



Municipality of Bethel Park, Pennsylvania

Comprehensive Annual Financial Report
For the Year Ended December 31, 2017

Prepared by the Finance Department
Joseph Villella, Finance Director

**MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017**

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INTRODUCTORY SECTION



MUNICIPALITY OF BETHEL PARK

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June 13, 2018

To Bethel Park Municipal Council, Mayor, and Citizens of the Municipality of Bethel Park:

The Comprehensive Annual Financial Report (CAFR) of the Municipality of Bethel Park, Pennsylvania (Municipality) for the year ended December 31, 2017 is hereby submitted.

This report consists of management's representations concerning the finances of the Municipality. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, management has established a comprehensive framework of internal control designed both to protect the Municipality's assets from loss, theft, or misuse, and to compile sufficient reliable information for the presentation of the Municipality's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As management, we believe that this financial report is complete and reliable in all material respects.

The Municipality's financial statements have been audited by Maher Duessel, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Municipality for the fiscal year ending December 31, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures of the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Municipality's financial statements for the year ended December 31, 2017 are fairly presented, in all material respects, in conformity with GAAP. The independent auditor's report is presented at the beginning of the financial section of this report.

Immediately following the independent auditor's report is the Management's Discussion and Analysis (MD&A). The MD&A provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The Municipality was founded in 1886 and incorporated as a Borough in 1949. In 1978, the Municipality became a Home Rule Municipality pursuant to its Home Rule Charter dated November 18, 1975. The Municipality continues to operate today under the Charter (as amended).

The Municipality's Charter provides for the Council-Manager form of government. Municipal Council is comprised of nine members. Each of the nine members is elected by ward to serve a four-year term. The terms are staggered so that the Council members representing the odd-numbered wards are elected two years apart from the members representing the even-numbered wards. The Charter also calls for a Mayor to be elected at large. The Mayor votes only in the event of a tie.

The daily operations of the Municipality are directed by an appointed Municipal Manager and a full-time professional staff. The Municipality's operations include services such as police protection, infrastructure maintenance and construction (e.g., roads and sewers), recreation and leisure, public access television, zoning regulation, building inspection, wastewater treatment, and refuse collection.

LOCAL ECONOMY

The Municipality is located approximately ten miles south of downtown Pittsburgh, Allegheny County, Pennsylvania. The Municipality is 12 square miles in size with approximately 114 miles of road. According to the 2010 U.S. Census, the Municipality's population of 32,313 ranks fourth out of Allegheny County's 130 municipalities. Approximately 83% of the Municipality is presently developed, 90% of which is residential and devoted almost exclusively to single-family housing.

Industrial activity in the Municipality is concentrated in light manufacturing and some service-related areas. The business districts in the Municipality are found along Library Road, South Park Road, Bethel Church Road, Brightwood Road, Washington Road, Oxford Drive, and Fort Couch Road. The Municipality is also home to the largest industrial park in the South Hills of Pittsburgh. The Industrial Park is comprised of 117 acres of land and houses approximately 100 businesses. More than 1,300 people work in the Industrial Park, and less than 20 acres presently remain available for future development.

Light manufacturing, storage, and some heavy industry occupy slightly more than 100 acres of the Municipality. However, the Municipality is primarily residential in nature, with its residents commuting to various employment concerns in the Pittsburgh metropolitan area. Given the efficient road network and public transportation system, and the close proximity to the City of Pittsburgh, the residents are subject to reasonable commuting time to the industries and businesses of the area.

Commercial land use is geared to neighborhood convenience. Located in the Municipality is approximately half of the South Hills Village Shopping Mall, an enclosed shopping center which

includes approximately 100 stores. Also situated in the Municipality is Village Square Mall, which houses a number of retail department stores and other businesses.

Throughout the nation's recent economic troubles, unemployment rates in the region have remained below the state and national rates. This has helped insulate the Municipality's largest revenue source – Earned Income Tax – from the drops experienced by many state and local governments across the country. As presented in the Statistical Section, the Municipality's two major tax revenues – Real Estate Tax and Earned Income Tax – continue to trend upward.

FINANCIAL OPERATIONS

Budget

The Municipality uses the following procedures in establishing the budgetary data reflected in the financial statements as prescribed in the Home Rule Charter. On or before September 1st, the Municipal Manager submits an operating budget and an accompanying message to Council. At least two months prior to the date for submission of the proposed budget, the Municipal Manager submits to Council a five-year capital program. A general summary of the preliminary budget and capital program must be published in one or more newspapers of general circulation in the Municipality, including a notice that the preliminary budget or capital program is available for public inspection. Advertisement of the preliminary budget or capital program must include times and places where copies of the preliminary budget and capital program are available for viewing by the public and when hearings will be held. After adequate public hearing, Council must adopt the final balanced budget by ordinance prior to the beginning of the fiscal year for which the budget has been prepared.

Policy

The finance department continually reviews established policies and procedures and considers the implementation of new policies and procedures when necessary. We believe that the Municipality's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

LONG-TERM FINANCIAL PLANNING

The CAFR reflects the sound fiscal policies our elected officials have established to achieve their annual priorities for programs, services, and capital improvements. These policies have resulted in the Municipality's strong financial position, which is demonstrated by the second highest credit rating available in national bond markets. Growth of the Municipality's economic base as well as realistic long-range planning, productive management of revenue and cash resources, and prudent use of debt continue to produce favorable operating results. Unassigned General Fund fund balance represents 37.36% of the estimated 2018 budgeted expenditures, while total General Fund fund balance was 38.59% of the estimated 2018 budgeted expenditures.

The Municipality annually adopts a five-year Capital Plan for the scheduling and appropriation of funds for major projects that represent significant contributions to the Municipality's overall inventory of physical assets. Municipality Council approval of the Capital Plan commits the

Municipality to the first year of capital projects with conditional approval for those projects listed in four future planning years. The five-year Capital Plan, from fiscal year 2017 through fiscal year 2021, includes capital appropriations totaling \$24.5 million and includes projects funded by General Fund resources, general obligation bonds, state grants, and capital reserves.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement

In 2017, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Municipality for its CAFR for the fiscal year ended December 31, 2016. This represents the sixth consecutive year the Municipality has achieved this award.

In order to be awarded a GFOA Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

Without the responsiveness and cooperation of all Municipal departments, production of this CAFR would not have been possible. I sincerely appreciate the time and effort contributed by Municipal staff throughout the year, particularly that of Accounting Supervisor Pamela Inglis. Appreciation is also extended to Municipal Manager Sean Arbaugh and Assistant Municipal Manager Judith Miller for their leadership and support. Finally, I also wish to express my thanks to Bethel Park Municipal Council and the Mayor for their cooperation and interest in the professional management of the Municipality's finances.

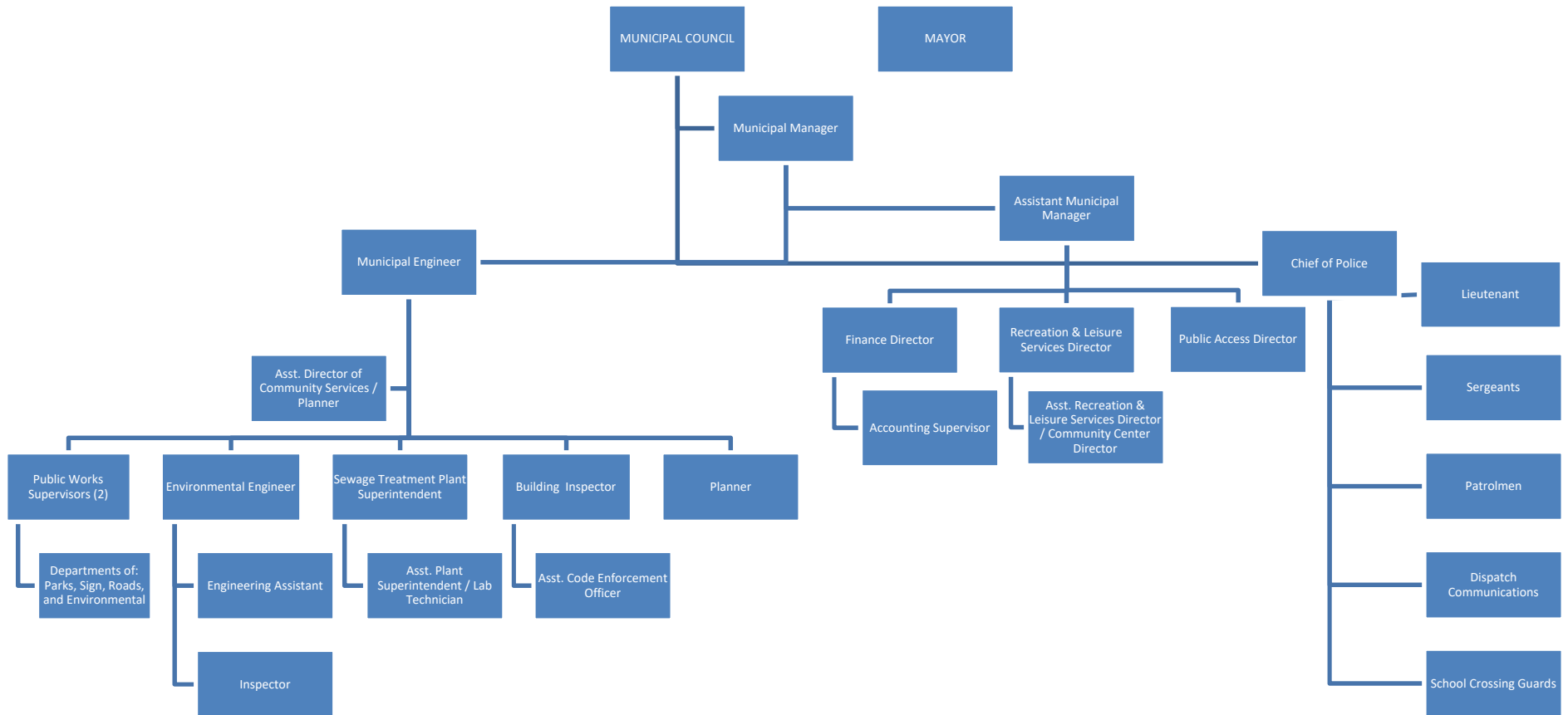
Respectfully submitted,



Joseph Vilella
Finance Director

June 13, 2018

**MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
ORGANIZATION CHART
AS OF DECEMBER 31, 2017**



**MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
PRINCIPAL OFFICIALS
AS OF DECEMBER 31, 2017**

ELECTED OFFICIALS

Council, Ward 1	Joe Consolmagno
Council, Ward 2	Brandon Colella
Council, Ward 3	James Hannan (Vice President)
Council, Ward 4	Paul Dixon
Council, Ward 5	Donald Harrison
Council, Ward 6	Mark O'Brien
Council, Ward 7	James McLean
Council, Ward 8	Timothy Moury (President)
Council, Ward 9	Lorrie Gibbons
Mayor	Jack Allen

CHIEF APPOINTED OFFICIALS

Municipal Manager	Sean Arbaugh
Assistant Municipal Manager	Judith Miller
Finance Director	Joseph Villella
Police Chief	Timothy O'Connor
Director of Community Services	Sean Arbaugh
Municipal Planner	Ashley Moore
Municipal Engineer	Stacey Graf
Code Enforcement Officer	Todd Carter
Recreation Director	Charles Stover
Public Access Director	Dave Cable
Sewage Plant Superintendent	Scott Dunn
Municipal Solicitor	Robert McTiernan



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Municipality of Bethel Park
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Executive Director/CEO



FINANCIAL SECTION

Independent Auditor's Report

Members of Council Municipality of Bethel Park, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Bethel Park, Pennsylvania (Municipality), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and OPEB information on pages 11 through 24 and pages 85 through 91, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's basic financial statements. The introductory section, supplementary information section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Members of Council
Municipality of Bethel Park,
Pennsylvania
Independent Auditor's Report

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

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

Maier Duessel

Pittsburgh, Pennsylvania
June 13, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Municipality of Bethel Park, Pennsylvania (Municipality), we offer readers of the Municipality's financial statements this narrative overview and analysis of the financial activities of the Municipality for the fiscal year ended December 31, 2017.

FINANCIAL HIGHLIGHTS

- The Municipality's total net position increased \$2,044,798 in 2017, or 7.22%.
- Total unrestricted net position was \$11,619,315 at December 31, 2017.
- The Municipality's real property tax rate totaling 2.53 mills includes a mandated .34 mills in real estate tax dedicated as an annual source of revenue for the Bethel Park Volunteer Fire Company. This revenue was primarily used to pay for the debt service associated with the construction of a new fire station on Brightwood Road, as well as operating expenses, such as building utilities and maintenance.
- The Municipality's earned income tax rate remained at 0.9% in 2017.
- At December 31, 2017, the Municipality had \$58,484,224 of outstanding debt (bonds and notes), which represents a decrease of \$582,448, or 0.98% from the previous year. The Municipality refunded bonds for a savings of \$349,880.
- The total fund balance of the General Fund at December 31, 2017 was \$9,317,575. The unassigned portion of the fund balance was \$9,019,883, which is approximately 49.28% of General Fund expenditures for fiscal year 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to the Municipality's basic financial statements. The Municipality's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains required supplementary and other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the Municipality's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net

position may serve as a useful indicator of whether the financial position of the Municipality is improving or deteriorating.

The statement of activities presents information showing how the Municipality's net position changed during fiscal year 2017. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Municipality that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the Municipality include general government, public safety, public works, culture and recreation, and conservation and development. The business-type activities of the Municipality include the Municipality's sewer services.

The government-wide financial statements can be found on pages 25 and 26 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Municipality, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Municipality can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Municipality's near-term financial requirements.

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

The Municipality maintains five individual governmental funds. Information is presented

separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Volunteer Fire Department Fund, and the Capital Reserve Fund, all of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the supplementary information section of this report.

The Municipality adopts an annual budget for all governmental funds. Budgetary comparison statements for all governmental funds are provided in this report, either in the basic financial statements or as supplementary information, to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 27-32 of this report.

Proprietary funds. The Municipality maintains one type of proprietary fund. An Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Municipality uses an Enterprise Fund to account for its sewer system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer system, which is considered to be a major fund of the Municipality.

The basic proprietary fund financial statements can be found on pages 33-35 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Municipality. The Municipality is the trustee, or fiduciary, for two single-employer pension plans: non-uniformed employees and police. These plans cover essentially all full-time employees. The Municipality is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Municipality's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the Municipality's government-wide financial statements because the Municipality cannot use these assets to finance its operations.

The Municipality also maintains two escrow accounts to hold bonds and other deposits received from developers doing work within the Municipality. Engineer's Inspection Fee Escrow is an account that is used to hold subdivision fees, which are then used to offset the cost of engineering inspection to the Municipality. Escrow Savings is an account used to hold monument bonds posted by developers to assure the installation of monuments after the completion of construction. Both accounts are periodically reviewed for balances that may be refunded or escheated to the State. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 36-37 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 38-84 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Municipality's net pension liability, contributions, investment returns, and progress in funding its obligation to provide postemployment benefits other than pension benefits (OPEBs) to its employees. Required supplementary information can be found on pages 85-91 of this report.

Supplementary information. The combining statements referred to earlier in this report are presented in a section called supplementary information immediately following the required supplementary information on pensions and OPEBs. The supplementary information containing the combining and individual fund statements can be found on pages 92-103 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of the Municipality's financial position. In the case of the Municipality, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$30,367,954 at the close of fiscal year 2017.

The Municipality's net position at December 31, 2017 and 2016 is presented below:

Municipality of Bethel Park's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 13,905,403	\$ 20,877,574	\$ 9,420,939	\$ 13,642,978	\$ 23,326,342	\$ 34,520,552
Capital assets	33,232,027	27,273,664	41,036,288	35,516,706	74,268,315	62,790,370
Total assets	\$ 47,137,430	\$ 48,151,238	\$ 50,457,227	\$ 49,159,684	\$ 97,594,657	\$ 97,310,922
Deferred outflows of resources	\$ 4,113,207	\$ 1,936,086	\$ 286,225	\$ 163,956	\$ 4,399,432	\$ 2,100,042
Current and other liabilities	\$ 1,153,021	\$ 1,533,933	\$ 2,466,018	\$ 2,554,992	\$ 3,619,039	\$ 4,088,925
Non-current liabilities	28,396,219	28,035,995	36,844,694	38,365,952	65,240,913	66,401,947
Total liabilities	\$ 29,549,240	\$ 29,569,928	\$ 39,310,712	\$ 40,920,944	\$ 68,859,952	\$ 70,490,872
Deferred inflows of resources	\$ 2,328,136	\$ 515,533	\$ 438,047	\$ 81,403	\$ 2,766,183	\$ 596,936
Net investment in capital assets	\$ 13,793,612	\$ 14,875,580	\$ 4,181,972	\$ 2,543,375	\$ 17,975,584	\$ 17,418,955
Restricted	773,055	612,232	-	-	773,055	612,232
Unrestricted	4,806,594	4,514,051	6,812,721	5,777,918	11,619,315	10,291,969
Total net position	\$ 19,373,261	\$ 20,001,863	\$ 10,994,693	\$ 8,321,293	\$ 30,367,954	\$ 28,323,156

Net Position

One portion of the Municipality's net position (59.19%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Municipality uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Municipality's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other funding sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Municipality's net position (2.55%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (38.26%, or \$11,619,315) may be used to meet the Municipality's ongoing obligations to citizens and creditors.

At the end of 2017, the Municipality reported positive balances in all three categories of net position, both for the Municipality as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

For 2017, total net position increased by \$2,044,798, or 7.22%, to \$30,367,954.

The governmental activities portion of net position decreased by \$628,602 or 3.14%, which is largely due to an increase of depreciation expense resulting from major capital projects completed during 2016 and 2017 and an overall increase in operational expenses experienced throughout the Municipality.

The business-type activities portion of net position increased by \$2,673,400 or 32.12%, which is a result of an increase in charges for services revenue, as the Municipality increased rates and service charges during 2017.

The following presents the Municipality's change in net position for the fiscal years ended December 31, 2017 and 2016:

Municipality of Bethel Park's Changes in Net Position							
	Governmental Activities		Business-type Activities		Total		
	2017	2016	2017	2016	2017	2016	
Revenues:							
Program revenues:							
Charges for services	\$ 1,746,375	\$ 1,878,009	\$ 10,439,806	\$ 10,314,066	\$ 12,186,181	\$ 12,192,075	
Grants and contributions:							
Operating	1,559,317	1,479,293	50	-	1,559,367	1,479,293	
Capital	258,588	730,817	997	-	259,585	730,817	
General revenues:							
Property taxes	6,109,540	5,931,507	-	-	6,109,540	5,931,507	
Earned income taxes	8,872,836	8,592,482	-	-	8,872,836	8,592,482	
Other taxes	2,148,450	1,858,004	-	-	2,148,450	1,858,004	
Grants and contributions not							
restricted to specific programs	927,496	918,327	-	-	927,496	918,327	
Other	1,271,504	1,051,001	322,074	(30,014)	1,593,578	1,020,987	
Total revenues	\$ 22,894,106	\$ 22,439,440	\$ 10,762,927	\$ 10,284,052	\$ 33,657,033	\$ 32,723,492	
Expenses:							
Program expenses:							
General government	\$ 3,545,933	\$ 2,247,392	\$ -	\$ -	\$ 3,545,933	\$ 2,247,392	
Public safety	9,297,521	8,367,907	-	-	9,297,521	8,367,907	
Public works	7,534,704	7,015,165	-	-	7,534,704	7,015,165	
Culture and recreation	2,009,597	2,250,979	-	-	2,009,597	2,250,979	
Conservation and development	132,539	117,869	-	-	132,539	117,869	
Interest on long-term debt	1,002,414	770,176	-	-	1,002,414	770,176	
Sewer services	-	-	8,089,527	8,580,920	8,089,527	8,580,920	
Total expenses	\$ 23,522,708	\$ 20,769,488	\$ 8,089,527	\$ 8,580,920	\$ 31,612,235	\$ 29,350,408	
Change in net position	(628,602)	1,669,952	2,673,400	1,703,132	2,044,798	3,373,084	
Net position - beginning	20,001,863	18,331,911	8,321,293	6,618,161	28,323,156	24,950,072	
Net position - ending	\$ 19,373,261	\$ 20,001,863	\$ 10,994,693	\$ 8,321,293	\$ 30,367,954	\$ 28,323,156	

GOVERNMENTAL ACTIVITIES

Revenue Sources

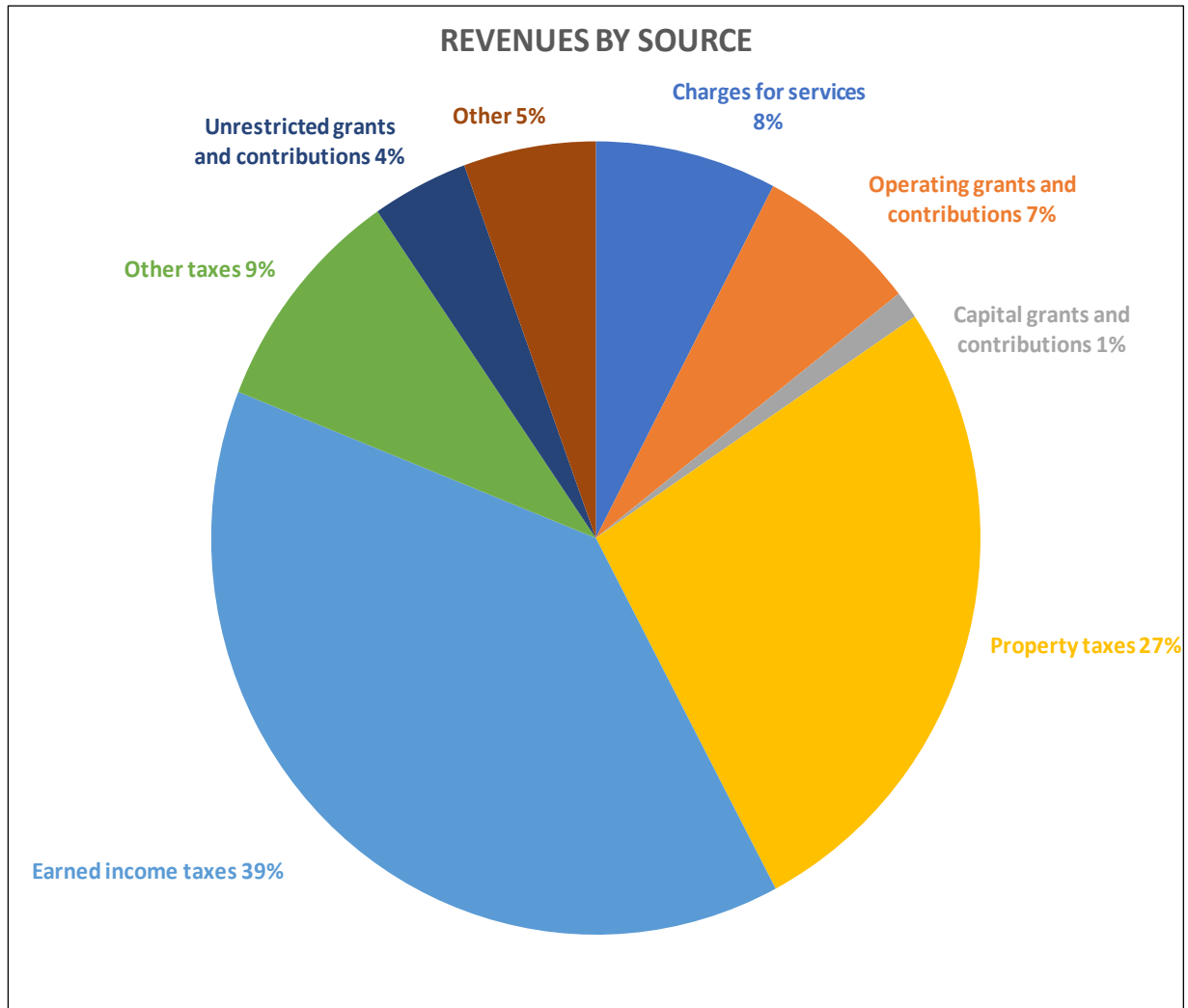
Total governmental activities revenues of \$22,894,106 were derived primarily from Earned Income Taxes and Property Taxes. These taxes increased by \$458,387 or 3.16% from 2016 primarily as a result of higher wages earned by taxpayers.

Grants and contributions are provided to the Municipality through a variety of sources, including liquid fuels, pension state aid, and other operating and capital grants. Program revenue operating and capital grants decreased by \$392,205 or 17.75% from 2016 primarily due to a

decrease in the number of intergovernmental grants received by the Municipality for capital improvements throughout the Municipality.

All other revenue sources increased by \$388,484 or 6.81% from 2016.

The following chart graphically depicts the governmental activities revenues by source for the fiscal year ended December 31, 2017:



Program Expenses

Total governmental activities expenses for all programs in 2017 were \$23,522,708. The expenses cover a range of services, with the largest being Public Safety at 39%. Public safety expenses increased by \$929,614, or 11.11% over the prior fiscal year, primarily due to an increase in police personnel.

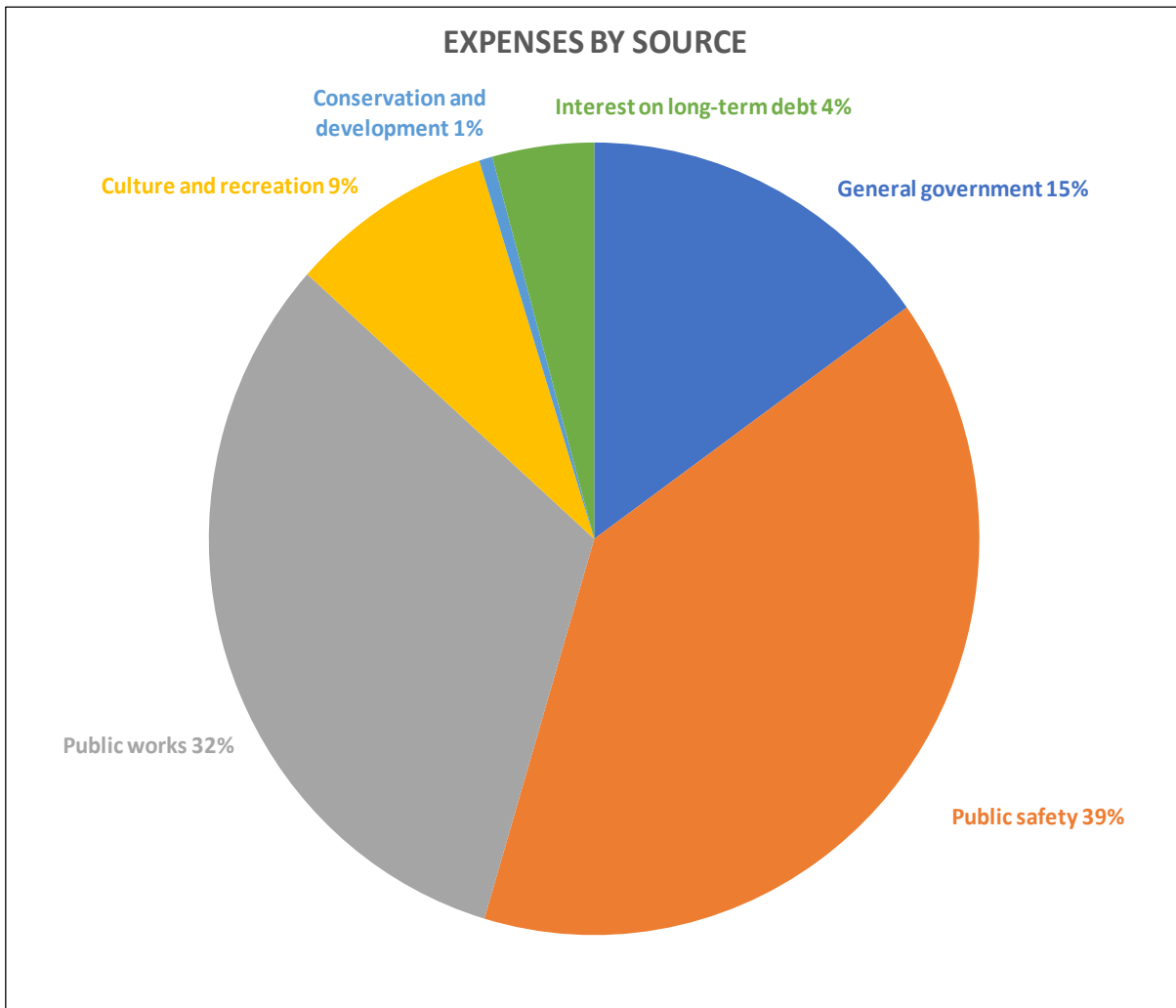
General government expenses increased by \$1,298,541 or 57.78%, primarily due to personnel changes and employee raises and an increase in depreciation expense.

Public works expenses increased by \$519,539, or 7.41%, primarily due to increased expenses for the Municipality's road program and an increase in depreciation expense.

Culture and recreation and conservation and development expenses decreased by \$226,712, or 9.57%, primarily due to timing of park improvements throughout the Municipality.

Interest on long-term debt increased by \$232,238 or 30.15% from 2016 due to scheduled debt service requirements on long-term debt.

The following chart graphically depicts the governmental activities expenses for the fiscal year ended December 31, 2017:

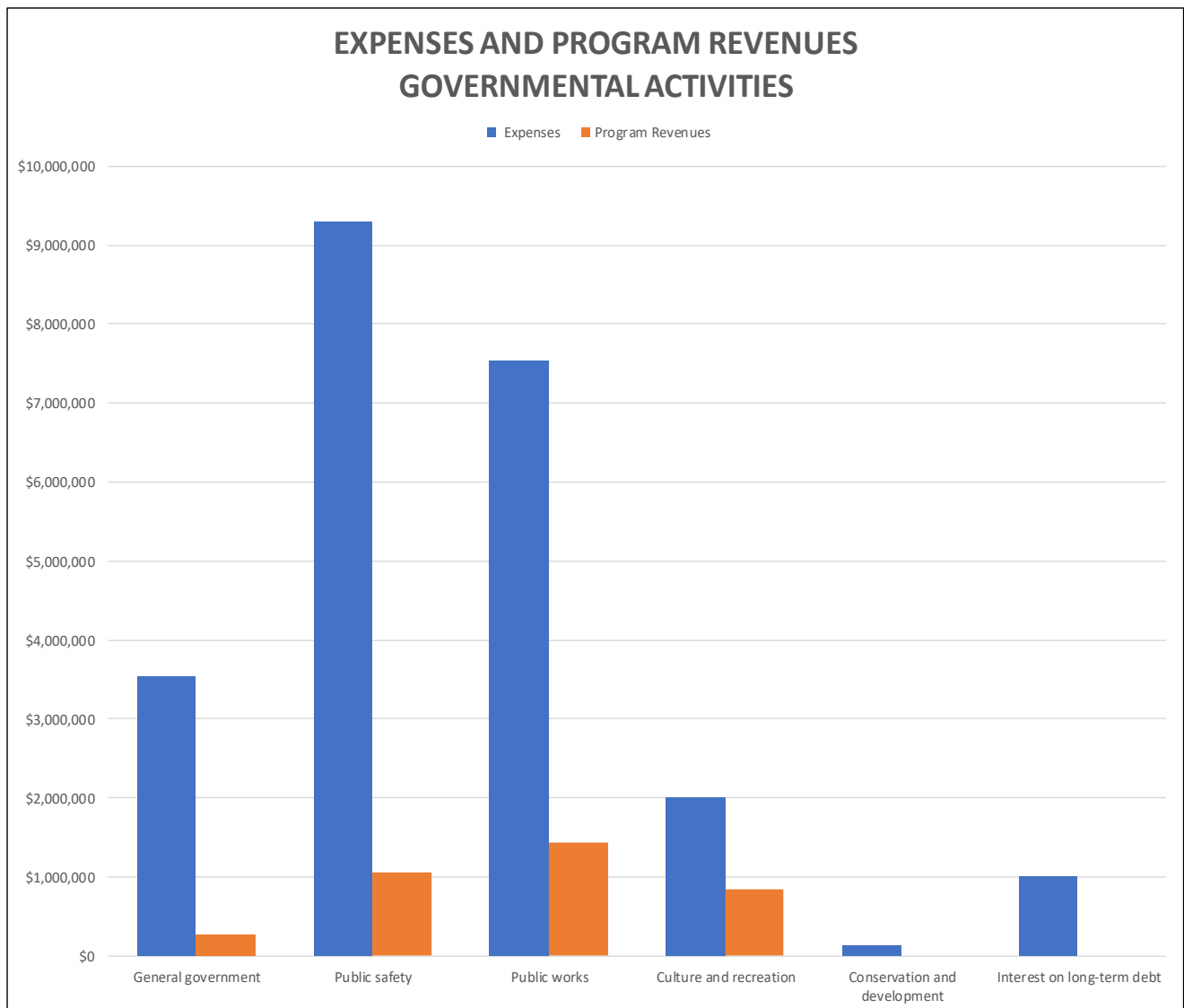


GOVERNMENTAL ACTIVITIES

Net Program Expenses/Revenues

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. Public Safety expenses required the most general revenue for support, needing \$8,239,082 in 2017. Public Works required \$6,102,424 general revenues for support, General Government required \$3,311,603, Culture and Recreation required \$1,170,366, Interest on long-term debt required \$1,002,414, and Conservation and Development required \$132,539.

The following chart graphically depicts the net program expenses/revenues by function/program of governmental activities for the fiscal year ended December 31, 2017:



FINANCIAL ANALYSIS OF THE MUNICIPALITY'S FUNDS

As noted earlier, the Municipality uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Municipality's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Municipality's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Municipality's net resources available for spending at the end of the fiscal year.

As of the end of 2017, the Municipality's governmental funds reported combined ending fund balances of \$13,083,061, a decrease of \$6,502,558, or 33.20% in comparison with the prior year. Of this combined fund balance total, \$9,019,883, or 68.94%, represents unassigned fund balance, meaning it is available to meet the Municipality's current and future needs. In addition, \$1,483,687 is assigned for specific capital projects, \$5,827 is assigned for the cable television facility, and \$24,275 is assigned for recreation improvements. There is \$1,432,694 restricted for the construction of a new public works building, \$193,074 restricted for the Oxford Drive Transportation District, \$579,441 restricted for Volunteer Fire Department operations, and \$540 restricted for the liquid fuels program. The remaining \$343,640 represents nonspendable prepaid expenditures.

The General Fund is the chief operating fund of the Municipality. At the end of 2017, unassigned fund balance of the General Fund was \$9,019,883, while total fund balance reached \$9,317,575. This represents a decrease of \$54,165 or 0.58% from the prior fiscal year's total fund balance. This decrease is due to overall increases in personnel and other planned spending on various improvement projects throughout the Municipality. On the revenue side, current real estate tax increased by \$44,743 and real estate transfer tax increased by \$278,964 due to additional properties and increased property sales. The Municipality experienced an increase in earned income tax of \$280,354, primarily due to timing of collections on earned income taxes. In addition, charges for services revenue increased by \$175,942 as a result of increases in building permits and construction permits ongoing throughout the Municipality. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 49.28% of total General Fund expenditures, while total fund balance represents 50.91% of the same.

The Capital Reserve Fund accounts for funds provided by the Municipality, most frequently from General Fund transfers, for use on capital projects. At the end of 2017, total fund balance of the Capital Reserve Fund was \$2,932,231; \$1,483,687 of which is assigned for capital projects in 2018 and \$1,432,694 of which is restricted for continued construction of a new public works building in 2018. The total fund balance decreased by \$6,613,110 or 69.28% from the prior fiscal year as a result the Municipality spending down the proceeds from the General Obligation Bonds, Series of 2016. Transfers from the General Fund to the Capital Reserve Fund totaled \$3,540,706 in 2017

to match the planned level of capital projects. These funds are expected to be spent as the projects are completed in 2018 and beyond.

The Volunteer Fire Department Fund accounts for financial resources and expenditures related to the construction of a new building for the Bethel Park Volunteer Fire Company, and for the operations of the Bethel Park Volunteer Fire Company. At the end of 2017, total fund balance of the Volunteer Fire Department Fund was \$639,641, \$60,200 of nonspendable prepaid expenditures, and \$579,441 which is restricted for operations of the volunteer fire department. The total fund balance increased by \$121,726, or 23.50% over the prior fiscal year as a result of planned excesses to offset future fire department costs.

Proprietary funds. The Municipality's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Sewer Fund accounts for a customer service charge and water usage charge assessed to properties in the Municipality. Also included in the Sewer Fund is money received by and paid to neighboring communities for sewage treatment service. Expenses from this fund include those necessary for the operation of the sanitary sewer treatment plant, all costs associated with the maintenance of the sanitary sewer infrastructure, and the Municipality's payments to the Allegheny County Sanitary Authority (ALCOSAN). In 2017, Sewer Fund revenues were comprised of: charges for services totaling \$10,428,131, and license and permit fees totaling \$11,675. In 2017, Sewer Fund expenses were comprised of: administration totaling \$468,341, operations totaling \$4,009,805, maintenance totaling \$777,843, and depreciation totaling \$1,547,400. Non-operating revenues (expenses) were comprised of: investment income of \$323,071, other revenue of \$50, and interest expense totaling \$1,286,138. Total net position of the Sewer Fund at the end of 2017 amounted to \$10,994,693. This represents an increase of \$2,673,400 or 32.13% over the prior fiscal year's total net position. The primary reason for this increase is due to two rate increases during 2017 and one increase in service charges. These rate increases are being made in anticipation of future sewer improvements.

GENERAL FUND BUDGETARY HIGHLIGHTS

During 2017, actual revenues and other financing sources were \$1,942,422 over budget and actual expenditures and other financing uses were \$1,179,063 under budget, resulting in a \$3,121,485 budget-to-actual variance overall.

One of the major reasons for the high revenues was real estate transfer tax revenue, which exceeded budget by \$604,351 as a result of increased property title transfers within the Municipality. Actual earned income tax revenue exceeded budgeted by \$262,836. The Municipality has consistently been over budget on income tax revenue since the implementation of Act 32.

The most notable expenditure variance includes Public Works, whose \$1,037,490 savings came mostly from decreased snow and ice control expenditures as a result of a decrease in purchased road salt.

It is important to note that actual 2017 expenditures and revenues also reflect a \$191,041 pass-through grant to the Bethel Park Volunteer Firefighters' Relief Association. The Municipality does not budget for this grant because it simply serves as a pass-through and has no control over the amount or use of the grant. As a result, the budget-to-actual comparison is skewed by this amount in both Intergovernmental revenues and Volunteer Fire Department expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Municipality's investment in capital assets for its governmental and business-type activities as of December 31, 2017 amounts to \$74,268,315 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, machinery and equipment, vehicles, infrastructure, and the sewage system. The total increase in the Municipality's investment in capital assets for 2017 was 18.28% (a 21.85% increase for governmental activities and a 15.54% increase for business-type activities).

In 2017, the most significant capital expenditures were the purchase of additional land at Simmons Park, construction of the public works building, various road improvements, and other machinery, equipment, and vehicle purchases. Within business-type activities, capital expenditures included upgrades at the sewage treatment plant and ongoing upgrades of the Municipality's sanitary sewer system.

The following is a summary of the Municipality's capital assets at December 31, 2017 and 2016:

Municipality of Bethel Park's Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 2,781,979	\$ 2,420,455	\$ 766,000	\$ 766,000	\$ 3,547,979	\$ 3,186,455
Construction in progress	-	454,374	910,959	-	910,959	454,374
Buildings	26,031,892	18,997,922	8,181,085	8,181,085	34,212,977	27,179,007
Machinery and equipment	5,960,902	5,514,843	10,574,263	10,312,645	16,535,165	15,827,488
Vehicles	4,667,222	4,240,353	-	-	4,667,222	4,240,353
Infrastructure	42,286,867	41,900,961	-	-	42,286,867	41,900,961
Sewer system	-	-	62,798,623	56,904,218	62,798,623	56,904,218
Total capital assets	\$ 81,728,862	\$ 73,528,908	\$ 83,230,930	\$ 76,163,948	\$ 164,959,792	\$ 149,692,856
Less: accumulated depreciation	(48,496,835)	(46,255,244)	(42,194,642)	(40,647,242)	(90,691,477)	(86,902,486)
Net capital assets	\$ 33,232,027	\$ 27,273,664	\$ 41,036,288	\$ 35,516,706	\$ 74,268,315	\$ 62,790,370

More detailed information about the Municipality's capital assets can be found in Note 4 of the notes to financial statements.

Long-term debt. At the end of 2017, the Municipality had total outstanding debt of \$67,052,063. Of this amount, \$55,730,000 comprises debt backed by the full faith and credit of the government, \$2,754,224 is for one bank note (for the 2007 gymnasium addition to the Community Center), \$503,828 is for compensated absences to be paid out if employees leave, \$1,968,138 is for the Municipality's OPEB obligation, and \$6,095,873 is for the Municipality's net pension liability. The Municipality's total debt decreased by \$1,224,940 during 2017.

The following is a summary of the Municipality's outstanding debt at December 31, 2017 and 2016:

Municipality of Bethel Park's Outstanding Debt						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 18,120,000	\$ 17,320,000	\$ 37,610,000	\$ 38,855,000	\$ 55,730,000	\$ 56,175,000
Notes payable	2,754,224	2,891,672	-	-	2,754,224	2,891,672
Compensated absences	387,735	381,414	116,093	94,336	503,828	475,750
OPEB obligation	1,968,138	1,784,592	-	-	1,968,138	1,784,592
Net pension liability	5,702,272	6,288,373	393,601	661,616	6,095,873	6,949,989
Total outstanding debt	\$ 28,932,369	\$ 28,666,051	\$ 38,119,694	\$ 39,610,952	\$ 67,052,063	\$ 68,277,003

More detailed information about the Municipality's outstanding debt can be found in Note 6 of the notes to financial statements.

The most recent bond rating for the Municipality was completed in 2017, at which time it was assigned a rating of AA from Standard & Poor's (S&P).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The factors below were considered when preparing the budget and setting rates for the 2018 fiscal year:

- The 2018 real estate tax rate of 2.53 mills remains unchanged from 2017.
- The 2018 earned income tax rate of 0.9% remains unchanged from 2017.
- The budget will remain relatively the same for 2018. The total General Fund revenues for 2018 will be \$20,615,453, compared to \$19,847,910, which is an increase of \$767,543 or 3.87% over the prior year budget. The total General Fund Expenditures for 2018 will be \$24,141,651, compared to \$23,023,560 for 2017, which is an increase of \$1,118,091, or 4.86% over the prior year budget.
- The Municipality believes that a well-organized capital improvements program will avoid the necessary delay in the vital maintenance and/or replacement of equipment and facilities, ensure responsible fiscal planning, provide advance information to the public

regarding anticipated capital projects, and assist Municipality staff in planning for application for federal and/or state funded grants. The capital improvements program is incorporated and adopted as part of the overall 2018 Municipality budget. The majority of the capital improvements program is funded through transfers from the Municipality's General Fund into the Municipality's Capital Reserve Fund. The Municipality has projects totaling \$9,143,000 under consideration for 2018.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Municipality's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Municipal Manager, 5100 West Library Avenue, Bethel Park, PA 15102.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

STATEMENT OF NET POSITION

DECEMBER 31, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 9,946,941	\$ 5,563,476	\$ 15,510,417
Investments - restricted	1,437,716	1,193,461	2,631,177
Receivables, net; for sewer allowance:			
Taxes	1,865,369	-	1,865,369
Sewer charges	-	2,342,202	2,342,202
Other	311,737	214,246	525,983
Prepaid expenses	343,640	107,554	451,194
Capital assets:			
Non-depreciable	2,781,979	1,676,959	4,458,938
Depreciable, net of accumulated depreciation	30,450,048	39,359,329	69,809,377
Total Assets	47,137,430	50,457,227	97,594,657
Deferred Outflows of Resources			
Deferred outflows of resources for pension	3,171,462	286,225	3,457,687
Deferred charge on refunding	941,745	-	941,745
Total Deferred Outflows of Resources	4,113,207	286,225	4,399,432
Liabilities			
Accounts payable	337,711	581,413	919,124
Accrued liabilities	147,027	17,386	164,413
Due to other governmental units	-	169,672	169,672
Accrued interest payable	45,998	422,547	468,545
Unearned revenue	86,135	-	86,135
Long-term liabilities - due within one year:			
Bonds payable	405,000	1,275,000	1,680,000
Note payable	131,150	-	131,150
Compensated absences	48,732	-	48,732
Long-term liabilities - due in more than one year:			
Bonds payable	17,715,000	36,335,000	54,050,000
Note payable	2,623,074	-	2,623,074
Compensated absences	339,003	116,093	455,096
Net pension liability	5,702,272	393,601	6,095,873
OPEB obligation	1,968,138	-	1,968,138
Total Liabilities	29,549,240	39,310,712	68,859,952
Deferred Inflows of Resources			
Deferred inflows of resources for pension	2,328,136	438,047	2,766,183
Net Position			
Net investment in capital assets	13,793,612	4,181,972	17,975,584
Restricted for:			
Liquid fuels program	540	-	540
Transportation district	193,074	-	193,074
Volunteer fire department operations	579,441	-	579,441
Unrestricted	4,806,594	6,812,721	11,619,315
Total Net Position	\$ 19,373,261	\$ 10,994,693	\$ 30,367,954

The notes to financial statements are an integral part of this statement.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 3,545,933	\$ 16,650	\$ 217,680	\$ -	\$ (3,311,603)	\$ -	\$ (3,311,603)
Public safety	9,297,521	600,987	378,110	79,342	(8,239,082)	-	(8,239,082)
Public works	7,534,704	427,568	939,567	65,145	(6,102,424)	-	(6,102,424)
Culture and recreation	2,009,597	701,170	23,960	114,101	(1,170,366)	-	(1,170,366)
Conservation and development	132,539	-	-	-	(132,539)	-	(132,539)
Interest on long-term debt	1,002,414	-	-	-	(1,002,414)	-	(1,002,414)
Total governmental activities	23,522,708	1,746,375	1,559,317	258,588	(19,958,428)	-	(19,958,428)
Business-Type Activities:							
Sewer services	8,089,527	10,439,806	50	997	-	2,351,326	2,351,326
Total	\$ 31,612,235	\$ 12,186,181	\$ 1,559,367	\$ 259,585	(19,958,428)	2,351,326	(17,607,102)
General revenues:							
Taxes:							
Property taxes					6,109,540	-	6,109,540
Earned income taxes					8,872,836	-	8,872,836
Real estate transfer taxes					1,469,351	-	1,469,351
Local services taxes					618,879	-	618,879
Other taxes					60,220	-	60,220
Grants, subsidies, and contributions not restricted to specific programs					927,496	-	927,496
Investment earnings					207,236	322,074	529,310
Franchise fees					838,939	-	838,939
Miscellaneous income					225,329	-	225,329
Total general revenues					19,329,826	322,074	19,651,900
Change in Net Position					(628,602)	2,673,400	2,044,798
Net Position:							
Beginning of year					20,001,863	8,321,293	28,323,156
End of year					\$ 19,373,261	\$ 10,994,693	\$ 30,367,954

The notes to financial statements are an integral part of this statement.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2017

	General Fund	Capital Reserve	Volunteer Fire Department	Other Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 7,579,606	\$ 1,635,695	\$ 537,658	\$ 193,982	\$ 9,946,941
Investments - restricted	-	1,432,694	5,022	-	1,437,716
Receivables (net, where applicable, of allowance for uncollectibles):					
Taxes	1,845,552	-	19,817	-	1,865,369
Other	269,446	42,291	-	-	311,737
Other funds	368	-	38,668	-	39,036
Prepaid expenditures	267,590	15,850	60,200	-	343,640
Total Assets	\$ 9,962,562	\$ 3,126,530	\$ 661,365	\$ 193,982	\$ 13,944,439
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$ 227,640	\$ 108,164	\$ 1,907	\$ -	\$ 337,711
Accrued liabilities	147,027	-	-	-	147,027
Due to other funds	38,668	-	-	368	39,036
Unearned revenue	-	86,135	-	-	86,135
Total Liabilities	413,335	194,299	1,907	368	609,909
Deferred Inflows of Resources:					
Unavailable revenue	231,652	-	19,817	-	251,469
Fund Balance:					
Nonspendable - prepaid expenditures	267,590	15,850	60,200	-	343,640
Restricted for:					
Liquid fuels program	-	-	-	540	540
Transportation District	-	-	-	193,074	193,074
Capital projects	-	1,432,694	-	-	1,432,694
Volunteer fire department operations	-	-	579,441	-	579,441
Assigned to:					
Cable television	5,827	-	-	-	5,827
Recreation improvements	24,275	-	-	-	24,275
Capital projects	-	1,483,687	-	-	1,483,687
Unassigned	9,019,883	-	-	-	9,019,883
Total Fund Balance	9,317,575	2,932,231	639,641	193,614	13,083,061
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 9,962,562	\$ 3,126,530	\$ 661,365	\$ 193,982	\$ 13,944,439

The notes to financial statements are an integral part of this statement.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2017

Total Fund Balance - Governmental Funds	\$ 13,083,061
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$81,728,862 and the accumulated depreciation is \$48,496,835.</p>	33,232,027
<p>Property taxes and earned income taxes receivable will be collected next year, but are not considered available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.</p>	251,469
<p>The net pension liability is not reflected on the fund financial statements.</p>	(5,702,272)
<p>Deferred outflows and inflows of resources for pension and deferred charge on refunding are recorded and amortized in the statement of net position. However, these items are not recorded on the fund financial statements.</p>	1,785,071
<p>The actuarially accrued other post-employment benefit (OPEB) obligation for the police and non-uniformed employees is not recorded on the fund financial statements.</p>	(1,968,138)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Additionally, accrued interest is not due and payable in the current period and, therefore, is not reported as a liability in the funds. Long-term liabilities at year-end consist of:</p>	
Bonds payable	\$ (18,120,000)
Note payable	(2,754,224)
Accrued interest on payable	(45,998)
Compensated absences	(387,735)
	(21,307,957)
Total Net Position - Governmental Activities	<u>\$ 19,373,261</u>

The notes to financial statements are an integral part of this statement.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

	General	Capital Reserve	Volunteer Fire Department	Other Governmental Funds	Total
Revenues:					
Taxes	\$ 16,275,040	\$ -	\$ 805,992	\$ -	\$ 17,081,032
Licenses and permits	1,363,235	-	-	-	1,363,235
Fines and forfeits	104,236	-	-	-	104,236
Intergovernmental	1,548,346	242,308	-	938,667	2,729,321
Charges for services	1,103,606	-	-	-	1,103,606
Interest and rent	224,173	99,813	4,776	16,041	344,803
Miscellaneous	227,053	16,280	-	133,266	376,599
Total revenues	20,845,689	358,401	810,768	1,087,974	23,102,832
Expenditures:					
Current:					
General government	2,579,717	-	-	-	2,579,717
Public safety	8,108,104	-	175,775	-	8,283,879
Public works	5,013,630	-	-	-	5,013,630
Culture and recreation	1,798,838	-	-	-	1,798,838
Conservation and development	122,903	-	-	-	122,903
Capital outlay	-	10,512,217	-	-	10,512,217
Debt service:					
Principal	287,448	-	170,000	95,000	552,448
Interest	393,151	-	348,206	5,340	746,697
Bond issuance costs	-	-	268,316	-	268,316
Total expenditures	18,303,791	10,512,217	962,297	100,340	29,878,645
Excess (Deficiency) of Revenues Over Expenditures	2,541,898	(10,153,816)	(151,529)	987,634	(6,775,813)
Other Financing Sources (Uses):					
Issuance of refunding bonds	-	-	8,115,000	-	8,115,000
Payment to refunding bond escrow	-	-	(7,841,745)	-	(7,841,745)
Transfers in	944,643	3,540,706	-	-	4,485,349
Transfers out	(3,540,706)	-	-	(944,643)	(4,485,349)
Total other financing sources (uses)	(2,596,063)	3,540,706	273,255	(944,643)	273,255
Net Change in Fund Balance	(54,165)	(6,613,110)	121,726	42,991	(6,502,558)
Fund Balance:					
Beginning of year	9,371,740	9,545,341	517,915	150,623	19,585,619
End of year	<u>\$ 9,317,575</u>	<u>\$ 2,932,231</u>	<u>\$ 639,641</u>	<u>\$ 193,614</u>	<u>\$ 13,083,061</u>

The notes to financial statements are an integral part of this statement.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2017

Net Change in Fund Balance - Governmental Funds \$ (6,502,558)

Amounts reported for governmental activities in the statement of activities are different

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents the difference between depreciation and capital outlays in the current period.

Capital outlays	\$ 8,199,954	
Less: depreciation expense	<u>(2,241,591)</u>	5,958,363

Some taxes will not be collected until after the year-end; they are not considered "available" revenues in the governmental funds. Unavailable revenues changed by this amount during the year. 49,794

The issuance of long-term obligations provides financial resources to the governmental funds. Likewise, the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net position. Long-term obligations changed by this amount during the year. 279,193

Changes in the net pension liability and related deferred inflows of resources and deferred outflows of resources do not affect current financial resources and, therefore, are not reflected on the fund financial statements. 8,874

Interest on long-term obligations in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The difference in interest accrued in the statement of activities versus the amount due is shown here. 12,599

Compensated absences and the actuarially accrued other post-employment benefit (OPEB) obligation for the police and non-uniformed employees are not recorded on the fund financial statements. The value of these items changed by this amount during the year.

Compensated absences	(6,321)	
OPEB obligation	<u>(183,546)</u>	(189,867)

Special assessments receivable from various entities are recognized upon assessment on the government-wide statements, but are not considered measurable and available in the funds. The amount due from these entities decreased by this amount during the year. (245,000)

Change in Net Position of Governmental Activities \$ (628,602)

The notes to financial statements are an integral part of this statement.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Real estate:				
Current	\$ 5,136,078	\$ 5,136,078	\$ 5,084,143	\$ (51,935)
Delinquent and liened	160,116	160,116	169,611	9,495
Real estate transfer	865,000	865,000	1,469,351	604,351
Earned income tax	8,610,000	8,610,000	8,872,836	262,836
Amusement tax	8,940	8,940	12,703	3,763
Mechanical device tax	10,800	10,800	13,800	3,000
Local services tax	600,000	600,000	618,879	18,879
Parking tax	28,697	28,697	33,717	5,020
Total taxes	<u>15,419,631</u>	<u>15,419,631</u>	<u>16,275,040</u>	<u>855,409</u>
Licenses and permits	1,056,480	1,056,480	1,363,235	306,755
Fines and forfeits	92,000	92,000	104,236	12,236
Intergovernmental	1,201,416	1,201,416	1,548,346	346,930
Charges for services	836,752	836,752	1,103,606	266,854
Interest and rent	163,521	163,521	224,173	60,652
Miscellaneous	158,823	158,823	227,053	68,230
Total revenues	<u>18,928,623</u>	<u>18,928,623</u>	<u>20,845,689</u>	<u>1,917,066</u>
Expenditures:				
General government:				
Administration	545,318	545,318	587,254	(41,936)
Tax collection	143,189	143,189	118,462	24,727
Buildings and grounds	413,545	413,545	373,558	39,987
Legislative	284,804	284,804	261,258	23,546
Engineering, inspection, and code	660,521	660,521	585,162	75,359
Finance department	413,624	413,624	382,241	31,383
Community Center	334,345	334,345	271,782	62,563
Total general government	<u>2,795,346</u>	<u>2,795,346</u>	<u>2,579,717</u>	<u>215,629</u>
Public safety:				
Volunteer fire department	140,000	140,000	326,199	(186,199)
Police department	5,639,548	5,639,548	5,736,332	(96,784)
Juvenile and investigations	898,897	898,897	864,724	34,173
Animal control	60,914	60,914	43,954	16,960
Police-radio communications	423,764	423,764	385,431	38,333
School guards	351,475	351,475	344,735	6,740
Traffic safety department	414,854	414,854	406,729	8,125
Total public safety	<u>7,929,452</u>	<u>7,929,452</u>	<u>8,108,104</u>	<u>(178,652)</u>

(Continued)

The notes to financial statements are an integral part of this statement.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

	Budget		Actual	Variance with Final Budget
	Original	Final		
Public works:				
Sanitation	2,133,606	2,133,606	2,132,950	656
Highways	803,532	803,532	659,073	144,459
Snow and ice control	1,319,611	1,319,611	583,100	736,511
Traffic signals and signs department	329,837	329,837	328,897	940
Street lighting	480,000	480,000	417,066	62,934
Environmental	516,830	516,830	444,322	72,508
Parks	467,704	467,704	448,222	19,482
Total public works	<u>6,051,120</u>	<u>6,051,120</u>	<u>5,013,630</u>	<u>1,037,490</u>
Culture and recreation:				
Cable access	98,796	98,796	98,687	109
Library	749,823	749,823	749,823	-
Recreation	1,051,681	1,051,681	950,328	101,353
Total culture and recreation	<u>1,900,300</u>	<u>1,900,300</u>	<u>1,798,838</u>	<u>101,462</u>
Conservation and development:				
Community development	126,037	126,037	122,903	3,134
Debt service:				
Principal and interest	680,599	680,599	680,599	-
Total expenditures	<u>19,482,854</u>	<u>19,482,854</u>	<u>18,303,791</u>	<u>1,179,063</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(554,231)</u>	<u>(554,231)</u>	<u>2,541,898</u>	<u>3,096,129</u>
Other Financing Sources (Uses):				
Transfers in	919,287	919,287	944,643	25,356
Transfers out	(3,540,706)	(3,540,706)	(3,540,706)	-
Total other financing sources (uses)	<u>(2,621,419)</u>	<u>(2,621,419)</u>	<u>(2,596,063)</u>	<u>25,356</u>
Net Change in Fund Balance	<u>\$ (3,175,650)</u>	<u>\$ (3,175,650)</u>	<u>\$ (54,165)</u>	<u>\$ 3,121,485</u>

(Concluded)

The notes to financial statements are an integral part of this statement.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

STATEMENT OF NET POSITION PROPRIETARY FUND

DECEMBER 31, 2017

	Enterprise Fund Sewer System
Assets	
<hr/>	
Current assets:	
Cash and cash equivalents	\$ 5,563,476
Investments - restricted per indenture of trust	1,193,461
Receivables (net, where applicable, of allowance for uncollectibles):	
Sewer charges	2,342,202
Accrued interest receivable	761
Other	213,485
Prepaid expenses	107,554
Total current assets	9,420,939
Non-current assets:	
Capital assets:	
Non-depreciable	1,676,959
Depreciable, net of accumulated depreciation	39,359,329
Total non-current assets	41,036,288
Total Assets	50,457,227
Deferred Outflows of Resources	
<hr/>	
Deferred outflows of resources for pension	286,225
Liabilities	
<hr/>	
Current liabilities:	
Accounts payable	581,413
Accrued liabilities	17,386
Due to other governmental units	169,672
Accrued interest payable	422,547
Bonds payable due within one year	1,275,000
Total current liabilities	2,466,018
Non-current liabilities:	
Net pension liability	393,601
Bonds payable	36,335,000
Compensated absences	116,093
Total non-current liabilities	36,844,694
Total Liabilities	39,310,712
Deferred Inflows of Resources	
<hr/>	
Deferred inflows of resources for pension	438,047
Net Position	
<hr/>	
Net investment in capital assets	4,181,972
Unrestricted	6,812,721
Total Net Position	\$ 10,994,693

The notes to financial statements are an integral part of this statement.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Enterprise Fund Sewer System</u>
<u>Operating Revenues:</u>	
Charges for services	\$ 10,428,131
Licenses and permits	11,675
Total operating revenues	<u>10,439,806</u>
<u>Operating Expenses:</u>	
Administration	468,341
Operations	4,009,805
Maintenance	777,843
Depreciation	1,547,400
Total operating expenses	<u>6,803,389</u>
Operating Income (Loss)	<u>3,636,417</u>
<u>Non-operating Revenues (Expenses):</u>	
Investment income	323,071
Other revenue	50
Interest expense	(1,286,138)
Total non-operating revenues (expenses)	<u>(963,017)</u>
Change in Net Position	2,673,400
<u>Net Position:</u>	
Beginning of year	<u>8,321,293</u>
End of year	<u>\$ 10,994,693</u>

The notes to financial statements are an integral part of this statement.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

STATEMENT OF CASH FLOWS PROPRIETARY FUND

FOR THE YEAR ENDED DECEMBER 31, 2017

	Enterprise Fund Sewer System
Cash Flows From Operating Activities:	
Receipts from customers	\$ 10,058,946
Payments to employees	(1,491,739)
Payments to suppliers	(3,827,839)
Net cash provided by (used in) operating activities	4,739,368
Cash Flows From Non-Capital Financing Activities:	
Other revenues	50
Cash Flows From Capital and Related Financing Activities:	
Principal paid on debt	(1,245,000)
Interest paid on debt	(1,295,388)
Sewage capital asset purchases	(7,066,982)
Net cash provided by (used in) capital and related financing activities	(9,607,370)
Cash Flows From Investing Activities:	
Purchase of investments	(3,841,147)
Sale of investments	9,119,174
Interest income received	323,071
Net cash provided by (used in) investing activities	5,601,098
Net Increase (Decrease) in Cash and Cash Equivalents	733,146
Cash and Cash Equivalents:	
Beginning of year	4,830,330
End of year	\$ 5,563,476
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ 3,636,417
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	1,547,400
Pension expense	(33,640)
Change in assets and liabilities:	
Sewer charges receivable	(367,375)
Accrued interest receivable	27,031
Other receivables	(13,485)
Prepaid expenses	(17,784)
Accounts payable	(109,724)
Due from other funds	48,771
Compensated absences	21,757
Net cash provided by (used in) operating activities	\$ 4,739,368

The notes to financial statements are an integral part of this statement.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

DECEMBER 31, 2017

	Pension Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 473,789	\$ 343,036
Accrued interest receivable	38,352	-
Investments:		
Mutual funds - fixed income	11,786,356	-
Mutual funds - equity	2,804,192	-
Mutual funds - balanced	1,445,886	-
Exchange traded funds - equity	1,031,981	-
Corporate debt	2,111,093	-
Equities	21,517,934	-
Total investments	40,697,442	-
Total Assets	41,209,583	343,036
Liabilities		
Benefits payable	226,131	-
Returnable deposits	-	343,036
Total Liabilities	226,131	\$ 343,036
Net Position Restricted for Pension Benefits	\$ 40,983,452	

The notes to financial statements are an integral part of this statement.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Pension Trust Funds
Additions:	
<hr/>	
Contributions:	
Commonwealth	\$ 567,165
Municipality	1,258,428
Employee	443,136
	<hr/>
Total contributions	2,268,729
	<hr/>
Investment income:	
Net appreciation in fair value of investments	4,285,557
Interest and dividends	538,989
	<hr/>
Total investment income	4,824,546
	<hr/>
Less investment expense	(185,400)
	<hr/>
Net investment income	4,639,146
	<hr/>
Total additions	6,907,875
	<hr/>
Deductions:	
<hr/>	
Benefits	2,714,178
Administrative expense	19,105
Refund of member contributions	86,306
	<hr/>
Total deductions	2,819,589
	<hr/>
Change in Net Position	4,088,286
	<hr/>
Net Position:	
<hr/>	
Beginning of year	36,895,166
	<hr/>
End of year	\$ 40,983,452
	<hr/> <hr/>

The notes to financial statements are an integral part of this statement.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

1. Summary of Significant Accounting Policies

Reporting Entity

The Municipality of Bethel Park, Pennsylvania (Municipality) was incorporated April 20, 1949 and implemented a home rule charter on January 2, 1978. The Municipality is governed by an elected Council who appoints a manager and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, culture and recreation, and general administrative services.

In evaluating the Municipality as a primary government, management has evaluated all potential component units and determined that the Municipality has no discretely presented component units that will be included.

The criteria used by the Municipality to evaluate the possible inclusion of related entities as blended component units within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the Municipality reviews the applicability of the following criteria:

The Municipality is financially accountable for:

1. Organizations that make up its legal entity.
2. Legally separate organizations if the Municipality Council appoint a voting majority of the organization's governing body and the Municipality is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Municipality as defined below:
 - a. Impose its Will – If the Municipality can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
 - b. Financial Benefit or Burden – If the Municipality (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

3. Organizations that are fiscally dependent on the Municipality and a financial benefit or burden relationship is present. Fiscal dependency is established if the organization is unable to adopt its own budget, levy taxes or set rates or charges, or issue bonded debt without approval of the Municipality.

Bethel Park Municipal Authority (Authority)

The Authority owns the sewage treatment plant and conveyance system (Sewer System) which principally serves the residents of the Municipality. The Municipality leases the Sewer System from the Authority under an agreement dated November 15, 1962, with the most recent amendment signed June 26, 2013.

The Authority is a component unit of the Municipality because the Municipality appoints its Board, and a financial benefit or burden exists. The Municipality guarantees the Authority's debt, and the Authority receives 100% of its funding from the Municipality. The Authority provides services entirely, or almost entirely, to the Municipality, and the Authority's total debt outstanding is expected to be repaid entirely with the resources of the Municipality. The Authority is therefore blended in the Sewer System Fund. Separate audited financial statements for the Authority are available through the Authority's offices.

Bethel Park Public Library (Library)

The Library receives approximately 50% of its financial support from the Municipality (approximately \$624,000 in 2017). The Municipality also provides the Library with space in the municipal building free of charge. The Municipality does not participate in governing the Library, nor does Council appoint any voting members to the Board. As such, it has been determined that the Library is not a component unit of the Municipality.

Joint Venture

The Municipality is a member of a joint venture with two other local government units. The joint venture, Tri-Community South Emergency Medical Services (TCS), provides emergency and non-emergency transport and first-aid services to the residents of the three communities. TCS is administered by a three-member Board, composed of members of all three participating governments. Neither the Municipality, nor the other two local governments, exercise specific control over the fiscal policies or operations of TCS. TCS's operating budget is funded by annual subscriptions, non-subscriber medical charges, third-party billings, and non-emergency transport fees. The Municipality had no equity interest in TCS as of December 31, 2017. Complete financial statements for TCS can be obtained from

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

the administrative offices of TCS at 5490 Progress Boulevard, Bethel Park, Pennsylvania 15102.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Municipality. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, franchise fees based on gross receipts, and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual proprietary fund are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds are also reported on the accrual basis; however, they have no measurement focus. 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.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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 collected within 60 days to pay liabilities of the current period. Major revenues that are susceptible to accrual in governmental funds are taxes, grants from other governments, and interest on investments. The Municipality does not consider revenues from fines, forfeits, and penalties to be available until received.

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, pension and OPEBs, and claims and judgments, are recorded only when payment is due.

The Municipality reports the following major governmental funds:

- The General Fund is the Municipality's primary operating fund. It accounts for all financial resources except those accounted for in another fund.
- The Capital Reserve Fund accounts for financial resources and expenditures related to the acquisition or construction of major capital facilities (other than those financed by the proprietary fund).
- The Volunteer Fire Department Fund accounts for financial resources and expenditures related to the construction of a new building for the Bethel Park Volunteer Fire Company, and for the operations of the Bethel Park Volunteer Fire Company.

The Municipality reports the following major proprietary fund:

- The Sewer System Fund accounts for the operations of the Municipality's public sewer system. Under the provisions of the Lease with the Authority defined above, the Municipality is responsible for operation and maintenance of the Sewer System until the Lease expires. Operations include providing sewage conveyance and treatment services to residents of the Municipality and a portion of South Park Township. The Authority, the Allegheny County Sanitary Authority, and the Pleasant Hills Authority provide sewage treatment.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Other governmental funds are comprised of the following funds:

- The State Highway Aid Fund is a special revenue fund that accounts for monies received that are legally restricted for specific purposes.
- The Transportation District Fund is a capital projects fund that is used to account for activity related to the acquisition or construction of major capital facilities.

Additionally, the Municipality reports the following fiduciary funds:

- The Non-Uniformed Employees Pension Fund and the Police Pension Fund were established to account for assets held by the Municipality in a trustee capacity for its Non-Uniformed Employees and Police pension plans.
- The Escrow Fund and the Engineer Inspection Fund are used to account for assets held by the Municipality on behalf of others as an agent. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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 a proprietary fund's principal ongoing operations. The principal operating revenues of the Municipality's enterprise fund are charges to customers for services relating to the sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Municipality's policy to use restricted resources first, then unrestricted resources as they are needed.

Deposits and Investments

The Municipality's cash and cash equivalents include all highly liquid investments with maturity of twelve months or less when purchased. Investments are recorded at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Fair Value Measurement

The Municipality categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Restricted Assets

Restricted investments are maintained in separate bank accounts and their use is limited for satisfying debt service requirements for previously issued bonds or for specific sewer, public works, or fire capital construction projects.

Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Inter-fund services provided and used are not eliminated in the process of consolidation.

Property taxes are levied as of July 1 on property values assessed as of the same date. The billings are considered past due on November 1, and penalties and interest are assessed. No provision has been made for uncollectible taxes, as the Municipality has the ability to assess liens on properties for any unpaid balances.

All unbilled and billed but unpaid sewer charges are reflected on the statement of net position as sewer charges receivable, net of allowance for doubtful accounts of \$20,000. Unbilled sewer charges at December 31, 2017 approximate \$394,000.

Prepaid Expenses/Expenditures

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid expenses/expenditures and are accounted for on the consumption method.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Municipality as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The Municipality reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Municipality chose to include all such items regardless of their acquisition date or amount. For the initial reporting of these assets, the Municipality was able to use actual historical cost or estimated historical cost through backtrending. As the Municipality constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and recorded at historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the Municipality are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Site improvements	10-25
Vehicles	5-15
Office equipment	8-10
Computer equipment	5
Infrastructure	10-50
Sewage system	15-40
Sewage equipment	5-10

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. In 2017, there was no interest included as part of the cost of capitalized assets under construction in connection with business-type activities.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Municipality has one item that qualifies for reporting in this category:

- In conjunction with pension accounting requirements, the difference between actual and expected experience, the effect of the changes in assumptions, and the difference between projected and actual earnings on pension plan investments are recorded as deferred outflows of resources related to pensions on the government-wide and proprietary fund financial statements. These amounts are determined based on actuarial valuations performed for the plans. Note 7 presents additional information about the pension plans.

In addition to liabilities, the statement of financial position and the governmental funds balance sheet 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Municipality has two items that qualify for reporting in this category:

- Unavailable revenue is reported only on the balance sheet and represents property taxes which will not be collected within the available period. This amount will be recognized as an inflow of resources in the period the amounts become available.
- In conjunction with pension accounting requirements, the difference between expected and actual experience and the net difference between expected and actual earnings on pension plan investments is recorded as a deferred inflow of resources related to pensions on the government-wide and proprietary fund financial statements. This amount is determined based on the actuarial valuations performed for the pension plans.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Long-Term Obligations

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. Bond premiums and discounts, as well as refunding adjustments, where applicable and to the extent material, are amortized over the life of the bonds using the effective interest method. Bonds are reported net of the applicable bond premium or discount.

In the fund financial statements, the face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are also reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

It is expected that the Sewer Fund will continue to provide funds for the debt service payments of the Municipal Authority debt and the General Fund will fund the Public Works and Community Center bonds and note. The Municipality received annual special assessments in the amount of \$133,266 from various entities to provide funds for the debt service payments of the Transportation District bonds. Debt service payments of the Volunteer Fire Company bonds are paid via a dedicated real estate tax.

Compensated Absences

The Municipality accrues for certain accumulated employee benefits, such as unpaid vacation and sick pay. The amount of the accrual is based on the vacation and sick payments that are expected to be paid to employees upon their termination or retirement from the Municipality. Compensated absences are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. It is expected that the General Fund and Sewer Fund will continue to provide funds for the payment of their respective compensated absences.

Employees earn vacation based upon their anniversary date for use during the current calendar year. The number of days earned each month varies depending upon length of service and union contracts. If an employee leaves the Municipality, the portion of vacation days earned and not taken through the last day of work is paid.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Employees earn one sick day per month up to a maximum of 100 days. The total number of days accumulated is reviewed at the end of November each year. For those days in excess of 100, payment is made in December of each year at 50% of the employee's current pay rate. Only employees who retire are eligible to receive payment of the 100 days of accumulated sick days which is paid at 50%, 60%, or 70% of the employee's current pay rate depending upon the length of service and union contract. All sick days earned but not used as of December 31, 2017 have been accrued at 50% of the employee's current pay rate.

Fund Balance

In the fund financial statements, governmental funds report fund balance in categories based on the level of constraint placed upon the funds. These levels are as follows:

- Nonspendable – This category represents funds that are not in spendable form and includes prepaid expenditures.
- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. This category includes:
 - Restricted for liquid fuels program – to fund eligible costs such as salt purchases or street lighting
 - Restricted for Transportation District – to fund costs incurred for the Oxford Drive Transportation District
 - Restricted for capital projects – to fund the construction costs of the Bethel Park Volunteer Fire Department building and to fund the construction costs of the public works building.
 - Restricted for volunteer fire department operations – to fund the costs of the Bethel Park Volunteer Fire Department
- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by Council. Such commitment is made via majority vote by Council. Council action to commit fund balance must occur within the fiscal reporting period, no later than December 31st; however, the amount of the commitment can be determined subsequent to the

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

close of the fiscal period. The Municipality currently does not have any committed funds.

- Assigned – This category represents intentions of the Municipality to use the funds for specific purposes. In accordance with the Municipality’s adopted fund balance policy on December 12, 2011, Council delegates the authority to assign amounts to be used for specific purposes to the Finance Director. This authority is granted solely for the purpose of reporting these amounts in the annual financial statements, and such authority does not extend to the expenditure of assigned fund balance. In the absence of the Finance Director, this authority is delegated to the Municipal Manager or Assistant Municipal Manager.
 - Assigned to cable television – to fund capital purchases for the Bethel Park Cable Access program
 - Assigned to recreation improvements – represents revenue received from the sale of banner advertisements in certain Municipal parks that is reserved for future recreation field improvements
 - Assigned to capital projects – to fund future capital projects in accordance with the capital budget
 - Assigned to future year’s budget – for use in the 2018 budget
- Unassigned – This category represents all other funds not otherwise defined. The General Fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The Municipality’s policy is to use funds in the order of the most restrictive to the least restrictive.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Net Position

The government-wide and proprietary fund financial statements are required to report three components of net position:

- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.
- Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with restricted assets.
- Unrestricted – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Budgetary Information

Annual appropriated budgets are adopted on a modified accrual basis of accounting for all funds except the Enterprise, Pension Trust, and Agency Funds. The Enterprise Fund adopted a flexible budget, and budgetary control for the Pension Trust Funds is maintained through the provisions of the plans as implemented by the Municipality.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

The Municipality uses the following procedures in establishing the budgetary data reflected in the financial statements as prescribed in the Home Rule Charter:

- On or before September 1, the manager submits an operating budget and an accompanying message to Council.
- At least two (2) months prior to the date for submission of the proposed budget, the manager submits to Council a five (5) year capital program, including the following:
 - A concise, general summary of the program contents.
 - A summary of pending and proposed projects for the period, with estimated cost and proposed financing for each.
 - The estimated cost of operating and maintaining any facilities to be constructed or acquired.
- Council must publish the preliminary capital program by September 1. A general summary of the preliminary budget and capital program must be published immediately upon adoption in one or more newspapers of general circulation in the Municipality, including a notice that the preliminary budget or capital program is available for public inspection.
- Advertisement of the preliminary budget or capital program must include times and places where copies of the preliminary budget and capital program are available for viewing by the public and when hearings will be held.
- After adequate public hearing, Council must adopt the final balanced budget by ordinance prior to the beginning of the fiscal year for which the budget has been prepared.

Appropriations may be transferred between departments only if approved by Council ordinance. In addition, Council must approve all supplemental and emergency appropriations. Every unexpended appropriation lapses at the end of the fiscal year. The legal level of control over expenditures for each fund is exercised by department. A detailed report of the budget at the legal level of control is maintained in the municipal finance office and is available for public inspection. There were instances where the actual expenditures exceeded budgeted amounts at the legal level of control. However, in all instances, sufficient revenues and/or fund equity were available to cover the excess.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Adopted Pronouncements

The requirements of the following Governmental Accounting Standards Board (GASB) Statements were adopted for the Municipality's 2017 financial statements. Except where noted, the adoption of these pronouncements did not have a significant impact to the Municipality's financial statements.

- GASB Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68," establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (those not covered by Statements No. 67 and 68) and also clarifies certain provisions of Statements No. 67 and 68. Only certain provisions of this statement were effective in the current year, primarily those related to employers and governmental non-employer contributing entities for pension that are not within the scope of Statement No. 68. All applicable provisions were adopted with no significant impact to the financial statements.
- GASB Statement No. 74, "*Financial Reporting for Postemployment Benefits Other Than Pension*," improves the usefulness of information about postemployment benefits other than pension (OPEB) included in the general-purpose external financial reports of OPEB plans.
- GASB Statement No. 80, "*Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*," clarifies the financial statement presentation requirements for the blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.
- GASB Statement No. 81, "*Irrevocable Split-Interest Agreements*," improves accounting and financial reporting for irrevocable split-interest agreements by

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

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FOR THE YEAR ENDED DECEMBER 31, 2017

providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

- GASB Statement No. 82, "*Pension Issues – An Amendment of GASB Statements No 67, No. 68, and No. 73*)," addresses issues regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee contribution requirements. The provisions of this statement have been adopted and incorporated into these financial statements.

Pending Pronouncements

GASB has issued statements that will become effective in future years including Statement Nos. 75 (OPEB Employer), 82 (Pensions), 83 (Asset Retirement Obligations), 84 (Fiduciary Activities), 85 (Omnibus 2017), 86 (Certain Debt Extinguishment Issues), 87 (Leases), and 88 (Certain Debt Disclosures). Management has not yet determined the impact of these statements on the financial statements.

2. Deposits and Investments

The Municipality's investment authority for all funds, except Fiduciary Funds, is set by State statute to include: U.S. Treasury Bills, other short-term U.S. Government obligations, short-term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. The statutes allow pooling of governmental funds for investment purposes. Fiduciary fund investments may also be made in corporate stocks and bonds, real estate, and other investments consistent with sound business practice.

In addition, the Municipality is permitted to invest with the Pennsylvania School District Liquid Asset Fund (PSDLAF) and other cash management account deposits. PSDLAF was established as a common law trust organized under the laws of the Commonwealth of Pennsylvania. Shares of the fund are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools, and municipalities. The purpose of this fund is to enable such governmental units to pool their available funds for investment in authorized instruments. The fair value of the Municipality's position in the external investment pool is the same as the value of the pool shares. All investments in an external

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

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FOR THE YEAR ENDED DECEMBER 31, 2017

investment pool that is not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania. Pooled investments are short term in nature and are included in cash and cash equivalents on the statement of net position. The Municipality can withdraw funds from the external investment pools without limitations or fees upon adequate notice. Otherwise, breakage fees may be charged.

Throughout the year ended December 31, 2017, the Municipality invested its funds only in one or more of the above-authorized investments. At December 31, 2017, the Municipality's deposits and investments were as follows:

	Carrying Value at December 31, 2017			
	Governmental Activities	Business-Type Activities	Pension Trust Funds	Agency Funds
Deposits:				
Cash and cash equivalents	\$ 3,510,413	\$ 2,219,476	\$ -	\$ 343,036
Certificates of deposit	6,228,000	3,344,000	-	-
Total deposits	9,738,413	5,563,476	-	343,036
Investments:				
PSDLAF	208,543	-	-	-
Money market funds	1,437,701	-	473,789	-
Mutual funds - fixed income	-	1,193,461	11,786,356	-
Mutual funds - equity	-	-	2,804,192	-
Mutual funds - balanced	-	-	1,445,886	-
Exchange traded funds - equity	-	-	1,031,981	-
Corporate debt	-	-	2,111,093	-
Equities	-	-	21,517,934	-
Total investments	1,646,244	1,193,461	41,171,231	-
Total deposits and investments	\$ 11,384,657	\$ 6,756,937	\$ 41,171,231	\$ 343,036
Reconciliation to Financial Statements:				
Cash and cash equivalents	\$ 9,946,941	\$ 5,563,476	\$ 473,789	\$ 343,036
Investments	-	-	40,697,442	-
Investments - restricted	1,437,716	1,193,461	-	-
Total deposits and investments	\$ 11,384,657	\$ 6,756,937	\$ 41,171,231	\$ 343,036
Total deposits and investments - bank balance	\$ 13,055,735	\$ 6,769,617	\$ 41,171,231	\$ 341,534

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Governmental and Business-Type Activities

The following is a description of the Municipality's deposit risks:

- *Custodial Credit Risk* – Custodial credit risk is the risk that in the event of a bank failure, the Municipality's deposits may not be returned to it. The Municipality does not have a formal deposit policy for custodial credit risk. As of December 31, 2017, \$9,949,187 of the Municipality's \$16,546,828 bank balance was covered by federal depository insurance. All deposits were collateralized in accordance with Act 72 of the Pennsylvania State Legislature, which requires financial institutions to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the financial institution's name.

The following is a description of the Municipality's investment risks:

- *Credit Risk* – The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Municipality has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2017, investments in PSDLAF (described above) have received an AAAM rating from Standard & Poor's. The Municipality's money market funds are rated AAAM by Standard & Poor's.
- *Interest Rate Risk* – The Municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All of the Municipality's investments in PSDLAF and money market funds have a maturity of less than one year.

At December 31, 2017, the Municipality's governmental and business-type activities investments in money market funds totaling \$1,437,701 were measured using fair value Level 1 inputs and the Municipality's governmental and business-type activities investments in mutual funds – fixed income totaling \$1,193,461 were measured using fair value Level 2 inputs.

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FOR THE YEAR ENDED DECEMBER 31, 2017

Agency Funds

Deposits

As noted above, the Agency Funds' investments consist of cash and cash equivalents. As noted above, the Municipality does not have a formal deposit policy for custodial credit risk. As of December 31, 2017, \$250,000 of the Municipality's \$341,534 bank balance was covered by federal depository insurance. All deposits were collateralized in accordance with Act 72 of the Pennsylvania State legislature.

Pension Trust Funds

Investments

The Pension Trust Funds are used to account for assets held by the Municipality in a trustee capacity for future payment of retirement benefits to employees or former employees. The Pension Trust Funds have formal investment policies as described below. Pension Trust Fund investments are held separately from those of other municipal funds. Municipal Council determines the investment managers of the Pension Trusts. Trust agreements have been signed with financial organizations that invest the assets of the Pension Trusts and pay benefits.

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The Municipality's pension trust funds categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The pension trust funds have the following recurring fair value measurements at December 31, 2017:

Investments by Fair Value Level:	December 31, 2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents:				
Taxable money market funds	\$ 473,789	\$ 473,789	\$ -	\$ -
Mutual funds - fixed income:				
Bond funds	11,786,356	-	11,786,356	-
Mutual funds - equity:				
Domestic equity mutual funds	293,175	293,175	-	-
Global funds	2,511,017	2,511,017	-	-
	2,804,192	2,804,192	-	-
Mutual funds - balanced	1,445,886	1,445,886	-	-
Exchange traded funds - equity:				
Closed end equity mutual funds	1,031,981	1,031,981	-	-
Corporate debt:				
U.S. corporate bonds & notes	2,111,093	-	2,111,093	-
	2,111,093	-	2,111,093	-
Equities:				
Materials	406,384	406,384	-	-
Industrials	2,072,535	2,072,535	-	-
Telecommunications	268,893	268,893	-	-
Consumer discretionary	2,962,846	2,962,846	-	-
Consumer staples	1,227,652	1,227,652	-	-
Energy	680,217	680,217	-	-
Financials	5,587,456	5,587,456	-	-
Health care	2,484,317	2,484,317	-	-
Information technology	5,002,285	5,002,285	-	-
Utilities	825,349	825,349	-	-
	21,517,934	21,517,934	-	-
Total investments by fair value level	\$ 41,171,231	\$ 27,273,782	\$ 13,897,449	\$ -

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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Deposit and Investment Risks

The following is a description of the Pension Trust Funds' investment risks:

- *Credit risk* - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Pension Trust Funds' investment policies require the average quality of the fixed income portfolios to be maintained at a rating of "A" or better. As of December 31, 2017, the U.S. corporate bonds and notes are rated AA by Standard & Poor's. All other investments are unrated.
- *Concentration of credit risk* – The investment policies of the Pension Trust Funds limits the range of allocation of the investment portfolio as follows:

Investment Type	% Range of Allocation	
	Minimum	Maximum
Equities	50%	70%
Fixed income	20%	50%
Cash equivalents	0%	20%
Alternative investments	0%	5%

At December 31, 2017, no investments exceed 5% with any one issuer.

- *Interest rate risk* - The Pension Trust Funds do not have formal investment policies that limit investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates. The following is a description of the maturities for the Pension Trust Funds' investments:

	Carrying Value	Maturity in Years	
		Less than 1 year	1 - 5 years
Mutual funds - fixed income	\$ 11,786,356	\$ -	\$ 11,786,356
Mutual funds - equity	2,804,192	2,804,192	-
Mutual funds - balanced	1,445,886	1,445,886	-
Exchange traded funds - equity	1,031,981	1,031,981	-
Corporate debt	2,111,093	2,111,093	-
Total	<u>\$ 19,179,508</u>	<u>\$ 7,393,152</u>	<u>\$ 11,786,356</u>

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

3. Property Taxes

The Municipality is permitted by the Home Rule Charter Law of the State of Pennsylvania to levy property taxes at the Municipality's discretion as considered necessary for general governmental services or payment of principal and interest on long-term debt. The tax rate to finance general government services for the year ended December 31, 2017 was \$2.53 per \$1,000 of assessed valuation. Total assessed value was \$2,453,240,528 (approximates 100% of fair value).

Property liens on delinquent taxpayers do not attach on a specified schedule. The lien date and the period to which it applies are determined by the tax collector and must be approved by the Municipal Council. All unpaid taxes through 2017 will be liened in February 2018.

The property tax calendar for 2017 was as follows:

2017 Millage rate adopted	November 14, 2016
2017 Bills dated	July 1, 2017
2017 Two percent discount period ended	August 31, 2017
2017 Penalty period begun	November 1, 2017

The individual components of the 2017 tax levy were as follows:

General purposes	2.19	mills
Volunteer fire department	<u>0.34</u>	mills
Total	<u><u>2.53</u></u>	mills

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

4. Capital Assets

A summary of changes in capital assets during fiscal year 2017 is as follows:

	Balance at January 1, 2017	Additions	Deletions/ Transfers	Balance at December 31, 2017
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 2,420,455	\$ 361,524	\$ -	\$ 2,781,979
Construction in progress	454,374	-	(454,374)	-
Total non-depreciable assets	<u>2,874,829</u>	<u>361,524</u>	<u>(454,374)</u>	<u>2,781,979</u>
Depreciable assets:				
Buildings	18,997,922	6,579,596	454,374	26,031,892
Equipment	5,514,843	446,059	-	5,960,902
Vehicles	4,240,353	426,869	-	4,667,222
Infrastructure	41,900,961	385,906	-	42,286,867
	<u>70,654,079</u>	<u>7,838,430</u>	<u>454,374</u>	<u>78,946,883</u>
Less: accumulated depreciation:				
Buildings	(4,767,472)	(436,384)	-	(5,203,856)
Equipment	(3,868,313)	(317,873)	-	(4,186,186)
Vehicles	(2,781,800)	(474,951)	-	(3,256,751)
Infrastructure	(34,837,659)	(1,012,383)	-	(35,850,042)
	<u>(46,255,244)</u>	<u>(2,241,591)</u>	<u>-</u>	<u>(48,496,835)</u>
Total depreciable assets	<u>24,398,835</u>	<u>5,596,839</u>	<u>454,374</u>	<u>30,450,048</u>
Governmental activities capital assets, net	<u>\$ 27,273,664</u>	<u>\$ 5,958,363</u>	<u>\$ -</u>	<u>\$ 33,232,027</u>

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Balance at January 1, 2017	Additions	Deletions/ Transfers	Balance at December 31, 2017
Business-Type Activities:				
Non-depreciable assets:				
Land	\$ 766,000	\$ -	\$ -	\$ 766,000
Construction in progress	-	910,959	-	910,959
Total non-depreciable assets	<u>766,000</u>	<u>910,959</u>	<u>-</u>	<u>1,676,959</u>
Depreciable assets:				
Buildings	8,181,085	-	-	8,181,085
Machinery and equipment	10,312,645	261,618	-	10,574,263
Sewer system	56,904,218	5,894,405	-	62,798,623
	<u>75,397,948</u>	<u>6,156,023</u>	<u>-</u>	<u>81,553,971</u>
Less: accumulated depreciation:				
Buildings	(4,539,205)	(181,753)	-	(4,720,958)
Machinery and equipment	(8,189,326)	(271,806)	-	(8,461,132)
Sewer system	(27,918,711)	(1,093,841)	-	(29,012,552)
	<u>(40,647,242)</u>	<u>(1,547,400)</u>	<u>-</u>	<u>(42,194,642)</u>
Total depreciable assets	<u>34,750,706</u>	<u>4,608,623</u>	<u>-</u>	<u>39,359,329</u>
Business-type activities capital assets, net	<u>\$ 35,516,706</u>	<u>\$ 5,519,582</u>	<u>\$ -</u>	<u>\$ 41,036,288</u>

Depreciation expense was charged to functions/programs of the Municipality as follows:

Governmental Activities:	
General government	\$ 228,534
Public safety	690,048
Public works	1,135,481
Culture and recreation	177,793
Conservation and development	<u>9,735</u>
Total depreciation expense - governmental activities	<u>\$ 2,241,591</u>
Business-Type Activities:	
Sewer	<u>\$ 1,547,400</u>

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

5. Interfund Receivables, Payables, and Transfers

Interfund receivables and payables at December 31, 2017 are summarized below:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	\$ 368	\$ 38,668
Volunteer Fire Department	38,668	-
Other Governmental Funds	-	368
Total	\$ 39,036	\$ 39,036

The outstanding balances between funds result from the time lag between the dates that reimbursable expenditures occur and payment is made between the funds.

Interfund transfers at December 31, 2017 are summarized below:

Fund	Transfers In	Transfers Out
Major Funds:		
General	\$ 944,643	\$ 3,540,706
Capital Reserve	3,540,706	-
Other Governmental Funds	-	944,643
Total	\$ 4,485,349	\$ 4,485,349

Transactions between funds which are not expected to be repaid are accounted for as transfers. In those cases when repayment is expected within the next fiscal year, the transactions are accounted for through the various due from and due to accounts.

Transfers are made between the General Fund and the Liquid Fuels fund in accordance with the liquid fuels program. Transfers are made between the General Fund and the Capital Reserve fund in accordance with the planned capital projects budget.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

6. Long-Term Liabilities

Changes in the Municipality's long-term liabilities during fiscal year 2017 were as follows:

Governmental Activities:

	Balance at January 1, 2017	Additions	Reductions	Balance at December 31, 2017	Due Within One Year
G.O. Bonds	\$ 17,320,000	\$ 8,115,000	\$ (7,315,000)	\$ 18,120,000	\$ 405,000
Notes payable	2,891,672	-	(137,448)	2,754,224	131,150
Compensated absences	381,414	70,068	(63,747)	387,735	48,732
Net pension liability	6,288,373	6,260,672	(6,846,773)	5,702,272	-
OPEB obligation	1,784,592	296,116	(112,570)	1,968,138	-
	<u>\$ 28,666,051</u>	<u>\$ 14,741,856</u>	<u>\$ (14,475,538)</u>	<u>28,932,369</u>	<u>\$ 584,882</u>

Business-Type Activities:

	Balance at January 1, 2017	Additions	Reductions	Balance at December 31, 2017	Due Within One Year
G.O. Bonds	\$ 38,855,000	\$ -	\$ (1,245,000)	\$ 37,610,000	\$ 1,275,000
Compensated absences	94,336	32,202	(10,445)	116,093	-
Net pension liability	661,616	707,211	(975,226)	393,601	-
	<u>\$ 39,610,952</u>	<u>\$ 739,413</u>	<u>\$ (2,230,671)</u>	<u>\$ 38,119,694</u>	<u>\$ 1,275,000</u>

Governmental Activities

General Obligation Bonds

During April 1999, the Municipality issued \$1,680,000 of General Obligation Bonds, Series B of 1999 (Series B Bonds) to be used to complete the Oxford Drive transportation project. The Series B Bonds matured in 2017.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

During December 2013, the Municipality issued \$8,680,000 of General Obligation Bonds, Series of 2013 (2013 Bonds) to be used for the construction of a new building for the Municipality of Bethel Park Volunteer Fire Company. The 2013 Bonds bear interest at rates ranging from 2.00% to 4.00%. During 2017, \$170,000 was paid by the Municipality and the proceeds of General Obligation Bonds, Series of 2017 were used to advance refund \$6,900,000 of the remaining 2013 Bonds. At December 31, 2017, \$1,125,000 of the 2013 Bonds remain outstanding and \$6,900,000 of the defeased 2013 Bonds remain outstanding.

During December 2015, the Municipality issued \$9,105,000 of General Obligation Bonds, Series of 2015 (2015 Bonds) to be used for the acquisition, development, construction, and equipping of a public works building, and for capital improvements at the community center. The 2015 Bonds bear interest at rates ranging from 2.00% to 4.00% and mature semi-annually on June 1 and December 1 through 2045. At December 31, 2017, principal outstanding on the 2015 Bonds was \$8,880,000.

During November 2017, the Municipality issued \$8,115,000 of General Obligation Bonds, Series of 2017 (2017 Bonds) for the advancing refunding of the 2013 Bonds. The 2017 Bonds bear interest at rates ranging from 1.20% and 3.30% and mature semi-annually on June 1 and December 1 through 2044. The refunding was completed to reduce the Municipality's debt service payments over the next twenty-eight years by approximately \$350,000 and to obtain an economic gain (difference between present values of old debt and new debt service payments) of approximately \$244,000. At December 31, 2017, principal outstanding on the 2017 Bonds was \$8,115,000.

Future debt service requirements of the Municipality's governmental activities bonds payable as of December 31, 2017 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 405,000	\$ 338,798	\$ 743,798
2019	395,000	332,198	727,198
2020	405,000	323,698	728,698
2021	415,000	314,948	729,948
2022	425,000	537,936	962,936
2023-2027	2,300,000	2,519,744	4,819,744
2028-2032	2,610,000	2,212,059	4,822,059
2033-2037	3,020,000	1,794,894	4,814,894
2038-2042	4,780,000	1,122,224	5,902,224
2043-2045	3,365,000	262,815	3,627,815
	<u>\$ 18,120,000</u>	<u>\$ 9,759,314</u>	<u>\$ 27,879,314</u>

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Note Payable

In April 2007, the Municipality issued loan financing of \$3,747,184 to finance the Community Center Phase 2 construction project. \$3,046,439 of this amount was drawn down in 2007 and \$700,745 was drawn down in 2008. The loan bears interest at 3.99% and matures in 2033. At December 31, 2017, \$2,754,224 is outstanding.

Future debt service requirements of the Municipality's note payable as of December 31, 2017 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 131,150	\$ 110,207	\$ 241,357
2019	136,376	104,981	241,357
2020	141,811	99,546	241,357
2021	147,462	93,895	241,357
2022	153,339	88,019	241,358
2023-2027	863,369	343,417	1,206,786
2028-2032	1,049,663	157,123	1,206,786
2033	131,054	5,674	136,728
	<u>\$ 2,754,224</u>	<u>\$ 1,002,862</u>	<u>\$ 3,757,086</u>

Business-Type Activities

Guaranteed Sewer Revenue Bonds, Refunding Series of 2012

On May 17, 2012, the Authority issued Guaranteed Sewer Revenue Bonds, Refunding Series of 2012 (2012 Bonds), in the amount of \$9,975,000 to advance refund \$8,750,000 of the 2004 Bonds.

The 2012 Bonds bear interest semi-annually at rates ranging from 0.40% to 2.80% and mature in 2024. Interest payments are required semi-annually on March 1 and September 1. The 2012 Bonds are due annually on September 1. The Municipality has guaranteed payment pursuant to a lease agreement and has pledged its full faith, credit, and taxing power to the repayment of these 2012 Bonds. At December 31, 2017, \$9,110,000 is outstanding.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Guaranteed Sewer Revenue Bonds, Refunding Series of 2013

On May 23, 2013, the Authority issued Guaranteed Sewer Revenue Bonds, Refunding Series of 2013 (2013 Bonds), in the amount of \$33,500,000 to advance refund the outstanding Guaranteed Sewer Revenue Bonds, Series of 2004 (2004 Bonds) and to be used for various capital projects.

The 2013 Bonds bear interest semi-annually at rates ranging from 2.000% to 4.000% and mature in 2039. Interest payments are required semi-annually on March 1 and September 1. The 2013 Bonds are due annually on September 1. The Municipality has guaranteed payment pursuant to a lease agreement and has pledged its full faith, credit, and taxing power to the repayment of these 2013 Bonds. At December 31, 2017, \$28,500,000 is outstanding.

Future debt service requirements of the Municipality's business-type activities bonds payable as of December 31, 2017 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,275,000	\$ 1,267,638	\$ 2,542,638
2019	1,310,000	1,229,712	2,539,712
2020	1,335,000	1,203,186	2,538,186
2021	1,365,000	1,174,574	2,539,574
2022	1,400,000	1,142,068	2,542,068
2023-2027	7,580,000	5,111,442	12,691,442
2028-2032	8,895,000	3,790,134	12,685,134
2033-2037	10,760,000	1,923,552	12,683,552
2038-2039	3,690,000	186,752	3,876,752
Total	<u>\$ 37,610,000</u>	<u>\$ 17,029,058</u>	<u>\$ 54,639,058</u>

Employee Benefits

Refer to Notes 1, 7, and 8, respectively, for a description of the Municipality's long-term obligations relating to compensated absences, pension plans, and postemployment benefits other than pension benefits (OPEBs).

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

7. Pension Plans

Summary of Significant Accounting Policies

Financial information of the Municipality's pension plans is presented on the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. Employer contributions to the plans are recognized when due as required by applicable law. Investments of the plans are reported at fair value.

Plan Descriptions

The Municipality's Non-Uniformed Employee pension plan is a single-employer defined benefit pension plan. The plan was established effective November 1, 1964 (adopted pursuant to Act 600 of 1956). The pension plan was amended and restated effective January 1, 2007. The pension plan is governed by the Council of the Municipality, which may amend plan provisions, and which is responsible for the management of pension plan assets. The Municipality's Council has delegated the authority to manage certain pension plan assets to U.S. Asset Management. The pension plan is required to file Form PC-203C biennially with the Pennsylvania Department of the Auditor General's Municipal Pension Reporting Program (MPRP). The most recent filing was on January 1, 2017.

The Municipality's Police pension plan is a single-employer defined benefit pension plan. The pension plan was established effective May 29, 1955 (adopted pursuant to Act 600 of 1956). The pension plan was amended and restated effective January 1, 2004. The pension plan is governed by the Council of the Municipality, which may amend plan provisions, and which is responsible for the management of pension plan assets. The Municipality's Council has delegated the authority to manage certain pension plan assets to U.S. Asset Management. The pension plan is required to file Form PC-201C biennially with the MPRP. The most recent filing was on January 1, 2017.

The activity of the Plans is reported as the Pension Trust Funds in the accompanying financial statements. Separate plan financial statements are not available.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

At December 31, 2017, pension plan membership consisted of the following:

	<u>Non-Uniformed</u>	<u>Police</u>
Active employees	61	37
Retirees and beneficiaries currently receiving benefits	44	35
Terminated employees entitled to benefits but not yet receiving them	7	1
Total plan members	<u>112</u>	<u>73</u>

Benefits Provided

Non-Uniformed Employees Plan

Retirement Benefit - A participant is entitled to begin receiving retirement benefits after completing five years of service and attaining age 65 for employment that began prior to January 1, 1993. Those employees hired after January 1, 1993 are entitled to receive benefits after completing 15 years of service and attaining age 65. A participant is entitled to begin receiving early retirement benefits after completing 15 years of service and attaining the age of 55. The early retirement may be elected immediately, but will be reduced by 1/180 for each of the first 60 months early and by 1/360 for each of the next 60 months early. Participants are 100% vested after the completion of 10 years of service. The scheduled monthly retirement benefit is 45% (50% for participants retiring with 16 to 20 years of service; 55% for participants retiring with 21 to 25 years of service; and 60% for participants retiring with at least 26 years of service) of compensation averaged over the final 36 months of employment times the ratio of completed years of service from the date of hire through the retirement date to 15 years (ratio not to exceed 1.0).

Death Benefit - If a participant's death occurs before retirement eligibility and before 10 years of service, the participant's estate receives a refund of contributions made by the participant, plus interest. If a participant's death occurs before retirement eligibility and after 10 years of service, the participant's spouse will receive the participant's portion of the accrued benefit actuarially converted to a joint and 50% survivor annuity, reduced for early commencement. If a participant's death occurs after retirement, the normal form of payment is a life annuity, with payments guaranteed to be not less than the participant's contributions plus interest. An optional form of benefit payment may be selected by the participant at retirement that is actuarially equivalent to the normal form.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Police Plan

Retirement Benefit - A participant is entitled to begin receiving retirement benefits after completing 25 years of service and attaining age 50 for employment that began prior to January 1, 2001. Those employees hired after January 1, 2001 are entitled to receive benefits after completing 25 years of service and attaining age 55. Participants are 100% vested after the completion of 12 years of service. The scheduled monthly retirement benefit is 60% of final monthly average salary (averaged over the last 36 months of employment), plus an additional monthly benefit of \$100 for service in excess of 26 years. For participants hired after January 1, 2001, the monthly benefit is equal to 50% of final monthly average salary (averaged over the last 36 months of employment), plus service increment, if any.

Disability Benefit – For participants hired on or after January 1, 2001, 50% of salary at service-related disablement offset by any Social Security disability benefits recurred for the same condition.

Deferred Retirement Option Program (DROP) Benefit – The normal retirement benefit is deposited into a separate account and credited with interest during the period of DROP participation, for a maximum of three years. At December 31, 2017, there were two employees participating in the DROP plan. At December 31, 2017, DROP balances amounting to \$230,264 are included in net position restricted for pension benefits.

Death Benefit – Upon an active participant's death after normal retirement eligibility, the surviving spouse will automatically receive 50% of the participant's normal retirement benefit until death. For participants hired before January 1, 2001, who die prior to normal retirement eligibility, a survivor's benefit equal to 25% (30% if after normal retirement eligibility) of base monthly salary, up to a maximum of \$800 per month, is payable until death or remarriage.

Cost-of-Living Adjustments – Participants who retire on or after January 1, 2000 under the normal or late provisions of the pension plan will be eligible on each anniversary of benefit commencement to an increase in their monthly benefit equal to the percentage change in the CPI-W during the last year times the pension benefits, less service increments, if any. The total increase shall not exceed 5% of final monthly average salary.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Contributions

The pension plans are funded by the Municipality on an annual basis pursuant to the provisions of Act 205 of 1984 of the Commonwealth of Pennsylvania (Act). The Act requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). Employees are not required to contribute under the Act; such contributions are subject to collective bargaining. For the year ended December 31, 2017, participating employees in the Non-Uniformed Employees and Police pension plans were required to contribute 4.0% and 8.0% of their compensation, respectively. Certain pension information and calculations are based upon an actuarial valuation performed as of January 1, 2017; however, this valuation is not used for funding purposes. The January 1, 2015 valuation was used in the calculation of the Municipality's 2017 MMO.

The Commonwealth of Pennsylvania allocates certain funds to assist in pension funding. Any financial requirement established by the MMO which exceeds the Commonwealth of Pennsylvania allocation must be funded by the Municipality. Payments made to the plans were sufficient to meet the MMOs in 2017. The following table reflects contribution information for 2017:

	<u>Non-Uniformed</u>	<u>Police</u>	<u>Total</u>
MMO	<u>\$ 578,845</u>	<u>\$ 1,246,748</u>	<u>\$ 1,825,593</u>
Contributions:			
Municipality	<u>\$ 389,790</u>	<u>\$ 868,638</u>	<u>\$ 1,258,428</u>
Allocation of state aid	<u>189,055</u>	<u>378,110</u>	<u>567,165</u>
Total	<u>578,845</u>	<u>1,246,748</u>	<u>1,825,593</u>
Employee	<u>140,984</u>	<u>302,152</u>	<u>443,136</u>
Total contributions	<u>\$ 719,829</u>	<u>\$ 1,548,900</u>	<u>\$ 2,268,729</u>
Covered payroll	<u>\$ 3,568,229</u>	<u>\$ 3,949,426</u>	
Employee contributions as a % of covered payroll	<u>3.95%</u>	<u>7.65%</u>	

Administrative costs, including investment, custodial trustee, and actuarial services are charged to the appropriate plan and funded from investment earnings.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Net Pension Liability

The components of the net pension liability of the pension plans at December 31, 2017 were as follows:

	<u>Non-Uniformed</u>	<u>Police</u>	<u>Total</u>
Total pension liability	\$ 16,611,303	\$ 30,468,022	\$ 47,079,325
Plan fiduciary net position	<u>(15,299,299)</u>	<u>(25,684,153)</u>	<u>(40,983,452)</u>
Net pension liability	<u>\$ 1,312,004</u>	<u>\$ 4,783,869</u>	<u>\$ 6,095,873</u>
Governmental activities	\$ 918,403	\$ 4,783,869	\$ 5,702,272
Business-type activities	<u>393,601</u>	<u>-</u>	<u>393,601</u>
Net pension liability	<u>\$ 1,312,004</u>	<u>\$ 4,783,869</u>	<u>\$ 6,095,873</u>

Changes in the Net Pension Liability

The changes in the net pension liability of the Municipality for the non-uniformed pension plan for the year ended December 31, 2017 were as follows:

	<u>Increases / Decreases</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at December 31, 2016	\$ 15,952,011	\$ 13,746,625	\$ 2,205,386
Changes for the year:			
Service cost	397,115	-	397,115
Interest	1,190,575	-	1,190,575
Differences between expected and actual experience	(728,724)	-	(728,724)
Changes of assumptions	691,414	-	691,414
Contributions - employer	-	578,845	(578,845)
Contributions - employee	-	140,984	(140,984)
Net investment income	-	1,802,201	(1,802,201)
Benefit payments, including refunds	(891,088)	(891,088)	-
Administrative expense	-	(78,268)	78,268
Net changes	<u>659,292</u>	<u>1,552,674</u>	<u>(893,382)</u>
Balances at December 31, 2017	<u>\$ 16,611,303</u>	<u>\$ 15,299,299</u>	<u>\$ 1,312,004</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>92.10%</u>

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

The changes in the net pension liability of the Municipality for the police pension plan for the year ended December 31, 2017 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2016	\$ 27,893,144	\$ 23,148,541	\$ 4,744,603
Changes for the year:			
Service cost	577,488	-	577,488
Interest	2,193,487	-	2,193,487
Differences between expected and actual experience	916,648	-	916,648
Changes of assumptions	796,651	-	796,651
Contributions - employer	-	1,246,748	(1,246,748)
Contributions - employee	-	302,152	(302,152)
Net investment income	-	3,022,345	(3,022,345)
Benefit payments, including refunds	(1,909,396)	(1,909,396)	-
Administrative expense	-	(126,237)	126,237
Net changes	<u>2,574,878</u>	<u>2,535,612</u>	<u>39,266</u>
Balances at December 31, 2017	<u>\$ 30,468,022</u>	<u>\$ 25,684,153</u>	<u>\$ 4,783,869</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>84.30%</u>

Actuarial assumptions - The total pension liability was determined by an actuarial valuation performed on January 1, 2017, and rolled forward to December 31, 2017, using the following actuarial assumptions, applied to all periods in the measurement:

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Non-Uniformed</u>	<u>Police</u>
Actuarial valuation date	1/1/2017	1/1/2017
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	4.75%, including inflation	5%, including inflation*
Underlying inflation rate	3.0%	3.0%
Cost-of-living adjustments	Not Applicable	5.0%

Mortality:

Non-Uniformed: RP-2014 Mortality Table. Mortality improvement based on the Long-Range Demographic Assumptions for the 2015 Social Security Administration's (SSA) Trustee Report

Police: RP-2014 Mortality Table with 50% Blue Collar Adjustment, with rates set forward 5 years for disabled lives. Mortality improvement based on the Long-Range Demographic Assumptions for the 2015 SSA's Trustee Report.

* For the Police, projected salary increases include an additional 20% in the final year to account for lump sum payments such as unused sick days

Actuarial assumptions based on actuarial experience study for the period January 1, 2015 to December 31, 2016.

Changes in Actuarial Assumptions – Effective January 1, 2017, the mortality assumption for each plan was updated from RP-2000 Combined Healthy Mortality Table to the mortality tables noted above. Effective January 1, 2017, the salary increases for the non-uniformed plan were lowered from 5.0% to 4.75%.

Changes in Benefits – Effective January 1, 2017, the killed in service benefit was eliminated from the Police plan.

Investment Policy – The pension plan's policies in regard to the allocation of invested assets is established and may be amended by the Municipality's Investment Committee by a majority vote of its members. It is the policy of the Municipality's Investment Committee to pursue an investment strategy that reduces risk through the prudent diversification of the

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Long-Term Expected Rate of Return – 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 and investment expenses not funded through the MMO) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Plans' target asset allocation as of December 31, 2017:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	Non-Uniformed	Police	Non-Uniformed	Police
Equity	50-70%	50-70%	6.3%	6.3%
Fixed income	20-50%	20-50%	2.0%	2.0%
Cash equivalents	0-20%	0-20%	0.0%	0.0%
Alternative investments	0-5%	0-5%	0.0%	0.0%

Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2017, the annual money-weighted rate of return on the Non-Uniformed Employees and Police pension plan investments, net of investment expense, was 13.08% and 12.93%, respectively.

Concentrations – The pension plans place no limit on the amount that may be invested in any one issuer. At December 31, 2017, the pension plans had no investments (other than U.S. Government and U.S. Government guaranteed obligations, mutual funds, or other pooled investments) in any one issuer that represents 5% or more of fiduciary net position.

Discount Rate - The discount rate used to measure the total pension liability for the Non-Uniformed Employees and Police pension plans was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Municipality's contributions will be made based on the yearly MMO calculation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the pension plans calculated using the discount rates described above, as well as what the pension plan’s net pension liabilities would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Non-Uniformed Employees	\$ 3,202,748	\$ 1,312,004	\$ (306,573)
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Police	\$ 7,646,693	\$ 4,783,869	\$ 1,226,712

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

For the year ended December 31, 2017, the Municipality recognized pension expense of (\$112,130) for the non-uniformed plan and \$69,616 for the police plan, for a total pension expense of (\$42,514). (\$8,874) was recorded as a governmental activity; (\$33,640) was recorded as a business-type activity.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

At December 31, 2017, the Municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Non- Uniformed	Police	Total
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience:			
Governmental activity	\$ -	\$ 921,267	\$ 921,267
Changes in assumption:			
Governmental activity	412,814	972,583	1,385,397
Business-type activity/proprietary fund	176,921	-	176,921
Net difference between projected and actual earnings on pension plan investments:			
Governmental activity	255,043	609,755	864,798
Business-type activity/proprietary fund	109,304	-	109,304
Total deferred outflows of resources	<u>\$ 954,082</u>	<u>\$ 2,503,605</u>	<u>\$ 3,457,687</u>
	Non- Uniformed	Police	Total
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience:			
Governmental activity	\$ 471,666	\$ -	\$ 471,666
Business-type activity/proprietary fund	202,142	-	202,142
Net difference between projected and actual earnings on pension plan investments:			
Governmental activity	550,444	1,306,026	1,856,470
Business-type activity/proprietary fund	235,905	-	235,905
Total deferred inflows of resources	<u>\$ 1,460,157</u>	<u>\$ 1,306,026</u>	<u>\$ 2,766,183</u>

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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

Non-Uniformed			
	<u>Year ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-type Activities/ Proprietary Fund</u> <u>Total</u>
2018	\$	(33,041)	\$ (14,160) \$ (47,201)
2019		(33,040)	(14,160) (47,200)
2020		(160,561)	(68,812) (229,373)
2021		(120,695)	(51,726) (172,421)
2022		(3,840)	(1,646) (5,486)
Thereafter		(3,076)	(1,318) (4,394)
Total	\$	<u>(354,253)</u>	\$ <u>(151,822)</u> \$ <u>(506,075)</u>

Police			
	<u>Year ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-type Activities/ Proprietary Fund</u> <u>Total</u>
2018	\$	416,360	\$ - \$ 416,360
2019		416,359	- 416,359
2020		40,493	- 40,493
2021		15,413	- 15,413
2022		280,869	- 280,869
Thereafter		28,085	- 28,085
Total	\$	<u>1,197,579</u>	\$ - \$ <u>1,197,579</u>

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Pension Trust Fund Financial Information as of December 31, 2017

Plan Net Position

	Non-Uniformed Employees	Police	Total
<hr/> Assets <hr/>			
Cash and cash equivalents	\$ 177,467	\$ 296,322	\$ 473,789
Accrued interest receivable	14,459	23,893	38,352
Investments at fair value:			
Mutual funds - fixed income	4,364,860	7,421,496	11,786,356
Mutual funds - equity	1,083,502	1,720,690	2,804,192
Mutual funds - balanced	414,960	1,030,926	1,445,886
Exchange traded funds - equity	383,875	648,106	1,031,981
Corporate debt	804,032	1,307,061	2,111,093
Equities	8,056,144	13,461,790	21,517,934
Total investments	<u>15,107,373</u>	<u>25,590,069</u>	<u>40,697,442</u>
Total Assets	<u>15,299,299</u>	<u>25,910,284</u>	<u>41,209,583</u>
<hr/> Liabilities <hr/>			
Benefits payable	<u>-</u>	<u>226,131</u>	<u>226,131</u>
<hr/> Net Position <hr/>			
Restricted for pension benefits	<u>\$ 15,299,299</u>	<u>\$ 25,684,153</u>	<u>\$ 40,983,452</u>

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Changes in Plan Net Position

	Non-Uniformed Employees	Police	Total
Additions:			
<hr/>			
Contributions:			
Commonwealth	\$ 189,055	\$ 378,110	\$ 567,165
Municipality	389,790	868,638	1,258,428
Employee	<u>140,984</u>	<u>302,152</u>	<u>443,136</u>
Total contributions	<u>719,829</u>	<u>1,548,900</u>	<u>2,268,729</u>
Investment income:			
Net appreciation in fair value of investments	1,602,006	2,683,551	4,285,557
Interest and dividends	<u>200,195</u>	<u>338,794</u>	<u>538,989</u>
Total investment income	<u>1,802,201</u>	<u>3,022,345</u>	<u>4,824,546</u>
Less investment expense	<u>(69,766)</u>	<u>(115,634)</u>	<u>(185,400)</u>
Net investment income	<u>1,732,435</u>	<u>2,906,711</u>	<u>4,639,146</u>
Total additions	<u>2,452,264</u>	<u>4,455,611</u>	<u>6,907,875</u>
Deductions:			
<hr/>			
Benefits	804,782	1,909,396	2,714,178
Administrative expenses	8,502	10,603	19,105
Refund of member contributions	<u>86,306</u>	<u>-</u>	<u>86,306</u>
Total deductions	<u>899,590</u>	<u>1,919,999</u>	<u>2,819,589</u>
Change in Plan Net Position	1,552,674	2,535,612	4,088,286
Net Position Restricted for Pension Benefits:			
<hr/>			
Beginning of year	<u>13,746,625</u>	<u>23,148,541</u>	<u>36,895,166</u>
End of year	<u>\$ 15,299,299</u>	<u>\$ 25,684,153</u>	<u>\$ 40,983,452</u>

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Net Appreciation (Depreciation) in Fair Value of Investments

The composition of net appreciation (depreciation) in fair value of investments reported on the statement of changes in plan net position is as follows:

	<u>Non-Uniformed</u>	<u>Police</u>	<u>Total</u>
Realized gain (loss)	\$ 94,447	\$ 226,757	\$ 321,204
Unrealized gain (loss)	<u>1,507,559</u>	<u>2,456,794</u>	<u>3,964,353</u>
	<u>\$ 1,602,006</u>	<u>\$ 2,683,551</u>	<u>\$ 4,285,557</u>

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments.

Realized gains and losses on investments that have been held in more than one fiscal year and sold in the current year were included as part of the change in the fair value of investments reported in the prior year(s) and the current year.

8. Postemployment Benefits Other than Pension Benefits (OPEBs)

Plan Description

In addition to the pension benefits previously described, the Municipality provides a post-retirement death benefit to non-uniformed retirees and post-retirement life insurance benefits and medical, dental, and vision coverage to police retirees through a single employer defined benefit plan. The benefit limits and employee and employer contributions are established through union contracts and past practices. The plan is not accounted for as a trust fund, an irrevocable trust has not been established, the plan does not issue a separate report, and activity of the plan is reported in the Municipality's General Fund.

Details of the benefits provided are as follows:

Police

The Municipality provides post-retirement life insurance benefits to all eligible police retirees in accordance with the requirements set forth by the union contract. Retired members are provided a term life insurance policy ranging from \$6,000 to \$10,000,

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

depending on date of retirement, as outlined in the union contract. Currently, 23 retirees meet the eligibility requirements to receive these insurance benefits. The Municipality's General Fund expenditures for all police postemployment life insurance benefits were \$941 in 2017.

The Municipality provides post-retirement medical, dental, and vision coverage to all eligible police retirees in accordance with the requirements set forth by the union contract. The Municipality pays 60% of the total premium for medical, dental, and vision coverage of the retiree's choice until Medicare eligibility. Currently, 29 retirees meet the eligibility requirements to receive these medical benefits. The Municipality's General Fund expenditures for all police postemployment medical, dental, and vision benefits were \$110,664 (net of \$40,792 of retiree contributions) in 2017.

Non-Uniformed

The Municipality provides a \$5,000 post-retirement death benefit to all eligible non-uniformed retirees in accordance with the requirements set forth by the union contract. Currently, 33 retirees meet the eligibility requirements to receive this death benefit. The Municipality's General Fund expenditures for all non-uniformed postemployment death benefits were \$652 in 2017.

Funding Policy

These benefits are expensed when incurred and are financed on a pay-as-you-go basis. For fiscal year 2017, the Municipality incurred \$112,570 for post-employment benefits other than pension benefits which includes an implicit rate subsidy of \$313. Retirees receiving benefits contributed \$40,792 through their deductions.

The Municipality's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over an open period not to exceed 30 years. The following table shows the component of the Municipality's annual OPEB cost for the year, the amount actually contributed, and changes in the Municipality's net OPEB obligation:

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Annual required contribution	\$ 332,132
Interest on net OPEB obligation	57,999
Adjustment to annual required contribution	<u>(94,015)</u>
Annual OPEB cost	296,116
Contributions made	<u>(112,570)</u>
Increase in net OPEB obligation	183,546
Net OPEB obligation - beginning of year	<u>1,784,592</u>
Net OPEB obligation - end of year	<u><u>\$ 1,968,138</u></u>

It is expected that the General Fund will continue to provide funds for the payment of the net OPEB obligation.

The Municipality's annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation were as follows:

Fiscal Year Ending	Annual OPEB Cost	% of AOC Contributed	Net OPEB Obligation (Asset)
December 31, 2017	\$ 296,116	38.02%	\$ 1,968,138
December 31, 2016	299,968	36.37%	1,784,592
December 31, 2015	214,476	57.71%	1,593,724

The ARC for the current year was computed as of January 1, 2016 using the following actuarial assumptions:

- actuarial cost method - entry age normal cost;
- amortization method - level dollar;
- amortization period – 30-year open;
- inflation rate – not applicable
- discount rate – 3.25% compounded annually;
- mortality – police: RP-2000 Combined Mortality Table with Blue Collar Adjustment and rates set forward 5 years for disabled lives; non-uniformed: RP-2000 Combined Mortality Table;
- health care cost trend rates – decrease of .25% per year;
- dental/vision care cost trend rates – increase of 3% per year.

A few assumptions were updated for the January 1, 2016 actuarial report that impacted the calculation of the ARC. As a result, the ARC is significantly higher than at January 1, 2013 (the date of the previous actuarial report). The primary reason for the increase in costs is

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

the lowering of the interest rate assumption from 4.5% to 3.25%. The new interest rate corresponds more closely to a high quality long-term expected municipal bond rate published by the Federal Reserve as of the valuation date. In addition, changes were made to future trends in health care costs.

The schedule of funding progress for the postemployment medical and life insurance benefits is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
January 1, 2016	\$ -	\$ 3,239,039	\$ 3,239,039	0.0%	\$ 8,007,162	40.5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Healthcare cost trend assumptions are based on recent experience and anticipated future cost increases under the Municipality's medical plans. Amounts determined regarding the funded status and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress reported as Required Supplementary Information presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

9. Intergovernmental Agreement

The Municipality, the Authority, and the Township of South Park (Township) entered into an agreement in June 1990, and updated in April 2007, which requires the Township and the Municipality to share the annual maintenance and operating costs of sewer system assets that serve both communities (Agreement). This includes the cost of financing and constructing such assets, as well as related administration expenses. Under the Agreement, costs are allocated between the Municipality and the Township using a ratio of the water consumption of customers within each community. In accordance with this Agreement, the Municipality received approximately \$800,000 from the Township in 2017.

10. Commitments and Contingencies

Various claims and lawsuits are pending against the Municipality. The ultimate outcome of these claims and lawsuits cannot presently be determined and, accordingly, no provision for amounts arising from settlements has been made in these financial statements. In the opinion of management and legal counsel, the effect on the financial statements of potential losses on any claim and/or lawsuit should not be material.

During 1995, the Authority entered into a consent order and agreement with the Commonwealth of Pennsylvania Department of Environmental Resources (Pennsylvania DER), which requires the Authority to implement various improvements to its sewage conveyance and treatment system to eliminate alleged violations of the Clean Streams Law and the Pennsylvania Sewage Facilities Act. In order to provide the funds necessary for the projects required by the consent order and other sewer system improvements, the Authority issued sewer revenue bonds, as discussed in Note 6, which are guaranteed by the Municipality. Under the terms of a lease agreement with the Authority, the Municipality is responsible for additional lease rental payments sufficient for the Authority to meet debt service obligations on its debt. In addition, the Municipality could be subject to fines related to the alleged violations. The ultimate amount of such fines, if any, is not known. However, for required projects that have been completed, management does not believe fines will be levied.

In December 2015, the Authority entered into an Interim Administrative Consent Order and Agreement with the Commonwealth of PA, Department of Environmental Protection. The consent order requires the Authority to identify areas of excess infiltration and inflow within the system tributary to the Allegheny County Sanitary Authority system through a flow monitoring program, to complete a flow reduction project, to conduct post-

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

rehabilitation flow monitoring, and to provide a final report which summarizes results of the flow reduction project. Interim Consent Order work is required to be completed by June 30, 2017. All Consent Order work was completed by June 30, 2017.

As of December 31, 2017, the Municipality had approximately \$1.5 million in outstanding construction commitments related to various capital purchases and projects. As of December 31, 2017, the Authority had approximately \$1.4 million in outstanding construction commitments related to its plant construction project.

11. Risk Management

The Municipality is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Municipality carries commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There have been no significant changes in insurance coverage since the prior year.

For its worker's compensation insurance coverage, the Municipality participates in the Municipal Risk Management Worker's Compensation Pooled Trust (Trust), a public entity risk pool operated for the benefit of approximately 200 cities, municipalities, boroughs, townships, and municipal authorities. Trust underwriting and rate-setting policies are established after consultation with an independent actuary and certain approvals of the Pennsylvania Department of Labor and Industry as mandated by Act 44 of 1993 (Act 44). All Trust participants may be subject to a supplemental assessment/dividend based on the overall experience of the participants, pursuant to Act 44. Each participant of the Trust agrees to jointly and severally assume and discharges the liabilities arising under the Worker's Compensation Act and Occupational Disease Act of each and every participant of the Trust. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. The Trust purchases excess insurance coverage with statutory limits. The retention for this excess coverage is \$750,000 per occurrence. There were no significant reductions in insurance coverage from coverage in the prior year. Political subdivisions joining the Trust must remain members for a minimum of four years; a member may withdraw from the Trust after that time by giving ninety days' notice, subject to approval by the Trust actuary under specified circumstances related to the continued fiscal stability of the pool. At the time of withdrawal, the participant is responsible for their share of assessments but has no claim on any other assets of the Trust. Estimates of any additional assessments are unknown.



REQUIRED SUPPLEMENTARY INFORMATION

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

SCHEDULE OF CHANGES IN THE MUNICIPALITY'S NET PENSION LIABILITY AND RELATED RATIOS

NON-UNIFORMED EMPLOYEES PENSION PLAN

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2017	2016	2015	2014
Total Pension Liability:				
Service cost	\$ 397,115	\$ 350,461	\$ 336,566	\$ 348,162
Interest	1,190,575	1,139,298	1,084,681	1,037,820
Differences between expected and actual experience	(728,724)	-	(95,791)	-
Changes of assumptions	691,414	-	-	-
Benefit payments, including refunds of member contributions	(891,088)	(742,435)	(672,678)	(635,549)
Net Changes in Total Pension Liability	659,292	747,324	652,778	750,433
Total Pension Liability - Beginning	15,952,011	15,204,687	14,551,909	13,801,476
Total Pension Liability - Ending (a)	<u>\$ 16,611,303</u>	<u>\$ 15,952,011</u>	<u>\$ 15,204,687</u>	<u>\$ 14,551,909</u>
Plan Fiduciary Net Position:				
Contributions - employer	\$ 578,845	\$ 659,431	\$ 653,896	\$ 566,305
Contributions - member	140,984	136,666	138,109	131,903
Investment income	1,802,201	1,186,444	18,263	1,071,812
Benefit payments, including refunds of member contributions	(891,088)	(742,435)	(672,679)	(635,549)
Investment and administrative expenses	(78,268)	(78,734)	(86,659)	(68,080)
Net Change in Plan Fiduciary Net Position	1,552,674	1,161,372	50,930	1,066,391
Plan Fiduciary Net Position - Beginning	13,746,625	12,585,253	12,534,323	11,467,932
Plan Fiduciary Net Position - Ending (b)	<u>\$ 15,299,299</u>	<u>\$ 13,746,625</u>	<u>\$ 12,585,253</u>	<u>\$ 12,534,323</u>
Net Pension Liability - Ending (a-b)	<u>\$ 1,312,004</u>	<u>\$ 2,205,386</u>	<u>\$ 2,619,434</u>	<u>\$ 2,017,586</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>92.10%</u>	<u>86.17%</u>	<u>82.77%</u>	<u>86.14%</u>
Covered Employee Payroll	<u>\$ 3,568,229</u>	<u>\$ 3,291,788</u>	<u>\$ 3,389,482</u>	<u>\$ 3,218,217</u>
Net Pension Liability as a Percentage of Covered Employee Payroll	36.77%	67.00%	77.28%	62.69%

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to required supplementary information - pension trust funds.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

SCHEDULE OF CHANGES IN THE MUNICIPALITY'S NET PENSION LIABILITY AND RELATED RATIOS

POLICE PENSION PLAN

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2017	2016	2015	2014
Total Pension Liability:				
Service cost	\$ 577,488	\$ 490,037	\$ 466,702	\$ 489,143
Interest	2,193,487	1,988,115	1,907,841	1,765,497
Differences between expected and actual experience	916,648	-	333,605	-
Changes of assumptions	796,651	-	660,222	-
Benefit payments, including refunds of member contributions	(1,909,396)	(1,184,921)	(1,465,130)	(1,195,967)
Net Changes in Total Pension Liability	2,574,878	1,293,231	1,903,240	1,058,673
Total Pension Liability - Beginning	27,893,144	26,599,913	24,696,673	23,638,000
Total Pension Liability - Ending (a)	\$ 30,468,022	\$ 27,893,144	\$ 26,599,913	\$ 24,696,673
Plan Fiduciary Net Position:				
Contributions - employer	\$ 1,246,748	\$ 1,195,187	\$ 1,202,402	\$ 1,054,563
Contributions - member	302,152	305,263	262,098	254,863
Investment income	3,022,345	1,965,843	30,021	1,808,047
Benefit payments, including refunds of member contributions	(1,909,396)	(1,184,921)	(1,465,129)	(1,195,967)
Investment and administrative expenses	(126,237)	(115,209)	(138,764)	(120,413)
Net Change in Plan Fiduciary Net Position	2,535,612	2,166,163	(109,372)	1,801,093
Plan Fiduciary Net Position - Beginning	23,148,541	20,982,378	21,091,750	19,290,657
Plan Fiduciary Net Position - Ending (b)	\$ 25,684,153	\$ 23,148,541	\$ 20,982,378	\$ 21,091,750
Net Pension Liability - Ending (a-b)	\$ 4,783,869	\$ 4,744,603	\$ 5,617,535	\$ 3,604,923
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.30%	82.99%	78.88%	85.40%
Covered Employee Payroll	\$ 3,949,426	\$ 3,444,552	\$ 3,343,281	\$ 2,741,667
Net Pension Liability as a Percentage of Covered Employee Payroll	121.13%	137.74%	168.02%	131.49%

* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to required supplementary information - pension trust funds.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

SCHEDULES OF MUNICIPALITY CONTRIBUTIONS
AND INVESTMENT RETURNS

PENSION PLANS

YEARS ENDED DECEMBER 31
LAST TEN YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
NON-UNIFORMED EMPLOYEES PLAN:										
<u>Schedule of Municipality Contributions</u>										
Actuarially determined contribution	\$ 578,845	\$ 659,431	\$ 653,896	\$ 565,349	\$ 567,175	\$ 483,473	\$ 482,195	\$ 475,905	\$ 236,958	\$ 2,651
Contributions in relation to the actuarially determined contribution	<u>578,845</u>	<u>659,431</u>	<u>653,896</u>	<u>566,305</u>	<u>567,175</u>	<u>483,473</u>	<u>423,513</u>	<u>417,223</u>	<u>236,968</u>	<u>10,132</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (956)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,682</u>	<u>\$ 58,682</u>	<u>\$ (10)</u>	<u>\$ (7,481)</u>
Covered employee payroll	<u>\$ 3,568,229</u>	<u>\$ 3,291,788</u>	<u>\$ 3,389,482</u>	<u>\$ 3,218,217</u>	<u>\$ -</u>	<u>\$ 3,098,894</u>	<u>\$ -</u>	<u>\$ 3,195,032</u>	<u>\$ -</u>	<u>\$ 3,013,298</u>
Contributions as a percentage of covered employee payroll	16.22%	20.03%	19.29%	17.60%	n/a	15.60%	n/a	13.06%	n/a	0.34%
<u>Investment Returns</u>										
Annual money-weighted rate of return, net of investment expense	13.38%	9.54%	0.15%	9.47%	n/a	n/a	n/a	n/a	n/a	n/a
POLICE PLAN:										
<u>Schedule of Municipality Contributions</u>										
Actuarially determined contribution	\$ 1,246,748	\$ 1,195,187	\$ 1,202,402	\$ 1,054,563	\$ 1,036,045	\$ 831,536	\$ 813,038	\$ 827,846	\$ 444,207	\$ 441,386
Contributions in relation to the actuarially determined contribution	<u>1,246,748</u>	<u>1,195,187</u>	<u>1,202,402</u>	<u>1,054,563</u>	<u>1,036,045</u>	<u>831,536</u>	<u>689,935</u>	<u>704,743</u>	<u>444,207</u>	<u>441,386</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,103</u>	<u>\$ 123,103</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	<u>\$ 3,949,426</u>	<u>\$ 3,444,552</u>	<u>\$ 3,343,281</u>	<u>\$ 2,741,667</u>	<u>\$ -</u>	<u>\$ 2,972,690</u>	<u>\$ -</u>	<u>\$ 2,995,579</u>	<u>\$ -</u>	<u>\$ 2,721,336</u>
Contributions as a percentage of covered employee payroll	31.57%	34.70%	35.96%	38.46%	n/a	27.97%	n/a	23.53%	n/a	16.22%
<u>Investment Returns</u>										
Annual money-weighted rate of return, net of investment expense	13.24%	9.47%	0.15%	9.30%	n/a	n/a	n/a	n/a	n/a	n/a

n/a - Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to required supplementary information - pension trust funds.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PENSION TRUST FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

1. Actuarial Methods and Assumptions Used in Determining the Contribution Rate (MMO)

The information presented in the required supplementary pension schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	Police	Non-Uniformed
Actuarial valuation date	1/1/2015	1/1/2015
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar Closed	Level Dollar Closed
Amortization period	8 years aggregate	12 years aggregate
Asset valuation method	4-Year Smoothing	4-Year Smoothing
Actuarial assumptions:		
Inflation	3.0%	3.0%
Projected salary increases	5.0% including inflation, plus an additional 20% in final year to account for lump sum payments such as unused sick days	5.0% including inflation
Investment rate of return	7.5% net of investment expenses not funded through the MMO, and including inflation	7.5% net of investment expenses not funded through the MMO, and including inflation
Mortality	RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment, set forward 5 years for disabled members. Rates projected to improve using 75% of scale AA.	RP-2000 Combined Healthy Mortality Table. Rates projected with 75% scale of AA.

2. Benefit Changes

Police Plan

No benefit terms were modified.

Non-Uniformed Plan

No benefit terms were modified.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PENSION TRUST FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

3. Change in Actuarial Assumptions

Police Plan

Effective January 1, 2009, the mortality table was updated to the RP-2000 Combined Healthy Mortality Table projected to 2005.

Effective January 1, 2013, the Blue Collar Adjustment was applied to mortality and rates projected to improve using 75% of Scale AA.

Effective January 1, 2015, an additional 20% salary projection was added to final year of pay.

Non-Uniformed Plan

Effective January 1, 2009, the mortality table was updated from the 1983 Group Annuity Table (with male rates set back six years for females) to the RP-2000 Combined Healthy Mortality Table (static) projected to 2005, and the pre-retirement death benefit was changed to be valued directly rather than by a 5.5% load of retirement liabilities for participants who have not attained assumed retirement age.

Effective January 1, 2013, the mortality table was updated from the RP-2000 Combined Healthy Mortality Table and rates projected to 2005 using Scale AA to the RP-2000 Combined Healthy Mortality Table and rates projected to improve using 75% of Scale AA.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEBs) SCHEDULES OF FUNDING PROGRESS

FOR THE YEAR ENDED DECEMBER 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/10	\$ -	\$ 2,532,954	\$ 2,532,954	0%	\$ 5,924,852	43%
1/1/13	-	2,276,721	2,276,721	0%	6,071,586	37%
1/1/16	-	3,239,039	3,239,039	0%	8,007,162	40%

See accompanying notes to required supplementary information - OPEBs.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEBS)

FOR THE YEAR ENDED DECEMBER 31, 2017

1. Actuarial Methods and Assumptions Used

The information presented in the required supplementary postemployment benefits other than pension benefits (OPEBs) schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	January 1, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Amortization period	30 years
Asset valuation method	n/a - the plan is unfunded
Actuarial assumptions:	
Interest rate	3.25%
Projected salary increases	5.0% including inflation, plus an additional 20% in final year to account for lump sum payments such as unused sick days
Mortality	<u>Police</u> : RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment, set forward 5 years for disabled members. Rates projected to improve using 75% of scale AA. <u>Non-Uniformed</u> : RP-2000 Combined Healthy Mortality Table. Rates projected to improve using 75% of scale AA.
Annual trend rates for OPEB costs	<u>Medical/Rx</u> : 7.0% for 2016, decreasing 0.25% each year until 5.0% for 2024 and later <u>Dental</u> : 3.0% each year <u>Vision</u> : 3.0% each year



SUPPLEMENTARY INFORMATION



MAJOR GOVERNMENTAL FUNDS

GENERAL FUND: The General Fund accounts for all transactions of the Municipality which are not properly accounted for in other funds. The General Fund is used to account for the ordinary operations of the Municipality which are financed from taxes and other general revenues.

CAPITAL RESERVE FUND: The Capital Reserve Fund accounts for financial resources and expenditures related to the acquisition or construction of major capital facilities (other than those financed by the proprietary fund).

VOLUNTEER FIRE DEPARTMENT FUND: The Volunteer Fire Department Fund accounts for financial resources and expenditures related to the construction of a new building for the Bethel Park Volunteer Fire Company.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

GENERAL FUND SCHEDULE OF REVENUES AND EXPENDITURES - RECREATION DEPARTMENT

FOR THE YEAR ENDED DECEMBER 31, 2017

Revenues:

Program fees	\$ 593,849
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Expenditures:

Program:	
Program costs	137,684
Salaries and benefits	727,888
Contractual/maintenance	33,955
Supplies	8,759
Capital expenses	19,004
Total program	927,290

Administration:

General expenses	15,807
Utilities	2,291
Insurance	4,444

Total administration	22,542
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Total expenditures	949,832
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Excess (Deficiency) of Revenues Over Expenditures	\$ (355,983)
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MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

CAPITAL RESERVE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budget</u>		Variance with
	<u>Original and</u>	<u>Actual</u>	<u>Final Budget</u>
	<u>Final</u>		
Revenues:			
Intergovernmental	\$ 414,894	\$ 242,308	\$ (172,586)
Interest and rent	6,500	99,813	93,313
Miscellaneous	-	16,280	16,280
Total revenues	<u>421,394</u>	<u>358,401</u>	<u>(62,993)</u>
Expenditures:			
Capital outlay	<u>4,661,000</u>	<u>10,512,217</u>	<u>(5,851,217)</u>
Total expenditures	<u>4,661,000</u>	<u>10,512,217</u>	<u>(5,851,217)</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,239,606)	(10,153,816)	(5,914,210)
Other Financing Sources (Uses):			
Transfers in	<u>3,540,706</u>	<u>3,540,706</u>	<u>-</u>
Net Change in Fund Balance	(698,900)	(6,613,110)	(5,914,210)
Fund Balance:			
Beginning of year	<u>9,545,341</u>	<u>9,545,341</u>	<u>-</u>
End of year	<u>\$ 8,846,441</u>	<u>\$ 2,932,231</u>	<u>\$ (5,914,210)</u>

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

VOLUNTEER FIRE DEPARTMENT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget Original and Final	Actual	Variance with Final Budget
Revenues:			
Real estate taxes	\$ 781,434	\$ 805,992	\$ 24,558
Interest and rent	1,500	4,776	3,276
Total revenues	782,934	810,768	27,834
Expenditures:			
Public safety	402,062	175,775	226,287
Debt service	518,331	786,522	(268,191)
Total expenditures	920,393	962,297	(41,904)
Excess (Deficiency) of Revenues Over Expenditures	(137,459)	(151,529)	(14,070)
Other Financing Sources (Uses):			
Issuance of refunding bonds	-	8,115,000	8,115,000
Payment to refunding bond escrow	-	(7,841,745)	(7,841,745)
Total other financing sources (uses)	-	273,255	273,255
Net Change in Fund Balance	(137,459)	121,726	259,185
Fund Balance:			
Beginning of year	517,915	517,915	-
End of year	\$ 380,456	\$ 639,641	\$ 259,185

Note: The Municipality's adopted budget for the Volunteer Fire Department Fund includes only those expenditures related to the operation of the Bethel Park Volunteer Fire Company, and for the required debt service expenditures related to the General Obligation Bonds.



OTHER GOVERNMENTAL FUNDS

STATE HIGHWAY AID FUND: The State Highway Aid Fund is a special revenue fund that accounts for monies received that are legally restricted for specific purposes, such as salt purchases and street lighting.

TRANSPORTATION DISTRICT FUND: The Transportation District Fund is a capital projects fund that is used to account for activity related to the acquisition or construction of major capital facilities related to the Oxford Drive Transportation District.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2017

	Special Revenue State Highway Aid	Capital Projects Transportation District	Total Other Governmental Funds
Assets			
Cash and cash equivalents	\$ 908	\$ 193,074	\$ 193,982
Total Assets	\$ 908	\$ 193,074	\$ 193,982
Liabilities and Fund Balance			
Liabilities:			
Due to other funds	\$ 368	\$ -	\$ 368
Fund Balance:			
Restricted for Transportation District	-	193,074	193,074
Restricted for liquid fuels program	540	-	540
Total Fund Balance	540	193,074	193,614
Total Liabilities and Fund Balance	\$ 908	\$ 193,074	\$ 193,982

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OTHER GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Special Revenue</u> State Highway Aid	<u>Capital Projects</u> Transportation District	Total Other Governmental Funds
Revenues:			
Intergovernmental	\$ 938,667	\$ -	\$ 938,667
Interest and rent	6,669	9,372	16,041
Miscellaneous	-	133,266	133,266
Total revenues	<u>945,336</u>	<u>142,638</u>	<u>1,087,974</u>
Expenditures:			
Debt service	-	100,340	100,340
Excess (Deficiency) of Revenues Over Expenditures	<u>945,336</u>	<u>42,298</u>	<u>987,634</u>
Other Financing Sources (Uses):			
Transfers out	<u>(944,643)</u>	-	<u>(944,643)</u>
Net Change in Fund Balance	693	42,298	42,991
Fund Balance:			
Beginning of year	<u>(153)</u>	<u>150,776</u>	<u>150,623</u>
End of year	<u>\$ 540</u>	<u>\$ 193,074</u>	<u>\$ 193,614</u>

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL STATE HIGHWAY AID FUND

FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget Original and Final	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 919,287	\$ 938,667	\$ 19,380
Interest and rent	1,418	6,669	5,251
Total revenues	920,705	945,336	24,631
Expenditures			
	-	-	-
Excess (Deficiency) of Revenues Over Expenditures			
	920,705	945,336	24,631
Other Financing Sources (Uses):			
Transfers out	(920,705)	(944,643)	(23,938)
Net Change in Fund Balance			
	-	693	693
Fund Balance:			
Beginning of year	(153)	(153)	-
End of year	\$ (153)	\$ 540	\$ 693

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL TRANSPORTATION DISTRICT FUND

FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget Original and Final	Actual	Variance with Final Budget
Revenues:			
Interest and rent	\$ 700	\$ 9,372	\$ 8,672
Miscellaneous	133,266	133,266	-
Total revenues	133,966	142,638	8,672
Expenditures:			
Debt service	132,640	100,340	32,300
Excess (Deficiency) of Revenues Over Expenditures	1,326	42,298	(40,972)
Fund Balance:			
Beginning of year	150,776	150,776	-
End of year	\$ 152,102	\$ 193,074	\$ (40,972)



MAJOR ENTERPRISE FUND

SEWER SYSTEM FUND: The Sewer System Fund accounts for the operations of the Municipality's public sewer system.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

COMBINING SCHEDULE OF NET POSITION PROPRIETARY FUND

DECEMBER 31, 2017

	Municipality Sewer Fund	Municipal Authority	Combining Entries	Totals
Assets				
Current assets:				
Cash and cash equivalents	\$ 5,436,289	\$ 127,187	\$ -	\$ 5,563,476
Investments - restricted per indenture of trust	-	1,193,461	-	1,193,461
Receivables (net, where applicable, of allowance for uncollectibles):				
Sewer charges	2,342,202	-	-	2,342,202
Accrued interest receivable	-	761	-	761
Lease rental	-	38,031,449	(38,031,449)	-
Other	213,485	-	-	213,485
Prepaid expenses	107,554	-	-	107,554
Total current assets	8,099,530	39,352,858	(38,031,449)	9,420,939
Capital assets (net of accumulated depreciation)	-	-	41,036,288	41,036,288
Total Assets	8,099,530	39,352,858	3,004,839	50,457,227
Deferred Outflows of Resources				
Deferred outflows of resources for pension	286,225	-	-	286,225
Liabilities				
Current liabilities:				
Accounts payable	143,636	437,777	-	581,413
Accrued liabilities	17,386	-	-	17,386
Due to other governmental units	169,672	-	-	169,672
Accrued interest payable	-	422,547	-	422,547
Bonds payable due within one year	-	1,275,000	-	1,275,000
Total current liabilities	330,694	2,135,324	-	2,466,018
Non-current liabilities:				
Net pension liability	393,601	-	-	393,601
Bonds payable	-	36,335,000	-	36,335,000
Compensated absences	116,093	-	-	116,093
Total non-current liabilities	509,694	36,335,000	-	36,844,694
Total Liabilities	840,388	38,470,324	-	39,310,712
Deferred Inflows of Resources				
Deferred inflows of resources for pension	438,047	-	-	438,047
Net Position				
Net investment in capital assets	-	-	4,181,972	4,181,972
Restricted for construction	-	767,405	(767,405)	-
Unrestricted	7,107,320	115,129	(409,728)	6,812,721
Total Net Position	\$ 7,107,320	\$ 882,534	\$ 3,004,839	\$ 10,994,693

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND

FOR THE YEAR ENDED DECEMBER 31, 2017

	Municipality Sewer Fund	Municipal Authority	Combining Entries	Totals
Operating Revenues:				
Charges for services	\$ 10,428,131	\$ -	\$ -	\$ 10,428,131
Intergovernmental	-	1,285,513	(1,285,513)	-
Licenses and permits	11,675	-	-	11,675
Total operating revenues	10,439,806	1,285,513	(1,285,513)	10,439,806
Operating Expenses:				
Administration	264,735	203,606	-	468,341
Operations	4,966,747	-	(956,942)	4,009,805
Maintenance	1,477,980	-	(700,137)	777,843
Depreciation	-	-	1,547,400	1,547,400
Intergovernmental	2,731,730	-	(2,731,730)	-
Total operating expenses	9,441,192	203,606	(2,841,409)	6,803,389
Operating Income (Loss)	998,614	1,081,907	1,555,896	3,636,417
Non-Operating Revenues (Expenses):				
Intergovernmental transfer	-	191,342	(191,342)	-
Investment income	54,176	268,895	-	323,071
Other revenue	-	50	-	50
Interest expense	-	(1,286,138)	-	(1,286,138)
Capital outlay	-	(5,409,903)	5,409,903	-
Total non-operating revenues (expenses)	54,176	(6,235,754)	5,218,561	(963,017)
Change in Net Position	1,052,790	(5,153,847)	6,774,457	2,673,400
Net Position:				
Beginning of year	6,054,530	6,036,381	(3,769,618)	8,321,293
End of year	<u>\$ 7,107,320</u>	<u>\$ 882,534</u>	<u>\$ 3,004,839</u>	<u>\$ 10,994,693</u>



FIDUCIARY FUNDS

NON-UNIFORMED EMPLOYEES PENSION FUND: The Non-Uniformed Employees Pension Fund was established to account for assets held in a trustee capacity for the Municipality's pension plan for eligible general employees.

POLICE PENSION FUND: The Police Pension Fund was established to account for assets held in a trustee capacity for the Municipality's pension plan for eligible police officers.

ESCROW FUND: The Escrow Fund is an agency fund that is used to hold monument bonds posted by developers to assure the installation of monuments after the completion of construction.

ENGINEER INSPECTION FUND: The Engineer Inspection Fund is an agency fund that is used to hold subdivision fees, which are then used to offset the cost of engineering inspection to the Municipality.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS

DECEMBER 31, 2017

Assets	Non-Uniformed Employees Pension Fund	Police Pension Fund	Total Pension Trust Funds
Cash and cash equivalents	\$ 177,467	\$ 296,322	\$ 473,789
Accrued interest receivable	14,459	23,893	38,352
Investments at fair value:			
Mutual funds - fixed income	4,364,860	7,421,496	11,786,356
Mutual funds - equity	1,083,502	1,720,690	2,804,192
Mutual funds - balanced	414,960	1,030,926	1,445,886
Exchange traded funds - equity	383,875	648,106	1,031,981
Corporate debt	804,032	1,307,061	2,111,093
Equities	8,056,144	13,461,790	21,517,934
Total investments	15,107,373	25,590,069	40,697,442
Total Assets	15,299,299	25,910,284	41,209,583
Liabilities			
Benefits payable	-	226,131	226,131
Net Position Restricted for Pension Benefits	\$ 15,299,299	\$ 25,684,153	\$ 40,983,452

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Non-Uniformed Employees Pension Fund	Police Pension Fund	Total Pension Trust Funds
Additions:			
<u>Contributions:</u>			
Commonwealth	\$ 189,055	\$ 378,110	\$ 567,165
Municipality	389,790	868,638	1,258,428
Employee	140,984	302,152	443,136
Total contributions	<u>719,829</u>	<u>1,548,900</u>	<u>2,268,729</u>
<u>Investment income:</u>			
Net appreciation in fair value of investments	1,602,006	2,683,551	4,285,557
Interest and dividends	200,195	338,794	538,989
Total investment income	<u>1,802,201</u>	<u>3,022,345</u>	<u>4,824,546</u>
Less investment expense	<u>(69,766)</u>	<u>(115,634)</u>	<u>(185,400)</u>
Net investment income	<u>1,732,435</u>	<u>2,906,711</u>	<u>4,639,146</u>
Total additions	<u>2,452,264</u>	<u>4,455,611</u>	<u>6,907,875</u>
<u>Deductions:</u>			
Benefits	804,782	1,909,396	2,714,178
Administrative expenses	8,502	10,603	19,105
Refund of member contributions	86,306	-	86,306
Total deductions	<u>899,590</u>	<u>1,919,999</u>	<u>2,819,589</u>
Change in Net Position	1,552,674	2,535,612	4,088,286
<u>Net Position Restricted for Pension Benefits:</u>			
Beginning of year	<u>13,746,625</u>	<u>23,148,541</u>	<u>36,895,166</u>
End of year	<u>\$ 15,299,299</u>	<u>\$ 25,684,153</u>	<u>\$ 40,983,452</u>

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

	January 1, 2017	Additions	Withdrawals	December 31, 2017
Escrow Fund:				
Assets:				
Cash and cash equivalents	\$ 106,783	\$ 10,928	\$ -	\$ 117,711
Liabilities:				
Returnable deposits	\$ 106,783	\$ 10,928	\$ -	\$ 117,711
Engineer Inspection Fund:				
Assets:				
Cash and cash equivalents	\$ 196,357	\$ 36,148	\$ 7,180	\$ 225,325
Liabilities:				
Returnable deposits	\$ 196,357	\$ 36,148	\$ 7,180	\$ 225,325
Total Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 303,140	\$ 47,076	\$ 7,180	\$ 343,036
Liabilities:				
Returnable deposits	\$ 303,140	\$ 47,076	\$ 7,180	\$ 343,036



STATISTICAL SECTION

STATISTICAL SECTION

This part of the Municipality of Bethel Park's (Municipality) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Municipality's overall financial health.

FINANCIAL TRENDS **105-109**

These schedules contain trend information to help the reader understand how the Municipality's financial performance and well-being have changed over time.

REVENUE CAPACITY **110-117**

These schedules contain information to help the reader assess the factors affecting the Municipality's ability to generate its property and earned income taxes.

DEBT CAPACITY **118-120**

These schedules present information to help the reader assess the affordability of the Municipality's current levels of outstanding debt and the Municipality's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION **121-122**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Municipality's financial activities take place and to help make comparisons over time and with other governments.

OPERATING INFORMATION **123-125**

These schedules contain information about the Municipality's operations and resources to help the reader understand how the Municipality's financial information relates to the services the Municipality provides and the activities it performs.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
NET POSITION BY COMPONENT
LAST TEN YEARS
ACCRUAL BASIS OF ACCOUNTING

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014⁽¹⁾</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010⁽²⁾</u>	<u>2009</u>	<u>2008</u>
Governmental activities:										
Net investment in capital assets	\$ 13,793,612	\$ 14,875,580	\$ 14,119,506	\$ 13,899,420	\$ 14,784,843	\$ 15,620,226	\$ 16,678,614	\$ 16,362,339	\$ 17,437,675	\$ 16,790,070
Restricted	773,055	612,232	564,751	143,861	136,106	128,553	117,271	-	-	-
Unrestricted	4,806,594	4,514,051	3,647,654	3,073,644	8,181,666	7,345,334	6,613,748	6,782,859	6,847,474	7,627,062
<i>Total governmental activities net position</i>	<u>\$ 19,373,261</u>	<u>\$ 20,001,863</u>	<u>\$ 18,331,911</u>	<u>\$ 17,116,925</u>	<u>\$ 23,102,615</u>	<u>\$ 23,094,113</u>	<u>\$ 23,409,633</u>	<u>\$ 23,145,198</u>	<u>\$ 24,285,149</u>	<u>\$ 24,417,132</u>
Business-type activities:										
Net investment in capital assets	\$ 4,181,972	\$ 2,543,375	\$ 2,543,218	\$ 3,742,506	\$ 5,472,252	\$ 5,592,564	\$ 7,213,412	\$ 7,977,009	\$ 14,903,473	\$ 13,043,730
Restricted	-	-	-	-	1,922,022	1,765,125	2,504,378	896,039	895,855	947,636
Unrestricted	6,812,721	5,777,918	4,074,943	2,771,973	2,369,380	2,458,117	1,730,768	3,680,946	4,285,336	3,751,461
<i>Total business-type activities net position</i>	<u>\$ 10,994,693</u>	<u>\$ 8,321,293</u>	<u>\$ 6,618,161</u>	<u>\$ 6,514,479</u>	<u>\$ 9,763,654</u>	<u>\$ 9,815,806</u>	<u>\$ 11,448,558</u>	<u>\$ 12,553,994</u>	<u>\$ 20,084,664</u>	<u>\$ 17,742,827</u>
Primary government:										
Net investment in capital assets	\$ 17,975,584	\$ 17,418,955	\$ 16,662,724	\$ 17,641,926	\$ 20,257,095	\$ 21,212,790	\$ 23,892,026	\$ 24,339,348	\$ 32,341,148	\$ 29,833,800
Restricted	773,055	612,232	564,751	143,861	2,058,128	1,893,678	2,621,649	896,039	895,855	947,636
Unrestricted	11,619,315	10,291,969	7,722,597	5,845,617	10,551,046	9,803,451	8,344,516	10,463,805	11,132,810	11,378,523
<i>Total primary government net position</i>	<u>\$ 30,367,954</u>	<u>\$ 28,323,156</u>	<u>\$ 24,950,072</u>	<u>\$ 23,631,404</u>	<u>\$ 32,866,269</u>	<u>\$ 32,909,919</u>	<u>\$ 34,858,191</u>	<u>\$ 35,699,192</u>	<u>\$ 44,369,813</u>	<u>\$ 42,159,959</u>

(1) A restatement in 2014 was made to record the net pension liability and related components. The restatement resulted in a decrease to the governmental net position of \$4,975,509 and a decrease to the business-type net position of \$605,276.

(2) A restatement in 2010 was made to reflect the results of an appraisal of historical capital asset detail. The restatement resulted in a decrease to the governmental net position of \$590,108, and a decrease to the business-type net position of \$6,013,808.

Source: Municipality of Bethel Park Audited Financial Statements

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
 CHANGES IN NET POSITION
 LAST TEN YEARS
 ACCRUAL BASIS OF ACCOUNTING

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Program Revenues:										
Governmental Activities:										
Charges for services:										
General government	\$ 16,650	\$ 23,350	\$ 22,792	\$ 14,147	\$ 8,843	\$ 7,375	\$ 8,422	\$ 7,948	\$ 7,450	\$ 8,120
Public safety	600,987	429,585	375,966	330,285	367,649	394,154	480,364	389,605	377,608	363,271
Public works	427,568	717,788	634,672	466,923	311,287	205,622	233,410	248,480	455,902	379,999
Culture and recreation	701,170	707,286	691,929	627,447	638,661	584,384	586,468	600,204	619,921	609,916
Conservation and development	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	1,559,317	1,479,293	1,337,636	1,486,583	1,446,664	1,411,107	1,836,220	1,441,160	1,369,349	795,977
Capital grants and contributions	258,588	730,817	54,864	492,974	3,685	17,856	333,204	1,510	22,800	73,463
Total Governmental Activities Program Revenues	3,564,280	4,088,119	3,117,859	3,418,359	2,776,789	2,620,498	3,478,088	2,688,907	2,853,030	2,230,746
Business-Type Activities:										
Charges for services - sewer services	10,439,806	10,314,066	9,187,995	8,946,605	7,799,542	6,769,752	7,008,814	6,242,879	6,418,982	6,380,565
Operating grants and contributions - sewer services	50	-	-	-	-	-	-	604,546	1,080,745	713,001
Capital grants and contributions - sewer services	997	-	277	86	726	68	158	882	25,265	17,710
Total Business-type Activities Program Revenues	10,440,853	10,314,066	9,188,272	8,946,691	7,800,268	6,769,820	7,008,972	6,848,307	7,524,992	7,111,276
Total Primary Government Program Revenues	\$ 14,005,133	\$ 14,402,185	\$ 12,306,131	\$ 12,365,050	\$ 10,577,057	\$ 9,390,318	\$ 10,487,060	\$ 9,537,214	\$ 10,378,022	\$ 9,342,022
Expenses:										
Governmental Activities:										
General government	\$ 3,545,933	\$ 2,247,392	\$ 2,497,242	\$ 2,747,093	\$ 2,467,227	\$ 2,635,995	\$ 3,084,237	\$ 2,583,509	\$ 2,572,590	\$ 2,673,101
Public safety	9,297,521	8,367,907	8,542,147	8,121,090	8,073,485	7,424,701	7,380,882	7,189,272	6,555,541	6,189,472
Public works	7,534,704	7,015,165	6,456,964	7,741,073	6,322,571	6,039,794	5,458,149	5,735,028	4,915,569	4,431,823
Culture and recreation	2,009,597	2,250,979	1,691,236	1,788,040	1,796,436	1,831,592	1,680,296	1,812,922	1,677,898	1,696,253
Conservation and development	132,539	117,869	221,721	178,454	160,103	157,389	152,615	158,203	135,096	124,588
Interest on long-term debt	1,002,414	770,176	678,253	323,553	354,242	184,456	221,790	234,796	288,276	316,812
Total Governmental Activities Expenses	23,522,708	20,769,488	20,087,563	20,899,303	19,174,064	18,273,927	17,977,969	17,713,730	16,144,970	15,432,049
Business-Type Activities:										
Sewer services	8,089,527	8,580,920	9,274,093	11,598,092	7,857,364	8,412,783	8,121,588	8,380,286	5,212,530	5,844,689
Total Business-Type Activities Expenses	8,089,527	8,580,920	9,274,093	11,598,092	7,857,364	8,412,783	8,121,588	8,380,286	5,212,530	5,844,689
Total Primary Government Expenses	\$ 31,612,235	\$ 29,350,408	\$ 29,361,656	\$ 32,497,395	\$ 27,031,428	\$ 26,686,710	\$ 26,099,557	\$ 26,094,016	\$ 21,357,500	\$ 21,276,738
Net (Expense)/Revenue:										
Governmental Activities	\$ (19,958,428)	\$ (16,681,369)	\$ (16,969,704)	\$ (17,480,944)	\$ (16,397,275)	\$ (15,653,429)	\$ (14,499,881)	\$ (15,024,823)	\$ (13,291,940)	\$ (13,201,303)
Business-Type Activities	2,351,326	1,733,146	(85,821)	(2,651,401)	(57,096)	(1,642,963)	(1,112,616)	(1,531,979)	2,312,462	1,266,587
Total Primary Government Net (Expense)/Revenue	\$ (17,607,102)	\$ (14,948,223)	\$ (17,055,525)	\$ (20,132,345)	\$ (16,454,371)	\$ (17,296,392)	\$ (15,612,497)	\$ (16,556,802)	\$ (10,979,478)	\$ (11,934,716)

(continued)

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
 CHANGES IN NET POSITION
 LAST TEN YEARS
 ACCRUAL BASIS OF ACCOUNTING

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property taxes	\$ 6,109,540	\$ 5,931,507	\$ 5,530,903	\$ 5,462,811	\$ 4,708,595	\$ 4,749,860	\$ 4,234,480	\$ 4,222,887	\$ 4,210,435	\$ 3,742,060
Earned income taxes	8,872,836	8,592,482	8,854,334	7,414,508	8,448,037	7,715,896	7,786,668	7,407,185	6,550,131	6,383,270
Other taxes	2,148,450	1,858,004	1,714,005	1,510,306	1,686,993	1,448,867	1,312,420	1,403,897	1,289,573	1,085,844
Grants, subsidies, and contributions	927,496	918,327	952,078	704,048	600,506	544,804	553,176	592,554	460,671	1,246,728
Investment earnings	207,236	92,793	165,583	141,331	17,075	16,008	15,344	26,278	75,569	234,073
Franchise fees	838,939	830,773	808,283	779,851	778,584	678,417	670,988	686,752	464,990	390,852
Miscellaneous income	225,329	127,435	159,504	457,908	165,987	184,057	191,240	135,427	108,588	261,508
Total Governmental Activities General Revenues	<u>19,329,826</u>	<u>18,351,321</u>	<u>18,184,690</u>	<u>16,470,763</u>	<u>16,405,777</u>	<u>15,337,909</u>	<u>14,764,316</u>	<u>14,474,980</u>	<u>13,159,957</u>	<u>13,344,335</u>
Business-Type Activities:										
Sewer services	322,074	(30,014)	189,503	7,502	4,944	10,211	7,180	15,117	29,375	310,578
Total Business-Type Activities General Revenues	<u>322,074</u>	<u>(30,014)</u>	<u>189,503</u>	<u>7,502</u>	<u>4,944</u>	<u>10,211</u>	<u>7,180</u>	<u>15,117</u>	<u>29,375</u>	<u>310,578</u>
Total Primary Government General Revenues	<u>\$ 19,651,900</u>	<u>\$ 18,321,307</u>	<u>\$ 18,374,193</u>	<u>\$ 16,478,265</u>	<u>\$ 16,410,721</u>	<u>\$ 15,348,120</u>	<u>\$ 14,771,496</u>	<u>\$ 14,490,097</u>	<u>\$ 13,189,332</u>	<u>\$ 13,654,913</u>
Change in Net Position:										
Governmental Activities	\$ (628,602)	\$ 1,669,952	\$ 1,214,986	\$ (1,010,181)	\$ 8,502	\$ (315,520)	\$ 264,435	\$ (549,843)	\$ (131,983)	\$ 143,032
Business-Type Activities	2,673,400	1,703,132	103,682	(2,643,899)	(52,152)	(1,632,752)	(1,105,436)	(1,516,862)	2,341,837	1,577,165
Total Primary Government Change in Net Position	<u>\$ 2,044,798</u>	<u>\$ 3,373,084</u>	<u>\$ 1,318,668</u>	<u>\$ (3,654,080)</u>	<u>\$ (43,650)</u>	<u>\$ (1,948,272)</u>	<u>\$ (841,001)</u>	<u>\$ (2,066,705)</u>	<u>\$ 2,209,854</u>	<u>\$ 1,720,197</u>

(concluded)

Source: Municipality of Bethel Park Audited Financial Statements

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011⁽¹⁾</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 220,346	\$ 158,841	\$ 128,491
Unreserved:										
Designated	-	-	-	-	-	-	-	1,317,865	1,596,278	992,275
Undesignated	-	-	-	-	-	-	-	1,841,218	2,031,368	2,617,195
Nonspendable	267,590	187,732	171,322	52,067	257,154	160,606	81,759	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	30,102	40,981	40,981	40,981	40,981	72,641	465,961	-	-	-
Unassigned	9,019,883	9,143,027	8,670,674	8,087,057	7,153,798	6,504,257	3,383,377	-	-	-
Total General Fund	<u>9,317,575</u>	<u>9,371,740</u>	<u>8,882,977</u>	<u>8,180,105</u>	<u>7,451,933</u>	<u>6,737,504</u>	<u>3,931,097</u>	<u>3,379,429</u>	<u>3,786,487</u>	<u>3,737,961</u>
All Other Governmental Funds:										
Unreserved, Reported in:										
Designated, Capital Projects Fund	-	-	-	-	-	-	-	270,599	272,940	272,837
Undesignated, Capital Projects Fund	-	-	-	-	-	-	-	750,645	424,402	814,201
Undesignated, Special Revenue Fund	-	-	-	-	-	-	-	88,131	90,358	93,653
Nonspendable	76,050	56,459	44,579	-	-	-	-	-	-	-
Restricted	2,205,749	8,521,360	11,617,801	7,705,833	8,423,039	128,553	117,271	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	1,483,687	1,636,213	1,124,956	860,321	666,636	550,168	400,710	-	-	-
Unassigned	-	(153)	(354)	-	-	-	-	-	-	-
Total all other governmental funds	<u>3,765,486</u>	<u>10,213,879</u>	<u>12,786,982</u>	<u>8,566,154</u>	<u>9,089,675</u>	<u>678,721</u>	<u>517,981</u>	<u>1,109,375</u>	<u>787,700</u>	<u>1,180,691</u>
Total governmental funds	<u>\$ 13,083,061</u>	<u>\$ 19,585,619</u>	<u>\$ 21,669,959</u>	<u>\$ 16,746,259</u>	<u>\$ 16,541,608</u>	<u>\$ 7,416,225</u>	<u>\$ 4,449,078</u>	<u>\$ 4,488,804</u>	<u>\$ 4,574,187</u>	<u>\$ 4,918,652</u>

(1) The Municipality implemented GASB Statement No. 54 in 2011, creating new fund balance categories of Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Source: Municipality of Bethel Park Audited Financial Statements

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN YEARS
 MODIFIED ACCRUAL BASIS OF ACCOUNTING

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Revenues:										
Real estate taxes	\$ 6,059,746	\$ 5,961,578	\$ 5,495,141	\$ 5,462,811	\$ 4,708,595	\$ 4,749,860	\$ 4,234,480	\$ 4,222,887	\$ 4,210,435	\$ 3,742,060
Earned income taxes	8,872,836	8,592,482	8,854,334	8,609,544	8,151,792	9,658,402	7,441,390	7,132,755	6,574,319	6,261,330
Other taxes	2,148,450	1,858,004	1,714,005	1,510,306	1,686,993	1,448,867	1,312,420	1,403,897	1,289,573	1,085,844
Licenses and permits	1,363,235	1,516,525	1,390,524	1,192,564	1,037,645	842,368	841,012	870,473	856,856	701,894
Fines and forfeits	104,236	90,654	92,599	90,827	99,530	112,554	138,701	140,573	126,546	178,278
Intergovernmental	2,729,321	3,126,712	2,341,882	2,675,517	2,047,170	1,952,639	2,686,396	2,033,714	1,845,020	2,104,248
Charges for services	1,103,606	927,664	876,716	784,890	818,231	760,494	840,070	761,597	777,728	702,119
Interest and rent	344,803	236,636	296,652	263,437	133,427	132,278	131,947	142,434	190,882	350,674
Miscellaneous	376,599	285,799	314,934	599,262	302,938	338,451	360,710	271,127	250,816	406,694
<i>Total revenues</i>	<u>23,102,832</u>	<u>22,596,054</u>	<u>21,376,787</u>	<u>21,189,158</u>	<u>18,986,321</u>	<u>19,995,913</u>	<u>17,987,126</u>	<u>16,979,457</u>	<u>16,122,175</u>	<u>15,533,141</u>
Expenditures:										
Current:										
General government	2,579,717	2,293,238	2,253,875	2,289,968	2,174,421	2,153,519	2,237,229	2,121,696	2,059,591	1,980,941
Public safety	8,283,879	7,558,397	7,540,346	7,169,495	6,957,111	6,627,213	6,567,003	6,244,651	5,767,441	5,472,720
Public works	5,013,630	4,895,642	5,270,304	5,115,946	5,116,605	4,687,308	4,909,859	4,933,016	4,490,120	4,046,771
Culture and recreation	1,798,838	1,732,748	1,682,498	1,606,336	1,584,873	1,566,300	1,525,719	1,626,800	1,565,885	1,512,807
Conservation and development	122,903	108,720	100,553	160,251	146,666	141,732	136,866	141,392	126,473	117,238
Capital outlay	10,512,217	6,842,086	7,660,203	3,976,194	1,804,630	1,391,387	1,726,952	1,518,621	1,935,535	2,803,034
Debt service:										
Principal	552,448	481,291	399,715	437,618	287,618	287,618	746,993	287,552	275,210	311,904
Interest	746,697	768,272	496,275	228,699	176,919	173,689	176,231	191,112	246,385	276,354
Bond issuance costs	268,316	-	105,377	-	141,218	-	-	-	-	-
<i>Total expenditures</i>	<u>29,878,645</u>	<u>24,680,394</u>	<u>25,509,146</u>	<u>20,984,507</u>	<u>18,390,061</u>	<u>17,028,766</u>	<u>18,026,852</u>	<u>17,064,840</u>	<u>16,466,640</u>	<u>16,521,769</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(6,775,813)</u>	<u>(2,084,340)</u>	<u>(4,132,359)</u>	<u>204,651</u>	<u>596,260</u>	<u>2,967,147</u>	<u>(39,726)</u>	<u>(85,383)</u>	<u>(344,465)</u>	<u>(988,628)</u>
Other Financing Sources (Uses):										
Issuance of general obligation bonds	8,115,000	-	9,105,000	-	8,680,000	-	-	-	-	700,745
Payment to refunding bond escrow	(7,841,745)	-	-	-	-	-	-	-	-	-
Bond discount	-	-	(48,941)	-	(150,877)	-	-	-	-	-
Transfers in	4,485,349	4,250,367	3,398,324	3,203,901	2,464,129	2,181,652	2,119,016	2,814,823	2,503,215	2,389,126
Transfers out	(4,485,349)	(4,250,367)	(3,398,324)	(3,203,901)	(2,464,129)	(2,181,652)	(2,119,016)	(2,814,823)	(2,503,215)	(2,389,126)
<i>Total other financing sources (uses)</i>	<u>273,255</u>	<u>-</u>	<u>9,056,059</u>	<u>-</u>	<u>8,529,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>700,745</u>
Net Change in Fund Balance	<u>\$ (6,502,558)</u>	<u>\$ (2,084,340)</u>	<u>\$ 4,923,700</u>	<u>\$ 204,651</u>	<u>\$ 9,125,383</u>	<u>\$ 2,967,147</u>	<u>\$ (39,726)</u>	<u>\$ (85,383)</u>	<u>\$ (344,465)</u>	<u>\$ (287,883)</u>
Debt service as a percentage of non-capital expenditures	7.11%	6.52%	5.37%	3.54%	3.47%	2.95%	5.66%	3.08%	3.59%	4.29%
Debt service as a percentage of total expenditures	5.25%	5.06%	3.93%	3.18%	3.29%	2.71%	5.12%	2.80%	3.17%	3.56%

Source: Municipality of Bethel Park Audited Financial Statements

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN YEARS
ACCRUAL BASIS OF ACCOUNTING

Function/Program:	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities:										
General government	\$ 234,330	\$ 236,122	\$ 219,140	\$ 198,469	\$ 280,915	\$ 183,851	\$ 390,912	\$ 243,560	\$ 224,199	\$ 22,432
Public safety	1,058,439	1,079,146	707,671	906,986	862,728	944,921	1,266,458	890,254	851,917	365,331
Public works	1,432,280	1,615,035	1,405,331	1,165,660	963,162	882,425	937,250	901,991	1,141,993	1,146,780
Culture and recreation	839,231	1,157,816	785,717	1,147,244	669,984	609,301	883,468	653,102	634,921	696,203
Conservation and development	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Total governmental activities	3,564,280	4,088,119	3,117,859	3,418,359	2,776,789	2,620,498	3,478,088	2,688,907	2,853,030	2,230,746
Business-type activities:										
Sewer services	10,440,853	10,314,066	9,188,272	8,946,691	7,800,268	6,769,820	7,008,972	6,848,307	7,524,992	7,111,276
Total business-type activities	10,440,853	10,314,066	9,188,272	8,946,691	7,800,268	6,769,820	7,008,972	6,848,307	7,524,992	7,111,276
Total primary government	\$ 14,005,133	\$ 14,402,185	\$ 12,306,131	\$ 12,365,050	\$ 10,577,057	\$ 9,390,318	\$ 10,487,060	\$ 9,537,214	\$ 10,378,022	\$ 9,342,022

Source: Municipality of Bethel Park Audited Financial Statements

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING

<u>Year</u>	<u>Real Estate</u>	<u>Real Estate Transfer</u>	<u>Earned Income</u>	<u>Amusement</u>	<u>Mechanical Device</u>	<u>Local Services ⁽¹⁾</u>	<u>Parking</u>	<u>Total</u>
2017	\$ 6,059,746	\$ 1,469,351	\$ 8,872,836	\$ 12,703	\$ 13,800	\$ 618,879	\$ 33,717	\$ 17,081,032
2016 ⁽²⁾	5,961,578	1,190,387	8,592,482	14,138	10,800	611,523	31,156	16,412,064
2015	5,495,141	1,065,266	8,854,334	11,128	12,800	596,271	28,540	16,063,480
2014 ⁽³⁾	5,462,811	863,351	8,609,544	6,751	15,800	595,291	29,113	15,582,661
2013 ⁽⁴⁾	4,708,595	887,749	8,151,792	150,480	18,200	603,959	26,605	14,547,380
2012 ⁽⁵⁾	4,749,860	769,256	9,658,402	59,005	19,700	566,060	34,846	15,857,129
2011	4,234,480	656,810	7,441,390	20,493	24,407	570,427	40,283	12,988,290
2010	4,222,887	795,576	7,132,755	8,799	24,800	542,614	32,108	12,759,539
2009 ⁽⁶⁾	4,210,435	794,030	6,574,319	15,936	11,000	429,424	39,183	12,074,327
2008	3,742,060	821,302	6,261,330	23,478	40,000	160,624	40,440	11,089,234
<u>Change</u>								
2008-2017	61.9%	78.9%	41.7%	-45.9%	-65.5%	285.3%	-16.6%	54.0%

(1) Prior to 2009, the Local Services Tax was known as the Emergency and Municipal Services Tax.

(2) In 2016, the following tax rate was increased: Real Estate Tax (from 2.32 mills to 2.53 mills)

(3) In 2014, the following tax rate was increased: Real Estate Tax (from 1.98 mills to 2.32 mills)

(4) In 2013, the following tax rate was decreased: Real Estate Tax (from 2.43 mills to 1.98 mills)

(5) In 2012, the Real Estate Tax rate was increased from 2.18 mills to 2.43 mills. Also in 2012, Pennsylvania Law changed the way that Earned Income Tax is collected for all political subdivisions within the state. The change in collection procedures altered the timing of Earned Income Tax receipts which led to an increase in 2012 revenue.

(6) In 2009, the following tax rates were increased: Real Estate Tax (from 1.93 mills to 2.18 mills), Earned Income Tax (from 0.8% to 0.9%), and local services tax (from \$10/year to \$52/year).

Source: Municipality of Bethel Park Audited Financial Statements

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS

<u>Tax Year</u>	<u>Municipality of Bethel Park</u>			<u>Bethel Park School District</u>	<u>Allegheny County</u>	<u>Total</u>
	<u>General Millage</u>	<u>VFD Millage</u>	<u>Total</u>			
2017	2.19	0.34	2.53	22.88	4.73	30.14
2016	2.19	0.34	2.53	22.88	4.73	30.14
2015	1.98	0.34	2.32	22.88	4.73	29.93
2014	1.98	0.34	2.32	22.43	4.73	29.48
2013	1.98	0.00	1.98	21.86	4.73	28.57
2012	2.43	0.00	2.43	25.49	5.69	33.61
2011	2.18	0.00	2.18	24.97	4.69	31.84
2010	2.18	0.00	2.18	24.56	4.69	31.43
2009	2.18	0.00	2.18	23.73	4.69	30.60
2008	1.93	0.00	1.93	23.18	4.69	29.80

Note: A mill is one one-thousandth of a dollar used to calculate a tax levied on real estate.
(One mill= \$.001)

Sources: Municipality of Bethel Park
Bethel Park School District
Allegheny County

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
 ASSESSED VALUATION AND ESTIMATED ACTUAL VALUES OF TAXABLE PROPERTY
 LAST TEN YEARS

<u>Year</u>	<u>Taxable Property Values ⁽¹⁾</u>	<u>Exempt Property Values</u>	<u>Total Property Values</u>	<u>Estimated Actual Values of Real Property ⁽²⁾</u>	<u>Ratio of Total Assessed to Estimated Actual Value</u>	<u>Bethel Park Municipality Millage Rate</u>
2017	\$ 2,442,680,158	\$ 315,459,050	\$ 2,758,139,208	\$ 2,758,139,208	100%	2.53
2016	2,416,654,458	307,260,950	2,723,915,408	2,723,915,408	100%	2.53
2015	2,405,756,168	309,100,450	2,714,856,618	2,714,856,618	100%	2.32
2014	2,375,592,133	309,100,450	2,684,692,583	2,684,692,583	100%	2.32
2013	2,376,436,198	307,568,550	2,684,004,748	2,684,004,748	100%	1.98
2012	1,990,678,017	183,033,200	2,173,711,217	2,173,711,217	100%	2.43
2011	1,986,610,267	183,320,300	2,169,930,567	2,169,930,567	100%	2.18
2010	1,975,848,627	183,193,600	2,159,042,227	2,159,042,227	100%	2.18
2009	1,963,861,677	180,254,200	2,144,115,877	2,144,115,877	100%	2.18
2008	1,954,490,877	171,553,200	2,126,044,077	2,126,044,077	100%	1.93

(1) A court-ordered reassessment of all real estate within Allegheny County was completed in early 2012, resulting in a significant increase in taxable property values.

(2) Estimated actual value is computed based on the assessed value and the assessment ratio as determined by the Allegheny County Office of Property Assessments.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

PRINCIPAL REAL ESTATE TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	December 31, 2017			December 31, 2008		
	Estimated Actual Values of Real Property	Rank	Percentage of Total Assessed Valuation	Estimated Actual Values of Real Property	Rank	Percentage of Total Assessed Valuation
South Hills Village Associates	\$ 75,701,350	1	3.13%	\$ 74,304,200	1	3.80%
4000 Oxford Drive Associates	45,018,400	2	1.86%	30,046,300	2	1.54%
Lincoln Pointe Associates Limited	18,917,000	3	0.78%	18,726,800	3	0.96%
Jefferson Regional Medical	16,724,600	4	0.69%	10,377,800	7	0.53%
Centro NP Bethel Park/New Plan Realty Trust	16,270,600	5	0.67%	14,214,700	4	0.73%
L&M Associates	16,129,600	6	0.67%	9,100,000	10	0.47%
35th Strouss Associates	14,311,200	7	0.59%	-	-	0.00%
Joseph Horne Co. Inc.	14,000,000	8	0.58%	13,500,000	6	0.69%
UPMC	13,516,900	9	0.56%	9,200,000	9	0.47%
Zipporah Sheila LP	11,596,200	10	0.48%	13,715,900	5	0.70%
Sagecrest Bethel LLC	-		-	9,394,000	8	0.48%
	\$ 242,185,850		10.01%	\$ 202,579,700		10.37%
Total Taxable Assessed Valuation	\$ 2,419,569,378			\$ 1,956,943,515		

Sources: Allegheny County Office of Property Assessments
Jordan Tax Service

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Year	Adjusted Total Tax Levy	Collected within Fiscal Year of Levy			Total Collections to Date	
		Face Value of Collections	Percent of Adjusted Total Tax Levy	Collections in Subsequent Years	Amount	Percent of Levy
2017	\$ 6,121,517	\$ 5,969,618	97.52%	\$ -	\$ 5,969,618	97.52%
2016	6,044,056	5,918,844	97.93%	81,393	6,000,237	99.28%
2015	5,515,574	5,402,933	97.96%	88,583	5,491,516	99.56%
2014 ⁽¹⁾	5,511,374	5,405,247	98.07%	84,904	5,490,151	99.61%
2013	4,705,344	4,591,754	97.59%	65,728	4,657,482	98.98%
2012	4,774,860	4,668,060	97.76%	43,502	4,711,562	98.67%
2011	4,274,751	4,184,807	97.90%	64,315	4,249,122	99.40%
2010	4,266,210	4,170,761	97.76%	66,312	4,237,073	99.32%
2009	4,246,203	4,127,765	97.21%	84,348	4,212,113	99.20%
2008	3,727,572	3,616,380	97.02%	87,531	3,703,911	99.37%

(1) Beginning in 2014, the Municipality began levying an additional fire tax. The tax information presented for 2014 and later includes the portion related to the fire tax.

Source: Municipality of Bethel Park Tax Records

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
MUNICIPAL EARNED INCOME TAX REVENUE BASE AND COLLECTIONS
LAST TEN YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING

<u>Fiscal Year</u>	<u>Tax Rate</u>	<u>Total Earned Income Tax Collected</u>	<u>Refunds</u>	<u>Net Earned Income Tax Collected</u>
2017	0.90%	\$ 8,977,952	\$ (105,116)	\$ 8,872,836
2016	0.90%	8,694,365	(101,883)	8,592,482
2015	0.90%	8,970,185	(115,851)	8,854,334
2014	0.90%	8,726,966	(117,422)	8,609,544
2013	0.90%	8,254,803	(103,011)	8,151,792
2012	0.90%	9,933,961	(275,559)	9,658,402
2011	0.90%	7,642,967	(201,577)	7,441,390
2010	0.90%	7,276,479	(143,724)	7,132,755
2009	0.90%	6,678,431	(104,112)	6,574,319
2008	0.80%	6,343,294	(81,964)	6,261,330

Note: Earned income tax rate and collection amounts represent only the municipal share. Bethel Park School District levies a separate earned income tax at a rate of 0.50% for a 2017 combined rate of 1.40%.

Sources: Municipality of Bethel Park Tax Records
Municipality of Bethel Park Annual Financial Reports

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
EARNED INCOME TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS

<u>Tax Year</u>	<u>Municipality of Bethel Park</u>	<u>Bethel Park School District</u>	<u>Direct & Overlapping Rate Total</u>
2017	0.90%	0.50%	1.40%
2016	0.90%	0.50%	1.40%
2015	0.90%	0.50%	1.40%
2014	0.90%	0.50%	1.40%
2013	0.90%	0.50%	1.40%
2012	0.90%	0.50%	1.40%
2011	0.90%	0.50%	1.40%
2010	0.90%	0.50%	1.40%
2009	0.90%	0.50%	1.40%
2008	0.80%	0.50%	1.30%

Sources: Municipality of Bethel Park
Bethel Park School District

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS

<u>Year</u>	<u>Governmental Activities General Obligation Bonds</u>	<u>Business-type Activities General Obligation Bonds</u>	<u>Total Primary Government</u>	<u>% of Taxable Assessed Valuation</u>	<u>% of Personal Income ⁽¹⁾</u>	<u>Debt per Capita ⁽¹⁾</u>
2017	\$ 18,120,000	\$ 37,610,000	\$ 55,730,000	2.28%	5.08%	\$ 1,725
2016	17,320,000	38,855,000	56,175,000	2.32%	5.12%	1,738
2015	17,680,000	40,055,000	57,735,000	2.40%	5.27%	1,787
2014	8,850,000	41,220,000	50,070,000	2.11%	4.57%	1,550
2013	9,105,000	44,310,000	53,415,000	2.25%	4.87%	1,653
2012	690,000	18,250,000	18,940,000	0.95%	1.73%	586
2011	940,000	19,045,000	19,985,000	1.01%	1.82%	618
2010	1,330,000	20,905,000	22,235,000	1.13%	2.03%	688
2009	1,560,000	22,705,000	24,265,000	1.24%	2.80%	723
2008	1,780,000	24,450,000	26,230,000	1.34%	3.02%	782

Note: Details regarding the Municipality's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on page 121 for earned income and population data.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN YEARS

<u>Year</u>	<u>Three year average revenue (borrowing base)⁽¹⁾</u>	<u>Legal debt limit ⁽²⁾</u>	<u>Debt applicable to limit ⁽³⁾</u>	<u>Legal debt margin</u>	<u>Legal debt margin %</u>
2017	\$ 32,353,616	\$ 80,884,040	\$ 20,874,224	\$ 60,009,816	74.19%
2016	26,854,937	67,137,343	20,211,672	46,925,671	69.90%
2015	24,986,516	62,466,290	20,692,963	41,773,327	66.87%
2014	23,793,047	59,482,618	11,659,605	47,823,013	80.40%
2013	21,883,505	54,708,763	11,893,450	42,815,313	78.26%
2012	20,931,669	52,329,173	3,900,862	48,428,311	92.55%
2011	19,776,218	49,440,545	4,130,237	45,310,308	91.65%
2010	19,328,424	48,321,060	4,637,230	43,683,830	90.40%
2009	18,938,805	47,347,013	4,834,782	42,512,231	89.79%
2008	18,214,136	45,535,340	5,024,992	40,510,348	88.96%

(1) The local Governmental Unit Debt Act (Act 52 of 1978), reenacted and amending Act 185 of 1972 prescribes debt limits, net revenues, and the calculation of the borrowing base for all local units in Pennsylvania. The "Debt Act" is administered by the Pennsylvania Department of Economic Development.

(2) 250% of borrowing base

(3) Includes non-electoral debt less self-liquidating debt (the 1999 Series B bonds are considered self-liquidating). All business-type activity debt is excluded because it is all considered lease rental debt, which is not counted against the legal debt limit reported above.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 DECEMBER 31, 2017

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Municipality of Bethel Park</u>	<u>Amount Applicable to Municipality of Bethel Park</u>
Direct			
Municipality of Bethel Park (1)	\$ 18,120,000	100.00%	\$ 18,120,000
<i>Total Direct Debt</i>	<u>18,120,000</u>		<u>18,120,000</u>
Overlapping			
Bethel Park School District (2)	82,415,000	100.00%	82,415,000
County of Allegheny (3)	<u>930,562,483</u>	3.18%	<u>29,591,887</u>
<i>Total Overlapping Debt</i>	<u>1,012,977,483</u>		<u>112,006,887</u>
Total Debt	<u>\$ 1,031,097,483</u>		<u>\$ 130,126,887</u>

(1) The local Governmental Unit Debt Act (Act 52 of 1978), reenacted and amending Act 185 of 1972 prescribes debt limits, net revenues, and the calculation of the borrowing base for all local units in Pennsylvania. The "Debt Act" is administered by the Pennsylvania Department of Economic Development. The calculation of direct net outstanding debt excludes \$37,610,000 of debt related to business type activities of the Municipality.

(2) Source: Pennsylvania Department of Education (figures are for the fiscal year ending June 30, 2017)

(3) Proportional share of Allegheny County's existing debt as of December 31, 2016 based on the ratio of the Municipality of Bethel Park's assessed valuation to Allegheny County's 2016 assessed valuation.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN YEARS

<u>Year</u>	<u>Population ⁽¹⁾</u>	<u>Total Personal Income ⁽²⁾</u>	<u>Per Capita Personal Income ⁽³⁾</u>	<u>Median Age ⁽³⁾</u>	<u>Educational Attainment: Bachelor's Degree or Higher ⁽⁴⁾</u>	<u>Unemployment Rate ⁽⁵⁾</u>	<u>Average Sales Price of Residential Property ⁽⁶⁾</u>
2017	32,313 (a)	\$ 1,096,315,464	\$ 33,928 (a)	46.1 (a)	40.8% (a)	4.1%	\$ 173,000
2016	32,313 (a)	1,096,315,464	33,928 (a)	46.1 (a)	40.8% (a)	4.7%	184,515
2015	32,313 (a)	1,096,315,464	33,928 (a)	46.1 (a)	40.8% (a)	4.3%	179,620
2014	32,313 (a)	1,096,315,464	33,928 (a)	46.1 (a)	40.8% (a)	4.1%	175,478
2013	32,313 (a)	1,096,315,464	33,928 (a)	46.1 (a)	40.8% (a)	5.9%	124,153
2012	32,313 (a)	1,096,315,464	33,928 (a)	46.1 (a)	40.8% (a)	6.8%	122,426
2011	32,313 (a)	1,096,315,464	33,928 (a)	46.1 (a)	40.8% (a)	6.2%	153,692
2010	32,313 (a)	1,096,315,464	33,928 (a)	46.1 (a)	40.8% (a)	7.1%	162,136
2009	33,556 (b)	867,993,052	25,867 (b)	42.1 (b)	40.8% (b)	7.0%	154,866
2008	33,556 (b)	867,993,052	25,867 (b)	42.1 (b)	40.8% (b)	5.3%	155,823

(1) Source: 2010 U.S. Census (a), 2000 U.S. Census (b)

(2) Source: Computation of per capita personal income multiplied by population

(3) Source: 2010 U.S. Census (a), 2000 U.S. Census (b)

(4) Source: 2010 U.S. Census (a), 2000 U.S. Census (b)

(5) Source: U.S. Bureau of Labor Statistics Local Area Unemployment Statistics for Allegheny County

(6) Source: RealSTATs, Inc.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

<u>Employer:</u>	<u>2017⁽¹⁾</u>			<u>2008⁽²⁾</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
Bethel Park School District	913	1	7.67 %	-	1	- %
Giant Eagle Markets, Inc.	516	2	4.34	-	2	-
Macy's Retail Holding, Inc.	309	3	2.60	-	3	-
Eat'N Park Restaurants	213	4	1.79	-	4	-
UPMC	205	5	1.72	-	5	-
Greater PGH Homecare Services	174	6	1.46	-	6	-
Walmart Associates, Inc.	160	7	1.34	-	7	-
Lowes Homecenters, Inc.	155	8	1.30	-	8	-
Port Authority of Allegheny County	141	9	1.18	-	9	-
Home Depot USA Inc	140	10	1.18	-	10	-
Total	<u>2,926</u>		<u>24.58 %</u>	<u>-</u>		<u>- %</u>
Total Employees	<u>11,902</u>			<u>-</u>		

(1) Source: Municipality of Bethel Park Local Services Tax records

(2) Source: 2008 records from Centax not available due to shut down

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
 FULL-TIME EQUIVALENT MUNICIPAL EMPLOYEES
 LAST TEN YEARS

<u>Function/Program:</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General government:										
Administration	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Finance	4.00	4.00	4.00	4.00	4.00	4.00	3.75	3.75	3.75	3.75
Public safety:										
Police officers	42.00	36.00	36.00	35.00	35.00	35.00	36.00	37.00	37.00	38.00
Dispatch	4.75	4.75	4.00	4.50	4.00	4.00	4.00	4.00	4.00	4.00
Other department personnel	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Public works:										
Administration	8.50	7.50	7.50	7.50	7.50	7.50	8.75	8.75	8.75	8.75
Labor force	22.00	22.00	22.00	22.00	22.00	22.00	23.00	23.00	23.00	22.00
Sewage treatment	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Culture and recreation:										
Administration	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Community Center staff	4.82	4.82	4.82	4.82	4.82	4.82	5.07	5.07	5.07	4.27
Public Access Television	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Conservation and development:										
Administration	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Total	<u>108.32</u>	<u>101.32</u>	<u>100.57</u>	<u>100.07</u>	<u>99.57</u>	<u>99.57</u>	<u>102.82</u>	<u>103.82</u>	<u>103.82</u>	<u>103.02</u>

Note: Part-time employees' FTE was calculated by dividing each employee's total annual hours by 2,080.

Source: Municipality of Bethel Park finance and personnel records.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
 OPERATING INDICATORS BY FUNCTION/PROGRAM
 LAST TEN YEARS

<u>Function/program:</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>General Government:</u>										
Dye tests certified	467	478	452	442	456	402	347	350	421	376
<u>Conservation and Development:</u>										
Building permits issued	354	322	301	284	347	375	390	379	323	323
Estimated value of construction (1)	\$52,593,062	\$54,846,125	\$61,738,695	\$24,782,198	\$14,291,342	\$12,240,151	\$18,830,156	\$17,098,042	\$100,915,834	\$28,289,925
<u>Public Works:</u>										
Roads resurfaced/reconstructed (linear feet)	20,567	23,963	20,567	31,599	27,372	19,373	21,010	16,667	15,712	16,988
Snow storm call-outs (2)	24	35	52	52	43	23	23	62	45	53
Salt used (in tons) (2)	3,219	8,025	10,000	13,501	13,059	7,474	4,517	13,512	9,332	9,785
<u>Public Works (Sewer):</u>										
Sanitary sewers rehabilitated (linear feet) (3)	36,351	24,901	53,409	46,092	658	199	9,085	16,044	21,748	17,619
Average daily sewage treatment (in millions of gallons)	3.8	3.8	3.8	3.8	3.8	3.5	4.1	3.5	3.2	3.9
<u>Culture and Recreation:</u>										
Number of seasonal programs	168	129	140	167	163	150	153	157	153	182
Community Center memberships sold (4)	997	990	1,168	1,111	1,443	1,184	1,586	187	n/a	n/a
Hours of broadcasting aired on BPTV	8,760	9,125	5,824	6,552	5,460	4,380	4,380	4,380	4,380	4,380
<u>Public Safety:</u>										
Calls for service	16,951	14,632	14,442	14,359	14,880	14,914	16,090	14,903	16,345	17,680
Total arrests	737	452	533	458	509	663	662	694	845	791
Part I offenses reported (major offenses)	404	402	387	357	357	447	401	395	422	388
Part I offenses cleared	253	254	235	204	229	284	223	224	260	207
Part II offenses reported (other crimes)	748	707	564	575	588	679	605	628	768	817
Part II offenses cleared	399	316	244	241	281	391	317	364	455	514
DUI arrests	90	66	39	35	39	55	34	60	100	84

- (1) The large figure in 2009 includes the \$88,000,000 estimated construction value of the new Bethel Park High School.
- (2) Figures for snow storm call-outs and salt used are reported on a snow season basis, which overlaps years. The season is typically October through April. The reporting year used above represents the year in which the season began. For example, the figures reported in the 2017 column correspond to the snow season that began in October 2017.
- (3) The large figures in 2014-2016 are the result of the Bethel Park Municipal Authority spending down Guaranteed Sewer Revenue Bonds, Series of 2013 proceeds for various improvements to the Municipality's sewer system.
- (4) Community Center memberships were not sold prior to 2009.

Source: Municipality of Bethel Park records

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 LAST TEN YEARS

<u>Function/program:</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>General Government:</u>										
Square footage occupied (1)	16,132	14,645	14,645	14,645	14,645	14,645	14,645	14,645	14,645	14,645
<u>Conservation and Development:</u>										
Square footage occupied (1)	200	200	200	200	200	200	200	200	200	200
<u>Public Works:</u>										
Municipal street (lane miles)	112	112	112	112	112	112	112	112	112	112
Sanitary sewers (miles)	208	208	208	208	208	208	193	193	193	193
Storm sewers (miles)	120	120	120	120	120	120	120	120	120	193
Square footage occupied - Municipal Building (1)	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312
Square footage occupied - Public Works Complex	30,525	25,625	25,625	25,625	25,625	25,625	25,625	25,625	25,625	25,625
<u>Culture and Recreation:</u>										
Number of parks	14	14	14	14	14	14	14	14	14	14
Acreage of park land and open space	137	137	137	137	137	137	137	136	136	136
Recreation centers	1	1	1	1	1	1	1	1	1	1
Recreation center square footage	40,495	40,495	40,495	40,495	40,495	40,495	40,495	40,495	40,495	40,495
<u>Public Safety:</u>										
Square footage occupied (1)	7,047	7,047	7,047	7,047	7,047	7,047	7,047	7,047	7,047	7,047

(1) The reported square footage occupied is within the Bethel Park Municipal Building. In addition to the functions listed above, the Bethel Park Municipal Building is also partially occupied by the Bethel Park Library (16,931 sq. feet). The total square footage of the Bethel Park Municipal Building is 43,622.

Source: Municipality of Bethel Park