

TOWNSHIP OF BETHLEHEM

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

December 31, 2022

**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 Township of Bethlehem, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise 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 Township of Bethlehem, as of December 31, 2022, 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 73.91%, 67.19% and 13.54%, respectively, of the assets, net position and revenues of the business-type activities and represent 0.76%, 0.76% and -4.92%, 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 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 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 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 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 Township of Bethlehem's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 27, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 18 of the financial statements, the 2021 financial statements have been restated for the adoption of a new accounting standard and to correct a misstatement. Our opinion is not modified with respect to this matter.

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, and the budgetary comparison, pension and other postemployment benefit information on pages 70-84 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 Township of Bethlehem's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial 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 September 27, 2023 on our consideration of 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 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.

Campbell, Rappold & Yasaita LLP

September 27, 2023

**TOWNSHIP OF BETHLEHEM
2022 FINANCIAL STATEMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Township of Bethlehem's discussion and analysis provides an overview of the Township's financial activities for the fiscal year ended December 31, 2022. 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 \$4,543,471 during 2022. This is primarily due to Act 511 Tax Proceeds, Permits and Federal, State and Local grants.
- The General Fund balance increased \$1,373,246 during 2022.
- The net position of the Sewer fund increased by \$1,978,382 during 2022.

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 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
2022 FINANCIAL STATEMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

TOWNSHIP OF BETHLEHEM AS A WHOLE

Township of Bethlehem's combined net position increased from \$43,060,101 in 2021 to \$47,603,572 in 2022, or a net increase of \$4,543,471, mainly due to Act 511 Tax Proceeds, Permits and Federal, State and Local grants.

**TOWNSHIP OF BETHLEHEM
2022 FINANCIAL STATEMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

	<u>Governmental Funds 2022</u>	<u>Business- Type Activities 2022</u>	<u>Government Wide 2022</u>
Current and Other Assets	\$ 15,074,127	\$ 5,819,272	\$ 20,893,399
Capital Assets, Net	33,506,231	6,981,497	40,487,728
Total Assets	<u>\$ 48,580,358</u>	<u>\$ 12,800,769</u>	<u>\$ 61,381,127</u>
Total Deferred Outflows of Resources	<u>\$ 5,210,499</u>	<u>\$ -</u>	<u>\$ 5,210,499</u>
Current Liabilities	\$ 3,743,367	\$ 584,404	\$ 4,327,771
Long-Term Liabilities	10,337,277	3,200,228	13,537,505
Total Liabilities	<u>\$ 14,080,644</u>	<u>\$ 3,784,632</u>	<u>\$ 17,865,276</u>
Total Deferred Outflows of Resources	<u>\$ 1,122,778</u>	<u>\$ -</u>	<u>\$ 1,122,778</u>
Invested in Capital Assets, Net of Debt	\$ 26,837,414	\$ 6,755,180	\$ 33,592,594
Restricted	7,065,720	-	7,065,720
Unrestricted	4,684,301	2,260,957	6,945,258
Total Net Position	<u>\$ 38,587,435</u>	<u>\$ 9,016,137</u>	<u>\$ 47,603,572</u>

Net position of the Township's government activities increased by 6.08% in 2022. Therefore, the Township increased its net position for governmental activities by \$2,211,664 in 2022.

The net position of the Township's Business-Type Activities increased by 34.88%. Accordingly, the Township increased its net position for Business Type Activities by \$2,331,807. The unrestricted net position – that part of net position that can be used to finance daily business type activities is \$2,260,957 at the end of 2022.

	<u>Governmental Funds 2022</u>	<u>Business- Type Activities 2022</u>	<u>Government Wide 2022</u>
<u>Revenue</u>			
Charges for Services	\$ 2,091,984	\$ 9,334,709	\$ 11,426,693
Operating Grants and Contributions	2,382,532	-	2,382,532
Capital Grants and Contributions	218,595	-	218,595
Taxes	16,043,358	-	16,043,358
Miscellaneous Income	1,159,974	-	1,159,974
Interest Income	131,807	61,479	193,286
Total Revenue	<u>\$ 22,028,250</u>	<u>\$ 9,396,188</u>	<u>\$ 31,424,438</u>
<u>Expenditures</u>			
General Government	\$ 9,506,366	\$ -	\$ 9,506,366
Public Safety	4,724,547	-	4,724,547
Public Works	2,317,038	6,506,771	8,823,809
Cultural and Recreation	1,267,554	-	1,267,554
Interest on Long-Term Debt	58,011	111,008	169,019
Unallocated Depreciation	1,953,567	244,441	2,198,008
Bad Debt Expense	-	191,664	191,664
Total Expenses	<u>\$ 19,827,083</u>	<u>\$ 7,053,884</u>	<u>\$ 26,880,967</u>
Transfers	<u>10,497</u>	<u>(10,497)</u>	<u>-</u>
Change in Net Position	<u>\$ 2,211,664</u>	<u>\$ 2,331,807</u>	<u>\$ 4,543,471</u>

**TOWNSHIP OF BETHLEHEM
2022 FINANCIAL STATEMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Overall, the Township's governmental program revenues, including intergovernmental aid increased from \$23,213,502 in 2021 to \$22,055,847 in 2022 primarily due to Act 511 Tax Proceeds, Permits and Federal, State and Local grants.

Business-Type revenue increased by \$1,713,219 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 2022 was \$19,827,083 compared to \$17,197,929 in 2021. 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 \$17,335,139. Some of the cost was paid by those who directly benefitted from the program which amounted to \$2,091,984. Other governments and organizations that subsidized certain programs with grants and contributions amounted to \$2,601,127.

Business-Type Activities

Overall, the Sewer and Stormwater Funds (business type activities) net position increased from \$6,684,330 in 2021 to \$9,016,137 in 2022.

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.

	<u>Expenses</u>	<u>Charges For Service</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	<u>2022 Net (Revenue) Expense</u>
General Government	\$ 9,506,366	\$ 1,159,919	\$ -	\$ -	\$ 8,346,447
Public Safety	4,724,547	62,900	9,790	-	4,651,857
Public Works	2,317,038	38,800	2,372,742	218,595	(313,099)
Culture and Recreation	1,267,554	830,365	-	-	437,189
Sewer and Stormwater	7,053,884	9,334,709	-	-	(2,280,825)

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 \$13,923,507.

A significant contributor to the fund balance is the operating grants and contributions received in 2022. The year end fund balance consists of \$6,858,538 in unassigned funds, \$4,116,986 in restricted funds, \$712,744 in committed funds and \$2,235,239 in assigned funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenue of the general fund (the main operating fund of the Township) was \$143,280 below budget projections, with the largest increase seen in intergovernmental revenues.

**TOWNSHIP OF BETHLEHEM
2022 FINANCIAL STATEMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The actual expenditures of the general fund were \$1,030,131 below budget amounts. The most significant favorable variances were \$577,483 in general government and \$606,168 was in public works – highways and streets.

CAPITAL PROJECTS AND DEBT ADMINISTRATION

Debt

Long-term debt includes notes payable maturing at various dates through April 2027 related to refinance of previous notes and financing capital improvements. Long-term debt balance at December 31, 2022 is \$6,252,710.

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, 2022 is \$3,402,717.

BETHLEHEM TOWNSHIP DEMOGRAPHICS & ECONOMIC OUTLOOK

July 2022 US Census data estimate the population of Township of Bethlehem is 26,185 with 9,760 housing units and 402 businesses.

81.2 percent of the population is above 18 and 19.2 percent of the population is above 65.

There are approximately 66.9 percent of the population that are in the labor force. The median household income is \$104,167.

The median home value is \$278,300, of which 84 percent are owner occupied and 16 percent are rental units.

Township of Bethlehem has a total of 402 businesses. In 2022, the leading industries were Health Care, Social Services, Transportation and Warehousing.

As of December 2022, the assessed value of all property in 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
2022 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, 2022
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2021

	Governmental Activities	Business-Type Activities	2022 Total	2021 Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 13,729,038	\$ 5,135,817	\$ 18,864,855	\$ 15,392,809
Accounts Receivable, Net	-	683,127	683,127	1,689,792
Taxes Receivable, Net	1,290,515	-	1,290,515	1,199,163
Lease Receivable	13,317	-	13,317	11,208
Internal Balances	41,257	328	41,585	-
Total Current Assets	15,074,127	5,819,272	20,893,399	18,292,972
Noncurrent Assets:				
Land	4,059,744	-	4,059,744	4,059,744
Building and Building Improvements	25,054,488	-	25,054,488	24,491,172
Parks	5,957,300	-	5,957,300	5,948,598
Vehicles and Equipment	19,733,500	2,001,156	21,734,656	21,288,322
Road and Systems Improvements	11,219,977	-	11,219,977	11,178,727
Storm Sewer and Drainage	1,946,609	-	1,946,609	1,946,609
Sewer System	-	8,010,191	8,010,191	7,122,978
Right-of-Use Asset	80,005	-	80,005	80,005
Accumulated Depreciation	(34,955,378)	(3,029,850)	(37,985,228)	(35,787,220)
Lease Receivable	409,986	-	409,986	424,333
Net Pension Asset	-	-	-	2,351,503
Total Noncurrent Assets	33,506,231	6,981,497	40,487,728	43,104,771
TOTAL ASSETS	48,580,358	12,800,769	61,381,127	61,397,743
Deferred Outflows of Resources				
Deferred Outflows of Resources - Pension	5,139,967	-	5,139,967	941,245
Deferred Outflows of Resources - OPEB	70,532	-	70,532	54,457
Total Deferred Outflows of Resources	5,210,499	-	5,210,499	995,702
LIABILITIES				
Current Liabilities:				
Accounts Payable	919,426	-	919,426	925,002
Accrued Expenses	217,126	29,294	246,420	235,049
Internal Balances	751	40,834	41,585	-
Current Portion of Lease Obligations	11,719	-	11,719	17,379
Current Portion of Financed Purchase Obligations	116,297	23,507	139,804	189,238
Current Portion of Notes Payable	2,478,048	93,688	2,571,736	2,636,181
Current Portion of Authority Loans Payable	-	397,081	397,081	390,830
Total Current Liabilities	3,743,367	584,404	4,327,771	4,393,679
Noncurrent Liabilities:				
Net Pension Liability	5,966,971	-	5,966,971	550,176
Net OPEB Liability	606,309	-	606,309	575,506
Compensated Absences Provision	111,230	6,983	118,213	125,567
Notes Payable	3,548,345	132,629	3,680,974	6,254,988
Lease Obligations	3,154	-	3,154	14,873
Financed Purchase Obligations	101,268	54,980	156,248	224,484
Authority Loans Payable	-	3,005,636	3,005,636	3,222,651
Total Noncurrent Liabilities	10,337,277	3,200,228	13,537,505	10,968,245
TOTAL LIABILITIES	14,080,644	3,784,632	17,865,276	15,361,924
Deferred Inflows of Resources				
Deferred Revenue	88,491	-	88,491	52,337
Deferred Inflows of Resources - Lease	354,894	-	354,894	375,685
Deferred Inflows of Resources - Pension	637,676	-	637,676	3,503,995
Deferred Inflows of Resources - OPEB	41,717	-	41,717	39,403
Deferred Inflows of Resources	1,122,778	-	1,122,778	3,971,420
NET POSITION				
Invested in Capital Assets, Net of Related Debt	26,837,414	6,755,180	33,592,594	30,991,792
Restricted for:				
Capital Projects	5,749,711	-	5,749,711	5,490,078
Special Revenue	1,316,009	-	1,316,009	1,660,568
Unassigned	4,684,301	2,260,957	6,945,258	4,917,663
TOTAL NET POSITION	\$ 38,587,435	\$ 9,016,137	\$ 47,603,572	\$ 43,060,101

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

**TOWNSHIP OF BETHLEHEM
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		2022 Total	2021 Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		
Governmental Activities:								
General Government	\$ 9,506,366	\$ 1,159,919	\$ -	\$ -	\$ (8,346,447)	\$ -	\$ (8,346,447)	\$ (7,332,049)
Public Safety	4,724,547	62,900	9,790	-	(4,651,857)	-	(4,651,857)	(1,159,515)
Public Works	2,317,038	38,800	2,372,742	218,595	313,099	-	313,099	271,833
Cultural and Recreation	1,267,554	830,365	-	-	(437,189)	-	(437,189)	(545,627)
Interest on Long-Term Debt	58,011	-	-	-	(58,011)	-	(58,011)	(309,990)
Unallocated Depreciation	1,953,567	-	-	-	(1,953,567)	-	(1,953,567)	(1,880,607)
Total Governmental Activities	19,827,083	2,091,984	2,382,532	218,595	(15,133,972)	-	(15,133,972)	(10,955,955)
Business Type Activities:								
Sewer	5,408,242	7,264,083	-	-	-	1,855,841	1,855,841	1,286,991
Stormwater	1,645,642	2,070,626	-	-	-	424,984	424,984	(32,472)
Total Business-Type Activities	7,053,884	9,334,709	-	-	-	2,280,825	2,280,825	1,254,519
Total Primary Government	\$ 26,880,967	\$ 11,426,693	\$ 2,382,532	\$ 218,595	\$ (15,133,972)	\$ 2,280,825	\$ (12,853,147)	\$ (9,701,436)
General Revenues:								
Taxes:								
Property Taxes, levied for general purposes, net					\$ 8,484,568	\$ -	\$ 8,484,568	\$ 8,556,875
Local Service Tax					712,249	-	712,249	664,374
Earned Income Taxes					5,493,382	-	5,493,382	5,162,937
Other Taxes					1,353,159	-	1,353,159	1,076,319
Miscellaneous Income					1,159,974	-	1,159,974	1,501,776
Interest Income					131,807	61,479	193,286	4,963
Transfers In/(Out)					10,497	(10,497)	-	-
Total General Revenues, Special Items, Extraordinary Items, and Transfers					17,345,636	50,982	17,396,618	16,967,244
Change in Net Position					2,211,664	2,331,807	4,543,471	7,265,808
Net Position - Beginning, As Restated					36,375,771	6,684,330	43,060,101	35,794,293
Net Position - Ending					\$ 38,587,435	\$ 9,016,137	\$ 47,603,572	\$ 43,060,101

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

TOWNSHIP OF BETHLEHEM
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2022
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2021

	Major Funds		Non-Major Funds	2022 Total	2021 Total
	General	Capital Projects	Special Revenue		
ASSETS					
Cash and Cash Equivalents	\$ 6,665,184	\$ 5,749,711	\$ 1,314,143	\$ 13,729,038	\$ 11,199,586
Taxes Receivable, Net	1,290,515	-	-	1,290,515	1,199,163
Accounts Receivable, Net	-	-	-	-	1,410,153
Due from Other Funds	39,391	-	1,866	41,257	2,489
TOTAL ASSETS	\$ 7,995,090	\$ 5,749,711	\$ 1,316,009	\$ 15,060,810	\$ 13,811,391
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 919,426	\$ -	\$ -	\$ 919,426	\$ 925,002
Accrued Expenses	217,126	-	-	217,126	207,795
Due to Other Funds	-	-	751	751	43,407
TOTAL LIABILITIES	1,136,552	-	751	1,137,303	1,176,204
FUND BALANCES					
Assigned	1,542,000	2,235,239	-	3,777,239	3,554,207
Restricted	-	3,514,472	602,514	4,116,986	4,579,972
Committed	-	-	712,744	712,744	565,716
Unassigned	5,316,538	-	-	5,316,538	3,935,292
TOTAL FUND BALANCES	6,858,538	5,749,711	1,315,258	13,923,507	12,635,187
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,995,090	\$ 5,749,711	\$ 1,316,009	\$ 15,060,810	\$ 13,811,391

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, 2022**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 13,923,507

**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 \$67,971,618 and the accumulated depreciation is \$34,904,952. 33,066,666

Right-of-Use 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 \$80,005 and the accumulated amortization is \$50,426. 29,579

Lease receivable will be collected next year, but are not available soon enough to pay this year's expenditures, and therefore are not recognized in the governmental funds. 423,303

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. (88,491)

Deferred outflows and inflows of resources related to pensions, postemployment benefits, and leases are applicable to future periods and, therefore, not reported in governmental funds:

Deferred Outflows of Resources Related to Pension	\$ 5,139,967	
Deferred Inflows of Resources Related to Pension	(637,676)	
Deferred Outflows of Resources Related to OPEB	70,532	
Deferred Inflows of Resources Related to OPEB	(41,717)	
Deferred Inflows of Resources Related to Leases	<u>(354,894)</u>	
		<u>4,176,212</u>

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	\$ (111,230)	
Net Pension Asset	(5,966,971)	
Net OPEB Liability	(606,309)	
Right-of-Use Lease Obligations	(14,873)	
Financed Purchase Obligations	(217,565)	
Notes Payable	<u>(6,026,393)</u>	
		<u>(12,943,341)</u>

**TOTAL NET POSITION -
GOVERNMENTAL ACTIVITIES** \$ 38,587,435

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, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021

	Major Funds		Non-Major Funds	2022 Total	2021 Total
	General	Capital Projects	Special Revenue		
REVENUES					
Taxes	\$ 15,902,739	\$ -	\$ 140,620	\$ 16,043,359	\$ 15,460,505
Licenses and Permits	989,998	-	-	989,998	833,554
Fines and Forfeitures	38,060	-	-	38,060	46,772
Interest and Rents	78,644	46,750	32,337	157,731	41,045
Intergovernmental Revenues	1,243,277	554,183	810,344	2,607,804	4,676,610
Charges for Services	1,058,921	-	-	1,058,921	653,240
Other Revenues	1,132,027	27,947	-	1,159,974	1,501,776
TOTAL REVENUES	20,443,666	628,880	983,301	22,055,847	23,213,502
EXPENDITURES					
General Government	8,805,960	-	-	8,805,960	10,192,799
Public Safety	4,727,774	-	-	4,727,774	3,978,316
Public Works	1,105,941	37,400	1,173,697	2,317,038	1,712,125
Cultural and Recreation	1,267,554	-	-	1,267,554	1,029,425
Interest	2,524,278	-	-	2,524,278	2,609,842
TOTAL EXPENDITURES	18,431,507	37,400	1,173,697	19,642,604	19,522,507
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	2,012,159	591,480	(190,396)	2,413,243	3,690,995
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	270,426	-	-	270,426	42,873
Operating Transfers Out	(909,339)	(331,847)	(154,163)	(1,395,349)	(1,261,157)
Total Other Financing Sources (Uses)	(638,913)	(331,847)	(154,163)	(1,124,923)	(1,218,284)
Net Change in Fund Balances	1,373,246	259,633	(344,559)	1,288,320	2,472,711
Fund Balances, January 1	5,485,292	5,490,078	1,659,817	12,635,187	10,162,476
FUND BALANCES, DECEMBER 31	\$ 6,858,538	\$ 5,749,711	\$ 1,315,258	\$ 13,923,507	\$ 12,635,187

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, 2022**

Net Change in Fund Balances - Governmental Funds \$ 1,288,320

**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	\$ 967,810	
	Less: Depreciation and Amortization Expense	<u>(1,953,567)</u>	
			(985,757)

Land lease rental payments will not be collected for several months after the Township's year end. The collections on the lease receivable are not considered "available" revenues in the fund statements, but is recognized when earned in the statement of activities. (12,238)

Deferred revenue represents community center membership receipts available for appropriation in the fund statements, but is recognized when earned in the statement of activities. (36,154)

Repayment of note principal, financed purchases, and lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 2,651,259

The net result of deferred inflows of resources and deferred outflows of resources of net pension liabilities, postemployment benefits, and leases. (699,508)

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. 5,742

Change in Net Position of Governmental Activities \$ 2,211,664

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

TOWNSHIP OF BETHLEHEM
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2022
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2021

	2022			2021		
	Sewer Fund	Stormwater Fund	December 31, 2022	Sewer Fund	Stormwater Fund	December 31, 2021
ASSETS						
Current Assets:						
Cash and Cash Equivalents - Unrestricted	\$ 4,809,157	\$ 326,660	\$ 5,135,817	\$ 4,193,223	\$ -	\$ 4,193,223
Accounts Receivable, Net	656,690	26,437	683,127	279,639	-	279,639
Due from Other Funds	-	328	328	40,918	-	40,918
Total Current Assets	5,465,847	353,425	5,819,272	4,513,780	-	4,513,780
Noncurrent Assets:						
Fixed Assets, Less Accumulated Depreciation	6,981,497	-	6,981,497	6,246,933	-	6,246,933
Total Noncurrent Assets	6,981,497	-	6,981,497	6,246,933	-	6,246,933
TOTAL ASSETS	\$ 12,447,344	\$ 353,425	\$ 12,800,769	\$ 10,760,713	\$ -	\$ 10,760,713
LIABILITIES						
Current Liabilities:						
Accrued Expenses	\$ 29,294	\$ -	\$ 29,294	\$ 27,254	\$ -	\$ 27,254
Due to Other Funds	40,834	-	40,834	-	-	-
Current Portion of Long-Term Debt	93,688	-	93,688	114,710	-	114,710
Current Portion of Authority Loans Payable	397,081	-	397,081	390,830	-	390,830
Current Portion of Capital Leases	23,507	-	23,507	35,747	-	35,747
Total Current Liabilities	584,404	-	584,404	568,541	-	568,541
Noncurrent Liabilities:						
Compensated Absences	6,983	-	6,983	8,595	-	8,595
Capital Lease Obligations	54,980	-	54,980	6,919	-	6,919
Authority Loans Payable	3,005,636	-	3,005,636	3,222,651	-	3,222,651
Notes Payable	132,629	-	132,629	269,677	-	269,677
Total Noncurrent Liabilities	3,200,228	-	3,200,228	3,507,842	-	3,507,842
TOTAL LIABILITIES	3,784,632	-	3,784,632	4,076,383	-	4,076,383
NET POSITION						
Invested in Capital Assets, Net of Related Debt	6,755,180	-	6,755,180	5,862,546	-	5,862,546
Unrestricted	1,907,532	353,425	2,260,957	821,784	-	821,784
Total Net Position	8,662,712	353,425	9,016,137	6,684,330	-	6,684,330
TOTAL LIABILITIES AND NET POSITION	\$ 12,447,344	\$ 353,425	\$ 12,800,769	\$ 10,760,713	\$ -	\$ 10,760,713

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, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021

	2022		Year Ended December 31, 2022	2021		Year Ended December 31, 2021
	Sewer Fund	Stormwater Fund		Sewer Fund	Stormwater Fund	
OPERATING REVENUES:						
Charges for Services	\$ 7,234,122	2,070,626	\$ 9,304,748	\$ 7,237,224	\$ -	\$ 7,237,224
Other Revenue	29,961	-	29,961	384,266	-	384,266
Total Operating Revenues	<u>7,264,083</u>	<u>2,070,626</u>	<u>9,334,709</u>	<u>7,621,490</u>	<u>-</u>	<u>7,621,490</u>
OPERATING EXPENSES:						
Personnel	938,704	242,789	1,181,493	864,915	-	864,915
Supplies	251,677	1,000	252,677	165,539	-	165,539
Professional Services	158,419	432,017	590,436	109,156	32,472	141,628
Employee Benefits	490,241	104,272	594,513	526,278	-	526,278
Insurance	89,241	35,000	124,241	88,212	-	88,212
Repairs and Maintenance	38,041	727,989	766,030	138,799	-	138,799
Disposal System	2,894,806	102,575	2,997,381	3,932,727	-	3,932,727
Depreciation and Amortization	244,441	-	244,441	187,149	-	187,149
Bad Debt Expense	191,664	-	191,664	220,146	-	220,146
Total Operating Expenses	<u>5,297,234</u>	<u>1,645,642</u>	<u>6,942,876</u>	<u>6,232,921</u>	<u>32,472</u>	<u>6,265,393</u>
OPERATING INCOME (LOSS)	<u>1,966,849</u>	<u>424,984</u>	<u>2,391,833</u>	<u>1,388,569</u>	<u>(32,472)</u>	<u>1,356,097</u>
NON-OPERATING REVENUES (EXPENSES):						
Interest Revenue	60,690	789	61,479	1,142	-	1,142
Interest Expense	(111,008)	-	(111,008)	(101,578)	-	(101,578)
Total Non-operating Revenues (Expenses)	<u>(50,318)</u>	<u>789</u>	<u>(49,529)</u>	<u>(100,436)</u>	<u>-</u>	<u>(100,436)</u>
Income (Loss) Before Contributions and Transfers	1,916,531	425,773	2,342,304	1,288,133	(32,472)	1,255,661
Transfers In (Out)	61,851	(72,348)	(10,497)	163,524	32,472	195,996
Change in Net Position	<u>1,978,382</u>	<u>353,425</u>	<u>2,331,807</u>	<u>1,451,657</u>	<u>-</u>	<u>1,451,657</u>
Total Net Position - January 1, As Restated	6,684,330	-	6,684,330	5,232,673	-	5,232,673
TOTAL NET POSITION - December 31	<u>\$ 8,662,712</u>	<u>\$ 353,425</u>	<u>\$ 9,016,137</u>	<u>\$ 6,684,330</u>	<u>\$ -</u>	<u>\$ 6,684,330</u>

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, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021**

	2022		Year Ended December 31, 2022	2021		Year Ended December 31, 2021
	Sewer Fund	Stormwater Fund		Sewer Fund	Stormwater Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash Received from Customers	\$ 6,665,407	\$ 2,044,189	\$ 8,709,596	\$ 7,374,848	\$ -	\$ 7,374,848
Cash Payment to Suppliers for Goods and Services	(3,350,432)	(1,298,909)	(4,649,341)	(4,575,637)	(32,472)	(4,608,109)
Cash Payments to Employees for Services	(1,428,517)	(347,061)	(1,775,578)	(1,387,197)	-	(1,387,197)
Other Operating Receipts	29,961	-	29,961	384,266	-	384,266
Net Cash Provided by (Used in) Operating Activities	<u>1,916,419</u>	<u>398,219</u>	<u>2,314,638</u>	<u>1,796,280</u>	<u>(32,472)</u>	<u>1,763,808</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating Transfers In	61,851	(72,348)	(10,497)	163,524	32,472	195,996
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>61,851</u>	<u>(72,348)</u>	<u>(10,497)</u>	<u>163,524</u>	<u>32,472</u>	<u>195,996</u>
CASH FLOWS FROM CAPITAL ACTIVITIES:						
Borrowings on Long-Term Debt	-	-	-	384,387	-	384,387
Principal Paid on Long-Term Debt	(158,070)	-	(158,070)	(532,590)	-	(532,590)
Interest Paid on Long-Term Debt	(2,056)	-	(2,056)	(14,787)	-	(14,787)
Principal Paid on Financed Purchase Obligations	(55,971)	-	(55,971)	(130,657)	-	(130,657)
Interest Paid on Financed Purchase Obligations	(1,830)	-	(1,830)	(10,046)	-	(10,046)
Borrowings on Authority Lease	180,069	-	180,069	3,010,809	-	3,010,809
Principal Paid on Authority Lease	(390,833)	-	(390,833)	(160,678)	-	(160,678)
Interest Paid on Authority Lease	(107,122)	-	(107,122)	(76,745)	-	(76,745)
Purchase of Fixed Assets	(887,213)	-	(887,213)	(3,975,312)	-	(3,975,312)
Net Cash Used in Capital Activities	<u>(1,423,026)</u>	<u>-</u>	<u>(1,423,026)</u>	<u>(1,505,619)</u>	<u>-</u>	<u>(1,505,619)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest Received	60,690	789	61,479	1,142	-	1,142
Net Cash Provided by Investing Activities	<u>60,690</u>	<u>789</u>	<u>61,479</u>	<u>1,142</u>	<u>-</u>	<u>1,142</u>
Net Increase in Cash and Cash Equivalents	615,934	326,660	942,594	455,327	-	455,327
Cash and Cash Equivalents, January 1	4,193,223	-	4,193,223	3,737,896	-	3,737,896
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 4,809,157</u></u>	<u><u>\$ 326,660</u></u>	<u><u>\$ 5,135,817</u></u>	<u><u>\$ 4,193,223</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,193,223</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Operating Income (Loss)	\$ 1,966,849	\$ 424,984	\$ 2,391,833	\$ 1,388,569	\$ (32,472)	\$ 1,356,097
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation	244,441	-	244,441	187,149	-	187,149
Bad Debts	191,664	-	191,664	220,146	-	220,146
Changes in Assets and Liabilities:						
Increase (Decrease) in Amounts Due to Other Funds	40,834	-	40,834	(100,286)	-	(100,286)
(Increase) Decrease in Amounts Due from Other Funds	40,918	(328)	40,590	(40,918)	-	(40,918)
(Increase) Decrease in Accounts Receivable	(568,715)	(26,437)	(595,152)	137,624	-	137,624
Increase in Accrued Expenses	428	-	428	3,996	-	3,996
Total Adjustments	<u>(50,430)</u>	<u>(26,765)</u>	<u>(77,195)</u>	<u>407,711</u>	<u>-</u>	<u>407,711</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 1,916,419</u></u>	<u><u>\$ 398,219</u></u>	<u><u>\$ 2,314,638</u></u>	<u><u>\$ 1,796,280</u></u>	<u><u>\$ (32,472)</u></u>	<u><u>\$ 1,763,808</u></u>

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

**TOWNSHIP OF BETHLEHEM
STATEMENT OF NET POSITION
ALL FIDUCIARY FUNDS
DECEMBER 31, 2022
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2021**

	Pension Funds	Custodial Funds	Total December 31, 2022	Total December 31, 2021
ASSETS:				
Cash and Cash Equivalents - Unrestricted	\$ 662,290	\$ -	\$ 662,290	\$ 979,420
Cash and Cash Equivalents - Restricted	-	1,097,065	1,097,065	932,530
Investments - at Fair Value				
Cash and Sweep Balances	578,233	-	578,233	643,999
Common Stocks	34,765,582	-	34,765,582	39,740,801
Total Assets	\$ 36,006,105	\$ 1,097,065	\$ 37,103,170	\$ 42,296,750
LIABILITIES:				
Accounts Payable	\$ (2,287)	\$ (35)	\$ (2,322)	\$ (2,320)
Due to Other Funds	-	-	-	-
Total Liabilities	(2,287)	(35)	(2,322)	(2,320)
NET POSITION:				
Restricted	36,008,392	1,097,100	37,105,492	42,299,070
Total Liabilities and Net Position	\$ 36,006,105	\$ 1,097,065	\$ 37,103,170	\$ 42,296,750

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, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021**

	Pension Funds	Custodial Funds	Total Year Ended December 31, 2022	Total Year Ended December 31, 2021
ADDITIONS:				
Contributions:				
Employer	\$ 1,202,855	\$ -	\$ 1,202,855	\$ 2,125,863
Plan Members	225,040	-	225,040	176,825
Total Contributions	<u>1,427,895</u>	<u>-</u>	<u>1,427,895</u>	<u>2,302,688</u>
Investment Earnings:				
Interest, Dividends and Net Unrealized Gain (Loss)	(5,326,328)	10,663	(5,315,665)	4,313,434
Less: Investment Expenses	<u>(100,304)</u>	<u>-</u>	<u>(100,304)</u>	<u>(102,247)</u>
Net Investment Gain (Loss)	<u>(5,426,632)</u>	<u>10,663</u>	<u>(5,415,969)</u>	<u>4,211,187</u>
Collections from Other Entities	<u>-</u>	<u>1,123,263</u>	<u>1,123,263</u>	<u>1,124,562</u>
Total Additions	<u>(3,998,737)</u>	<u>1,133,926</u>	<u>(2,864,811)</u>	<u>7,638,437</u>
DEDUCTIONS:				
Administration	23,100	-	23,100	8,400
Benefit Payments	1,336,276	-	1,336,276	1,307,491
Payments to Other Entities	<u>-</u>	<u>969,391</u>	<u>969,391</u>	<u>1,129,861</u>
Total Deductions	<u>1,359,376</u>	<u>969,391</u>	<u>2,328,767</u>	<u>2,445,752</u>
NET INCREASE (DECREASE)	(5,358,113)	164,535	(5,193,578)	5,192,685
NET POSITION:				
Net Position, January 1, As Restated	<u>41,366,505</u>	<u>932,565</u>	<u>42,299,070</u>	<u>37,106,385</u>
Net Position, December 31	<u>\$ 36,008,392</u>	<u>\$ 1,097,100</u>	<u>\$ 37,105,492</u>	<u>\$ 42,299,070</u>

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

TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

1. Entity

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 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, 2022

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, 2022**

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:

State 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 Fund - 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, 2022

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 collections from other entities and 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. Township of Bethlehem has four pension trust funds and a defined contribution fund 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 retirement 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, 2022**

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, 2022**

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

Right-of-Use Assets

In the government-wide financial statements, right-of-use assets are reported net of amortization and valued at the future minimum lease payment. Amortization is based on the contract terms and/or estimated replacement of the assets.

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.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

2. Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources (Continued)

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.

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.

Leases

At the commencement of a lease, the Township initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. Key estimates and judgements related to leases included how the Township determined the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

The Township as a lessee will use the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Township will use the 10-year treasury rate.

The Township monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

2. Summary of Significant Accounting Policies (Continued)

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.

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.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

2. Summary of Significant Accounting Policies (Continued)

Governmental Fund Balances (Continued)

- 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.

Adoption of New Accounting Standards

In June 2017, the GASB issued Statement – 87 *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contracts. It establishes a single model for lease accounting based on the fundamental principle that leases are financing of the right to use an underlying asset. The requirements of the Statement are effective for reporting periods beginning after June 15, 2021. The Statement is effective for the Township's fiscal year ended December 31, 2022.

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.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

3. Cash and Investments (Continued)

General (Continued)

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, 2022, the carrying amount of the Township's bank deposits at two financial institutions (excluding those held in the Pension Trust Funds and Bethlehem Township Municipal Authority, but including Custodial Funds) totaled \$8,624,787 and the corresponding bank balances were \$9,259,815 of which \$500,000 was insured by the Federal Deposit Insurance Corporation ("FDIC"); the uninsured bank balances of \$8,759,815 were collateralized, as described below.

Cash Equivalents

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 \$8,759,815 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, 2022, the petty cash balance was \$600.

As of December 31, 2022, 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 \$7,037,984. 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 or its agent in the Township's name.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

3. Cash and Investments (Continued)

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, 2022 and 2021, the Township had the following investments:

<u>Investment - Pension Trust Funds</u>	<u>Fair Value</u>
<u>2022</u>	
Cash and Sweep Balances	\$ 578,233
Common Stocks	34,765,582
	\$ 35,343,815
<u>2021</u>	
Cash and Sweep Balances	\$ 643,999
Common Stocks	39,740,801
	\$ 40,384,800

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.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

3. Cash and Investments (Continued)

Investments (Continued)

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 (\$924,383,000 in 2022), the Township bills and collects its own property taxes. The schedule for property taxes levied for 2022 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 2022 and 2021.

The balances at December 31, 2022 and 2021 are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible
<u>2022</u>			
Real Estate	\$ 23,443	\$ -	\$ 23,443
Earned Income Tax	1,065,191	-	1,065,191
Business Privilege and Mercantile	25,445	-	25,445
Local Service Tax	176,436	-	176,436
	<u>\$ 1,290,515</u>	<u>\$ -</u>	<u>\$ 1,290,515</u>
<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>

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

5. Inter-fund Receivables and Payables

Inter-fund receivable and payable balances as of December 31, 2022 and 2021 as follows:

	Due From Other Funds	Due to Other Funds
<u>2022</u>		
<i><u>Governmental Activities</u></i>		
General Fund	\$ 39,391	\$ -
Fire Fund	1,866	-
State Liquid Fuels Fund	-	751
<i><u>Business Type Activities</u></i>		
Sewer Fund	-	40,834
Stormwater Fund	328	-
	<u>\$ 41,585</u>	<u>\$ 41,585</u>
<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>

6. Inter-fund Transfers

Inter-fund transfers during 2022 and 2021 were as follows:

	Transfers from Other Funds	Transfers to Other Funds
<u>2022</u>		
<i><u>Governmental Activities</u></i>		
General Fund	\$ 270,426	\$ 909,339
Capital Reserve Fund	635,959	-
State Liquid Fuels Fund	13,451	-
<i><u>Business Type Activities</u></i>		
Sewer Fund	61,851	-
Stormwater Fund	-	72,348
	<u>\$ 981,687</u>	<u>\$ 981,687</u>
<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	-
	<u>\$ 1,335,621</u>	<u>\$ 1,335,621</u>

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

7. Capital Assets

Capital asset activity for the fiscal year ended December 31, 2022, was as follows:

	Balance Jan. 1, 2022	Additions	Retirements	Balance Dec. 31, 2022
Governmental Activities:				
<i>Capital Assets not Being Depreciated:</i>				
Land	\$ 4,059,744	\$ -	\$ -	\$ 4,059,744
Total Capital Assets Not Being Depreciated	<u>4,059,744</u>	<u>-</u>	<u>-</u>	<u>4,059,744</u>
<i>Capital Assets Being Depreciated</i>				
Building and Building Improvements	24,491,172	563,316	-	25,054,488
Vehicles and Equipment	19,378,958	354,542	-	19,733,500
Parks	5,948,598	8,702	-	5,957,300
Road System and Improvements	11,178,727	41,250	-	11,219,977
Storm Sewer and Drainage	1,946,609	-	-	1,946,609
Right-of-Use Equipment	80,005	-	-	80,005
Total at Historical Cost	<u>63,024,069</u>	<u>967,810</u>	<u>-</u>	<u>63,991,879</u>
Less Accumulated Depreciation	<u>(33,001,811)</u>	<u>(1,953,567)</u>	<u>-</u>	<u>(34,955,378)</u>
Government Activity Capital Assets, Net	<u>\$ 30,022,258</u>	<u>\$ (985,757)</u>	<u>\$ -</u>	<u>\$ 33,096,245</u>

Depreciation expense for the general fund was \$1,953,567 and \$1,880,607 in 2022 and 2021, respectively.

	Balance Jan. 1, 2022	Additions	Retirements	Balance Dec. 31, 2022
Business-Type Activities:				
<i>Capital Assets Being Depreciated</i>				
Vehicles and Equipment	\$ 1,909,364	\$ 91,792	\$ -	\$ 2,001,156
Sewer System	7,122,978	887,213	-	8,010,191
Total Capital Assets Being Depreciated	<u>9,032,342</u>	<u>979,005</u>	<u>-</u>	<u>10,011,347</u>
Less Accumulated Depreciation	<u>(2,785,409)</u>	<u>(244,441)</u>	<u>-</u>	<u>(3,029,850)</u>
Business-Type Capital Assets, Net	<u>\$ 6,246,933</u>	<u>\$ 734,564</u>	<u>\$ -</u>	<u>\$ 6,981,497</u>

Depreciation expense for the sewer fund was \$244,441 and \$187,149 in 2022 and 2021, respectively.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

8. Long-Term Debt

Changes in long-term obligations for the year ended December 31, 2022, are as follows:

	Balance Outstanding Jan. 1, 2022	Additions	Reductions	Balance Outstanding Dec. 31, 2022	Amounts Due Within One Year
<i>Governmental Activities:</i>					
<u>Series 2021:</u>					
6-year Term Loan Payable to Bank, Fixed Rate of 0.71%. Matures April, 2027	\$ 8,247,614	\$ -	\$ (2,417,930)	\$ 5,829,684	\$ 2,413,312
<u>2021 HVAC:</u>					
5-year Term Loan Payable to Bank at Fixed Rate of 2.45%. Matures February, 2026.	259,168	-	(62,459)	196,709	64,736
	8,506,782	-	(2,480,389)	6,026,393	2,478,048
Compensated Absences	116,972	-	(5,742)	111,230	-
Net Pension Liability	550,176	5,416,795	-	5,966,971	-
Net OPEB Liability	575,506	30,803	-	606,309	-
	<u>\$ 9,749,436</u>	<u>\$ 5,447,598</u>	<u>\$ (2,486,131)</u>	<u>\$ 12,710,903</u>	<u>\$ 2,478,048</u>
<i>Business-Type Activities:</i>					
<u>Series 2021:</u>					
6-year Term Loan Payable to Bank, Fixed Rate of 0.71%. Matures April, 2027	\$ 384,387	\$ -	\$ (158,070)	\$ 226,317	\$ 93,688
	384,387	-	(158,070)	226,317	93,688
Compensated Absences	8,595	-	(1,612)	6,983	-
	<u>\$ 392,982</u>	<u>\$ -</u>	<u>\$ (159,682)</u>	<u>\$ 233,300</u>	<u>\$ 93,688</u>

The annual debt service requirements to maturity, including principal and interest, as of December 31, 2022, are as follows:

During the year(s) ended December 31,	Principal	Interest
2023	\$ 2,571,736	\$ 43,412
2024	1,946,316	24,166
2025	986,658	11,166
2026	520,000	4,387
2027	228,000	809
Totals	<u>\$ 6,252,710</u>	<u>\$ 83,940</u>

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022	Additions	Reductions	Balance Outstanding Dec. 31, 2022	Amounts Due Within One Year
Penn Works Loan (Series 2011)	\$ 652,741	\$ -	\$ (61,833)	\$ 590,908	\$ 63,081
2020 Revenue Note	2,960,740	180,069	(329,000)	2,811,809	334,000
	<u>\$ 3,613,481</u>	<u>\$ 180,069</u>	<u>\$ (390,833)</u>	<u>\$ 3,402,717</u>	<u>\$ 397,081</u>

The annual lease rental requirements to maturity, including principal and interest, as of December 31, 2022, are as follows:

During the year(s) ended December 31,	Principal	Interest
2023	\$ 397,081	\$ 52,172
2024	403,354	45,866
2025	409,653	39,467
2026	415,978	32,959
2027	423,330	26,350
2028-2031	1,353,321	38,667
Totals	<u>\$ 3,402,717</u>	<u>\$ 235,481</u>

TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 2022 and 2021 were \$60,539 and \$26,489, respectively.

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% 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.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

12. Defined Benefit Retirement Plans (Continued)

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.

Reporting Entity

The Township maintains four single-employer, defined benefit pension plans which cover all full-time classed employees. The Plans are part of 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.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

12. Defined Benefit Retirement Plans (Continued)

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 during the periods of January 1, 1961, to December 31, 1979, and January 1, 1998, to December 31, 2021. after January 1, 1998, and during the period January 1, 1961, to December 31, 1979. The amount of monthly pension is equal to 2.00% of average monthly compensation, multiplied by the number of years of benefit service completed by the member after January 1, 2022.

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, 2022**

12. Defined Benefit Retirement Plans (Continued)

Teamsters 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 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, 2022

Inactive Members or Beneficiaries Currently Receiving Benefits	7
Inactive Members Entitled to but not yet Receiving Benefits	2
Active Members	5
Total Members	<u>14</u>

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

12. Defined Benefit Retirement Plans (Continued)

Teamsters Pension Plan (Continued)

Net Pension Liability (Asset)

The net pension liability (asset) was measured as of December 31, 2022, 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:

<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, 2022**

12. Defined Benefit Retirement Plans (Continued)

Teamsters 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, 2021	\$ 1,968,044	\$ 2,022,966	\$ (54,922)
Changes for the year:			
Service Cost	26,750	-	26,750
Interest Cost	137,233	-	137,233
Changes in Benefit Terms	-	-	-
Changes for Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	67,180	(67,180)
Contributions - Member	-	-	-
Net Investment Income	-	(264,323)	264,323
Benefit Payments	(68,648)	(68,648)	-
Administrative Expense	-	(5,100)	5,100
Other Changes	-	-	-
Net Changes	<u>95,335</u>	<u>(270,891)</u>	<u>366,226</u>
Balance at December 31, 2022	<u>\$ 2,063,379</u>	<u>\$ 1,752,075</u>	<u>\$ 311,304</u>

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

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

	1% Decrease	Current	1% Increase
	6.00%	Discount Rate 7.00%	8.00%
Net Pension Liability	\$ 547,361	\$ 311,304	\$ 111,842

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.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

12. Defined Benefit Retirement Plans (Continued)

Teamsters Pension Plan (Continued)

	2017	2018	2019	2020	2021	2022
Service Cost	\$ 20,820	\$ 21,861	\$ 23,384	\$ 24,553	\$ 25,476	\$ 26,750
Interest on the Total Pension Liability	100,926	106,278	118,145	124,453	130,761	137,233
Changes in Benefit Terms	-	-	-	-	-	-
Difference between Expected and Actual Experience ¹	(11,250)	(11,250)	(12,393)	(12,390)	(1,127)	(1,125)
Changes of Assumptions ¹	10,857	10,857	33,089	33,090	22,232	22,231
Member Contributions	-	-	-	-	-	-
Projected Earnings on Pension Plan Investments	(84,700)	(95,952)	(94,896)	(109,442)	(125,977)	(141,378)
Difference between Projected and Actual Earnings on Investments ²	16,084	45,072	27,412	(9,847)	(31,786)	57,366
Pension Plan Administrative Expense	3,900	3,500	5,300	2,600	5,100	5,100
Other Changes in Fiduciary Net Position	-	-	-	-	-	-
Pension Expense	\$ 56,637	\$ 80,366	\$ 100,041	\$ 53,017	\$ 24,679	\$ 106,177

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, 2022, the Township recognized pension expense of \$67,180. At December 31, 2022, 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	\$ 32	\$ -
Changes in Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	221,048	-
Total	\$ 221,080	\$ -

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,	
2023	\$ 28,394
2024	46,054
2025	65,491
2026	81,141

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

12. Defined Benefit Retirement Plans (Continued)

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.

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.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

12. Defined Benefit Retirement Plans (Continued)

Non-Uniformed Pension Plan (Continued)

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, 2022

Inactive Members or Beneficiaries Currently Receiving Benefits	8
Inactive Members Entitled to but not yet Receiving Benefits	4
Active Members	10
Total Members	22

Net Pension Liability

The net pension liability was measured as of December 31, 2022, 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.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

12. Defined Benefit Retirement Plans (Continued)

Non-Uniformed Pension Plan (Continued)

Actuarial Assumptions (Continued)

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%

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 Net Pension Liability

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2021	\$ 5,410,512	\$ 5,103,051	\$ 307,461
Changes for the year:			
Service Cost	93,364	-	93,364
Interest Cost	379,263	-	379,263
Changes in Benefit Terms	-	-	-
Changes for Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	232,285	(232,285)
Contributions - Member	-	-	-
Net Investment Income	-	(661,799)	661,799
Benefit Payments	(171,674)	(171,674)	-
Administrative Expense	-	(4,600)	4,600
Other Changes	-	-	-
Net Changes	300,953	(605,788)	906,741
Balance at December 31, 2022	\$ 5,711,465	\$ 4,497,263	\$ 1,214,202

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

12. Defined Benefit Retirement Plans (Continued)

Non-Uniformed Pension Plan (Continued)

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 1,896,281	\$ 1,214,202	\$ 641,199

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	2022
Service Cost	\$ 82,498	\$ 86,623	\$ 87,595	\$ 91,975	\$ 88,918	\$ 93,364
Interest on the Total Pension Liability	250,262	271,857	315,166	340,517	363,066	379,263
Changes in Benefit Terms	-	-	-	-	-	-
Difference between Expected and Actual Experience ¹	(34,075)	(34,075)	(17,137)	(17,137)	(3,155)	22,657
Changes of Assumptions ¹	32,915	32,915	75,553	75,553	75,553	75,552
Member Contributions	-	-	-	-	-	-
Projected Earnings on Pension Plan Investments	(192,162)	(226,937)	(232,377)	(275,958)	(319,630)	(359,174)
Difference between Projected and Actual Earnings on Investments ²	32,371	100,715	57,289	(29,961)	(85,450)	136,473
Pension Plan Administrative Expense	3,900	3,500	5,100	2,600	4,500	4,600
Other Changes in Fiduciary Net Position	-	-	-	-	-	-
Pension Expense	\$ 175,709	\$ 234,598	\$ 291,189	\$ 187,589	\$ 123,802	\$ 352,735

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, 2022**

12. Defined Benefit Retirement Plans (Continued)

Non-Uniformed Pension Plan (Continued)

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

For the year ended December 31, 2022, the Township recognized pension expense of \$232,285. At December 31, 2022, 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	\$ 44,905	\$ -
Changes in Assumptions	42,638	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	546,182	-
Total	\$ 633,725	\$ -

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,		2023	\$	141,691
		2024		125,539
		2025		162,303
		2026		204,192

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.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

12. Defined Benefit Retirement Plans (Continued)

AFSCME Pension Plan (Continued)

Normal Retirement (Continued)

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.

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.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

12. Defined Benefit Retirement Plans (Continued)

AFSCME Pension Plan (Continued)

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, 2022

Inactive Members or Beneficiaries Currently Receiving Benefits	10
Inactive Members Entitled to but not yet Receiving Benefits	4
Active Members	18
Total Members	32

Net Pension Liability

The net pension liability was measured as of December 31, 2022, 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, 2022 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.

TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

12. Defined Benefit Retirement Plans (Continued)

AFSCME Pension Plan (Continued)

Actuarial Assumptions (Continued)

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.

Changes in the Net Pension Liability

	<u>Increase/(Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balance at December 31, 2021	\$ 7,187,315	\$ 6,944,600	\$ 242,715
Changes for the year:			
Service Cost	129,659	-	129,659
Interest Cost	505,383	-	505,383
Changes in Benefit Terms	-	-	-
Changes for Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	296,763	(296,763)
Contributions - Member	-	-	-
Net Investment Income	-	(915,160)	915,160
Benefit Payments	(194,428)	(194,428)	-
Administrative Expense	-	(3,600)	3,600
Other Changes	-	-	-
Net Changes	<u>440,614</u>	<u>(816,425)</u>	<u>1,257,039</u>
Balance at December 31, 2022	<u>\$ 7,627,929</u>	<u>\$ 6,128,175</u>	<u>\$ 1,499,754</u>

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

12. Defined Benefit Retirement Plans (Continued)

AFSCME Pension Plan (Continued)

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 2,483,317	\$ 1,499,754	\$ 670,320

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	2022
Service Cost	\$ 121,465	\$ 127,538	\$ 117,167	\$ 123,025	\$ 123,485	\$ 129,659
Interest on the Total Pension Liability	357,311	387,787	410,757	439,374	476,070	505,383
Changes in Benefit Terms	-	-	-	-	-	-
Difference between Expected and Actual Experience ¹	9,770	9,770	(28,940)	(28,940)	(8,487)	(8,487)
Changes of Assumptions ¹	30,937	30,937	56,293	56,293	56,293	56,293
Member Contributions	-	-	-	-	-	-
Projected Earnings on Pension Plan Investments	(255,082)	(299,102)	(305,767)	(364,102)	(428,983)	(489,578)
Difference between Projected and Actual Earnings on Investments ²	43,784	134,268	76,120	(41,271)	(114,301)	190,205
Pension Plan Administrative Expense	4,100	3,900	5,900	3,000	4,900	3,600
Other Changes in Fiduciary Net Position	-	-	-	-	-	-
Pension Expense	\$ 312,285	\$ 395,098	\$ 331,530	\$ 187,379	\$ 108,977	\$ 387,075

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, 2022**

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, 2022, the Township recognized pension expense of \$296,763. At December 31, 2022, 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	\$ -	\$ 24,267
Changes in Assumptions	168,881	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	764,667	-
Total	\$ 933,548	\$ 24,267

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,		2023	2024	2025	2026
	\$	147,528	205,678	254,673	301,402

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.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

12. Defined Benefit Retirement Plans (Continued)

Police 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 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.

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.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

12. Defined Benefit Retirement Plans (Continued)

Police Pension Plan (Continued)

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, 2022

Inactive Members or Beneficiaries Currently Receiving Benefits	24
Inactive Members Entitled to but not yet Receiving Benefits	4
Active Members	35
Total Members	63

Net Pension Liability (Asset)

The net pension liability (asset) was measured as of December 31, 2022, 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:

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, 2022**

12. Defined Benefit Retirement Plans (Continued)

Police 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, 2021	\$ 24,832,307	\$ 27,128,888	\$ (2,296,581)
Changes for the year:			
Service Cost	681,390	-	681,390
Interest Cost	1,754,405	-	1,754,405
Changes in Benefit Terms	-	-	-
Changes for Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	546,088	(546,088)
Contributions - Member	-	225,040	(225,040)
Net Investment Income	-	(3,563,825)	3,563,825
Benefit Payments	(901,526)	(901,526)	-
Administrative Expense	-	(9,800)	9,800
Other Changes	-	-	-
Net Changes	<u>1,534,269</u>	<u>(3,704,023)</u>	<u>5,238,292</u>
Balance at December 31, 2022	<u>\$ 26,366,576</u>	<u>\$ 23,424,865</u>	<u>\$ 2,941,711</u>

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 6,444,789	\$ 2,941,711	\$ 41,932

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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	2022
Service Cost	\$ 540,384	\$ 567,403	\$ 597,823	\$ 627,714	\$ 648,943	\$ 681,390
Interest on the Total Pension Liability	1,290,988	1,380,808	1,443,706	1,539,934	1,650,322	1,754,405
Changes in Benefit Terms	-	-	-	-	-	-
Difference between Expected and Actual Experience ¹	(92,971)	(92,971)	(209,666)	(209,666)	(188,996)	(188,996)
Changes of Assumptions ¹	52,235	52,235	113,290	113,290	113,290	113,289
Member Contributions	(122,597)	(155,073)	(251,485)	(177,440)	(176,825)	(225,040)
Projected Earnings on Pension Plan Investments	(1,080,576)	(1,232,200)	(1,233,345)	(1,445,148)	(1,682,497)	(1,894,115)
Difference between Projected and Actual Earnings on Investments ²	204,352	574,896	342,345	(146,383)	(442,031)	748,853
Pension Plan Administrative Expense	5,700	6,900	7,700	6,800	8,000	9,800
Other Changes in Fiduciary Net Position	-	-	-	-	-	-
Pension Expense	<u>\$ 797,515</u>	<u>\$ 1,101,998</u>	<u>\$ 810,368</u>	<u>\$ 309,101</u>	<u>\$ (69,794)</u>	<u>\$ 999,586</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, 2022, the Township recognized pension expense of \$546,088. At December 31, 2022, 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	\$ -	\$ 613,409
Changes in Assumptions	394,799	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>2,956,815</u>	<u>-</u>
Total	<u>\$ 3,351,614</u>	<u>\$ 613,409</u>

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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,		
	2023	\$ 293,640
	2024	526,191
	2025	841,083
	2026	1,056,618
	2027	20,673

13. Postemployment Benefits Other Than Pensions

Plan Description

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

2.25%. Based on S&P Municipal Bond 20-Year High Grade Rate Index at January 1, 2022.

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, 2022**

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, 2022**

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, 2022.

At January 1, 2022, the following eligible employees and retirees were covered by the plan:

Active Members	25
Vested Former Participants	0
Retired Participants	<u>5</u>
Total Participants	<u><u>30</u></u>

Net OPEB Liability

The components of the net OPEB liability of the Township at December 31, 2022 were as follows:

	<u>2022</u>
Total OPEB Liability	\$ 606,309
Plan Fiduciary Net Position	<u>-</u>
Net OPEB Liability	<u><u>\$ 606,309</u></u>

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2021	\$ 575,506	\$ -	\$ 575,506
Changes for the year:			
Service Cost	28,395	-	28,395
Interest Cost ²	11,370	-	11,370
Changes in Benefit Terms	-	-	-
Changes between Expected and Actual Experience ¹	28,724	-	28,724
Changes of Assumptions ¹	(10,362)	-	(10,362)
Contributions - Employer	-	27,324	(27,324)
Contributions - Member	-	-	-
Net Investment Income	-	-	-
Benefit Payments ²	(27,324)	(27,324)	-
Administrative Expense	-	-	-
Other Changes	-	-	-
Net Changes	<u>30,803</u>	<u>-</u>	<u>30,803</u>
Balance at December 31, 2022	<u>\$ 606,309</u>	<u>\$ -</u>	<u>\$ 606,309</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 2.25% as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower (1.25%) or one percent higher (3.25%) than the current rate:

	Current		
	1% Decrease 1.25%	Discount Rate 2.25%	1% Increase 3.25%
Net OPEB Liability	\$ 639,245	\$ 606,309	\$ 574,990

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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	\$ 606,309	\$ 606,309	\$ 606,309

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	2022
Service Cost	\$ 19,721	\$ 22,653	\$ 21,818	\$ 22,110	\$ 28,395
Interest on the Total OPEB Liability	20,223	17,958	20,215	17,393	11,370
Changes in Benefit Terms	-	-	-	-	-
Contributions - Employee	-	-	-	-	-
Amortization of Deferred Outflows	1,951	1,951	3,419	8,546	12,649
Amortization of Deferred Inflows	-	(1,662)	(6,568)	(6,568)	(8,048)
Other Changes	-	-	-	-	-
OPEB Expense	\$ 41,895	\$ 40,900	\$ 38,884	\$ 41,481	\$ 44,366

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

For the year ended December 31, 2022, the Township recognized OPEB expense of \$44,366. At December 31, 2022, 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	\$ 24,621	\$ 24,529
Changes in Assumptions	45,911	17,188
Total	\$ 70,532	\$ 41,717

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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,			
	2023	\$	4,601
	2024		4,601
	2025		4,601
	2026		4,600
	2027		2,658
	2028		7,754

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	Parks and Recreation Fund	State Liquid Fuels Fund	D.A.R.E.- Canine Fund	Fire Fund	Totals
Unassigned	\$ 5,316,538	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,316,538
Restricted	-	3,514,472	-	602,514	-	-	4,116,986
Committed	-	-	-	-	41,653	671,091	712,744
Assigned	1,542,000	-	2,235,239	-	-	-	3,777,239
Totals	\$ 6,858,538	\$ 3,514,472	\$ 2,235,239	\$ 602,514	\$ 41,653	\$ 671,091	\$ 13,923,507

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

15. Lease Receivable

The Township has entered into a lease receivable obligation summarized below:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Deferred Inflow	Balance Dec. 31, 2022
Land Lease	1/26/2017	276 Months	\$869-\$3,332	2.78%	\$ 354,894	\$ 423,303

The future principal and interest payments as of December 31, 2022 are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 13,317	\$ 11,599	\$ 24,916
2024	14,449	11,214	25,663
2025	15,636	10,798	26,434
2026	16,879	10,347	27,226
2027	18,182	9,861	28,043
2028-2032	112,689	40,664	153,353
2033-2037	155,601	22,177	177,778
2038-2039	76,550	2,253	78,803
Total	\$ 423,303	\$ 118,913	\$ 542,216

16. Lease Obligations

The Township has entered into several lease obligations summarized below:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance Dec. 31, 2022
Postage Machine	1/1/2019	63 Months	\$ 781	2.69%	\$ 45,951	\$ 11,510
Postage Machine	1/28/2019	48 Months	355	2.69%	16,195	-
Postage Machine	2/4/2021	48 Months	68	0.93%	3,237	1,632
Copier	1/6/2020	36 Months	145	1.92%	5,077	-
Copier	1/19/2021	36 Months	145	0.93%	5,150	1,731
						\$ 14,873

The following is a summary of changes in lease obligations for the year ended December 31, 2022:

	Balance Outstanding Jan. 1, 2022	Additions	Reductions	Balance Outstanding Dec. 31, 2022	Amounts Due Within One Year
Lease Obligations	\$ 32,252	\$ -	\$ (17,379)	\$ 14,873	\$ 11,719

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

16. Lease Obligations (Continued)

The future principal and interest lease payments as of December 31, 2022, are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 11,719	\$ 209	\$ 11,928
2024	3,154	23	3,177
Total	<u>\$ 14,873</u>	<u>\$ 232</u>	<u>\$ 15,105</u>

See note 7 for value associated with the right-of-use asset and accumulated depreciation as of December 31, 2022.

17. Financed Purchase Obligations

The Township has entered into several financed purchase obligations summarized below:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Liability	Balance Dec. 31, 2022
Vehicle	6/20/2018	60 Months	\$ 1,400	3.10%	\$ 76,796	\$ -
Vehicle	6/20/2018	60 Months	1,135	3.10%	62,239	-
Vehicle	10/16/2019	60 Months	596	2.20%	33,480	6,919
Vehicle	7/18/2022	60 Months	613	2.80%	33,480	26,558
Equipment	6/10/2022	60 Months	1,072	3.60%	33,914	45,010
Vehicle	1/30/2018	60 Months	3,573	3.30%	194,670	-
Vehicle	3/14/2019	60 Months	1,768	4.00%	94,586	20,410
Vehicle	3/14/2019	60 Months	3,341	3.60%	180,567	38,705
Vehicle	10/23/2020	60 Months	3,444	2.70%	191,060	77,857
Vehicle	8/16/2022	60 Months	1,842	3.80%	98,925	80,593
						<u>\$ 296,052</u>

The following is a summary of changes in financed purchase obligations for the year ended December 31, 2022:

	Balance Outstanding Jan. 1, 2022	Additions	Reductions	Balance Outstanding Dec. 31, 2022	Amounts Due Within One Year
Financed Purchase Obligations	\$ 413,722	\$ 91,792	\$ (209,462)	\$ 296,052	\$ 139,804

The future principal and interest lease payments as of December 31, 2022, are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 139,804	\$ 12,315	\$ 152,119
2024	76,892	4,824	81,716
2025	38,825	2,178	41,003
2026	40,531	1,110	41,641
Total	<u>\$ 296,052</u>	<u>\$ 20,427</u>	<u>\$ 316,479</u>

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

18. Prior Period Restatement

As a result of the adoption of GASB Statement No. 87 as described in Note 2 and the correction of a misstatement on the financial statements of Bethlehem Township Municipal Authority (component unit of the Township), the following restatement was made to the prior year financial statements.

	Governmental Activities	Business Type Activities	Fiduciary Funds
Net Position - December 31, 2020, as Previously Stated	\$ 30,512,266	\$ 5,232,673	\$ 37,106,385
Lease Receivable	446,749	-	-
Right-of-Use Assets, Net	48,315	-	-
Lease Liability	(49,234)	-	-
Deferred Inflow of Resources - Leases	(396,476)	-	-
Total adoption of GASB Statement No. 87	49,354	-	-
Net Position - December 31, 2020, as Restated	<u>\$ 30,561,620</u>	<u>\$ 5,232,673</u>	<u>\$ 37,106,385</u>
Net Position - December 31, 2021, as Previously Stated	\$ 36,316,871	\$ 6,775,580	\$ 42,207,820
GASB Statement No. 87 as noted above	49,354	-	-
Lease Receivable	(11,208)	-	-
Right-of-Use Assets, Net	(17,019)	-	-
Lease Liability	16,982	-	-
Deferred Inflow of Resources - Leases	20,791	-	-
Authority (Component Unit) recorded transactions within incorrect fund	-	(91,250)	91,250
	58,900	(91,250)	91,250
Net Position - December 31, 2021, as Restated	<u>\$ 36,375,771</u>	<u>\$ 6,684,330</u>	<u>\$ 42,299,070</u>

19. 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, 2022 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, 2022, will not materially affect the financial condition of the Township.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

20. Subsequent Events

In preparing these financial statements, the Township has evaluated events and transactions for potential recognition or disclosure through September 27, 2023, the date the financial statements were available to be issued, and has determined that with the exception of the item noted below, no material subsequent events exist that require disclosure.

On April 12, 2023, the Bethlehem Township Municipal Authority authorized borrowing funds from the Pennsylvania Investment Authority (PENNVEST) for a maximum principal amount of \$2,490,000. The Township is serving as the guarantor of the debt obligation.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF BETHLEHEM
GENERAL FUND - SCHEDULE OF REVENUES AND OTHER
FINANCING SOURCES - BUDGET COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2022

	Actual	Original Budget	Favorable (Unfavorable)
REVENUES RECEIVED			
Taxes			
Real Estate	\$ 7,041,732	\$ 6,986,246	\$ 55,486
Real Estate Transfer	1,302,216	1,100,000	202,216
Earned Income	5,493,383	4,900,000	593,383
Amusement	48,528	32,000	16,528
Mercantile	1,304,631	1,150,000	154,631
Local Services Tax	712,249	700,000	12,249
Total Taxes	15,902,739	14,868,246	1,034,493
Licenses and Permits			
Permits	641,694	750,700	(109,006)
TV Cable	343,354	60,000	283,354
Miscellaneous	4,950	1,000	3,950
Total Licenses and Permits	989,998	811,700	178,298
Fines and Forfeitures			
Ordinance Violations	7,600	10,000	(2,400)
Vehicle Code Violations	30,460	60,000	(29,540)
Miscellaneous Fines	-	1,000	(1,000)
Total Fines and Forfeitures	38,060	71,000	(32,940)
Interest and Rents			
Interest	44,167	2,000	42,167
Rents	34,477	36,000	(1,523)
Total Interest and Rents	78,644	38,000	40,644
Intergovernmental Revenues			
Federal Funds	113,028	2,360,000	(2,246,972)
State Funds	1,025,364	-	1,025,364
PURTA Tax	13,762	15,000	(1,238)
Local Funds	91,123	-	91,123
Total Intergovernmental Revenues	1,243,277	2,375,000	(1,131,723)
Charges for Services			
Subdivision Fees	26,580	10,000	16,580
Zoning Fees	38,800	21,000	17,800
Community Center and Recreation Fees	866,514	826,500	40,014
Police Safety	18,163	18,100	63
Property Inspection	53,282	20,000	33,282
Tax Certification	10,500	10,000	500
Sewer Fees	40	-	40
Miscellaneous	45,042	55,000	(9,958)
Total Charges for Services	1,058,921	960,600	98,321
Other Revenues			
Sale of Property	125	35,000	(34,875)
Sale of Maps and Books	205	2,400	(2,195)
Refunds	311,376	465,000	(153,624)
Engineering Fee Reimbursements	793,563	900,000	(106,437)
Legal Fee Reimbursements	26,758	60,000	(33,242)
Medical Reimbursements	-	-	-
Total Other Revenues	1,132,027	1,462,400	(330,373)
Total Revenues Received	\$ 20,443,666	\$ 20,586,946	\$ (143,280)

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, 2022**

	Actual	Original Budget	Variance Favorable (Unfavorable)
EXPENDITURES PAID			
General Government			
Legislative	\$ 104,724	\$ 134,575	\$ 29,851
Administrative and Executive	4,519,893	5,801,779	1,281,886
Financial Administration	761,992	323,823	(438,169)
Planning and Zoning	1,078,994	1,397,282	318,288
Physical Plant	1,686,113	1,100,684	(585,429)
Insurance	654,244	625,300	(28,944)
Total General Government	<u>8,805,960</u>	<u>9,383,443</u>	<u>577,483</u>
Public Safety			
Police Protection	3,291,502	3,569,844	278,342
Protective Inspection and Code Enforcement	508,279	2,500	(505,779)
Fire Protection	927,993	822,500	(105,493)
Total Public Safety	<u>4,727,774</u>	<u>4,394,844</u>	<u>(332,930)</u>
Public Works - Highways and Streets			
Street Construction	35,724	2,000	(33,724)
Street Lighting	-	-	-
Street Maintenance	52,562	144,700	92,138
Snow and Ice Removal	79,869	134,250	54,381
Street Signs and Markings	83,906	62,500	(21,406)
Storm Sewer Maintenance	59,971	16,500	(43,471)
Street Cleaning	-	29,500	29,500
Recycling	28,307	60,000	31,693
General Services	765,602	1,262,659	497,057
Total Public Works - Highways and Streets	<u>1,105,941</u>	<u>1,712,109</u>	<u>606,168</u>
Culture and Recreation			
Playground and Parks	8,991	42,000	33,009
Community Center	769,916	908,151	138,235
Library	488,647	488,557	(90)
Total Culture and Recreation	<u>1,267,554</u>	<u>1,438,708</u>	<u>171,154</u>
Interest	2,524,278	2,532,534	8,256
Total Expenditures Paid	<u>18,431,507</u>	<u>19,461,638</u>	<u>1,030,131</u>
EXCESS OF REVENUES RECEIVED OVER EXPENDITURES PAID	2,012,159	1,125,308	886,851
Other Financing Sources (Uses)			
Transfers In	270,426	-	270,426
Transfers Out	(909,339)	-	(909,339)
Total Other Financing Sources (Uses), Net	(638,913)	-	(638,913)
EXCESS OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES PAID AND OTHER FINANCING USES	1,373,246	1,125,308	247,938
FUND BALANCE - JANUARY 1, 2022	<u>5,485,292</u>	<u>5,485,292</u>	<u>-</u>
FUND BALANCE - DECEMBER 31, 2022	<u>\$ 6,858,538</u>	<u>\$ 6,610,600</u>	<u>\$ 247,938</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
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%
2022	67,180	67,180	-	277,970	24.17%

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

	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability							
Service Cost	\$ 30,111	\$ 20,820	\$ 21,861	\$ 23,384	\$ 24,553	\$ 25,476	\$ 26,750
Interest	95,967	100,926	106,278	118,145	124,453	130,761	137,233
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)	(68,648)
Net Change in Total Pension Liability	83,951	71,596	86,012	179,025	90,708	94,842	95,335
Total Pension Liability - Beginning	1,361,910	1,445,861	1,517,457	1,603,469	1,782,494	1,873,202	1,968,044
Total Pension Liability - Ending	<u>\$ 1,445,861</u>	<u>\$ 1,517,457</u>	<u>\$ 1,603,469</u>	<u>\$ 1,782,494</u>	<u>\$ 1,873,202</u>	<u>\$ 1,968,044</u>	<u>\$ 2,063,379</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 89,381	\$ 86,995	\$ 85,054	\$ 80,528	\$ 81,756	\$ 104,708	\$ 67,180
Contributions - Member	-	-	-	-	-	-	-
Net Investment Income	47,268	124,757	(48,986)	183,184	206,707	204,227	(264,323)
Benefit Payments, Including Refunds of Member Contributions	(42,127)	(50,543)	(42,127)	(46,861)	(58,298)	(61,459)	(68,648)
Administrative Expense	(3,000)	(3,900)	(3,500)	(5,300)	(2,600)	(5,100)	(5,100)
Net Change in Plan Fiduciary Net Position	91,522	157,309	(9,559)	211,551	227,565	242,376	(270,891)
Plan Net Position - Beginning	1,102,202	1,193,724	1,351,033	1,341,474	1,553,025	1,780,590	2,022,966
Plan Net Position - Ending	<u>\$ 1,193,724</u>	<u>\$ 1,351,033</u>	<u>\$ 1,341,474</u>	<u>\$ 1,553,025</u>	<u>\$ 1,780,590</u>	<u>\$ 2,022,966</u>	<u>\$ 1,752,075</u>
Municipality's Net Pension Liability (Asset)	\$ 252,137	\$ 166,424	\$ 261,995	\$ 229,469	\$ 92,612	\$ (54,922)	\$ 311,304
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.6%	89.0%	83.7%	87.1%	95.1%	102.8%	84.9%
Covered Employee Payroll	\$ 338,852	\$ 349,626	\$ 359,287	\$ 326,299	\$ 355,519	\$ 293,771	\$ 277,970
Municipality's Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	74.4%	47.6%	72.9%	70.3%	26.0%	-18.7%	112.0%

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

See independent auditor's report on required supplementary information.

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

**TOWNSHIP OF BETHLEHEM
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES -
TEAMSTERS PENSION PLAN
DECEMBER 31, 2022**

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: 4 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: Effective 1/1/2022, average monthly compensation is multiplied by 2.00% for years of service earned after January 1, 2022.

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
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%
2022	232,285	232,285	-	893,401	26.00%

See independent auditor's report on required supplementary information.

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

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

	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability							
Service Cost	\$ 100,129	\$ 82,498	\$ 86,623	\$ 87,595	\$ 91,975	\$ 88,918	\$ 93,364
Interest	220,111	250,262	271,857	315,166	340,517	363,066	379,263
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)	(171,674)
Net Change in Total Pension Liability	302,125	459,207	323,159	658,700	384,465	229,484	300,953
Total Pension Liability - Beginning	3,053,372	3,355,497	3,814,704	4,137,863	4,796,563	5,181,028	5,410,512
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>	<u>\$ 5,711,465</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 247,234	\$ 245,785	\$ 250,338	\$ 220,502	\$ 223,360	\$ 298,567	\$ 232,285
Contributions - Member	-	-	-	-	-	-	-
Net Investment Income	101,433	280,820	(114,781)	449,496	529,700	529,089	(661,799)
Benefit Payments, Including Refunds of Member Contributions	(18,115)	(21,457)	(35,321)	(41,942)	(48,027)	(278,434)	(171,674)
Administrative Expense	(3,100)	(3,900)	(3,500)	(5,100)	(2,600)	(4,500)	(4,600)
Net Change in Plan Fiduciary Net Position	327,452	501,248	96,736	622,956	702,433	544,722	(605,788)
Plan Net Position - Beginning	2,307,504	2,634,956	3,136,204	3,232,940	3,855,896	4,558,329	5,103,051
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>	<u>\$ 4,497,263</u>
Municipality's Net Pension Liability	\$ 720,541	\$ 678,500	\$ 904,923	\$ 940,667	\$ 622,699	\$ 307,461	\$ 1,214,202
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.5%	82.2%	78.1%	80.4%	88.0%	94.3%	78.7%
Covered Employee Payroll	\$ 886,618	\$ 873,533	\$ 917,726	\$ 944,119	\$ 1,004,464	\$ 823,211	\$ 893,401
Municipality's Net Pension Liability as a Percentage of Covered Employee Payroll	81.3%	77.7%	98.6%	99.6%	62.0%	37.3%	135.9%

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, 2022**

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: 7 years

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

Inflation: 3.00%

Salary Increases: 5.00%

Investment Rate of Return: 7.00%

Retirement Age: 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 1/1/2021.

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
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%
2022	296,763	296,763	-	1,247,483	23.79%

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	2022
Total Pension Liability							
Service Cost	\$ 111,399	\$ 121,465	\$ 127,538	\$ 117,167	\$ 123,025	\$ 123,485	\$ 129,659
Interest	315,921	357,311	387,787	410,757	439,374	476,070	505,383
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)	(194,428)
Net Change in Total Pension Liability	388,239	632,685	455,437	327,687	419,221	542,754	440,614
Total Pension Liability - Beginning	4,421,292	4,809,531	5,442,216	5,897,653	6,225,340	6,644,561	7,187,315
Total Pension Liability - Ending	<u>\$ 4,809,531</u>	<u>\$ 5,442,216</u>	<u>\$ 5,897,653</u>	<u>\$ 6,225,340</u>	<u>\$ 6,644,561</u>	<u>\$ 7,187,315</u>	<u>\$ 7,627,929</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 313,991	\$ 315,122	\$ 303,807	\$ 369,685	\$ 362,851	\$ 410,761	\$ 296,763
Contributions - Member	-	-	-	-	-	-	-
Net Investment Income	135,540	372,877	(153,317)	596,515	705,369	703,096	(915,160)
Benefit Payments, Including Refunds of Member Contributions	(39,081)	(39,081)	(59,888)	(106,761)	(143,178)	(179,519)	(194,428)
Administrative Expense	(3,200)	(4,100)	(3,900)	(5,900)	(3,000)	(4,900)	(3,600)
Net Change in Plan Fiduciary Net Position	407,250	644,818	86,702	853,539	922,042	929,438	(816,425)
Plan Net Position - Beginning	3,100,811	3,508,061	4,152,879	4,239,581	5,093,120	6,015,162	6,944,600
Plan Net Position - Ending	<u>\$ 3,508,061</u>	<u>\$ 4,152,879</u>	<u>\$ 4,239,581</u>	<u>\$ 5,093,120</u>	<u>\$ 6,015,162</u>	<u>\$ 6,944,600</u>	<u>\$ 6,128,175</u>
Municipality's Net Pension Liability	\$ 1,301,470	\$ 1,289,337	\$ 1,658,072	\$ 1,132,220	\$ 629,399	\$ 242,715	\$ 1,499,754
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.9%	76.3%	71.9%	81.8%	90.5%	96.6%	80.3%
Covered Employee Payroll	\$ 1,438,375	\$ 1,489,963	\$ 1,336,867	\$ 1,343,498	\$ 1,271,744	\$ 1,276,941	\$ 1,247,483
Municipality's Net Pension Liability as a Percentage of Covered Employee Payroll	90.5%	86.5%	124.0%	84.3%	49.5%	19.0%	120.2%

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

See independent auditor's report on required supplementary information.

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

**TOWNSHIP OF BETHLEHEM
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES -
AFSCME PENSION PLAN
DECEMBER 31, 2022**

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: 7 years

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

Inflation: 3.00%

Salary Increases: 5.00%

Investment Rate of Return: 7.00%

Retirement Age: 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 1/1/2021.

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
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	38.44%
2022	546,088	546,088	-	3,458,742	15.78%

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	2022
Total Pension Liability							
Service Cost	\$ 545,840	\$ 540,384	\$ 567,403	\$ 597,823	\$ 627,714	\$ 648,943	\$ 681,390
Interest	1,231,493	1,290,988	1,380,808	1,443,706	1,539,934	1,650,322	1,754,405
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)	(901,526)
Net Change in Total Pension Liability	1,275,444	884,844	1,346,612	928,078	1,442,526	1,655,873	1,534,269
Total Pension Asset - Beginning	17,298,930	18,574,374	19,459,218	20,805,830	21,733,908	23,176,434	24,832,307
Total Pension Liability - Ending	\$ 18,574,374	\$ 19,459,218	\$ 20,805,830	\$ 21,733,908	\$ 23,176,434	\$ 24,832,307	\$ 26,366,576
Plan Fiduciary Net Position							
Contributions - Employer	\$ 999,359	\$ 1,022,493	\$ 1,040,946	\$ 1,110,767	\$ 1,127,591	\$ 1,285,338	\$ 546,088
Contributions - Member	119,613	122,597	155,073	251,485	177,440	176,825	225,040
Net Investment Income	596,360	1,577,066	(620,518)	2,396,098	2,771,102	2,760,174	(3,563,825)
Benefit Payments, Including Refunds of Member Contributions	(504,018)	(548,924)	(601,599)	(668,332)	(725,122)	(788,079)	(901,526)
Administrative Expense	(8,100)	(5,700)	(6,900)	(7,700)	(6,800)	(8,000)	(9,800)
Net Change in Plan Fiduciary Net Position	1,203,214	2,167,532	(32,998)	3,082,318	3,344,211	3,426,258	(3,704,023)
Plan Net Position - Beginning	13,938,353	15,141,567	17,309,099	17,276,101	20,358,419	23,702,630	27,128,888
Plan Net Position - Ending	\$ 15,141,567	\$ 17,309,099	\$ 17,276,101	\$ 20,358,419	\$ 23,702,630	\$ 27,128,888	\$ 23,424,865
Municipality's Net Pension Liability (Asset)	\$ 3,432,807	\$ 2,150,119	\$ 3,529,729	\$ 1,375,489	\$ (526,196)	\$ (2,296,581)	\$ 2,941,711
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.5%	89.0%	83.0%	93.7%	102.3%	109.2%	88.8%
Covered Employee Payroll	\$ 2,972,018	\$ 2,990,858	\$ 3,059,633	\$ 3,249,647	\$ 3,454,542	\$ 3,343,970	\$ 3,458,742
Municipality's Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	115.5%	71.9%	115.4%	42.3%	-15.2%	-68.7%	85.1%

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

See independent auditor's report on required supplementary information.

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

**TOWNSHIP OF BETHLEHEM
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES -
POLICE PENSION PLAN
DECEMBER 31, 2022**

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: N/A

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 1/1/2021.

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	2022
Total OPEB Liability					
Service Cost	\$ 19,721	\$ 22,653	\$ 21,818	\$ 22,110	\$ 28,395
Interest	20,223	17,958	20,215	17,393	11,370
Changes of Benefit Terms	-	-	-	-	-
Differences between Expected and Actual Experience	-	-	(39,247)	-	28,724
Changes of Assumptions	17,558	(14,954)	11,747	41,019	(10,362)
Benefit Payments, Including Refunds of Member Contributions	(36,504)	(37,858)	(37,661)	(35,837)	(27,324)
Other Changes	-	-	-	-	-
Net Change in Total OPEB Liability	20,998	(12,201)	(23,128)	44,685	30,803
Total OPEB Liability - Beginning	545,152	566,150	553,949	530,821	575,506
Total OPEB Liability - Ending	<u>\$ 566,150</u>	<u>\$ 553,949</u>	<u>\$ 530,821</u>	<u>\$ 575,506</u>	<u>\$ 606,309</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 36,504	\$ 37,858	\$ 37,661	\$ 35,837	\$ 27,324
Contributions - Employee	-	-	-	-	-
Net Investment Income	-	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(36,504)	(37,858)	(37,661)	(35,837)	(27,324)
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>	<u>\$ -</u>
Municipality's Net OPEB Liability	\$ 566,150	\$ 553,949	\$ 530,821	\$ 575,506	\$ 606,309
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%	0.0%	0.0%
Covered Employee Payroll	\$ 2,708,056	\$ 2,708,056	\$ 2,641,874	\$ 2,641,874	\$ 2,569,368
Municipality's Net OPEB Liability as a Percentage of Covered Employee Payroll	20.9%	20.5%	20.1%	21.8%	23.6%

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

**TOWNSHIP OF BETHLEHEM
COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS
DECEMBER 31, 2022**

	State Liquid Fuels	D.A.R.E.-Canine	Fire	Total
ASSETS				
Cash and Cash Equivalents	\$ 603,265	\$ 41,653	\$ 669,225	\$ 1,314,143
Due From Other Funds	-	-	1,866	1,866
Total Assets	<u>\$ 603,265</u>	<u>\$ 41,653</u>	<u>\$ 671,091</u>	<u>\$ 1,316,009</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due To Other Funds	\$ 751	\$ -	\$ -	\$ 751
Total Liabilities	<u>751</u>	<u>-</u>	<u>-</u>	<u>751</u>
Fund Balance				
Restricted	602,514	-	-	602,514
Committed	-	41,653	671,091	712,744
Total Fund Balance	<u>602,514</u>	<u>41,653</u>	<u>671,091</u>	<u>1,315,258</u>
Total Liabilities and Fund Balances	<u>\$ 603,265</u>	<u>\$ 41,653</u>	<u>\$ 671,091</u>	<u>\$ 1,316,009</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, 2022**

	State Liquid Fuels	D.A.R.E.-Canine	Fire	Total
REVENUES RECEIVED				
Taxes	\$ -	\$ -	140,620	\$ 140,620
Intergovernmental Revenues	803,152	515	6,677	810,344
Interest	31,743	-	594	32,337
Total Revenues Received	<u>834,895</u>	<u>515</u>	<u>147,891</u>	<u>983,301</u>
EXPENDITURES PAID				
Public Works - Highways and Streets	1,339,933	-	-	1,339,933
Fees - Bank Charges	-	-	1,378	1,378
Total Expenditures Paid	<u>1,339,933</u>	<u>-</u>	<u>1,378</u>	<u>1,341,311</u>
EXCESS (DEFICIT) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES PAID	<u>(505,038)</u>	<u>515</u>	<u>146,513</u>	<u>(358,010)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	13,451	-	-	13,451
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses), Net	<u>13,451</u>	<u>-</u>	<u>-</u>	<u>13,451</u>
EXCESS (DEFICIT) OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER FINANCING USES	<u>(491,587)</u>	<u>515</u>	<u>146,513</u>	<u>(344,559)</u>
Fund Balances - January 1, 2022	<u>1,094,101</u>	<u>41,138</u>	<u>524,578</u>	<u>1,659,817</u>
Fund Balances - December 31, 2022	<u>\$ 602,514</u>	<u>\$ 41,653</u>	<u>\$ 671,091</u>	<u>\$ 1,315,258</u>

See independent auditor's report on supplementary information.

**TOWNSHIP OF BETHLEHEM
COMBINING BALANCE SHEET – ALL CAPITAL PROJECTS FUNDS
DECEMBER 31, 2022**

	Capital Reserve	Parks and Recreation	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,514,472	\$ 2,235,239	\$ 5,749,711
Total Assets	\$ 3,514,472	\$ 2,235,239	\$ 5,749,711
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Total Liabilities	-	-	-
Fund Balance			
Restricted	3,514,472	-	3,514,472
Assigned	-	2,235,239	2,235,239
Total Fund Balance	3,514,472	2,235,239	5,749,711
Total Liabilities and Fund Balances	\$ 3,514,472	\$ 2,235,239	\$ 5,749,711

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, 2022**

	Capital Reserve	Parks and Recreation	Total
REVENUES RECEIVED			
Interest	\$ 11,568	\$ 35,182	\$ 46,750
Intergovernmental	358,333	195,850	554,183
Other Revenues	27,947	-	27,947
Total Revenues Received	<u>397,848</u>	<u>231,032</u>	<u>628,880</u>
EXPENDITURES PAID			
Planning and Zoning	<u>1,005,206</u>	-	<u>1,005,206</u>
Total Expenditures Paid	<u>1,005,206</u>	-	<u>1,005,206</u>
EXCESS OF REVENUES RECEIVED OVER EXPENDITURES PAID	<u>(607,358)</u>	<u>231,032</u>	<u>(376,326)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	635,959	-	635,959
Transfers Out	-	-	-
Total Other Financing Uses - Net	<u>635,959</u>	-	<u>635,959</u>
EXCESS OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES PAID AND OTHER FINANCING USES	28,601	231,032	259,633
Fund Balances - January 1, 2022	<u>3,485,871</u>	<u>2,004,207</u>	<u>5,490,078</u>
Fund Balances - December 31, 2022	<u>\$ 3,514,472</u>	<u>\$ 2,235,239</u>	<u>\$ 5,749,711</u>

See independent auditor's report on supplementary information.

TOWNSHIP OF BETHLEHEM
COMBINING STATEMENT OF NET POSITION – ALL PENSION FUNDS
DECEMBER 31, 2022

	Pension Trust Funds					Total
	Teamsters Pension	Police Pension	AFSCME Pension	Non-Uniform Pension	Defined Contribution	
ASSETS:						
Cash and Cash Equivalents	\$ 29,483	\$ 323,796	\$ 157,012	\$ 151,999	\$ -	\$ 662,290
Investments - At Fair Value						
Cash and Sweep Balances	28,337	378,507	97,714	71,375	2,300	578,233
Common Stocks	1,694,255	22,720,361	5,873,364	4,273,889	203,713	34,765,582
Total Assets	\$ 1,752,075	\$ 23,422,664	\$ 6,128,090	\$ 4,497,263	\$ 206,013	\$ 36,006,105
LIABILITIES:						
Accounts Payable	\$ -	\$ (2,201)	\$ (86)	\$ -	\$ -	\$ (2,287)
Due to Other Funds	-	-	-	-	-	-
Total Liabilities	-	(2,201)	(86)	-	-	(2,287)
NET POSITION:						
Restricted	1,752,075	23,424,865	6,128,176	4,497,263	206,013	36,008,392
Total Liabilities and Net Position	\$ 1,752,075	\$ 23,422,664	\$ 6,128,090	\$ 4,497,263	\$ 206,013	\$ 36,006,105

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, 2022**

	Teamsters Pension	Police Pension	AFSCME Pension	Non-Uniform Pension	Defined Contribution	Total
ADDITIONS:						
<i>Contributions:</i>						
Employer	\$ 67,180	\$ 546,088	\$ 296,763	\$ 232,285	\$ 60,539	\$ 1,202,855
Plan Members	-	225,040	-	-	-	225,040
Total Contributions	<u>67,180</u>	<u>771,128</u>	<u>296,763</u>	<u>232,285</u>	<u>60,539</u>	<u>1,427,895</u>
<i>Investment Earnings:</i>						
Interest, dividends and net unrealized losses	(259,430)	(3,498,094)	(898,225)	(649,467)	(21,112)	(5,326,328)
Less: Investment Expenses	<u>(4,893)</u>	<u>(65,731)</u>	<u>(16,934)</u>	<u>(12,332)</u>	<u>(414)</u>	<u>(100,304)</u>
Total Additions	<u>(197,143)</u>	<u>(2,792,697)</u>	<u>(618,396)</u>	<u>(429,514)</u>	<u>39,013</u>	<u>(3,998,737)</u>
DEDUCTIONS:						
Administration	5,100	9,800	3,600	4,600	-	23,100
Benefit Payments	<u>68,648</u>	<u>901,526</u>	<u>194,428</u>	<u>171,674</u>	<u>-</u>	<u>1,336,276</u>
Total Deductions	<u>73,748</u>	<u>911,326</u>	<u>198,028</u>	<u>176,274</u>	<u>-</u>	<u>1,359,376</u>
Excess (Deficit) of Additions Over (Under) Deductions	(270,891)	(3,704,023)	(816,424)	(605,788)	39,013	(5,358,113)
NET POSITION						
Net Position, January 1, 2022	<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>
Net Position, December 31, 2022	<u>\$ 1,752,075</u>	<u>\$ 23,424,865</u>	<u>\$ 6,128,176</u>	<u>\$ 4,497,263</u>	<u>\$ 206,013</u>	<u>\$ 36,008,392</u>

See independent auditor's report on supplementary information.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of 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, 2022, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2023. Our report includes a reference to other auditors who audited the financial statements of Bethlehem Township Municipal Authority, as described in our report on 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 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 Township of Bethlehem's internal control. Accordingly, we do not express an opinion on the effectiveness of 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.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Congbell, Rappold & Yasuta LLP

September 27, 2023