funds	839,506	1,125,000	(285,494)
PURTA Tax	14,009	15,000	(991)
Local Funds	54,633	-	54,633
Total Intergovernmental Revenues	<u>3,490,460</u>	<u>1,140,000</u>	<u>2,350,460</u>
Charges for Services			
Subdivision Fees	25,700	5,000	20,700
Zoning Fees	33,200	18,000	15,200
Community Center and Recreation Fees	498,770	1,183,500	(684,730)
Police Safety	16,473	18,100	(1,627)
Property Inspection	25,652	20,000	5,652
Tax Certification	17,200	10,000	7,200
Sewer Fees	773	-	773
Miscellaneous	35,472	55,000	(19,528)
Total Charges for Services	<u>653,240</u>	<u>1,309,600</u>	<u>(656,359)</u>
Other Revenues			
Sale of Property	19,690	35,000	(15,310)
Sale of Maps and Books	87	2,400	(2,313)
Refunds	621,330	315,000	306,330
Engineering Fee Reimbursements	825,882	900,000	(74,118)
Legal Fee Reimbursements	32,716	60,000	(27,284)
Medical Reimbursements	2,071	2,174	(103)
Total Other Revenues	<u>1,501,776</u>	<u>1,314,574</u>	<u>187,202</u>
Total Revenues Received	<u>\$ 21,888,207</u>	<u>\$ 18,913,738</u>	<u>\$ 2,974,470</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, 2021**

	<u>Actual</u>	<u>Original Budget</u>	Variance Favorable (Unfavorable)
EXPENDITURES PAID			
General Government			
Legislative	\$ 649,217	\$ 134,233	\$ (514,984)
Administrative and Executive	5,437,817	5,905,158	467,341
Financial Administration	786,382	433,662	(352,720)
Planning and Zoning	1,205,011	1,410,009	204,998
Physical Plant	1,430,642	1,197,963	(232,679)
Insurance	<u>683,730</u>	<u>704,500</u>	<u>20,770</u>
Total General Government	<u>10,192,799</u>	<u>9,785,525</u>	<u>(407,274)</u>
Public Safety			
Police Protection	3,205,016	3,707,559	502,543
Protective Inspection and Code Enforcement	436,433	2,500	(433,933)
Fire Protection	<u>336,867</u>	<u>823,000</u>	<u>486,133</u>
Total Public Safety	<u>3,978,316</u>	<u>4,533,059</u>	<u>554,743</u>
Public Works - Highways and Streets			
Street Construction	35,969	2,000	(33,969)
Street Lighting	-	-	-
Street Maintenance	106,550	148,700	42,150
Snow and Ice Removal	56,280	115,750	59,470
Street Signs and Markings	16,218	62,500	46,282
Storm Sewer Maintenance	27,788	28,500	712
Street Cleaning	34,051	53,500	19,449
Recycling	17,108	30,000	12,892
General Services	<u>915,463</u>	<u>1,376,570</u>	<u>461,107</u>
Total Public Works - Highways and Streets	<u>1,209,427</u>	<u>1,817,520</u>	<u>608,093</u>
Culture and Recreation			
Playground and Parks	2,051	42,000	39,949
Community Center	579,157	999,452	420,295
Library	<u>448,217</u>	<u>448,217</u>	<u>-</u>
Total Culture and Recreation	<u>1,029,425</u>	<u>1,489,669</u>	<u>460,244</u>
Interest	<u>2,609,842</u>	<u>2,628,022</u>	<u>18,180</u>
Total Expenditures Paid	<u>19,019,809</u>	<u>20,253,795</u>	<u>1,233,986</u>
EXCESS (DEFICIT) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES PAID	2,868,398	(1,340,057)	4,208,456
Other Financing Sources (Uses)			
Transfers In	42,873	-	42,873
Transfers Out	<u>(1,408,754)</u>	<u>-</u>	<u>(1,408,754)</u>
Total Other Financing Sources (Uses), Net	(1,365,881)	-	(1,365,881)
EXCESS (DEFICIT) OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER FINANCING USES	1,502,517	(1,340,057)	2,842,575
FUND BALANCE - JANUARY 1, 2021	<u>3,982,775</u>	<u>3,982,775</u>	<u>-</u>
FUND BALANCE - DECEMBER 31, 2021	<u>\$ 5,485,292</u>	<u>\$ 2,642,718</u>	<u>\$ 2,842,575</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
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%
2021	104,708	104,708	-	293,771	35.64%

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 -
TEAMSTERS PENSION PLAN
FOR THE LAST TEN YEARS ENDED**

	2016	2017	2018	2019	2020	2021
Total Pension Liability						
Service Cost	\$ 30,111	\$ 20,820	\$ 21,861	\$ 23,384	\$ 24,553	\$ 25,476
Interest	95,967	100,926	106,278	118,145	124,453	130,761
Changes of Benefit Terms	-	-	-	-	-	-
Changes for Experience	-	(43,036)	-	(4,570)	-	64
Changes of Assumptions	-	43,429	-	88,927	-	-
Benefit Payments, Including Refunds of Member Contributions	(42,127)	(50,543)	(42,127)	(46,861)	(58,298)	(61,459)
Net Change in Total Pension Liability	83,951	71,596	86,012	179,025	90,708	94,842
Total Pension Liability - Beginning	1,361,910	1,445,861	1,517,457	1,603,469	1,782,494	1,873,202
Total Pension Liability - Ending	\$ 1,445,861	\$ 1,517,457	\$ 1,603,469	\$ 1,782,494	\$ 1,873,202	\$ 1,968,044
Plan Fiduciary Net Pension						
Contributions - Employer	\$ 89,381	\$ 86,995	\$ 85,054	\$ 80,528	\$ 81,756	\$ 104,708
Contributions - Member	-	-	-	-	-	-
Net Investment Income	47,268	124,757	(48,986)	183,184	206,707	204,227
Benefit Payments, Including Refunds of Member Contributions	(42,127)	(50,543)	(42,127)	(46,861)	(58,298)	(61,459)
Administrative Expense	(3,000)	(3,900)	(3,500)	(5,300)	(2,600)	(5,100)
Net Change in Plan Fiduciary Net Position	91,522	157,309	(9,559)	211,551	227,565	242,376
Plan Net Position - Beginning	1,102,202	1,193,724	1,351,033	1,341,474	1,553,025	1,780,590
Plan Net Position - Ending	\$ 1,193,724	\$ 1,351,033	\$ 1,341,474	\$ 1,553,025	\$ 1,780,590	\$ 2,022,966
Municipality's Net Pension Liability (Asset)	\$ 252,137	\$ 166,424	\$ 261,995	\$ 229,469	\$ 92,612	\$ (54,922)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.6%	89.0%	83.7%	87.1%	95.1%	102.8%
Covered Employee Payroll	\$ 338,852	\$ 349,626	\$ 359,287	\$ 326,299	\$ 355,519	\$ 293,771
Municipality's Net Pension Liability (Asset) as a Percentage	74.4%	47.6%	72.9%	70.3%	26.0%	-18.7%

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, 2021**

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: 1/1/2021

Actuarial Cost Method: Entry Age Normal

Amortization Method: Level Dollar Closed

Remaining Amortization Period: 6 years

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

Inflation: 3.00%

Salary Increases: 5.00%

Investment Rate of Return: 7.00%

Retirement Age: Normal Retirement Age.

Mortality: PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.

Changes in benefit terms: None since 1/1/2019.

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
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%
2021	298,567	298,567	-	823,211	36.27%

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	2021
Total Pension Liability						
Service Cost	\$ 100,129	\$ 82,498	\$ 86,623	\$ 87,595	\$ 91,975	\$ 88,918
Interest	220,111	250,262	271,857	315,166	340,517	363,066
Changes of Benefit Terms	-	-	-	-	-	-
Changes for Experience	-	(49,585)	-	84,691	-	55,934
Changes of Assumptions	-	197,489	-	213,190	-	-
Benefit Payments, Including Refunds of Member Contributions	(18,115)	(21,457)	(35,321)	(41,942)	(48,027)	(278,434)
Net Change in Total Pension Liability	302,125	459,207	323,159	658,700	384,465	229,484
Total Pension Liability - Beginning	3,053,372	3,355,497	3,814,704	4,137,863	4,796,563	5,181,028
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>	<u>\$ 5,410,512</u>
Plan Fiduciary Net Pension						
Contributions - Employer	\$ 247,234	\$ 245,785	\$ 250,338	\$ 220,502	\$ 223,360	\$ 298,567
Contributions - Member	-	-	-	-	-	-
Net Investment Income	101,433	280,820	(114,781)	449,496	529,700	529,089
Benefit Payments, Including Refunds of Member Contributions	(18,115)	(21,457)	(35,321)	(41,942)	(48,027)	(278,434)
Administrative Expense	(3,100)	(3,900)	(3,500)	(5,100)	(2,600)	(4,500)
Net Change in Plan Fiduciary Net Position	327,452	501,248	96,736	622,956	702,433	544,722
Plan Net Position - Beginning	2,307,504	2,634,956	3,136,204	3,232,940	3,855,896	4,558,329
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>	<u>\$ 5,103,051</u>
Municipality's Net Pension Liability	\$ 720,541	\$ 678,500	\$ 904,923	\$ 940,667	\$ 622,699	\$ 307,461
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.5%	82.2%	78.1%	80.4%	88.0%	94.3%
Covered Employee Payroll	\$ 886,618	\$ 873,533	\$ 917,726	\$ 944,119	\$ 1,004,464	\$ 823,211
Municipality's Net Pension Liability as a Percentage	81.3%	77.7%	98.6%	99.6%	62.0%	37.3%

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, 2021**

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: 1/1/2021

Actuarial Cost Method: Entry Age Normal

Amortization Method: Level Dollar Closed

Remaining Amortization Period: 9 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: PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.

Changes in benefit terms: None since 1/1/2019.

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
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%
2021	410,761	410,761	-	1,276,941	32.17%

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	2021
Total Pension Liability						
Service Cost	\$ 111,399	\$ 121,465	\$ 127,538	\$ 117,167	\$ 123,025	\$ 123,485
Interest	315,921	357,311	387,787	410,757	439,374	476,070
Changes of Benefit Terms	-	-	-	-	-	-
Changes for Experience	-	(85,445)	-	(270,968)	-	122,718
Changes of Assumptions	-	278,435	-	177,492	-	-
Benefit Payments, Including Refunds of Member Contributions	(39,081)	(39,081)	(59,888)	(106,761)	(143,178)	(179,519)
Net Change in Total Pension Liability	388,239	632,685	455,437	327,687	419,221	542,754
Total Pension Liability - Beginning	4,421,292	4,809,531	5,442,216	5,897,653	6,225,340	6,644,561
Total Pension Liability - Ending	\$ 4,809,531	\$ 5,442,216	\$ 5,897,653	\$ 6,225,340	\$ 6,644,561	\$ 7,187,315
Plan Fiduciary Net Pension						
Contributions - Employer	\$ 313,991	\$ 315,122	\$ 303,807	\$ 369,685	\$ 362,851	\$ 410,761
Contributions - Member	-	-	-	-	-	-
Net Investment Income	135,540	372,877	(153,317)	596,515	705,369	703,096
Benefit Payments, Including Refunds of Member Contributions	(39,081)	(39,081)	(59,888)	(106,761)	(143,178)	(179,519)
Administrative Expense	(3,200)	(4,100)	(3,900)	(5,900)	(3,000)	(4,900)
Net Change in Plan Fiduciary Net Position	407,250	644,818	86,702	853,539	922,042	929,438
Plan Net Position - Beginning	3,100,811	3,508,061	4,152,879	4,239,581	5,093,120	6,015,162
Plan Net Position - Ending	\$ 3,508,061	\$ 4,152,879	\$ 4,239,581	\$ 5,093,120	\$ 6,015,162	\$ 6,944,600
Municipality's Net Pension Liability	\$ 1,301,470	\$ 1,289,337	\$ 1,658,072	\$ 1,132,220	\$ 629,399	\$ 242,715
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.9%	76.3%	71.9%	81.8%	90.5%	96.6%
Covered Employee Payroll	\$ 1,438,375	\$ 1,489,963	\$ 1,336,867	\$ 1,343,498	\$ 1,271,744	\$ 1,276,941
Municipality's Net Pension Liability as a Percentage	90.5%	86.5%	124.0%	84.3%	49.5%	19.0%

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 -
AFSCME PENSION PLAN
DECEMBER 31, 2021**

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: 1/1/2021

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: PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.

Changes in benefit terms: None since 1/1/2019.

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
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%
2021	1,285,338	1,285,338	-	3,343,970	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	2021
Total Pension Liability						
Service Cost	\$ 545,840	\$ 540,384	\$ 567,403	\$ 597,823	\$ 627,714	\$ 648,943
Interest	1,231,493	1,290,988	1,380,808	1,443,706	1,539,934	1,650,322
Changes of Benefit Terms	2,129	-	-	-	-	-
Changes for Experience	-	(999,926)	-	(933,556)	-	144,687
Changes of Assumptions	-	602,322	-	488,437	-	-
Benefit Payments, Including Refunds of Member Contributions	(504,018)	(548,924)	(601,599)	(668,332)	(725,122)	(788,079)
Net Change in Total Pension Liability	1,275,444	884,844	1,346,612	928,078	1,442,526	1,655,873
Total Pension Asset - Beginning	17,298,930	18,574,374	19,459,218	20,805,830	21,733,908	23,176,434
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>	<u>\$ 24,832,307</u>
Plan Fiduciary Net Pension						
Contributions - Employer	\$ 999,359	\$ 1,022,493	\$ 1,040,946	\$ 1,110,767	\$ 1,127,591	\$ 1,285,338
Contributions - Member	119,613	122,597	155,073	251,485	177,440	176,825
Net Investment Income	596,360	1,577,066	(620,518)	2,396,098	2,771,102	2,760,174
Benefit Payments, Including Refunds of Member Contributions	(504,018)	(548,924)	(601,599)	(668,332)	(725,122)	(788,079)
Administrative Expense	(8,100)	(5,700)	(6,900)	(7,700)	(6,800)	(8,000)
Net Change in Plan Fiduciary Net Position	1,203,214	2,167,532	(32,998)	3,082,318	3,344,211	3,426,258
Plan Net Position - Beginning	13,938,353	15,141,567	17,309,099	17,276,101	20,358,419	23,702,630
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>	<u>\$ 27,128,888</u>
Municipality's Net Pension Liability (Asset)	\$ 3,432,807	\$ 2,150,119	\$ 3,529,729	\$ 1,375,489	\$ (526,196)	\$ (2,296,581)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.5%	89.0%	83.0%	93.7%	102.3%	109.2%
Covered Employee Payroll	\$ 2,972,018	\$ 2,990,858	\$ 3,059,633	\$ 3,249,647	\$ 3,454,542	\$ 3,343,970
Municipality's Net Pension Liability (Asset) as a Percentage	115.5%	71.9%	115.4%	42.3%	-15.2%	-68.7%

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, 2021**

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: 1/1/2021

Actuarial Cost Method: Entry Age Normal

Amortization Method: Level Dollar Closed

Remaining Amortization Period: 6 years

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

Inflation: 3.00%

Salary Increases: 5.00%

Investment Rate of Return: 7.00%

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

Mortality: PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.

Changes in benefit terms: None since 1/1/2019.

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	2021
Total OPEB Liability				
Service Cost	\$ 19,721	\$ 22,653	\$ 21,818	\$ 22,110
Interest	20,223	17,958	20,215	17,393
Changes of Benefit Terms	-	-	-	-
Differences between Expected and Actual Experience	-	-	(39,247)	-
Changes of Assumptions	17,558	(14,954)	11,747	41,019
Benefit Payments, Including Refunds of Member Contributions	(36,504)	(37,858)	(37,661)	(35,837)
Other Changes	-	-	-	-
Net Change in Total OPEB Liability	20,998	(12,201)	(23,128)	44,685
Total OPEB Liability - Beginning	545,152	566,150	553,949	530,821
 Total OPEB Liability - Ending	<u>\$ 566,150</u>	<u>\$ 553,949</u>	<u>\$ 530,821</u>	<u>\$ 575,506</u>
 Plan Fiduciary Net Pension				
Contributions - Employer	\$ 36,504	\$ 37,858	\$ 37,661	\$ 35,837
Contributions - Employee	-	-	-	-
Net Investment Income	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(36,504)	(37,858)	(37,661)	(35,837)
Administrative Expense	-	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-	-
Plan Net Position - Beginning	-	-	-	-
 Plan Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Municipality's Net OPEB Liability	\$ 566,150	\$ 553,949	\$ 530,821	\$ 575,506
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%	0.0%
 Covered Employee Payroll	\$ 2,708,056	\$ 2,708,056	\$ 2,641,874	\$ 2,641,874
 Municipality's Net OPEB Liability as a Percentage of Covered Employee Payroll	20.9%	20.5%	20.1%	21.8%

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.

OTHER SUPPLEMENTARY INFORMATION

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**TOWNSHIP OF BETHLEHEM
COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS
DECEMBER 31, 2021**

	State Liquid Fuels	D.A.R.E.-Canine	Fire Protection	Total
ASSETS				
Cash and Cash Equivalents	\$ 1,094,852	\$ 41,138	\$ 522,089	\$ 1,658,079
Due From Other Funds	-	-	2,489	2,489
Total Assets	<u>\$ 1,094,852</u>	<u>\$ 41,138</u>	<u>\$ 524,578</u>	<u>\$ 1,660,568</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due From Other Funds	\$ 751	\$ -	\$ -	\$ 751
Total Liabilities	<u>751</u>	<u>-</u>	<u>-</u>	<u>751</u>
Fund Balance				
Restricted	1,094,101	-	-	1,094,101
Committed	-	41,138	524,578	565,716
Total Fund Balance	<u>1,094,101</u>	<u>41,138</u>	<u>524,578</u>	<u>1,659,817</u>
Total Liabilities and Fund Balances	<u>\$ 1,094,852</u>	<u>\$ 41,138</u>	<u>\$ 524,578</u>	<u>\$ 1,660,568</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, 2021**

	State Liquid Fuels	D.A.R.E.-Canine	Fire Protection	Total
REVENUES RECEIVED				
Taxes	\$ -	\$ -	135,795	\$ 135,795
Intergovernmental Revenues	772,241	360	1,388	773,989
Interest	546	-	228	774
Total Revenues Received	<u>772,787</u>	<u>360</u>	<u>137,411</u>	<u>910,558</u>
EXPENDITURES PAID				
Public Works - Highways and Streets	\$ 203,507	\$ -	\$ -	\$ 203,507
Fees - Bank Charges	-	-	796	796
Total Expenditures Paid	<u>203,507</u>	<u>-</u>	<u>796</u>	<u>204,303</u>
EXCESS OF REVENUES RECEIVED OVER EXPENDITURES PAID	<u>569,280</u>	<u>360</u>	<u>136,615</u>	<u>706,255</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(105,459)	-	-	(105,459)
Total Other Financing Sources (Uses), Net	<u>(105,459)</u>	<u>-</u>	<u>-</u>	<u>(105,459)</u>
EXCESS OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES PAID AND OTHER FINANCING USES	463,821	360	136,615	600,796
Fund Balances - January 1, 2021	<u>630,280</u>	<u>40,778</u>	<u>387,963</u>	<u>1,059,021</u>
Fund Balances - December 31, 2021	<u>\$ 1,094,101</u>	<u>\$ 41,138</u>	<u>\$ 524,578</u>	<u>\$ 1,659,817</u>

See independent auditor's report on supplementary information.

**TOWNSHIP OF BETHLEHEM
COMBINING BALANCE SHEET – ALL CAPITAL PROJECTS FUNDS
DECEMBER 31, 2021**

	Capital Reserve	Parks and Recreation	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,485,871	\$ 2,004,207	\$ 5,490,078
Total Assets	\$ 3,485,871	\$ 2,004,207	\$ 5,490,078
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Total Liabilities	-	-	-
Fund Balance			
Restricted	3,485,871	-	3,485,871
Assigned	-	2,004,207	2,004,207
Total Fund Balance	3,485,871	2,004,207	5,490,078
Total Liabilities and Fund Balances	\$ 3,485,871	\$ 2,004,207	\$ 5,490,078

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, 2021**

	<u>Capital Reserve</u>	<u>Parks and Recreation</u>	<u>Total</u>
REVENUES RECEIVED			
Interest	\$ 1,727	\$ 849	\$ 2,576
Grants	43,288	-	43,288
Intergovernmental	93,210	275,663	368,873
Total Revenues Received	<u>138,225</u>	<u>276,512</u>	<u>414,737</u>
EXPENDITURES PAID			
Planning and Zoning	<u>298,395</u>	<u>-</u>	<u>298,395</u>
Total Expenditures Paid	<u>298,395</u>	<u>-</u>	<u>298,395</u>
EXCESS (DEFICIT) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES PAID	<u>(160,170)</u>	<u>276,512</u>	<u>116,342</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>253,056</u>	<u>-</u>	<u>253,056</u>
Total Other Financing Uses - Net	<u>253,056</u>	<u>-</u>	<u>253,056</u>
EXCESS OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES PAID AND OTHER FINANCING USES	92,886	276,512	369,398
Fund Balances - January 1, 2021	<u>3,392,985</u>	<u>1,727,695</u>	<u>5,120,680</u>
Fund Balances - December 31, 2021	<u>\$ 3,485,871</u>	<u>\$ 2,004,207</u>	<u>\$ 5,490,078</u>

See independent auditor's report on supplementary information.

**TOWNSHIP OF BETHLEHEM
COMBINING STATEMENT OF NET POSITION – ALL PENSION FUNDS
DECEMBER 31, 2021**

	Pension Trust Funds					Total
	Teamsters Pension	Police Pension	AFSCME Pension	Non-Uniform Pension	Defined Contribution	
ASSETS:						
Cash and Cash Equivalents	\$ 60,290	\$ 570,820	\$ 180,228	\$ 168,082	\$ -	\$ 979,420
Investments - At Fair Value						
Cash and Sweep Balances	28,311	374,987	94,602	117,642	28,457	643,999
Common Stocks	1,934,365	26,180,881	6,669,685	4,817,327	138,543	39,740,801
Total Assets	\$ 2,022,966	\$ 27,126,688	\$ 6,944,515	\$ 5,103,051	\$ 167,000	\$ 41,364,220
LIABILITIES:						
Accounts Payable	\$ -	\$ (2,200)	\$ (85)	\$ -	\$ -	\$ (2,285)
Due to Other Funds	-	-	-	-	-	-
Total Liabilities	-	(2,200)	(85)	-	-	(2,285)
NET POSITION:						
Restricted	2,022,966	27,128,888	6,944,600	5,103,051	167,000	41,366,505
Total Liabilities and Net Position	\$ 2,022,966	\$ 27,126,688	\$ 6,944,515	\$ 5,103,051	\$ 167,000	\$ 41,364,220

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, 2021

	Teamsters Pension	Police Pension	AFSCME Pension	Non-Uniform Pension	Defined Contribution	Total
ADDITIONS:						
<i>Contributions:</i>						
Employer	\$ 104,708	\$ 1,285,338	\$ 410,761	\$ 298,567	\$ 26,489	\$ 2,125,863
Plan Members	-	176,825	-	-	-	176,825
Total Contributions	<u>104,708</u>	<u>1,462,163</u>	<u>410,761</u>	<u>298,567</u>	<u>26,489</u>	<u>2,302,688</u>
<i>Investment Earnings:</i>						
Interest, dividends and net unrealized gains	209,175	2,827,190	720,166	541,945	14,747	4,313,223
Less: Investment Expenses	<u>(4,948)</u>	<u>(67,016)</u>	<u>(17,070)</u>	<u>(12,856)</u>	<u>(357)</u>	<u>(102,247)</u>
Total Additions	<u>308,935</u>	<u>4,222,337</u>	<u>1,113,857</u>	<u>827,656</u>	<u>40,879</u>	<u>6,513,664</u>
DEDUCTIONS:						
Administration	5,100	8,000	4,900	4,500	(14,100)	8,400
Benefit Payments	<u>61,459</u>	<u>788,079</u>	<u>179,519</u>	<u>278,434</u>	<u>-</u>	<u>1,307,491</u>
Total Deductions	<u>66,559</u>	<u>796,079</u>	<u>184,419</u>	<u>282,934</u>	<u>(14,100)</u>	<u>1,315,891</u>
Excess of Additions Over Deductions	242,376	3,426,258	929,438	544,722	54,979	5,197,773
NET POSITION						
Net Position, January 1, 2021	<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>
Net Position, December 31, 2021	<u>\$ 2,022,966</u>	<u>\$ 27,128,888</u>	<u>\$ 6,944,600</u>	<u>\$ 5,103,051</u>	<u>\$ 167,000</u>	<u>\$ 41,366,505</u>

See independent auditor's report on supplementary information.

TOWNSHIP OF BETHLEHEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal AL Number	Additional Award Identificaton	Pass-Through Entity Identifying Number	Expenditures	Expenditures to Sub-Recipients
Direct Awards					
U.S. Department of Treasury					
Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19	N/A	\$ 2,547,754	\$ -
Total U.S. Department of Treasury				<u>2,547,754</u>	<u>-</u>
Highway Safety Cluster					
U.S. Department of Transportation					
Passed Through the Pennsylvania Department of Transportation					
State and Community Highway Safety	20.600		EG00002796	23,566	-
Total State and Community Highway Safety				<u>23,566</u>	<u>-</u>
National Priority Safety Programs	20.616		EG00002796	7,633	-
Total National Priority Safety Programs				<u>7,633</u>	<u>-</u>
Total Highway Safety Cluster				<u>31,199</u>	<u>-</u>
Pass Through Awards					
U.S. Department of Homeland Security					
Passed Through the Pennsylvania Department of Emergency Management					
Disaster Grants - Public Assistance	97.036	COVID-19	N/A	3,360	-
Total U.S. Department of Homeland Security				<u>3,360</u>	<u>-</u>
Total Expenditures of Federal Awards				<u>\$ 2,582,313</u>	<u>\$ -</u>

Footnotes to Schedule

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Township of Bethlehem under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule represents only a selected portion of the operations of Township of Bethlehem it is not intended to and does not present the net position, changes in net position, or cash flows of Township of Bethlehem

2. Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized using the principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Township of Bethlehem has not elected to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

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, 2021, and the related notes to the financial statements, and have issued our report thereon dated July 27, 2022. 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*.

Report on 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.

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.

Report on 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.

Cory Bell, Rappold & Yucasita LLP

July 27, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Township of Bethlehem's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Township of Bethlehem's major federal programs for the year ended December 31, 2021. Township of Bethlehem's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Township of Bethlehem complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Township of Bethlehem and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Township of Bethlehem's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Township of Bethlehem's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Township of Bethlehem's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Township of Bethlehem's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Township of Bethlehem's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Township of Bethlehem's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

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

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

Congbell, Rappold & Yasaita LLP

July 27, 2022

TOWNSHIP OF BETHLEHEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiencies identified that are not considered to be material weakness(es)? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiencies identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? X yes _____ no

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes X no

Section II - Financial Statement Findings

No matters were reported.

TOWNSHIP OF BETHLEHEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended December 31, 2021

Section III – Federal Award Findings and Questioned Costs

FINDING: 2021-001

Federal Program: Coronavirus State and Local Fiscal Recovery Funds (AL# 21.027)

Criteria

In accordance with program requirements, Non-Entitlement Units of Government (“NEUs”), municipalities with less than 50,000 residents, are required to file annual reports (“Project and Expenditure Report”). The annual report due April 30, 2022 covered the period of the March 3, 2021 to March 31, 2022.

Condition

The Township submitted the Project and Expenditure Report on a timely basis, however, the report inaccurately listed the amount of total obligations and expenditures that occurred during the period of the March 3, 2021 to March 31, 2022.

Cause

The Coronavirus State and Local Fiscal Recovery Funds is a new Federal program and the Township was unclear on the specific reporting requirements on the Project and Expenditure Report.

Effect or Potential Effect

Lack of accurate report filings could result in noncompliance or inaccurate data being used by the Federal agency.

Questioned Costs

There are no questioned costs related to the finding. The Project and Expenditure Report referenced obligations and expenditures as \$-0-. Obligations and expenditures should have been referenced as \$2,547,754.

Perspective Information

The report filing due April 30, 2022 was the first filing required by the Federal Agency. The Township was unaware of all reporting requirements at that time and the finding is deemed to be an isolated incident.

Recommendation

Our recommendation is that procedures be implemented to ensure that program reporting requirements are reviewed and compared to financial information before submission.

View of Responsible Officials and Planned Corrective Actions

The Township understands and concurs with this finding.

TOWNSHIP OF BETHLEHEM
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2021

Summary Schedule of Prior Audit Findings

- NONE-



TOWNSHIP OF BETHLEHEM

BOARD OF COMMISSIONERS

MUNICIPAL OFFICES
4225 EASTON AVENUE
BETHLEHEM, PENNSYLVANIA 18020-1496

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Commissioners:
Malissa K. Davis
Jan Beatty
John K. Gallagher
John J. Merhottein
Dale A. Sourbeck

Treasurer:
Rosalia Italiano-Cacciabeve

Township Manager:
Doug Bruce

TOWNSHIP OF BETHLEHEM CORRECTIVE ACTION PLAN For the Year Ended December 31, 2021

Federal Audit Clearinghouse
U.S. Census Bureau
Phone: 866-306-8779
Email: gov.s.fac.ides@census.gov

Township of Bethlehem respectively submits the following corrective action plan for the year ended December 31, 2021.

Name and Address of Independent Public Accounting Firm:
Campbell, Rappold & Yurasits LLP
1033 S. Cedar Crest Boulevard
Allentown, PA 18103

Name and Address of Contact Person responsible for the corrective action plan:
Doug Bruce, Township Manager
Township of Bethlehem
4225 Easton Avenue
Bethlehem, PA 18020

Audit Period:
Year Ended December 31, 2021

Section III – Federal Award Findings Finding: 2021-001

Federal Awarding Agency:	U.S Department of Treasury
AL Number and Title:	21.027 – Coronavirus State and Local Fiscal Recovery Fund

Recommendation

Our recommendation is that procedures be implemented to ensure that program reporting requirements are reviewed and compared to financial information before submission.

Anticipated Completion Date

Recommendation will be implemented for the amended Project and Expenditure Report and all future report filings.

If the Federal Audit Clearinghouse has any question regarding this plan, please contact me at 610-814-640.

Sincerely,

A handwritten signature in black ink, appearing to read "Doug Bruce". The signature is stylized with a large, looped initial "D" and a cursive "B".

Doug Bruce
Township Manager

cc: Campbell, Rappold & Yurasits LLP