

TOWNSHIP OF BETHLEHEM

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

December 31, 2023

**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, 2023, 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, 2023, 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 79.32%, 75.25% and 10.98%, respectively, of the assets, net position and revenues of the business-type activities and represent 0.82%, 0.82% and 4.14%, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-10, and the budgetary comparison, pension and other postemployment benefit information on pages 69-83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 statements 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 July 16, 2024 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 & Yucasita LLP

July 16, 2024

**TOWNSHIP OF BETHLEHEM
2023 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, 2023. 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 \$5,203,894 during 2023. This is primarily due to Act 511 Tax Proceeds, Permits and Federal, State and Local grants.
- The General Fund balance increased \$993,561 during 2023.
- The net position of the Sewer fund increased by \$863,831 during 2023.
- The net position of the Stormwater fund increased by \$1,017,987 during 2023.

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
2023 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 \$47,603,572 in 2022 to \$52,807,466 in 2023, or a net increase of \$5,203,894, mainly due to Act 511 Tax Proceeds, Permits and Federal, State and Local grants.

**TOWNSHIP OF BETHLEHEM
2023 FINANCIAL STATEMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

	<u>Governmental</u> <u>Funds</u> <u>2023</u>	<u>Business-</u> <u>Type</u> <u>Activities</u> <u>2023</u>	<u>Government</u> <u>Wide</u> <u>2023</u>
Current and Other Assets	\$ 15,533,701	\$ 6,227,017	\$ 21,760,718
Capital Assets, Net	34,940,266	9,993,278	44,933,544
Total Assets	<u>\$ 50,473,967</u>	<u>\$ 16,220,295</u>	<u>\$ 66,694,262</u>
Total Deferred Outflows of Resources	<u>\$ 3,405,907</u>	<u>\$ -</u>	<u>\$ 3,405,907</u>
Current Liabilities	\$ 3,326,470	\$ 636,818	\$ 3,963,288
Long-Term Liabilities	7,094,183	4,685,522	11,779,705
Total Liabilities	<u>\$ 10,420,653</u>	<u>\$ 5,322,340</u>	<u>\$ 15,742,993</u>
Total Deferred Outflows of Resources	<u>\$ 1,549,710</u>	<u>\$ -</u>	<u>\$ 1,549,710</u>
Invested in Capital Assets, Net of Debt	\$ 30,187,061	\$ 9,382,559	\$ 39,569,620
Restricted	6,378,708	-	6,378,708
Unrestricted	5,343,742	1,515,396	6,859,138
Total Net Position	<u>\$ 41,909,511</u>	<u>\$ 10,897,955</u>	<u>\$ 52,807,466</u>

Net position of the Township's government activities increased by 8.61% in 2023. Therefore, the Township increased its net position for governmental activities by \$3,322,076 in 2023.

The net position of the Township's Business-Type Activities increased by 20.87%. Accordingly, the Township increased its net position for Business Type Activities by \$1,881,818. The unrestricted net position – that part of net position that can be used to finance daily business type activities is \$1,515,396 at the end of 2023.

	<u>Governmental</u> <u>Funds</u> <u>2023</u>	<u>Business-</u> <u>Type</u> <u>Activities</u> <u>2023</u>	<u>Government</u> <u>Wide</u> <u>2023</u>
<u>Revenue</u>			
Charges for Services	\$ 1,485,537	\$ 8,699,432	\$ 10,184,969
Operating Grants and Contributions	1,097,890	-	1,097,890
Capital Grants and Contributions	1,485,683	-	1,485,683
Taxes	15,993,081	-	15,993,081
Licenses and Permits	1,192,131	-	1,192,131
Fines and Forfeits	53,186	-	53,186
Miscellaneous Income	1,351,355	-	1,351,355
Interest Income	525,289	233,052	758,341
Total Revenue	<u>\$ 23,184,152</u>	<u>\$ 8,932,484</u>	<u>\$ 32,116,636</u>
<u>Expenditures</u>			
General Government	\$ 9,320,380	\$ -	\$ 9,320,380
Public Safety	4,914,677	-	4,914,677
Public Works	2,090,546	6,391,561	8,482,107
Cultural and Recreation	1,398,787	-	1,398,787
Interest on Long-Term Debt	80,459	60,489	140,948
Unallocated Depreciation	2,141,487	331,931	2,473,418
Bad Debt Expense	-	182,425	182,425
Total Expenses	<u>\$ 19,946,336</u>	<u>\$ 6,966,406</u>	<u>\$ 26,912,742</u>
Transfers	<u>84,260</u>	<u>(84,260)</u>	<u>-</u>
Change in Net Position	<u>\$ 3,322,076</u>	<u>\$ 1,881,818</u>	<u>\$ 5,203,894</u>

**TOWNSHIP OF BETHLEHEM
2023 FINANCIAL STATEMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Overall, the Township's governmental program revenues, including intergovernmental aid increased from \$22,055,847 in 2022 to \$23,268,412 in 2023 primarily due to Act 511 Tax Proceeds, Permits and Federal, State and Local grants.

Business-Type revenue decreased by \$635,277 in 2023 from 2022.

Governmental Activities

The cost of all governmental activities (government-wide activities) in 2023 was \$19,946,336 compared to \$19,827,083 in 2022. 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 \$17,238,398. Some of the cost was paid by those who directly benefitted from the program which amounted to \$1,485,537. Other governments and organizations that subsidized certain programs with grants and contributions amounted to \$2,583,573.

Business-Type Activities

Overall, the Sewer and Stormwater Funds (business type activities) net position increased from \$9,016,137 in 2022 to \$10,897,955 in 2023.

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>2023</u>
	Expenses	Charges For Service	Operating Grants	Capital Grants	Net (Revenue) Expense
General Government	\$9,320,380	\$ 55,030	\$ 715,063	\$ -	\$ 8,550,287
Public Safety	4,914,677	128,931	303,539	60,917	4,421,290
Public Works	2,090,546	244,273	79,288	861,766	905,219
Culture and Recreation	1,398,787	1,057,303	-	563,000	(221,516)
Sewer and Stormwater	6,966,406	8,699,432	-	-	(1,733,026)

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 \$14,230,056.

A significant contributor to the fund balance is the operating grants and contributions received in 2023. The year end fund balance consists of \$6,310,099 in unassigned funds, \$3,968,469 in restricted funds, \$264,156 in committed funds and \$3,687,332 in assigned funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenue of the general fund (the main operating fund of the Township) was \$1,204,125 above budget projections, with the largest increase seen in intergovernmental revenues.

**TOWNSHIP OF BETHLEHEM
2023 FINANCIAL STATEMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The actual expenditures of the general fund were \$1,568,304 below budget amounts. The most significant favorable variances were \$690,603 in general government and \$707,105 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, 2023 is \$3,681,721.

At December 31, 2023, the Township has lease obligations of \$23,223 and financed purchase obligations of \$1,263,443.

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, 2023 is \$4,665,962.

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 2023, the assessed value of all property in Township of Bethlehem is \$943,322,900. 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
2023 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, 2023
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2022

	Governmental Activities	Business-Type Activities	2023 Total	2022 Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 13,853,371	\$ 5,703,033	\$ 19,556,404	\$ 18,864,855
Accounts Receivable, Net	400,547	515,986	916,533	683,127
Taxes Receivable, Net	1,264,486	-	1,264,486	1,290,515
Lease Receivable	14,449	-	14,449	13,317
Internal Balances	848	7,998	8,846	41,585
Total Current Assets	15,533,701	6,227,017	21,760,718	20,893,399
Noncurrent Assets:				
Land	4,059,744	-	4,059,744	4,059,744
Building and Building Improvements	25,319,391	-	25,319,391	25,054,488
Parks	6,659,904	-	6,659,904	5,957,300
Vehicles and Equipment	21,651,180	2,184,457	23,835,637	21,734,656
Road and Systems Improvements	11,313,325	-	11,313,325	11,219,977
Storm Sewer and Drainage	2,111,153	-	2,111,153	1,946,609
Sewer System	-	8,246,579	8,246,579	8,010,191
Stormwater System	-	2,671,245	2,671,245	-
Right-of-Use Assets	82,929	-	82,929	80,005
Accumulated Depreciation	(36,652,897)	(3,109,003)	(39,761,900)	(37,985,228)
Lease Receivable	395,537	-	395,537	409,986
Total Noncurrent Assets	34,940,266	9,993,278	44,933,544	40,487,728
TOTAL ASSETS	50,473,967	16,220,295	66,694,262	61,381,127
Deferred Outflows of Resources				
Deferred Outflows of Resources - Pension	3,348,024	-	3,348,024	5,139,967
Deferred Outflows of Resources - OPEB	57,883	-	57,883	70,532
Total Deferred Outflows of Resources	3,405,907	-	3,405,907	5,210,499
LIABILITIES				
Current Liabilities:				
Accounts Payable	998,681	-	998,681	919,426
Accrued Expenses	226,928	35,318	262,246	246,420
Internal Balances	3,586	-	3,586	41,585
Current Portion of Lease Obligations	8,472	-	8,472	11,719
Current Portion of Financed Purchase Obligations	186,336	124,602	310,938	139,804
Current Portion of Notes Payable	1,902,467	43,849	1,946,316	2,571,736
Current Portion of Authority Loans Payable	-	433,049	433,049	397,081
Total Current Liabilities	3,326,470	636,818	3,963,288	4,327,771
Noncurrent Liabilities:				
Net Pension Liability	4,166,967	-	4,166,967	5,966,971
Net OPEB Liability	536,776	-	536,776	606,309
Compensated Absences Provision	130,047	10,341	140,388	118,213
Notes Payable	1,696,477	38,928	1,735,405	3,680,974
Lease Obligations	14,751	-	14,751	3,154
Financed Purchase Obligations	549,165	403,340	952,505	156,248
Authority Loans Payable	-	4,232,913	4,232,913	3,005,636
Total Noncurrent Liabilities	7,094,183	4,685,522	11,779,705	13,537,505
TOTAL LIABILITIES	10,420,653	5,322,340	15,742,993	17,865,276
Deferred Inflows of Resources				
Deferred Revenue	171,010	-	171,010	88,491
Deferred Inflows of Resources - Lease	334,103	-	334,103	354,894
Deferred Inflows of Resources - Pension	947,354	-	947,354	637,676
Deferred Inflows of Resources - OPEB	97,243	-	97,243	41,717
Deferred Inflows of Resources	1,549,710	-	1,549,710	1,122,778
NET POSITION				
Invested in Capital Assets, Net of Related Debt	30,187,061	9,382,559	39,569,620	33,514,107
Restricted for:				
Capital Projects	5,790,528	-	5,790,528	5,749,711
Special Revenue	588,180	-	588,180	1,316,009
Unassigned	5,343,742	1,515,396	6,859,138	7,023,745
TOTAL NET POSITION	\$ 41,909,511	\$ 10,897,955	\$ 52,807,466	\$ 47,603,572

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

**TOWNSHIP OF BETHLEHEM
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		2023 Total	2022 Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		
Governmental Activities:								
General Government	\$ 9,320,380	\$ 55,030	\$ 715,063	\$ -	\$ (8,550,287)	\$ -	\$ (8,550,287)	\$ (9,336,445)
Public Safety	4,914,677	128,931	303,539	60,917	(4,421,290)	-	(4,421,290)	(4,689,917)
Public Works	2,090,546	244,273	79,288	861,766	(905,219)	-	(905,219)	313,099
Cultural and Recreation	1,398,787	1,057,303	-	563,000	221,516	-	221,516	(437,189)
Interest on Long-Term Debt	80,459	-	-	-	(80,459)	-	(80,459)	(58,011)
Unallocated Depreciation	2,141,487	-	-	-	(2,141,487)	-	(2,141,487)	(1,953,567)
Total Governmental Activities	19,946,336	1,485,537	1,097,890	1,485,683	(15,877,226)	-	(15,877,226)	(16,162,030)
Business Type Activities:								
Sewer	5,889,401	6,517,851	-	-	-	628,450	628,450	1,855,841
Stormwater	1,077,005	2,181,581	-	-	-	1,104,576	1,104,576	424,984
Total Business-Type Activities	6,966,406	8,699,432	-	-	-	1,733,026	1,733,026	2,280,825
Total Primary Government	\$ 26,912,742	\$ 10,184,969	\$ 1,097,890	\$ 1,485,683	\$ (15,877,226)	\$ 1,733,026	\$ (14,144,200)	\$ (13,881,205)
General Revenues:								
Taxes:								
Property Taxes, levied for general purposes, net					\$ 6,983,319	\$ -	\$ 6,983,319	\$ 7,041,732
Property Taxes, levied for fire protection, net					138,598	-	138,598	140,620
Local Service Tax					714,703	-	714,703	712,249
Earned Income Taxes					5,738,536	-	5,738,536	5,493,382
Other Taxes					2,417,925	-	2,417,925	2,655,375
Licenses and Permits					1,192,131	-	1,192,131	989,998
Fines and Forfeitures					53,186	-	53,186	38,060
Miscellaneous Income					1,351,355	-	1,351,355	1,159,974
Interest Income					525,289	233,052	758,341	193,286
Transfers In/(Out)					84,260	(84,260)	-	-
Total General Revenues, Special Items, Extraordinary Items, and Transfers					19,199,302	148,792	19,348,094	18,424,676
Change in Net Position					3,322,076	1,881,818	5,203,894	4,543,471
Net Position - Beginning					38,587,435	9,016,137	47,603,572	43,060,101
Net Position - Ending					\$ 41,909,511	\$ 10,897,955	\$ 52,807,466	\$ 47,603,572

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

TOWNSHIP OF BETHLEHEM
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2023
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2022

	Major Funds		Non-Major Funds	2023	2022
	General	Capital Projects	Special Revenue	Total	Total
ASSETS					
Cash and Cash Equivalents	\$ 7,475,511	\$ 5,790,528	\$ 587,332	\$ 13,853,371	\$ 13,729,038
Taxes Receivable, Net	1,264,486	-	-	1,264,486	1,290,515
Accounts Receivable, Net	400,547	-	-	400,547	-
Due from Other Funds	-	-	848	848	41,257
TOTAL ASSETS	\$ 9,140,544	\$ 5,790,528	\$ 588,180	\$ 15,519,252	\$ 15,060,810
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 998,681	\$ -	\$ -	\$ 998,681	\$ 919,426
Accrued Expenses	226,928	-	-	226,928	217,126
Deferred Revenue	60,000	-	-	60,000	-
Due to Other Funds	2,835	-	751	3,586	751
TOTAL LIABILITIES	1,288,444	-	751	1,289,195	1,137,303
FUND BALANCES					
Assigned	1,273,115	2,145,332	-	3,418,447	3,777,239
Restricted	-	3,645,196	323,273	3,968,469	4,116,986
Committed	-	-	264,156	264,156	712,744
Unassigned	6,578,985	-	-	6,578,985	5,316,538
TOTAL FUND BALANCES	7,852,100	5,790,528	587,429	14,230,057	13,923,507
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,140,544	\$ 5,790,528	\$ 588,180	\$ 15,519,252	\$ 15,060,810

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, 2023**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 14,230,057

**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 \$71,114,697 and the accumulated depreciation is \$36,592,101. 34,522,596

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 \$82,929 and the accumulated amortization is \$60,796. 22,133

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. 409,986

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. (111,010)

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	\$ 3,348,024	
Deferred Inflows of Resources Related to Pension	(947,354)	
Deferred Outflows of Resources Related to OPEB	57,883	
Deferred Inflows of Resources Related to OPEB	(97,243)	
Deferred Inflows of Resources Related to Leases	<u>(334,103)</u>	
		<u>2,027,207</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	\$ (130,047)	
Net Pension Liability	(4,166,967)	
Net OPEB Liability	(536,776)	
Right-of-Use Lease Obligations	(23,223)	
Financed Purchase Obligations	(735,501)	
Notes Payable	<u>(3,598,944)</u>	
		<u>(9,191,458)</u>

**TOTAL NET POSITION -
GOVERNMENTAL ACTIVITIES**

\$ 41,909,511

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, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022

	Major Funds		Non-Major Funds	2023	2022
	General	Capital Projects	Special Revenue	Total	Total
REVENUES					
Taxes	\$ 15,854,483	\$ -	\$ 138,598	\$ 15,993,081	\$ 16,043,359
Licenses and Permits	1,192,131	-	-	1,192,131	989,998
Fines and Forfeitures	53,186	-	-	53,186	38,060
Interest and Rents	267,549	176,963	73,303	517,815	157,731
Intergovernmental Revenues	1,712,733	40,335	830,505	2,583,573	2,607,804
Charges for Services	1,263,099	244,273	684	1,508,056	1,058,921
Other Revenues	1,351,355	-	-	1,351,355	1,159,974
TOTAL REVENUES	21,694,536	461,571	1,043,090	23,199,197	22,055,847
EXPENDITURES					
General Government	9,029,966	-	-	9,029,966	8,805,960
Public Safety	4,900,463	-	-	4,900,463	4,727,774
Public Works	1,023,744	2,957,457	1,042,283	5,023,484	2,317,038
Cultural and Recreation	1,398,787	-	-	1,398,787	1,267,554
Principal and Interest	2,499,467	-	124,740	2,624,207	2,524,278
TOTAL EXPENDITURES	18,852,427	2,957,457	1,167,023	22,976,907	19,642,604
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	2,842,109	(2,495,886)	(123,933)	222,290	2,413,243
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	112,928	2,866,471	-	2,979,399	270,426
Operating Transfers Out	(1,961,475)	(329,768)	(603,896)	(2,895,139)	(1,395,349)
Total Other Financing Sources (Uses)	(1,848,547)	2,536,703	(603,896)	84,260	(1,124,923)
Net Change in Fund Balances	993,562	40,817	(727,829)	306,550	1,288,320
Fund Balances, January 1	6,858,538	5,749,711	1,315,258	13,923,507	12,635,187
FUND BALANCES, DECEMBER 31	\$ 7,852,100	\$ 5,790,528	\$ 587,429	\$ 14,230,057	\$ 13,923,507

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, 2023**

Net Change in Fund Balances - Governmental Funds \$ 306,550

**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	\$ 3,589,971	
Less: Depreciation and Amortization Expense		<u>(2,141,487)</u>	1,448,484

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. (13,317)

Deferred revenue represents community center membership receipts available for appropriation in the fund statements, but is recognized when earned in the Statement of Activities. (22,519)

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 Position. 2,559,666

Proceeds from issuance of debt, including leases, is a current resource as a financing source in the governmental funds, but an increase in a liability in the Statement of Net Position. (658,503)

The net result of deferred inflows of resources and deferred outflows of resources of net pension liabilities, postemployment benefits, and leases. (279,468)

In the Statement of Activities, certain operating expenses -- compensated absences (vacations), 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. (18,817)

Change in Net Position of Governmental Activities \$ 3,322,076

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

TOWNSHIP OF BETHLEHEM
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2023
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2022

	2023		December 31, 2023	2022		December 31, 2022		
	Sewer Fund	Stormwater Fund		Sewer Fund	Stormwater Fund			
ASSETS								
Current Assets:								
Cash and Cash Equivalents - Unrestricted	\$ 5,368,977	\$ 334,056	\$ 5,703,033	\$ 4,809,157	\$ 326,660	\$ 5,135,817		
Accounts Receivable, Net	489,549	26,437	515,986	656,690	26,437	683,127		
Due from Other Funds	7,998	-	7,998	-	328	328		
Total Current Assets	5,866,524	360,493	6,227,017	5,465,847	353,425	5,819,272		
Noncurrent Assets:								
Fixed Assets, Less								
Accumulated Depreciation	7,322,033	2,671,245	9,993,278	6,981,497	-	6,981,497		
Total Noncurrent Assets	7,322,033	2,671,245	9,993,278	6,981,497	-	6,981,497		
TOTAL ASSETS	\$ 13,188,557	\$ 3,031,738	\$ 16,220,295	\$ 12,447,344	\$ 353,425	\$ 12,800,769		
LIABILITIES								
Current Liabilities:								
Accrued Expenses	\$ 35,318	\$ -	\$ 35,318	29,294	\$ -	\$ 29,294		
Due to Other Funds	-	-	-	40,834	-	40,834		
Current Portion of Long-Term Debt	43,849	-	43,849	93,688	-	93,688		
Current Portion of Authority Loans Payable	433,049	-	433,049	397,081	-	397,081		
Current Portion of Financed Purchases	124,602	-	124,602	23,507	-	23,507		
Total Current Liabilities	636,818	-	636,818	584,404	-	584,404		
Noncurrent Liabilities:								
Compensated Absences	10,341	-	10,341	6,983	-	6,983		
Financed Purchase Obligations	403,340	-	403,340	54,980	-	54,980		
Authority Loans Payable	2,572,587	1,660,326	4,232,913	3,005,636	-	3,005,636		
Notes Payable	38,928	-	38,928	132,629	-	132,629		
Total Noncurrent Liabilities	3,025,196	1,660,326	4,685,522	3,200,228	-	3,200,228		
TOTAL LIABILITIES	3,662,014	1,660,326	5,322,340	3,784,632	-	3,784,632		
NET POSITION								
Invested in Capital Assets, Net of								
Related Debt	6,711,314	2,671,245	9,382,559	6,676,693	-	6,676,693		
Unrestricted	2,815,229	(1,299,833)	1,515,396	1,986,019	353,425	2,339,444		
Total Net Position	9,526,543	1,371,412	10,897,955	8,662,712	353,425	9,016,137		
TOTAL LIABILITIES AND NET POSITION	\$ 13,188,557	\$ 3,031,738	\$ 16,220,295	\$ 12,447,344	\$ 353,425	\$ 12,800,769		

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, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022

	2023		Year Ended December 31, 2023	2022		Year Ended December 31, 2022
	Sewer Fund	Stormwater Fund		Sewer Fund	Stormwater Fund	
OPERATING REVENUES:						
Charges for Services	\$ 6,436,264	\$ 2,181,581	\$ 8,617,845	\$ 7,234,122	\$ 2,070,626	\$ 9,304,748
Other Revenue	81,587	-	81,587	29,961	-	29,961
Total Operating Revenues	6,517,851	2,181,581	8,699,432	7,264,083	2,070,626	9,334,709
OPERATING EXPENSES:						
Personnel	1,023,562	268,511	1,292,073	938,704	242,789	1,181,493
Supplies	184,141	79,483	263,624	251,677	1,000	252,677
Professional Services	209,531	416,967	626,498	158,419	432,017	590,436
Employee Benefits	445,352	110,042	555,394	490,241	104,272	594,513
Insurance	101,813	35,660	137,473	89,241	35,000	124,241
Repairs and Maintenance	62,086	1,917	64,003	38,041	727,989	766,030
Disposal System	3,291,162	161,334	3,452,496	2,894,806	102,575	2,997,381
Depreciation and Amortization	331,931	-	331,931	244,441	-	244,441
Bad Debt Expense	182,425	-	182,425	191,664	-	191,664
Total Operating Expenses	5,832,003	1,073,914	6,905,917	5,297,234	1,645,642	6,942,876
OPERATING INCOME	685,848	1,107,667	1,793,515	1,966,849	424,984	2,391,833
NON-OPERATING REVENUES						
(EXPENSES):						
Interest Revenue	219,113	13,939	233,052	60,690	789	61,479
Interest Expense	(57,398)	(3,091)	(60,489)	(111,008)	-	(111,008)
Total Non-operating Revenues (Expenses)	161,715	10,848	172,563	(50,318)	789	(49,529)
Income Before Contributions and Transfers	847,563	1,118,515	1,966,078	1,916,531	425,773	2,342,304
Transfers In (Out)	16,268	(100,528)	(84,260)	61,851	(72,348)	(10,497)
Change in Net Position	863,831	1,017,987	1,881,818	1,978,382	353,425	2,331,807
Total Net Position - January 1	8,662,712	353,425	9,016,137	6,684,330	-	6,684,330
TOTAL NET POSITION - December 31	\$ 9,526,543	\$ 1,371,412	\$ 10,897,955	\$ 8,662,712	\$ 353,425	\$ 9,016,137

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, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022

	2023		Year Ended December 31, 2023	2022		Year Ended December 31, 2022
	Sewer Fund	Stormwater Fund		Sewer Fund	Stormwater Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash Received from Customers	\$ 6,623,202	\$ 2,181,581	\$ 8,804,783	\$ 6,665,407	\$ 2,044,189	\$ 8,709,596
Cash Payment to Suppliers for Goods and Services	(3,897,565)	(695,033)	(4,592,598)	(3,350,432)	(1,298,909)	(4,649,341)
Cash Payments to Employees for Services	(1,459,532)	(378,553)	(1,838,085)	(1,428,517)	(347,061)	(1,775,578)
Other Operating Receipts	81,587	-	81,587	29,961	-	29,961
Net Cash Provided by Operating Activities	1,347,692	1,107,995	2,455,687	1,916,419	398,219	2,314,638
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating Transfers In (Out)	16,268	(100,528)	(84,260)	61,851	(72,348)	(10,497)
Net Cash Provided by (Used in) Noncapital Financing Activities	16,268	(100,528)	(84,260)	61,851	(72,348)	(10,497)
CASH FLOWS FROM CAPITAL ACTIVITIES:						
Principal Paid on Long-Term Debt	(143,540)	-	(143,540)	(158,070)	-	(158,070)
Interest Paid on Long-Term Debt	(1,355)	(3,091)	(4,446)	(2,056)	-	(2,056)
Principal Paid on Financed Purchase Obligations	(161,847)	-	(161,847)	(55,971)	-	(55,971)
Interest Paid on Financed Purchase Obligations	(3,872)	-	(3,872)	(1,830)	-	(1,830)
Borrowings on Authority Lease	-	1,660,326	1,660,326	180,069	-	180,069
Principal Paid on Authority Lease	(397,081)	-	(397,081)	(390,833)	-	(390,833)
Interest Paid on Authority Lease	(52,171)	-	(52,171)	(107,122)	-	(107,122)
Purchase of Fixed Assets	(263,387)	(2,671,245)	(2,934,632)	(887,213)	-	(887,213)
Net Cash Used in Capital Activities	(1,023,253)	(1,014,010)	(2,037,263)	(1,423,026)	-	(1,423,026)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest Received	219,113	13,939	233,052	60,690	789	61,479
Net Cash Provided by Investing Activities	219,113	13,939	233,052	60,690	789	61,479
Net Increase in Cash and Cash Equivalents	559,820	7,396	567,216	615,934	326,660	942,594
Cash and Cash Equivalents, January 1	4,809,157	326,660	5,135,817	4,193,223	-	4,193,223
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 5,368,977	\$ 334,056	\$ 5,703,033	\$ 4,809,157	\$ 326,660	\$ 5,135,817
Reconciliation of Operating Income to Net Cash Provided by Operating Activities						
Operating Income	\$ 685,848	\$ 1,107,667	\$ 1,793,515	\$ 1,966,849	\$ 424,984	\$ 2,391,833
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	331,931	-	331,931	244,441	-	244,441
Bad Debts	182,425	-	182,425	191,664	-	191,664
Loss on Disposal of Fixed Assets	202,222	-	202,222	-	-	-
Changes in Assets and Liabilities:						
Increase (Decrease) in Amounts Due to Other Funds	(40,834)	-	(40,834)	40,834	-	40,834
(Increase) Decrease in Amounts Due from Other Funds	(7,998)	328	(7,670)	40,918	(328)	40,590
Increase in Accounts Receivable	(15,284)	-	(15,284)	(568,715)	(26,437)	(595,152)
Increase in Accrued Expenses	9,382	-	9,382	428	-	428
Total Adjustments	661,844	328	662,172	(50,430)	(26,765)	(77,195)
Net Cash Provided by Operating Activities	\$ 1,347,692	\$ 1,107,995	\$ 2,455,687	\$ 1,916,419	\$ 398,219	\$ 2,314,638

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

**TOWNSHIP OF BETHLEHEM
STATEMENT OF NET POSITION
ALL FIDUCIARY FUNDS
DECEMBER 31, 2023
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2022**

	Pension Funds	Custodial Funds	Total December 31, 2023	Total December 31, 2022
ASSETS:				
Cash and Cash Equivalents - Unrestricted	\$ 844,590	\$ -	\$ 844,590	\$ 662,290
Cash and Cash Equivalents - Restricted	-	1,960,627	1,960,627	1,097,065
Investments - at Fair Value				
Cash and Sweep Balances	429,632	-	429,632	578,233
Common Stocks	36,878,769	-	36,878,769	34,765,582
Mutual Funds	1,560,156	-	1,560,156	-
Total Assets	<u>\$ 39,713,147</u>	<u>\$ 1,960,627</u>	<u>\$ 41,673,774</u>	<u>\$ 37,103,170</u>
LIABILITIES:				
Accounts Payable	\$ (2,286)	\$ (36)	\$ (2,322)	\$ (2,322)
Due to Other Funds	5,260	-	5,260	-
Total Liabilities	<u>2,974</u>	<u>(36)</u>	<u>2,938</u>	<u>(2,322)</u>
NET POSITION:				
Restricted	<u>39,710,173</u>	<u>1,960,663</u>	<u>41,670,836</u>	<u>37,105,492</u>
Total Liabilities and Net Position	<u>\$ 39,713,147</u>	<u>\$ 1,960,627</u>	<u>\$ 41,673,774</u>	<u>\$ 37,103,170</u>

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

TOWNSHIP OF BETHLEHEM
STATEMENT OF CHANGES IN NET POSITION
ALL FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022

	Pension Funds	Custodial Funds	Total Year Ended December 31, 2023	Total Year Ended December 31, 2022
ADDITIONS:				
Contributions:				
Employer	\$ 1,214,903	\$ -	\$ 1,214,903	\$ 1,202,855
Plan Members	156,808	-	156,808	225,040
Total Contributions	1,371,711	-	1,371,711	1,427,895
Investment Earnings:				
Interest, Dividends and Net Unrealized Gains (Losses)	3,982,398	66,018	4,048,416	(5,315,665)
Less: Investment Expenses	(92,912)	-	(92,912)	(100,304)
Net Investment Gains (Losses)	3,889,486	66,018	3,955,504	(5,415,969)
Collections from Other Entities	-	2,227,774	2,227,774	1,123,263
Total Additions	5,261,197	2,293,792	7,554,989	(2,864,811)
DEDUCTIONS:				
Administration	24,000	-	24,000	23,100
Benefit Payments	1,535,416	-	1,535,416	1,336,276
Payments to Other Entities	-	1,430,229	1,430,229	969,391
Total Deductions	1,559,416	1,430,229	2,989,645	2,328,767
NET INCREASE (DECREASE)	3,701,781	863,563	4,565,344	(5,193,578)
NET POSITION:				
Net Position, January 1	36,008,392	1,097,100	37,105,492	42,299,070
Net Position, December 31	\$ 39,710,173	\$ 1,960,663	\$ 41,670,836	\$ 37,105,492

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

TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 and Stormwater Funds. 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, 2023

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, 2023

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, 2023**

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, 2023

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, 2023**

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 Statements 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, 2023**

2. Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the Statements 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, 2023**

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, 2023

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.

New GASB Pronouncement

In May 2020, the GASB issued Statement 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAS) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-of-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The Township has determined that the implementation of the accounting standard did not significantly impact the financial statements and therefore, there were no required prior period adjustments.

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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassification had no impact on previously reported net position or fund balance.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

3. Cash and Investments

General

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

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

Cash (Cash on Hand and Bank Balances)

At December 31, 2023, 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 \$6,976,826 and the corresponding bank balances were \$7,209,821 of which \$500,000 was insured by the Federal Deposit Insurance Corporation ("FDIC"); the uninsured bank balances of \$6,709,821 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 \$6,709,821 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, 2023, the petty cash balance was \$600.

As of December 31, 2023, 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 \$9,448,687. 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, 2023**

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, 2023 and 2022, the Township had the following investments:

	<u>Fair Value</u>
<u>Investment - Pension Trust Funds</u>	
<u>2023</u>	
Cash and Sweep Balances	\$ 429,632
Common Stocks	36,878,769
Mutual Funds	<u>1,560,156</u>
	<u><u>\$ 37,308,401</u></u>
<u>2022</u>	
Cash and Sweep Balances	\$ 578,233
Common Stocks	34,765,582
Mutual Funds	<u>-</u>
	<u><u>\$ 35,343,815</u></u>

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, 2023**

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 (\$943,322,900 in 2023), the Township bills and collects its own property taxes. The schedule for property taxes levied for 2023 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 2023 and 2022.

The balances at December 31, 2023 and 2022 are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible
<u>2023</u>			
Real Estate	\$ 6,926	\$ -	\$ 6,926
Earned Income Tax	1,059,311	-	1,059,311
Business Privilege and Mercantile	19,588	-	19,588
Local Service Tax	178,661	-	178,661
	<u>\$ 1,264,486</u>	<u>\$ -</u>	<u>\$ 1,264,486</u>
<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>

TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

5. Inter-fund Receivables and Payables

Inter-fund receivable and payable balances as of December 31, 2023 and 2022 are as follows:

	Due From Other Funds	Due to Other Funds
<u>2023</u>		
<i><u>Governmental Activities</u></i>		
General Fund	\$ -	\$ 2,835
Fire Fund	848	-
State Liquid Fuels Fund	-	751
<i><u>Business Type Activities</u></i>		
Sewer Fund	7,998	-
<i><u>Fiduciary Type Activities</u></i>		
Defined Contribution	-	5,260
	<u>\$ 8,846</u>	<u>\$ 8,846</u>
 <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>

6. Inter-fund Transfers

Inter-fund transfers during 2023 and 2022 were as follows:

	Transfers from Other Funds	Transfers to Other Funds
<u>2023</u>		
<i><u>Governmental Activities</u></i>		
General Fund	\$ 112,928	\$ 1,961,475
Capital Reserve Fund	2,866,471	-
State Liquid Fuels Fund	-	12,400
Fire Fund	-	591,496
Parks and Recreation Fund	-	329,768
<i><u>Business Type Activities</u></i>		
Sewer Fund	16,268	-
Stormwater Fund	-	100,528
	<u>\$ 2,995,667</u>	<u>\$ 2,995,667</u>
 <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>

TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

7. Capital Assets

Capital asset activity for the fiscal year ended December 31, 2023, was as follows:

	Balance Jan. 1, 2023	Additions	Retirements	Balance Dec. 31, 2023
Governmental Activities:				
<i>Capital Assets not Being Depreciated:</i>				
Land	\$ 4,059,744	\$ -	\$ -	\$ 4,059,744
Total Capital Assets Not Being Depreciated	4,059,744	-	-	4,059,744
<i>Capital Assets Being Depreciated</i>				
Building and Building Improvements	25,054,488	264,903	-	25,319,391
Vehicles and Equipment	19,733,500	2,340,303	(422,623)	21,651,180
Parks	5,957,300	702,604	-	6,659,904
Road System and Improvements	11,219,977	93,348	-	11,313,325
Storm Sewer and Drainage	1,946,609	164,544	-	2,111,153
Right-of-Use Equipment	80,005	24,269	(21,345)	82,929
Total at Historical Cost	63,991,879	3,589,971	(443,968)	67,137,882
Less Accumulated Depreciation	(34,955,378)	(2,141,487)	443,968	(36,652,897)
Government Activity Capital Assets, Net	<u>\$ 33,096,245</u>	<u>\$ 1,448,484</u>	<u>\$ -</u>	<u>\$ 34,544,729</u>

Depreciation expense for the general fund was \$2,141,487 and \$1,953,567 in 2023 and 2022, respectively.

	Balance Jan. 1, 2023	Additions	Retirements	Balance Dec. 31, 2023
Business-Type Activities:				
<i>Capital Assets Being Depreciated</i>				
Vehicles and Equipment	\$ 2,001,156	\$ 638,301	\$ (455,000)	\$ 2,184,457
Sewer System	8,010,191	236,388	-	8,246,579
Stormwater System	-	2,671,245	-	2,671,245
Total Capital Assets Being Depreciated	10,011,347	3,545,934	(455,000)	13,102,281
Less Accumulated Depreciation	(3,029,850)	(331,931)	252,778	(3,109,003)
Business-Type Capital Assets, Net	<u>\$ 6,981,497</u>	<u>\$ 3,214,003</u>	<u>\$ (202,222)</u>	<u>\$ 9,993,278</u>

Depreciation expense for the sewer fund was \$331,931 and \$244,441 in 2023 and 2022, respectively.

TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

8. Long-Term Debt

Changes in long-term obligations for the year ended December 31, 2023, are as follows:

	Balance Outstanding Jan. 1, 2023	Additions	Reductions	Balance Outstanding Dec. 31, 2023	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	\$ 5,829,684	\$ -	\$ (2,363,460)	\$ 3,466,224	\$ 1,836,151
 <u>2021 HVAC:</u>					
5-year Term Loan Payable to Bank at Fixed Rate of 2.45%.					
Matures February, 2026.	196,709	-	(63,989)	132,720	66,316
	6,026,393	-	(2,427,449)	3,598,944	1,902,467
Compensated Absences	111,230	-	18,817	130,047	-
Net Pension Liability	5,966,971	-	(1,800,004)	4,166,967	-
Net OPEB Liability	606,309	-	(69,533)	536,776	-
	<u>\$ 12,710,903</u>	<u>\$ -</u>	<u>\$ (4,278,169)</u>	<u>\$ 8,432,734</u>	<u>\$ 1,902,467</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	\$ 226,317	\$ -	\$ (143,540)	\$ 82,777	\$ 43,849
	226,317	-	(143,540)	82,777	43,849
Compensated Absences	6,983	-	3,358	10,341	-
	<u>\$ 233,300</u>	<u>\$ -</u>	<u>\$ (140,182)</u>	<u>\$ 93,118</u>	<u>\$ 43,849</u>

The annual debt service requirements to maturity, including principal and interest, as of December 31, 2023, are as follows:

During the year(s) ended December 31,	Principal	Interest
2024	\$ 1,946,316	\$ 24,166
2025	988,934	11,166
2026	518,471	4,387
2027	228,000	809
Totals	<u>\$ 3,681,721</u>	<u>\$ 40,528</u>

TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

Authority debt also consists of a PENNVEST loan for a system improvements project. The loan was approved for a maximum of \$2,490,000, bearing interest at a rate of 1.743% for the first five years and 2.179% for the remaining years. The loan matures 20 years from the date the loan has been fully disbursed.

The underlying Bethlehem Township Municipal Authority debt is as follows:

	Balance Outstanding Jan. 1, 2023	Additions	Reductions	Balance Outstanding Dec. 31, 2023	Amounts Due Within One Year
Penn Works Loan (Series 2011)	\$ 590,908	\$ -	\$ (63,081)	\$ 527,827	\$ 64,354
2020 Revenue Note	2,811,809	-	(334,000)	2,477,809	339,000
PENNVEST Loan	-	1,660,326	-	1,660,326	29,695
	<u>\$ 3,402,717</u>	<u>\$ 1,660,326</u>	<u>\$ (397,081)</u>	<u>\$ 4,665,962</u>	<u>\$ 433,049</u>

The annual lease rental requirements to maturity, including principal and interest, as of December 31, 2023, are as follows:

During the year(s) ended December 31,	Principal	Interest
2024	\$ 433,049	\$ 74,365
2025	529,735	66,933
2026	538,170	58,315
2027	547,669	49,559
2028	556,233	40,655
2029-2033	1,596,268	103,866
2034-2037	464,838	16,624
Totals	<u>\$ 4,665,962</u>	<u>\$ 410,317</u>

TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 retirement 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 2023 and 2022 were \$87,624 and \$60,539, 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, 2023

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, 2023

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. 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, 2023**

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, 2023

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, 2023**

12. Defined Benefit Retirement Plans (Continued)

Teamsters Pension Plan (Continued)

Net Pension Liability

The net pension liability was measured as of December 31, 2023, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2023. 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, 2023 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-2021 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, 2023**

12. Defined Benefit Retirement Plans (Continued)

Teamsters Pension Plan (Continued)

Changes in the Net Pension Liability

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2022	\$ 2,063,379	\$ 1,752,075	\$ 311,304
Changes for the year:			
Service Cost	13,422	-	13,422
Interest Cost	143,487	-	143,487
Changes in Benefit Terms	29,398	-	29,398
Changes for Experience	(22,060)	-	(22,060)
Changes of Assumptions	-	-	-
Contributions - Employer	-	60,912	(60,912)
Contributions - Member	-	-	-
Net Investment Income	-	189,371	(189,371)
Benefit Payments	(68,648)	(68,648)	-
Administrative Expense	-	(5,400)	5,400
Other Changes	-	-	-
Net Changes	95,599	176,235	(80,636)
Balance at December 31, 2023	<u>\$ 2,158,978</u>	<u>\$ 1,928,310</u>	<u>\$ 230,668</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	\$ 464,958	\$ 230,668	\$ 31,730

TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

12. Defined Benefit Retirement Plans (Continued)

Teamsters Pension Plan (Continued)

Pension Expense for the years ending December 31, 2023 and 2022

	2022	2023
Service Cost	\$ 26,750	\$ 13,422
Interest on the Total Pension Liability	137,233	143,487
Changes in Benefit Terms	-	29,398
Difference between Expected and Actual Experience ¹	(1,125)	(22,044)
Changes of Assumptions ¹	22,231	-
Member Contributions	-	-
Projected Earnings on Pension Plan Investments	(141,378)	(122,185)
Difference between Projected and Actual Earnings on Investments ²	57,366	14,944
Pension Plan Administrative Expense	5,100	5,400
Other Changes in Fiduciary Net Position	-	-
Pension Expense	<u>\$ 106,177</u>	<u>\$ 62,422</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, 2023, the Township recognized pension expense of \$60,912. At December 31, 2023, 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	\$ 16	\$ -
Changes in Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>138,918</u>	<u>-</u>
Total	<u>\$ 138,934</u>	<u>\$ -</u>

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

Years Ended December 31,		
2024	\$	32,616
2025		52,053
2026		67,703
2027		(13,438)

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023**

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, 2023

Inactive Members or Beneficiaries Currently Receiving Benefits	9
Inactive Members Entitled to but not yet Receiving Benefits	4
Active Members	<u>9</u>
Total Members	<u><u>22</u></u>

Net Pension Liability

The net pension liability was measured as of December 31, 2023, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2023. 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, 2023 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-2021 to reflect mortality improvement.

TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2022	\$ 5,711,465	\$ 4,497,263	\$ 1,214,202
Changes for the year:			
Service Cost	88,549	-	88,549
Interest Cost	411,008	-	411,008
Changes in Benefit Terms	-	-	-
Changes for Experience	199,259	-	199,259
Changes of Assumptions	-	-	-
Contributions - Employer	-	220,673	(220,673)
Contributions - Member	-	-	-
Net Investment Income	-	485,634	(485,634)
Benefit Payments	(255,461)	(255,461)	-
Administrative Expense	-	(4,900)	4,900
Other Changes	-	-	-
Net Changes	443,355	445,946	(2,591)
Balance at December 31, 2023	<u>\$ 6,154,820</u>	<u>\$ 4,943,209</u>	<u>\$ 1,211,611</u>

TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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	\$ 1,950,854	\$ 1,211,611	\$ 588,688

Pension Expense for the years ending December 31, 2023 and 2022

	2022	2023
Service Cost	\$ 93,364	\$ 88,549
Interest on the Total Pension Liability	379,263	411,008
Changes in Benefit Terms	-	-
Difference between Expected and Actual Experience ¹	22,657	80,738
Changes of Assumptions ¹	75,552	42,638
Member Contributions	-	-
Projected Earnings on Pension Plan Investments	(359,174)	(313,419)
Difference between Projected and Actual Earnings on Investments ²	136,473	33,689
Pension Plan Administrative Expense	4,600	4,900
Other Changes in Fiduciary Net Position	-	-
Pension Expense	<u>\$ 352,735</u>	<u>\$ 348,103</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.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, the Township recognized pension expense of \$220,673. At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 163,426	\$ -
Changes in Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>340,278</u>	<u>-</u>
Total	<u><u>\$ 503,704</u></u>	<u><u>\$ -</u></u>

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

Years Ended December 31,		
	2024	\$ 140,911
	2025	177,675
	2026	219,564
	2027	(34,446)

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, 2023**

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, 2023**

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, 2023

Inactive Members or Beneficiaries Currently Receiving Benefits	11
Inactive Members Entitled to but not yet Receiving Benefits	4
Active Members	<u>17</u>
Total Members	<u><u>32</u></u>

Net Pension Liability

The net pension liability was measured as of December 31, 2023, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2023. 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, 2023 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-2021 to reflect mortality improvement.

TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2022	\$ 7,627,929	\$ 6,128,175	\$ 1,499,754
Changes for the year:			
Service Cost	126,082	-	126,082
Interest Cost	525,193	-	525,193
Changes in Benefit Terms	-	-	-
Changes for Experience	(135,015)	-	(135,015)
Changes of Assumptions	-	-	-
Contributions - Employer	-	289,194	(289,194)
Contributions - Member	-	-	-
Net Investment Income	-	667,720	(667,720)
Benefit Payments	(232,466)	(232,466)	-
Administrative Expense	-	(5,200)	5,200
Other Changes	-	-	-
Net Changes	283,794	719,248	(435,454)
Balance at December 31, 2023	<u>\$ 7,911,723</u>	<u>\$ 6,847,423</u>	<u>\$ 1,064,300</u>

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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	\$ 2,064,152	\$ 1,064,300	\$ 219,022

Pension Expense for the years ending December 31, 2023 and 2022

	2022	2023
Service Cost	\$ 129,659	\$ 126,082
Interest on the Total Pension Liability	505,383	525,193
Changes in Benefit Terms	-	-
Difference between Expected and Actual Experience ¹	(8,487)	(35,490)
Changes of Assumptions ¹	56,293	56,293
Member Contributions	-	-
Projected Earnings on Pension Plan Investments	(489,578)	(430,776)
Difference between Projected and Actual Earnings on Investments ²	190,205	52,335
Pension Plan Administrative Expense	3,600	5,200
Other Changes in Fiduciary Net Position	-	-
Pension Expense	<u>\$ 387,075</u>	<u>\$ 298,837</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.

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, the Township recognized pension expense of \$289,194. At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 123,792
Changes in Assumptions	112,588	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>475,388</u>	<u>-</u>
Total	<u>\$ 587,976</u>	<u>\$ 123,792</u>

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

Years Ended December 31,		
	2024	\$ 131,286
	2025	180,281
	2026	227,010
	2027	(74,393)

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, 2023**

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, 2023

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, 2023

Inactive Members or Beneficiaries Currently Receiving Benefits	24
Inactive Members Entitled to but not yet Receiving Benefits	5
Active Members	<u>38</u>
Total Members	<u><u>67</u></u>

Net Pension Liability

The net pension liability was measured as of December 31, 2023, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2023. 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, 2023 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-2021 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%

TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2022	\$ 26,366,576	\$ 23,424,865	\$ 2,941,711
Changes for the year:			
Service Cost	635,429	-	635,429
Interest Cost	1,820,669	-	1,820,669
Changes in Benefit Terms	-	-	-
Changes for Experience	(503,031)	-	(503,031)
Changes of Assumptions	-	-	-
Contributions - Employer	-	556,500	(556,500)
Contributions - Member	-	156,808	(156,808)
Net Investment Income	-	2,529,582	(2,529,582)
Benefit Payments	(978,840)	(978,840)	-
Administrative Expense	-	(8,500)	8,500
Other Changes	-	-	-
Net Changes	974,227	2,255,550	(1,281,323)
Balance at December 31, 2023	<u>\$ 27,340,803</u>	<u>\$ 25,680,415</u>	<u>\$ 1,660,388</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 (Asset)	\$ 5,265,737	\$ 1,660,388	\$ (1,319,066)

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

12. Defined Benefit Retirement Plans (Continued)

Police Pension Plan (Continued)

Pension Expense for the years ending December 31, 2023 and 2022

	<u>2022</u>	<u>2023</u>
Service Cost	\$ 681,390	\$ 635,429
Interest on the Total Pension Liability	1,754,405	1,820,669
Changes in Benefit Terms	-	-
Difference between Expected and Actual Experience ¹	(188,996)	(292,878)
Changes of Assumptions ¹	113,289	136,345
Member Contributions	(225,040)	(156,808)
Projected Earnings on Pension Plan Investments	(1,894,115)	(1,630,149)
Difference between Projected and Actual Earnings on Investments ²	748,853	198,426
Pension Plan Administrative Expense	9,800	8,500
Other Changes in Fiduciary Net Position	<u>-</u>	<u>-</u>
Pension Expense	<u>\$ 999,586</u>	<u>\$ 719,534</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, 2023, the Township recognized pension expense of \$556,500. At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 823,562
Changes in Assumptions	258,454	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>1,858,956</u>	<u>-</u>
Total	<u>\$ 2,117,410</u>	<u>\$ 823,562</u>

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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,		
2024	\$	274,442
2025		589,334
2026		804,869
2027		(231,073)
2028		(71,862)
2029		(71,862)

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

4.31%. Based on S&P Municipal Bond 20-Year High Grade Rate Index at January 1, 2023.

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, 2023**

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-2021 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, 2023**

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, 2023 were as follows:

	<u>2023</u>
Total OPEB Liability	\$ 536,776
Plan Fiduciary Net Position	<u>-</u>
Net OPEB Liability	<u><u>\$ 536,776</u></u>

TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2022	\$ 606,309	\$ -	\$ 606,309
Changes for the year:			
Service Cost	25,719	-	25,719
Interest Cost ²	13,796	-	13,796
Changes in Benefit Terms	-	-	-
Changes between Expected and Actual Experience ¹	-	-	-
Changes of Assumptions ¹	(74,170)	-	(74,170)
Contributions - Employer	-	34,878	(34,878)
Contributions - Member	-	-	-
Net Investment Income	-	-	-
Benefit Payments ²	(34,878)	(34,878)	-
Administrative Expense	-	-	-
Other Changes	-	-	-
Net Changes	(69,533)	-	(69,533)
Balance at December 31, 2023	<u>\$ 536,776</u>	<u>\$ -</u>	<u>\$ 536,776</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 4.31% as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower (3.31%) or one percent higher (5.31%) than the current rate:

	1% Decrease 3.31%	Current Discount Rate 4.31%	1% Increase 5.31%
Net OPEB Liability	\$ 567,568	\$ 536,776	\$ 507,713

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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.

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 536,776	\$ 536,776	\$ 536,776

OPEB Expense for the years ending December 31, 2023 and 2022

	<u>2022</u>	<u>2023</u>
Service Cost	\$ 28,395	\$ 25,719
Interest on the Total OPEB Liability	11,370	13,796
Changes in Benefit Terms	-	-
Contributions - Employee	-	-
Amortization of Deferred Outflows	12,649	12,649
Amortization of Deferred Inflows	(8,048)	(18,644)
Other Changes	<u>-</u>	<u>-</u>
OPEB Expense	<u>\$ 44,366</u>	<u>\$ 33,520</u>

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

For the year ended December 31, 2023, the Township recognized OPEB expense of \$34,878. At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 20,518	\$ 19,623
Changes in Assumptions	<u>37,365</u>	<u>77,620</u>
Total	<u>\$ 57,883</u>	<u>\$ 97,243</u>

TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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,		
	2024	\$ (5,995)
	2025	(5,995)
	2026	(5,996)
	2027	(7,938)
	2028	(2,842)
	2029	(10,594)

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	\$ 6,578,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,578,985
Restricted	-	3,645,196	-	323,273	-	-	3,968,469
Committed	-	-	-	-	41,927	222,229	264,156
Assigned	1,273,115	-	2,145,332	-	-	-	3,418,447
Totals	<u>\$ 7,852,100</u>	<u>\$ 3,645,196</u>	<u>\$ 2,145,332</u>	<u>\$ 323,273</u>	<u>\$ 41,927</u>	<u>\$ 222,229</u>	<u>\$ 14,230,057</u>

TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023
Land Lease	1/26/2017	276 Months	\$869-\$3,332	2.78%	<u>\$ 334,103</u>	<u>\$ 409,986</u>

The future principal and interest payments as of December 31, 2023 are as follows:

Year Ending December 31,	Principal	Interest	Total
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	19,546	9,339	28,885
2029-2033	120,521	37,432	157,953
2034-2038	165,384	17,727	183,111
2039	39,389	596	39,985
Total	<u>\$ 409,986</u>	<u>\$ 107,314</u>	<u>\$ 517,300</u>

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, 2023
Postage Machine	1/1/2019	63 Months	\$ 781	2.69%	\$ 45,951	\$ 2,333
Postage Machine	2/4/2021	48 Months	68	0.93%	3,237	819
Postage Machine	4/1/2023	60 Months	351	3.52%	19,324	16,589
Copier	1/19/2021	36 Months	145	0.93%	5,150	-
Copier	2/1/2023	36 Months	145	3.75%	4,945	3,482
						<u>\$ 23,223</u>

The following is a summary of changes in lease obligations for the year ended December 31, 2023:

	Balance Outstanding Jan. 1, 2023	Additions	Reductions	Balance Outstanding Dec. 31, 2023	Amounts Due Within One Year
Lease Obligations	<u>\$ 14,873</u>	<u>\$ 24,269</u>	<u>\$ (15,919)</u>	<u>\$ 23,223</u>	<u>\$ 8,472</u>

TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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
2024	\$ 8,472	\$ 642	\$ 9,114
2025	5,659	434	6,093
2026	3,952	257	4,209
2027	4,092	115	4,207
2028	1,048	6	1,054
Total	<u>\$ 23,223</u>	<u>\$ 1,454</u>	<u>\$ 24,677</u>

See note 7 for value associated with the right-of-use asset and accumulated depreciation as of December 31, 2023.

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, 2023
Vehicle	10/16/2019	60 Months	596	2.20%	33,480	\$ -
Vehicle	7/18/2022	60 Months	613	2.80%	33,480	20,322
Equipment	6/10/2022	60 Months	1,072	3.60%	33,914	34,659
Vehicle	3/14/2019	60 Months	1,768	4.00%	94,586	-
Vehicle	3/14/2019	60 Months	3,341	3.60%	180,567	-
Vehicle	10/23/2020	60 Months	3,444	2.70%	191,060	39,705
Vehicle	8/16/2022	60 Months	1,842	3.80%	98,925	61,562
Vehicle	3/29/2023	60 Months	11,429	6.10%	611,302	472,961
Vehicle	5/1/2023	60 Months	4,644	5.90%	235,403	235,403
Vehicle	4/11/2023	60 Months	2,614	3.54%	128,157	128,157
Equipment	2/7/2023	60 Months	6,371	3.85%	270,674	270,674
						<u>\$ 1,263,443</u>

The following is a summary of changes in financed purchase obligations for the year ended December 31, 2023:

	Balance Outstanding Jan. 1, 2023	Additions	Reductions	Balance Outstanding Dec. 31, 2023	Amounts Due Within One Year
Financed Purchase Obligations	<u>\$ 296,052</u>	<u>\$ 1,245,536</u>	<u>\$ (278,145)</u>	<u>\$ 1,263,443</u>	<u>\$ 310,938</u>

The future principal and interest lease payments as of December 31, 2023, are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 310,938	\$ 74,606	\$ 385,544
2025	287,076	57,146	344,222
2026	303,966	40,247	344,213
2027	279,562	22,330	301,892
2028	81,901	5,203	87,104
Total	<u>\$ 1,263,443</u>	<u>\$ 199,532</u>	<u>\$ 1,462,975</u>

**TOWNSHIP OF BETHLEHEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

18. 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, 2023 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, 2023, will not materially affect the financial condition of the Township.

19. Subsequent Events

In preparing these financial statements, the Township has evaluated events and transactions for potential recognition or disclosure through July 16, 2024, the date the financial statements were available to be issued, and has determined that no material subsequent events exist that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF BETHLEHEM
GENERAL FUND - SCHEDULE OF REVENUES AND OTHER
FINANCING SOURCES - BUDGET COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2023

	Actual	Original Budget	Variance Favorable (Unfavorable)
REVENUES RECEIVED			
Taxes			
Real Estate	\$ 6,983,319	\$ 7,250,510	\$ (267,191)
Real Estate Transfer	1,113,371	1,275,000	(161,629)
Earned Income	5,738,536	5,450,000	288,536
Amusement	47,442	51,000	(3,558)
Mercantile	1,257,112	1,250,000	7,112
Local Services Tax	714,703	700,000	14,703
Total Taxes	15,854,483	15,976,510	(122,027)
Licenses and Permits			
Permits	854,678	426,700	427,978
TV Cable	332,253	410,000	(77,747)
Miscellaneous	5,200	5,000	200
Total Licenses and Permits	1,192,131	841,700	350,431
Fines and Forfeitures			
Ordinance Violations	9,081	10,000	(919)
Vehicle Code Violations	44,005	50,000	(5,995)
Miscellaneous Fines	100	1,000	(900)
Total Fines and Forfeitures	53,186	61,000	(7,814)
Interest and Rents			
Interest	225,187	25,000	200,187
Rents	42,362	36,000	6,362
Total Interest and Rents	267,549	61,000	206,549
Intergovernmental Revenues			
Federal Funds	37,758	1,150,000	(1,112,242)
State Funds	1,198,312	-	1,198,312
PURTA Tax	12,955	15,000	(2,045)
Local Funds	463,708	-	463,708
Total Intergovernmental Revenues	1,712,733	1,165,000	547,733
Charges for Services			
Subdivision Fees	17,160	10,000	7,160
Zoning Fees	40,463	21,000	19,463
Community Center and Recreation Fees	1,079,822	846,500	233,322
Police Safety	21,580	15,000	6,580
Property Inspection	49,044	25,300	23,744
Tax Certification	7,420	10,000	(2,580)
Sewer Fees	430	-	430
Miscellaneous	47,180	45,000	2,180
Total Charges for Services	1,263,099	972,800	290,299
Other Revenues			
Sale of Property	27,394	35,000	(7,606)
Sale of Maps and Books	268	2,400	(2,132)
Refunds	482,764	415,000	67,764
Engineering Fee Reimbursements	818,052	900,000	(81,948)
Legal Fee Reimbursements	22,877	60,000	(37,123)
Total Other Revenues	1,351,355	1,412,400	(61,045)
Total Revenues Received	\$ 21,694,536	\$ 20,490,410	\$ 1,204,126

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, 2023

	Actual	Original Budget	Variance Favorable (Unfavorable)
EXPENDITURES PAID			
General Government			
Legislative	\$ 126,436	\$ 143,300	\$ 16,864
Administrative and Executive	4,860,918	5,968,285	1,107,367
Financial Administration	834,881	373,632	(461,249)
Planning and Zoning	1,051,816	1,434,349	382,533
Physical Plant	1,469,230	1,128,878	(340,352)
Insurance	686,685	672,125	(14,560)
Total General Government	9,029,966	9,720,569	690,603
Public Safety			
Police Protection	3,357,805	4,049,868	692,063
Protective Inspection and Code Enforcement	543,141	2,500	(540,641)
Fire Protection	999,517	857,770	(141,747)
Total Public Safety	4,900,463	4,910,138	9,675
Public Works - Highways and Streets			
Street Construction	31,029	2,000	(29,029)
Street Maintenance	49,281	136,700	87,419
Snow and Ice Removal	32,985	133,950	100,965
Street Signs and Markings	98,044	75,500	(22,544)
Storm Sewer Maintenance	42,347	57,176	14,829
Street Cleaning	-	18,000	18,000
Recycling	21,384	25,000	3,616
General Services	748,674	1,282,523	533,849
Total Public Works - Highways and Streets	1,023,744	1,730,849	707,105
Culture and Recreation			
Playground and Parks	22,119	37,000	14,881
Community Center	888,021	983,151	95,130
Library	488,647	488,557	(90)
Total Culture and Recreation	1,398,787	1,508,708	109,921
Interest	2,499,467	2,550,467	51,000
Total Expenditures Paid	18,852,427	20,420,731	1,568,304
EXCESS OF REVENUES RECEIVED OVER EXPENDITURES PAID	2,842,109	69,679	2,772,430
Other Financing Sources (Uses)			
Transfers In	112,928	-	112,928
Transfers Out	(1,961,475)	-	(1,961,475)
Total Other Financing Sources (Uses), Net	(1,848,547)	-	(1,848,547)
EXCESS OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES PAID AND OTHER FINANCING USES	993,562	69,679	923,883
FUND BALANCE - JANUARY 1, 2023	6,858,538	6,858,538	-
FUND BALANCE - DECEMBER 31, 2023	\$ 7,852,100	\$ 6,928,217	\$ 923,883

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
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%
2023	60,912	60,912	-	281,204	21.66%

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	2023
Total Pension Liability								
Service Cost	\$ 30,111	\$ 20,820	\$ 21,861	\$ 23,384	\$ 24,553	\$ 25,476	\$ 26,750	\$ 13,422
Interest	95,967	100,926	106,278	118,145	124,453	130,761	137,233	143,487
Changes of Benefit Terms	-	-	-	-	-	-	-	29,398
Changes for Experience	-	(43,036)	-	(4,570)	-	64	-	(22,060)
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)	(68,648)
Net Change in Total Pension Liability	83,951	71,596	86,012	179,025	90,708	94,842	95,335	95,599
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	2,063,379
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>	<u>\$ 2,158,978</u>
Plan Fiduciary Net Position								
Contributions - Employer	\$ 89,381	\$ 86,995	\$ 85,054	\$ 80,528	\$ 81,756	\$ 104,708	\$ 67,180	\$ 60,912
Contributions - Member	-	-	-	-	-	-	-	-
Net Investment Income	47,268	124,757	(48,986)	183,184	206,707	204,227	(264,323)	189,371
Benefit Payments, Including Refunds of Member Contributions	(42,127)	(50,543)	(42,127)	(46,861)	(58,298)	(61,459)	(68,648)	(68,648)
Administrative Expense	(3,000)	(3,900)	(3,500)	(5,300)	(2,600)	(5,100)	(5,100)	(5,400)
Net Change in Plan Fiduciary Net Position	91,522	157,309	(9,559)	211,551	227,565	242,376	(270,891)	176,235
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	1,752,075
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>	<u>\$ 1,928,310</u>
Municipality's Net Pension Liability (Asset)	\$ 252,137	\$ 166,424	\$ 261,995	\$ 229,469	\$ 92,612	\$ (54,922)	\$ 311,304	\$ 230,668
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%	89.3%
Covered Employee Payroll	\$ 338,852	\$ 349,626	\$ 359,287	\$ 326,299	\$ 355,519	\$ 293,771	\$ 277,970	\$ 281,204
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%	82.0%

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, 2023**

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
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%
2023	220,673	220,673	-	827,829	26.66%

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	2023
Total Pension Liability								
Service Cost	\$ 100,129	\$ 82,498	\$ 86,623	\$ 87,595	\$ 91,975	\$ 88,918	\$ 93,364	\$ 88,549
Interest	220,111	250,262	271,857	315,166	340,517	363,066	379,263	411,008
Changes of Benefit Terms	-	-	-	-	-	-	-	-
Changes for Experience	-	(49,585)	-	84,691	-	55,934	-	199,259
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)	(255,461)
Net Change in Total Pension Liability	302,125	459,207	323,159	658,700	384,465	229,484	300,953	443,355
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	5,711,465
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>	<u>\$ 6,154,820</u>
Plan Fiduciary Net Position								
Contributions - Employer	\$ 247,234	\$ 245,785	\$ 250,338	\$ 220,502	\$ 223,360	\$ 298,567	\$ 232,285	\$ 220,673
Contributions - Member	-	-	-	-	-	-	-	-
Net Investment Income	101,433	280,820	(114,781)	449,496	529,700	529,089	(661,799)	485,634
Benefit Payments, Including Refunds of Member Contributions	(18,115)	(21,457)	(35,321)	(41,942)	(48,027)	(278,434)	(171,674)	(255,461)
Administrative Expense	(3,100)	(3,900)	(3,500)	(5,100)	(2,600)	(4,500)	(4,600)	(4,900)
Net Change in Plan Fiduciary Net Position	327,452	501,248	96,736	622,956	702,433	544,722	(605,788)	445,946
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	4,497,263
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>	<u>\$ 4,943,209</u>
Municipality's Net Pension Liability	\$ 720,541	\$ 678,500	\$ 904,923	\$ 940,667	\$ 622,699	\$ 307,461	\$ 1,214,202	\$ 1,211,611
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%	80.3%
Covered Employee Payroll	\$ 886,618	\$ 873,533	\$ 917,726	\$ 944,119	\$ 1,004,464	\$ 823,211	\$ 893,401	\$ 827,829
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%	146.4%

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, 2023**

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
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%
2023	289,194	289,194	-	1,104,716	26.18%

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	2023
Total Pension Liability								
Service Cost	\$ 111,399	\$ 121,465	\$ 127,538	\$ 117,167	\$ 123,025	\$ 123,485	\$ 129,659	\$ 126,082
Interest	315,921	357,311	387,787	410,757	439,374	476,070	505,383	525,193
Changes of Benefit Terms	-	-	-	-	-	-	-	-
Changes for Experience	-	(85,445)	-	(270,968)	-	122,718	-	(135,015)
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)	(232,466)
Net Change in Total Pension Liability	388,239	632,685	455,437	327,687	419,221	542,754	440,614	283,794
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	7,627,929
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>	<u>\$ 7,911,723</u>
Plan Fiduciary Net Position								
Contributions - Employer	\$ 313,991	\$ 315,122	\$ 303,807	\$ 369,685	\$ 362,851	\$ 410,761	\$ 296,763	\$ 289,194
Contributions - Member	-	-	-	-	-	-	-	-
Net Investment Income	135,540	372,877	(153,317)	596,515	705,369	703,096	(915,160)	667,720
Benefit Payments, Including Refunds of Member Contributions	(39,081)	(39,081)	(59,888)	(106,761)	(143,178)	(179,519)	(194,428)	(232,466)
Administrative Expense	(3,200)	(4,100)	(3,900)	(5,900)	(3,000)	(4,900)	(3,600)	(5,200)
Net Change in Plan Fiduciary Net Position	407,250	644,818	86,702	853,539	922,042	929,438	(816,425)	719,248
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	6,128,175
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>	<u>\$ 6,847,423</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	\$ 1,064,300
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%	86.5%
Covered Employee Payroll	\$ 1,438,375	\$ 1,489,963	\$ 1,336,867	\$ 1,343,498	\$ 1,271,744	\$ 1,276,941	\$ 1,247,483	\$ 1,104,716
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%	96.3%

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

See independent auditor's report on required supplementary information.

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

**TOWNSHIP OF BETHLEHEM
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES -
AFSCME PENSION PLAN
DECEMBER 31, 2023**

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
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%
2023	556,500	556,500	-	3,809,272	14.61%

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	2023
Total Pension Liability								
Service Cost	\$ 545,840	\$ 540,384	\$ 567,403	\$ 597,823	\$ 627,714	\$ 648,943	\$ 681,390	\$ 635,429
Interest	1,231,493	1,290,988	1,380,808	1,443,706	1,539,934	1,650,322	1,754,405	1,820,669
Changes of Benefit Terms	2,129	-	-	-	-	-	-	-
Changes for Experience	-	(999,926)	-	(933,556)	-	144,687	-	(503,031)
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)	(978,840)
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	974,227
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	26,366,576
Total Pension Liability - Ending	<u>\$18,574,374</u>	<u>\$19,459,218</u>	<u>\$20,805,830</u>	<u>\$21,733,908</u>	<u>\$23,176,434</u>	<u>\$24,832,307</u>	<u>\$ 26,366,576</u>	<u>\$ 27,340,803</u>
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	\$ 556,500
Contributions - Member	119,613	122,597	155,073	251,485	177,440	176,825	225,040	156,808
Net Investment Income	596,360	1,577,066	(620,518)	2,396,098	2,771,102	2,760,174	(3,563,825)	2,529,582
Benefit Payments, Including Refunds of Member Contributions	(504,018)	(548,924)	(601,599)	(668,332)	(725,122)	(788,079)	(901,526)	(978,840)
Administrative Expense	(8,100)	(5,700)	(6,900)	(7,700)	(6,800)	(8,000)	(9,800)	(8,500)
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)	2,255,550
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	23,424,865
Plan Net Position - Ending	<u>\$15,141,567</u>	<u>\$17,309,099</u>	<u>\$17,276,101</u>	<u>\$20,358,419</u>	<u>\$23,702,630</u>	<u>\$27,128,888</u>	<u>\$ 23,424,865</u>	<u>\$ 25,680,415</u>
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	\$ 1,660,388
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%	93.9%
Covered Employee Payroll	\$ 2,972,018	\$ 2,990,858	\$ 3,059,633	\$ 3,249,647	\$ 3,454,542	\$ 3,343,970	\$ 3,436,743	\$ 3,809,272
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%	85.6%	43.6%

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.

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, 2023**

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	2023
Total OPEB Liability						
Service Cost	\$ 19,721	\$ 22,653	\$ 21,818	\$ 22,110	\$ 28,395	\$ 25,719
Interest	20,223	17,958	20,215	17,393	11,370	13,796
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)	(74,170)
Benefit Payments, Including Refunds of Member Contributions	(36,504)	(37,858)	(37,661)	(35,837)	(27,324)	(34,878)
Other Changes	-	-	-	-	-	-
Net Change in Total OPEB Liability	20,998	(12,201)	(23,128)	44,685	30,803	(69,533)
Total OPEB Liability - Beginning	545,152	566,150	553,949	530,821	575,506	606,309
Total OPEB Liability - Ending	<u>\$ 566,150</u>	<u>\$ 553,949</u>	<u>\$ 530,821</u>	<u>\$ 575,506</u>	<u>\$ 606,309</u>	<u>\$ 536,776</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 36,504	\$ 37,858	\$ 37,661	\$ 35,837	\$ 27,324	\$ 34,878
Contributions - Employee	-	-	-	-	-	-
Net Investment Income	-	-	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(36,504)	(37,858)	(37,661)	(35,837)	(27,324)	(34,878)
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>	<u>\$ -</u>
Municipality's Net OPEB Liability	\$ 566,150	\$ 553,949	\$ 530,821	\$ 575,506	\$ 606,309	\$ 536,776
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	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	\$ 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%	20.9%

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.

OTHER SUPPLEMENTARY INFORMATION

TOWNSHIP OF BETHLEHEM
COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS
DECEMBER 31, 2023

	State Liquid Fuels	D.A.R.E.-Canine	Fire	Total
ASSETS				
Cash and Cash Equivalents	\$ 324,024	\$ 41,927	\$ 221,381	\$ 587,332
Due From Other Funds	-	-	848	848
Total Assets	<u>\$ 324,024</u>	<u>\$ 41,927</u>	<u>\$ 222,229</u>	<u>\$ 588,180</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	323,273	-	-	323,273
Committed	-	41,927	222,229	264,156
Total Fund Balance	<u>323,273</u>	<u>41,927</u>	<u>222,229</u>	<u>587,429</u>
Total Liabilities and Fund Balances	<u>\$ 324,024</u>	<u>\$ 41,927</u>	<u>\$ 222,229</u>	<u>\$ 588,180</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, 2023

	State Liquid Fuels	D.A.R.E.-Canine	Fire	Total
REVENUES RECEIVED				
Taxes	\$ -	\$ -	\$ 138,598	\$ 138,598
Intergovernmental Revenues	830,231	274	-	830,505
Charges for Services	-	-	684	684
Interest	68,481	-	4,822	73,303
Total Revenues Received	898,712	274	144,104	1,043,090
EXPENDITURES PAID				
Public Works - Highways and Streets	1,040,813	-	-	1,040,813
Fees - Bank Charges	-	-	1,470	1,470
Interest	124,740	-	-	124,740
Total Expenditures Paid	1,165,553	-	1,470	1,167,023
EXCESS (DEFICIT) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES PAID	(266,841)	274	142,634	(123,933)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(12,400)	-	(591,496)	(603,896)
Total Other Financing Sources (Uses), Net	(12,400)	-	(591,496)	(603,896)
EXCESS (DEFICIT) OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER FINANCING USES	(279,241)	274	(448,862)	(727,829)
Fund Balances - January 1, 2023	602,514	41,653	671,091	1,315,258
Fund Balances - December 31, 2023	<u>\$ 323,273</u>	<u>\$ 41,927</u>	<u>\$ 222,229</u>	<u>\$ 587,429</u>

See independent auditor's report on supplementary information.

TOWNSHIP OF BETHLEHEM
COMBINING BALANCE SHEET – ALL CAPITAL PROJECTS FUNDS
DECEMBER 31, 2023

	Capital Reserve	Parks and Recreation	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,645,196	\$ 2,145,332	\$ 5,790,528
Total Assets	<u>\$ 3,645,196</u>	<u>\$ 2,145,332</u>	<u>\$ 5,790,528</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance			
Restricted	3,645,196	-	3,645,196
Assigned	<u>-</u>	<u>2,145,332</u>	<u>2,145,332</u>
Total Fund Balance	<u>3,645,196</u>	<u>2,145,332</u>	<u>5,790,528</u>
Total Liabilities and Fund Balances	<u>\$ 3,645,196</u>	<u>\$ 2,145,332</u>	<u>\$ 5,790,528</u>

See independent auditor's report on supplementary information.

TOWNSHIP OF BETHLEHEM
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – ALL CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Capital Reserve	Parks and Recreation	Total
REVENUES RECEIVED			
Interest	\$ 55,900	\$ 121,063	\$ 176,963
Intergovernmental	40,335	-	40,335
Charges for Services	125,475	118,798	244,273
Total Revenues Received	221,710	239,861	461,571
EXPENDITURES PAID			
Planning and Zoning	2,957,457	-	2,957,457
Total Expenditures Paid	2,957,457	-	2,957,457
EXCESS (DEFICIT) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES PAID	(2,735,747)	239,861	(2,495,886)
OTHER FINANCING SOURCES (USES)			
Transfers In	2,866,471	-	2,866,471
Transfers Out	-	(329,768)	(329,768)
Total Other Financing Uses - Net	2,866,471	(329,768)	2,536,703
EXCESS (DEFICIT) OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER FINANCING USES	130,724	(89,907)	40,817
Fund Balances - January 1, 2023	3,514,472	2,235,239	5,749,711
Fund Balances - December 31, 2023	\$ 3,645,196	\$ 2,145,332	\$ 5,790,528

See independent auditor's report on supplementary information.

TOWNSHIP OF BETHLEHEM
COMBINING STATEMENT OF NET POSITION – ALL PENSION FUNDS
DECEMBER 31, 2023

	Pension Trust Funds					
	Teamsters Pension	Police Pension	AFSCME Pension	Non-Uniform Pension	Defined Contribution	Total
ASSETS:						
Cash and Cash Equivalents	\$ 43,565	\$ 456,663	\$ 222,224	\$ 122,138	\$ -	\$ 844,590
Investments - At Fair Value						
Cash and Sweep Balances	21,274	227,374	101,703	73,775	5,506	429,632
Common Stocks	1,787,940	23,974,002	6,259,814	4,555,476	301,537	36,878,769
Mutual Funds	75,531	1,020,176	263,597	191,820	9,032	1,560,156
Total Assets	<u>\$ 1,928,310</u>	<u>\$ 25,678,215</u>	<u>\$ 6,847,338</u>	<u>\$ 4,943,209</u>	<u>\$ 316,075</u>	<u>\$ 39,713,147</u>
LIABILITIES:						
Accounts Payable	\$ -	\$ (2,201)	\$ (85)	\$ -	\$ -	\$ (2,286)
Due to Other Funds	-	-	-	-	5,260	5,260
Total Liabilities	<u>-</u>	<u>(2,201)</u>	<u>(85)</u>	<u>-</u>	<u>5,260</u>	<u>2,974</u>
NET POSITION:						
Restricted	1,928,310	25,680,416	6,847,423	4,943,209	310,815	39,710,173
Total Liabilities and Net Position	<u>\$ 1,928,310</u>	<u>\$ 25,678,215</u>	<u>\$ 6,847,338</u>	<u>\$ 4,943,209</u>	<u>\$ 316,075</u>	<u>\$ 39,713,147</u>

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, 2023

	Teamsters Pension	Police Pension	AFSCME Pension	Non-Uniform Pension	Defined Contribution	Total
ADDITIONS:						
<i>Contributions:</i>						
Employer	\$ 60,912	\$ 556,500	\$ 289,194	\$ 220,673	\$ 87,624	\$ 1,214,903
Plan Members	-	156,808	-	-	-	156,808
Total Contributions	60,912	713,308	289,194	220,673	87,624	1,371,711
<i>Investment Earnings:</i>						
Interest, dividends and net unrealized gains	194,029	2,589,282	683,897	497,454	17,736	3,982,398
Less: Investment Expenses	(4,658)	(59,699)	(16,177)	(11,820)	(558)	(92,912)
Total Additions	250,283	3,242,891	956,914	706,307	104,802	5,261,197
DEDUCTIONS:						
Administration	5,400	8,500	5,200	4,900	-	24,000
Benefit Payments	68,648	978,840	232,467	255,461	-	1,535,416
Total Deductions	74,048	987,340	237,667	260,361	-	1,559,416
Excess of Additions Over Deductions	176,235	2,255,551	719,247	445,946	104,802	3,701,781
NET POSITION						
Net Position, January 1, 2023	1,752,075	23,424,865	6,128,176	4,497,263	206,013	36,008,392
Net Position, December 31, 2023	<u>\$ 1,928,310</u>	<u>\$ 25,680,416</u>	<u>\$ 6,847,423</u>	<u>\$ 4,943,209</u>	<u>\$ 310,815</u>	<u>\$ 39,710,173</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, 2023, and the related notes to the financial statements, and have issued our report thereon dated July 16, 2024. 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 or significant deficiencies 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.

Congell, Roppold & Yucasita LLP

July 16, 2024