



MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

Municipality of Bethel Park, Pennsylvania

Comprehensive Annual Financial Report

For the Year Ended December 31, 2016

Prepared by the Finance Department
Joseph Vilella, Finance Director

**MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016**

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INTRODUCTORY SECTION



MUNICIPALITY OF BETHEL PARK

Municipal Building • 5100 West Library Avenue • Bethel Park, PA 15102 • 412-831-6800 • FAX 412-831-8675 • www.bethelpark.net

May 8, 2017

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, 2016 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, 2016, 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, 2016 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 39.89% of the estimated 2017 budgeted expenditures, while total General Fund fund balance was 44.37% of the estimated 2017 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 October 2016, 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, 2015. This represents the fifth 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 William Spagnol 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.

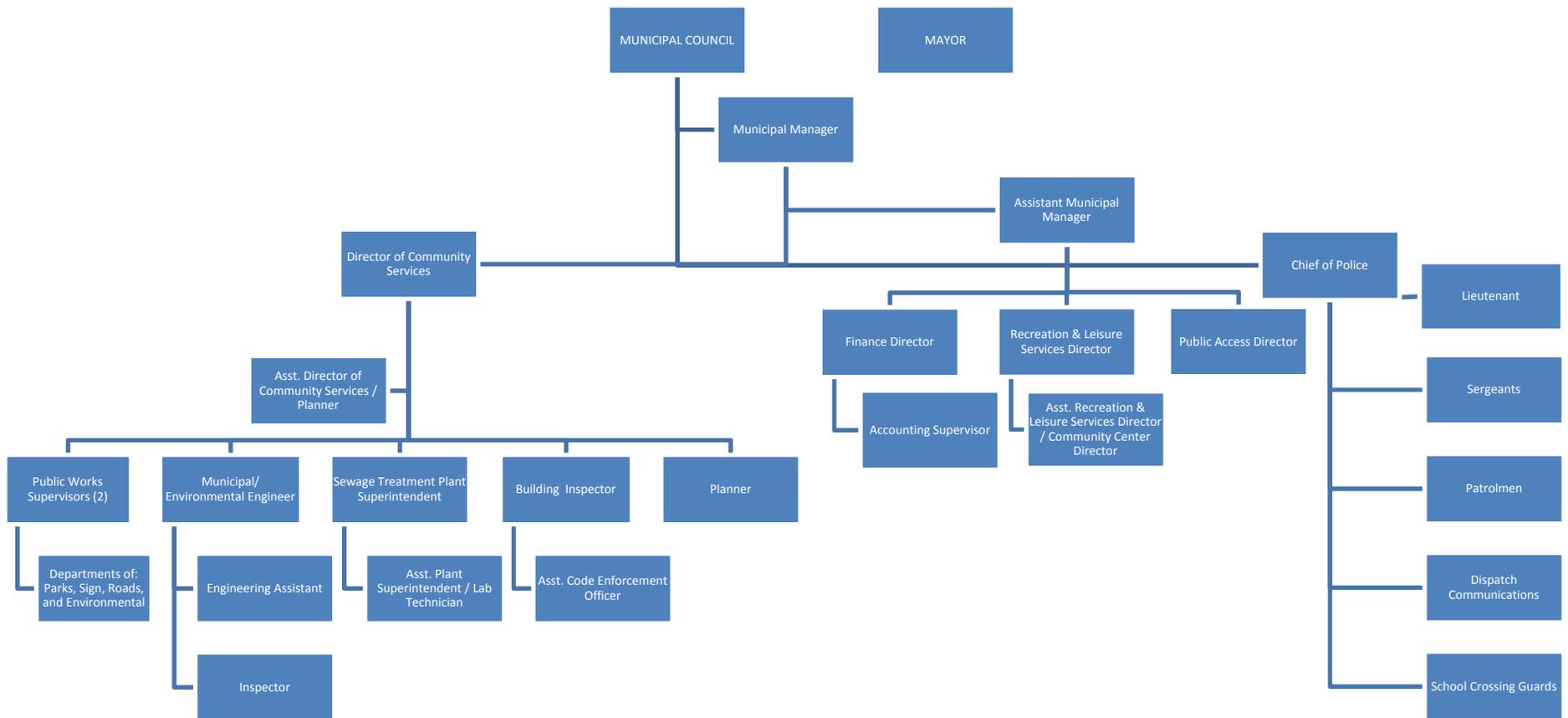
Respectfully submitted,



Joseph Vilella
Finance Director

May 8, 2017

**MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
ORGANIZATION CHART
AS OF DECEMBER 31, 2016**



**MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
PRINCIPAL OFFICIALS
AS OF DECEMBER 31, 2016**

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	William Spagnol
Assistant Municipal Manager	Judith Miller
Finance Director	Joseph Vilella
Police Chief	Timothy O'Connor
Director of Community Services	Sean Arbaugh
Municipal Planner	Ashley Moore
Municipal Engineer	Jean Statler
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, 2015

Executive Director/CEO



FINANCIAL SECTION

Independent Auditor's Report

Members of Council
Municipality of Bethel Park

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, 2016, 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, 2016, 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 10 through 21 and pages 82 through 88, 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.

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.

Maher Duessel

Pittsburgh, Pennsylvania
May 8, 2017

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, 2016.

FINANCIAL HIGHLIGHTS

- The Municipality's total net position increased \$3,373,084 in 2016, or 13.52%.
- Total unrestricted net position was \$10,291,969 at December 31, 2016.
- The Municipality's real property tax rate increased from 2.32 mills in 2015 to 2.53 mills in 2016. The Municipality's millage 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 2016.
- At December 31, 2016, the Municipality had \$59,066,672 of outstanding net debt, which represents a decrease of \$1,681,291, or 2.77% from the previous year.
- The total fund balance of the General Fund at December 31, 2016 was \$9,371,740. The unassigned portion of the fund balance was \$9,143,027, which is approximately 44.83% of General Fund expenditures for fiscal year 2016. The 2016 unassigned fund balance is \$472,353 higher than the 2015 unassigned fund balance.

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 2016. 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 22 and 23 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 24-29 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 30-33 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 34-35 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 36-81 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 82-88 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 89-100 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 \$28,323,156 at the close of fiscal year 2016.

The Municipality's net position at December 31, 2016 and 2015 is presented below:

Municipality of Bethel Park's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 20,877,574	\$ 23,861,866	\$ 13,642,978	\$ 21,360,819	\$ 34,520,552	\$ 45,222,685
Capital assets	27,273,664	23,759,419	35,516,706	27,637,716	62,790,370	51,397,135
Total assets	\$ 48,151,238	\$ 47,621,285	\$ 49,159,684	\$ 48,998,535	\$ 97,310,922	\$ 96,619,820
Deferred outflows for pension	\$ 1,936,086	\$ 2,245,954	\$ 163,956	\$ 218,608	\$ 2,100,042	\$ 2,464,562
Current and other liabilities	\$ 1,533,933	\$ 2,180,068	\$ 2,554,992	\$ 2,843,709	\$ 4,088,925	\$ 5,023,777
Non-current liabilities	28,035,995	29,598,366	38,365,952	39,730,890	66,401,947	69,329,256
Total liabilities	\$ 29,569,928	\$ 31,778,434	\$ 40,920,944	\$ 42,574,599	\$ 70,490,872	\$ 74,353,033
Deferred inflows for pension	\$ 515,533	\$ -	\$ 81,403	\$ -	\$ 596,936	\$ -
Net position:						
Net investment in capital assets	\$ 14,875,580	\$ 14,119,506	\$ 2,543,375	\$ 2,543,218	\$ 17,418,955	\$ 16,662,724
Restricted	612,232	564,751	-	-	612,232	564,751
Unrestricted	4,514,051	3,647,654	5,777,918	4,074,943	10,291,969	7,722,597
Total net position	\$ 20,001,863	\$ 18,331,911	\$ 8,321,293	\$ 6,618,161	\$ 28,323,156	\$ 24,950,072

Net Position

One portion of the Municipality's net position (61.50%) 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 (2.16%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (36.34%, or \$10,291,969) may be used to meet the Municipality's ongoing obligations to citizens and creditors.

At the end of 2016, 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 2016, total net position increased by \$3,373,084, or 13.52%, to \$28,323,156. The governmental activities portion of net position increased by \$1,669,952 or 9.11%, which is largely due to the Municipality's increase in general revenue related to current real estate taxes and real estate transfer taxes for the year in 2016. The business-type activities portion of net position increased by \$1,703,132 or 25.73%, which is a result of an increase in charges for services revenue, as the Municipality increased rates and service charges during 2016.

The following presents the Municipality's change in net position for the fiscal years ended December 31, 2016 and 2015:

Municipality of Bethel Park's Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 1,878,009	\$ 1,725,359	\$ 10,314,066	\$ 9,187,995	\$ 12,192,075	\$ 10,913,354
Operating grants and contributions	1,479,293	1,337,636	-	-	1,479,293	1,337,636
Capital grants and contributions	730,817	54,864	-	277	730,817	55,141
General revenues:						
Property taxes	5,931,507	5,530,903	-	-	5,931,507	5,530,903
Earned income taxes	8,592,482	8,854,334	-	-	8,592,482	8,854,334
Other taxes	1,858,004	1,714,005	-	-	1,858,004	1,714,005
Grants and contributions not restricted to specific programs						
Other	918,327	952,078	-	-	918,327	952,078
	1,051,001	1,133,370	(30,014)	189,503	1,020,987	1,322,873
Total revenues	22,439,440	21,302,549	10,284,052	9,377,775	32,723,492	30,680,324
Expenses:						
Program expenses:						
General government	2,247,392	2,497,242	-	-	2,247,392	2,497,242
Public safety	8,367,907	8,542,147	-	-	8,367,907	8,542,147
Public works	7,015,165	6,456,964	-	-	7,015,165	6,456,964
Culture and recreation	2,250,979	1,691,236	-	-	2,250,979	1,691,236
Conservation and development	117,869	221,721	-	-	117,869	221,721
Interest on long-term debt	770,176	678,253	-	-	770,176	678,253
Sewer services	-	-	8,580,920	9,274,093	8,580,920	9,274,093
Total expenses	20,769,488	20,087,563	8,580,920	9,274,093	29,350,408	29,361,656
Change in net position	1,669,952	1,214,986	1,703,132	103,682	3,373,084	1,318,668
Net position - beginning	18,331,911	17,116,925	6,618,161	6,514,479	24,950,072	23,631,404
Net position - ending	\$ 20,001,863	\$ 18,331,911	\$ 8,321,293	\$ 6,618,161	\$ 28,323,156	\$ 24,950,072

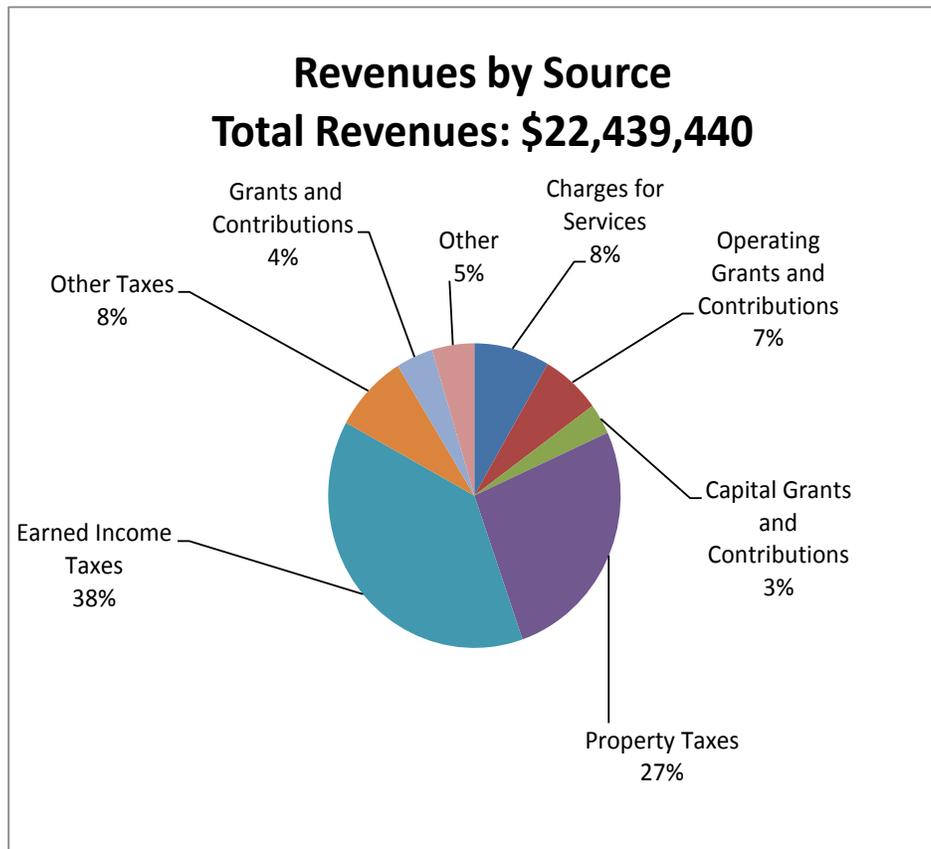
GOVERNMENTAL ACTIVITIES

Revenue Sources

Total governmental activities revenues of \$22,439,440 were derived primarily from Earned Income Taxes, representing 38% of the total. Property Taxes made up the second largest source of revenue at 27%, followed by Other Taxes at 8%, Charges for Services at 8%, Operating Grants and Contributions at 7%, Grants and Contributions at 4%, Other General Revenue at 5%, and Grants and Contributions not Restricted to Specific Programs at 3%.

Capital grants and contributions increased by \$675,953, or 1,232.05% over the prior fiscal year, primarily due to an increase in the number of state and local capital grants received by the Municipality for capital improvements throughout the Municipality. Property taxes increased \$400,604, or 7.24% over the prior fiscal year, primarily due to the increase in the property tax millage in 2016. Earned income taxes decreased \$261,852, or 2.96 over the prior fiscal year, primarily due to decreased collections on earned income taxes outstanding prior to Act 32.

The following chart graphically depicts the governmental activities revenues by source for the fiscal year ended December 31, 2016:



GOVERNMENTAL ACTIVITIES

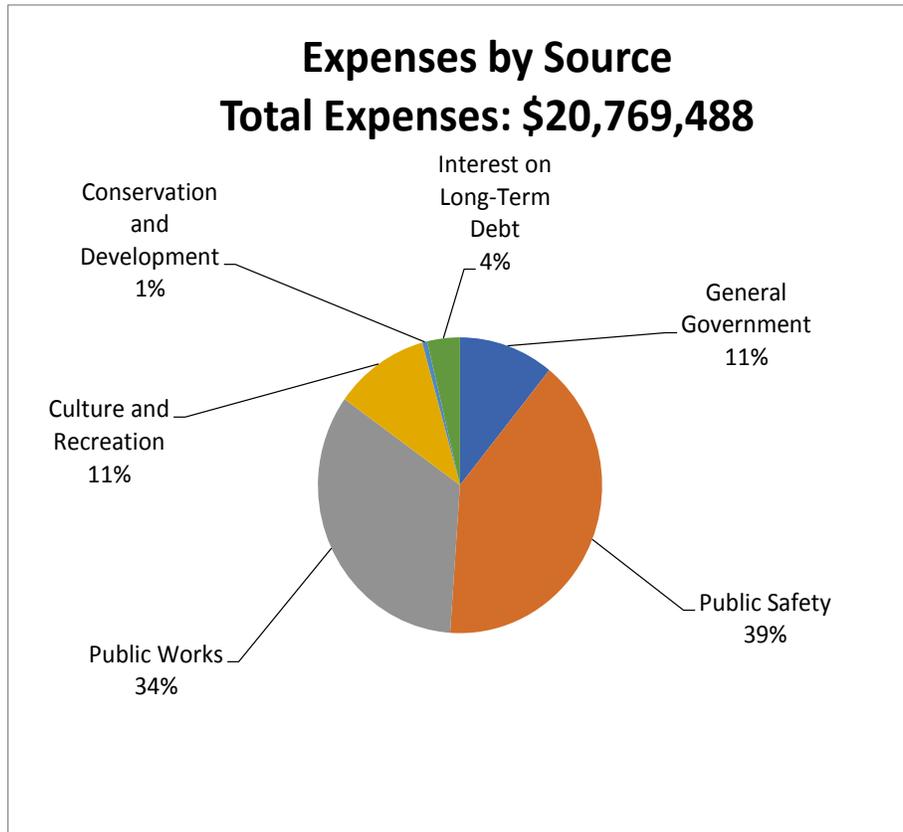
Program Expenses

Total governmental activities expenses for all programs in 2016 were \$20,769,488. The expenses cover a range of services, with the largest being Public Safety at 39%. The second largest program area was Public Works at 34%, followed by General Government at 11%, Culture and Recreation at 11%, and all others totaling 5%.

Public safety expenses decreased by \$174,240, or 2.04% over the prior fiscal year, primarily due to a decrease in workers compensation expenses for the Municipality's police department and a decrease in depreciation expense. Public works expenses increased by \$558,201, or 8.65%, primarily due to increased

expenses for the Municipality’s road program of approximately \$250,000 and an increase in depreciation expense. Culture and recreation expenses increased by \$559,743, or 33.10%, primarily due to increased expenses for park improvements throughout the Municipality and an increase in depreciation expense.

The following chart graphically depicts the governmental activities expenses for the fiscal year ended December 31, 2016:

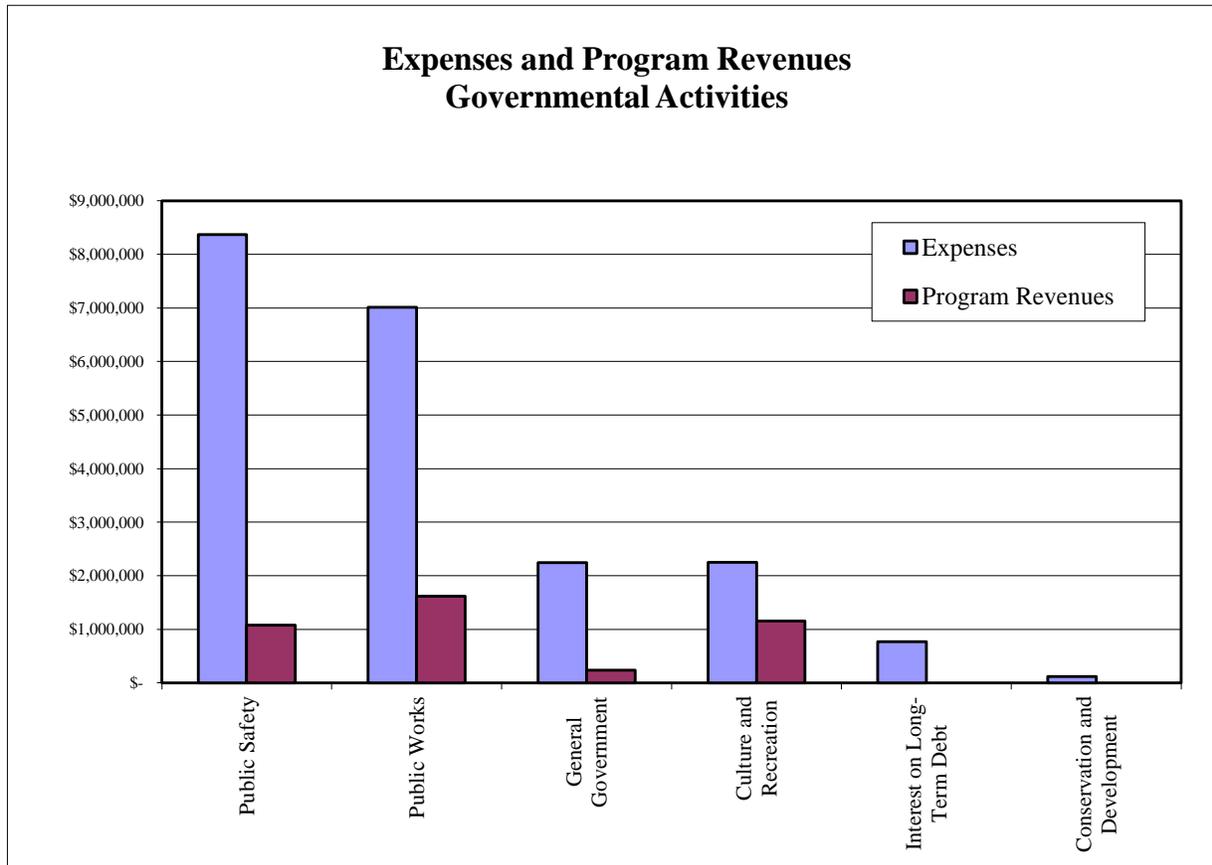


GOVERNMENTAL ACTIVITIES

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 \$7,288,761 in 2016. Public Works required \$5,400,130 general revenues for support, while General Government required \$2,011,270, Culture and Recreation required \$1,093,163, Interest on long-term debt required \$770,176, and Conservation and Development required \$117,869.

The following chart graphically depicts the net program expenses/revenues by function/program of governmental activities for the fiscal year ended December 31, 2016:



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 2016, the Municipality's governmental funds reported combined ending fund balances of \$19,585,619, a decrease of \$2,084,340, or 9.62% in comparison with the prior year. Of this combined fund balance total, \$9,142,874, or 40%, represents unassigned fund balance, meaning it is available to meet the Municipality's current and future needs. In addition, \$504,000 has been assigned to balance the Municipality's 2017 budget, \$1,132,213 is assigned for specific capital projects, \$16,706 is assigned for the cable television facility, and \$24,275 is assigned for recreation improvements. There is \$7,909,128 restricted for the construction of a new public works building, \$150,776 restricted for the Oxford Drive Transportation District, and \$461,456 restricted for Voldunteer Fire Department operations. The remaining \$244,191 represents nonspendable prepaid expenditures.

The General Fund is the chief operating fund of the Municipality. At the end of 2016, unassigned fund balance of the General Fund was \$9,143,027, while total fund balance reached \$9,371,740. This represents an increase of \$488,763 or 5.50% over the prior fiscal year's total fund balance. This increase is due to the Municipality's increased tax revenue for 2016. Specifically, current real estate tax increased by \$498,438 due to an increase in the Municipality's millage and real estate transfer tax increased \$125,121. The Municipality did experience a decrease in earned income tax of \$261,852, primarily due to decreased collections on earned income taxes outstanding prior to Act 32. In addition, building inspection and permit revenue increased \$119,302. 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 44.83% of total General Fund expenditures, while total fund balance represents 49.87% 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 2016, total fund balance of the Capital Reserve Fund was \$9,545,341; \$1,636,213 of which is assigned for capital projects in 2017 and \$7,909,128 of which was restricted for construction of a new public works building in 2017. The total fund balance decreased by \$530,297 or 5.26% from the prior fiscal year as a result the Municipality spending down the proceeds from the General Obligation Bonds, Series of 2015. Transfers from the General Fund to the Capital Reserve Fund increased to \$3,351,852 in 2016 to match the planned level of capital projects. These funds are expected to be spent as the projects are completed in 2017 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 2016, total fund balance of the Volunteer Fire Department Fund was \$517,915, \$56,459 of nonspendable prepaid expenditures, and \$461,456 which is restricted for operations of the volunteer fire department. The total fund balance decreased by \$2,050,998, or 79.84% over the prior fiscal year as a result of the Municipality spending down General Obligation Bonds, Series of 2013, for the construction of a new building for the Bethel Park Volunteer Fire Company.

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 Sewage Fund accounts for a customer service charge and water usage charge assessed to properties in the Municipality. Also included in the Sewage 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 2016, Sewage Fund revenues were comprised of: charges for services totaling \$10,298,315, and license and permit fees totaling \$15,751. In 2016, Sewage Fund expenses were comprised of: administration totaling \$443,468, operations totaling \$3,636,204, maintenance totaling \$1,737,296, depreciation totaling \$1,438,164, investment income of (\$30,014) and interest expense totaling \$1,325,788. Total net position of the Sewage Fund at the end of 2016 amounted to \$8,321,293. This represents an increase of \$1,703,132 or 25.73% over the prior fiscal year's total net position. The primary reason for this increase is due to charges for services revenues, which increased by \$1,110,320, or 12.08% over the prior year, due to three rate increases during 2016 and two increases in service charges.

GENERAL FUND BUDGETARY HIGHLIGHTS

During 2016, actual revenues and other financing sources were \$1,628,035 over budget and actual expenditures were \$2,040,705 under budget, resulting in a \$3,668,740 budget-to-actual variance overall. Some notable expenditure variances include the Culture and Recreation Department, whose \$111,013 savings came mostly from a decrease in program expenditures, Public Works, whose \$1,159,114 savings came mostly from decreased snow and ice control expenditures as a result of a decrease in purchased road salt, Public Safety, whose \$301,775 savings came from decreased police department expenditures due to reduced overtime expenditures, and General Government, whose \$349,215 savings came mostly from a decrease in buildings and grounds expenditures and a decrease in engineering, inspection, and code expenditures. General Fund revenues exceeded budgeted amounts by \$1,603,687. One of the major reasons for the high revenues was the amount of earned income tax received and the Act 32 collection process. Actual earned income tax revenue exceeded budgeted by \$192,482. The Municipality has consistently been over budget on income tax revenue since the implementation of Act 32. Real estate transfer tax revenue exceeded budget by \$354,387 as a result of increased property title transfers within the Municipality. It is important to note that actual 2016 expenditures and revenues also reflect a \$210,380 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, 2016 amounts to \$62,790,370 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, vehicles, infrastructure, and the sewage system. The total increase in the Municipality's investment in capital assets for 2016 was 22.17% (a 14.79% increase for governmental activities and a 28.51% increase for business-type activities).

In 2016, the most significant capital expenditures were the purchase of vehicles totaling \$523,870, storm sewer installations totaling \$471,100, \$10,005,557 in building additions, a majority of which relates to the new Bethel Park Volunteer Fire Company building, and \$454,374 in construction in progress related to the new public works building. Various other machinery and equipment were also purchased. 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, 2016 and 2015:

Municipality of Bethel Park's Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 2,420,455	\$ 2,420,455	\$ 766,000	\$ 766,000	\$ 3,186,455	\$ 3,186,455
Construction in progress	454,374	6,407,597	-	-	-	-
Buildings	18,997,922	8,992,365	8,181,085	8,181,085	27,179,007	17,173,450
Machinery and equipment	5,514,843	5,098,284	10,312,645	10,117,138	15,827,488	15,215,422
Vehicles	4,240,353	3,972,748	-	-	4,240,353	3,972,748
Infrastructure	41,900,961	41,494,441	-	-	41,900,961	41,494,441
Sewer system	-	-	56,904,218	47,782,571	56,904,218	47,782,571
Total capital assets	73,528,908	68,385,890	76,163,948	66,846,794	149,692,856	135,232,684
Less accumulated depreciation	(46,255,244)	(44,626,471)	(40,647,242)	(39,209,078)	(86,902,486)	(83,835,549)
Net capital assets	\$ 27,273,664	\$ 23,759,419	\$ 35,516,706	\$ 27,637,716	\$ 62,790,370	\$ 51,397,135

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 2016, the Municipality had total outstanding debt of \$68,277,003. Of this amount, \$56,175,000 comprises debt backed by the full faith and credit of the government, \$2,891,672 is for one bank note (for the 2007 gymnasium addition to the Community Center), \$475,750 is for compensated absences to be paid out if employees leave, the Municipality's OPEB obligation is \$1,784,592, and the Municipality's net pension liability is \$6,949,989. The Municipality's total debt decreased by \$2,787,177 during 2016.

The following is a summary of the Municipality's outstanding debt at December 31, 2016 and 2015:

Municipality of Bethel Park's Outstanding Debt						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 17,320,000	\$ 17,680,000	\$ 38,855,000	\$ 40,055,000	\$ 56,175,000	\$ 57,735,000
Notes payable	2,891,672	3,012,963	-	-	2,891,672	3,012,963
Compensated absences	381,414	383,754	94,336	101,770	475,750	485,524
OPEB obligation	1,784,592	1,593,724	-	-	1,784,592	1,593,724
Net pension liability	6,288,373	7,451,139	661,616	785,830	6,949,989	8,236,969
Total outstanding debt	\$ 28,666,051	\$ 30,121,580	\$ 39,610,952	\$ 40,942,600	\$ 68,277,003	\$ 71,064,180

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 2015, 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 2017 fiscal year:

- Act 32 of 2008 was primarily designed to simplify the state's fragmented tax collection system by consolidating Earned Income Tax collection on a regional basis. 2012 was the first year the regional collection system was in place and the effect of the new system still remains positive to date. After the 2016 year, tax revenue appears to be consistent with the prior year. The Municipality has yet to see any long delays under the new tax collection system, and does not expect any in 2017.
- The 2017 real estate tax rate of 2.53 mills remains unchanged from 2016.
- The 2017 earned income tax rate of 0.9% remains unchanged from 2016.
- The budget will remain relatively the same for 2017. The total General Fund revenues for 2017 will be \$19,847,910, compared to \$19,253,820, which is an increase of \$594,090 or 3.09% over the prior year. The total General Fund Expenditures for 2017 will be \$22,918,680, compared to \$19,081,945 for 2016, which is an increase of \$3,836,735, or 20.11% over the prior year.
- 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 2017 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 \$7,976,000 under consideration for 2017.

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, 2016

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 10,504,202	\$ 4,830,330	\$ 15,334,532
Investments - restricted	7,909,197	6,471,488	14,380,685
Receivables, net; for sewer allowance:			
Taxes	1,710,588	-	1,710,588
Sewer charges	-	1,974,827	1,974,827
Other	558,167	227,792	785,959
Internal balances	(48,771)	48,771	-
Prepaid expenses	244,191	89,770	333,961
Capital assets:			
Non-depreciable	2,874,829	766,000	3,640,829
Depreciable, net of accumulated depreciation	24,398,835	34,750,706	59,149,541
Total Assets	48,151,238	49,159,684	97,310,922
Deferred Outflows of Resources:			
Deferred outflows of resources for pension	1,936,086	163,956	2,100,042
Liabilities:			
Accounts payable	678,208	691,137	1,369,345
Accrued liabilities	145,713	17,386	163,099
Due to other governmental units	-	169,672	169,672
Accrued interest payable	58,597	431,797	490,394
Unearned revenue	21,359	-	21,359
Long-term liabilities - due within one year:			
Bonds payable	415,000	1,245,000	1,660,000
Note payable	126,124	-	126,124
Compensated absences	88,932	-	88,932
Long-term liabilities - due in more than one year:			
Bonds payable	16,905,000	37,610,000	54,515,000
Note payable	2,765,548	-	2,765,548
Compensated absences	292,482	94,336	386,818
Net pension liability	6,288,373	661,616	6,949,989
OPEB obligation	1,784,592	-	1,784,592
Total Liabilities	29,569,928	40,920,944	70,490,872
Deferred Inflows of Resources:			
Deferred inflows of resources for pension	515,533	81,403	596,936
Net Position:			
Net investment in capital assets	14,875,580	2,543,375	17,418,955
Restricted for:			
Transportation district	150,776	-	150,776
Volunteer fire department operations	461,456	-	461,456
Unrestricted	4,514,051	5,777,918	10,291,969
Total Net Position	\$ 20,001,863	\$ 8,321,293	\$ 28,323,156

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, 2016

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	\$ 2,247,392	\$ 23,350	\$ 212,772	\$ -	\$ (2,011,270)	\$ -	\$ (2,011,270)
Public safety	8,367,907	429,585	349,561	300,000	(7,288,761)	-	(7,288,761)
Public works	7,015,165	717,788	896,037	1,210	(5,400,130)	-	(5,400,130)
Culture and recreation	2,250,979	707,286	20,923	429,607	(1,093,163)	-	(1,093,163)
Conservation and development	117,869	-	-	-	(117,869)	-	(117,869)
Interest on long-term debt	770,176	-	-	-	(770,176)	-	(770,176)
Total governmental activities	20,769,488	1,878,009	1,479,293	730,817	(16,681,369)	-	(16,681,369)
Business-Type Activities:							
Sewer services	8,580,920	10,314,066	-	-	-	1,733,146	1,733,146
Total	\$ 29,350,408	\$ 12,192,075	\$ 1,479,293	\$ 730,817	(16,681,369)	1,733,146	(14,948,223)
General revenues:							
Taxes:							
Property taxes					5,931,507	-	5,931,507
Earned income taxes					8,592,482	-	8,592,482
Real estate transfer taxes					1,190,387	-	1,190,387
Local services taxes					611,523	-	611,523
Other taxes					56,094	-	56,094
Grants, subsidies, and contributions not restricted to specific programs					918,327	-	918,327
Investment earnings					92,793	(30,014)	62,779
Franchise fees					830,773	-	830,773
Miscellaneous income					127,435	-	127,435
Total general revenues					18,351,321	(30,014)	18,321,307
Change in Net Position					1,669,952	1,703,132	3,373,084
Net Position:							
Beginning of year					18,331,911	6,618,161	24,950,072
End of year					\$ 20,001,863	\$ 8,321,293	\$ 28,323,156

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

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2016

	General Fund	Capital Reserve	Volunteer Fire Department	Other Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 8,035,930	\$ 1,786,242	531,189	\$ 150,841	\$ 10,504,202
Investments - restricted	-	7,909,128	69	-	7,909,197
Receivables (net, where applicable, of allowance for uncollectibles):					
Taxes	1,694,045	-	16,543	-	1,710,588
Other	250,230	62,937	-	-	313,167
Other funds	1,212	-	25,807	-	27,019
Prepaid expenditures	187,732	-	56,459	-	244,191
Total Assets	\$ 10,169,149	\$ 9,758,307	\$ 630,067	\$ 150,841	\$ 20,708,364
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$ 391,986	\$ 190,613	\$ 95,609	\$ -	\$ 678,208
Accrued liabilities	145,713	-	-	-	145,713
Due to other funds	74,578	994	-	218	75,790
Unearned revenue	-	21,359	-	-	21,359
Total Liabilities	612,277	212,966	95,609	218	921,070
Deferred Inflows of Resources:					
Unavailable revenue	185,132	-	16,543	-	201,675
Fund Balance:					
Nonspendable - prepaid expenditures	187,732	-	56,459	-	244,191
Restricted for:					
Transportation District	-	-	-	150,776	150,776
Capital projects	-	7,909,128	-	-	7,909,128
Volunteer fire department operations	-	-	461,456	-	461,456
Assigned to:					
Cable television	16,706	-	-	-	16,706
Recreation improvements	24,275	-	-	-	24,275
Capital projects	-	1,132,213	-	-	1,132,213
Future year's budget	-	504,000	-	-	504,000
Unassigned	9,143,027	-	-	(153)	9,142,874
Total Fund Balance	9,371,740	9,545,341	517,915	150,623	19,585,619
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 10,169,149	\$ 9,758,307	\$ 630,067	\$ 150,841	\$ 20,708,364

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, 2016

Total Fund Balance - Governmental Funds \$ 19,585,619

Amounts reported for governmental activities in the statement of net position are different because:

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 \$73,528,908 and the accumulated depreciation is \$46,255,244. 27,273,664

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. 201,675

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. 245,000

The net pension liability is not reflected on the fund financial statements. (6,288,373)

Deferred outflows and inflows of resources for pension are recorded and amortized in the statement of net position. However, these items are not recorded on the fund financial statements. 1,420,553

The actuarially accrued other post-employment benefit (OPEB) obligation for the police and non-uniformed employees are not recorded on the fund financial statements. (1,784,592)

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:

Bonds payable	\$ (17,320,000)	
Note payable	(2,891,672)	
Accrued interest on payable	(58,597)	
Compensated absences	(381,414)	(20,651,683)

Total Net Position - Governmental Activities \$ 20,001,863

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, 2016

	General	Capital Reserve	Volunteer Fire Department	Other Governmental Funds	Total
Revenues:					
Taxes	\$ 15,598,042	\$ -	\$ 814,022	\$ -	\$ 16,412,064
Licenses and permits	1,516,525	-	-	-	1,516,525
Fines and forfeits	90,654	-	-	-	90,654
Intergovernmental	1,501,968	429,607	300,000	895,137	3,126,712
Charges for services	927,664	-	-	-	927,664
Interest and rent	197,164	9,461	25,747	4,264	236,636
Miscellaneous	151,323	1,210	-	133,266	285,799
Total revenues	19,983,340	440,278	1,139,769	1,032,667	22,596,054
Expenditures:					
Current:					
General government	2,293,238	-	-	-	2,293,238
Public safety	7,410,070	-	148,327	-	7,558,397
Public works	4,895,642	-	-	-	4,895,642
Culture and recreation	1,732,748	-	-	-	1,732,748
Conservation and development	108,720	-	-	-	108,720
Capital outlay	-	4,322,427	2,519,659	-	6,842,086
Debt service:					
Principal	196,291	-	170,000	115,000	481,291
Interest	404,531	-	352,781	10,960	768,272
Total expenditures	17,041,240	4,322,427	3,190,767	125,960	24,680,394
Excess (Deficiency) of Revenues Over Expenditures	2,942,100	(3,882,149)	(2,050,998)	906,707	(2,084,340)
Other Financing Sources (Uses):					
Transfers in	898,515	3,351,852	-	-	4,250,367
Transfers out	(3,351,852)	-	-	(898,515)	(4,250,367)
Total other financing sources (uses)	(2,453,337)	3,351,852	-	(898,515)	-
Net Change in Fund Balance	488,763	(530,297)	(2,050,998)	8,192	(2,084,340)
Fund Balance:					
Beginning of year	8,882,977	10,075,638	2,568,913	142,431	21,669,959
End of year	\$ 9,371,740	\$ 9,545,341	\$ 517,915	\$ 150,623	\$ 19,585,619

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, 2016

Net Change in Fund Balance - Governmental Funds \$ (2,084,340)

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

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	\$ 5,509,609	
	Less: depreciation expense	<u>(1,995,364)</u>	3,514,245

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. (30,071)

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. 481,291

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. 94,259

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. (1,904)

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	2,340	
	OPEB obligation	<u>(190,868)</u>	(188,528)

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. (115,000)

Change in Net Position of Governmental Activities \$ 1,669,952

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, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Real estate:				
Current	\$ 4,997,661	\$ 4,997,661	\$ 5,039,400	\$ 41,739
Delinquent and liened	174,584	174,584	108,156	(66,428)
Real estate transfer	836,000	836,000	1,190,387	354,387
Earned income tax	8,400,000	8,400,000	8,592,482	192,482
Amusement tax	5,000	5,000	14,138	9,138
Mechanical device tax	12,800	12,800	10,800	(2,000)
Local services tax	600,000	600,000	611,523	11,523
Parking tax	29,076	29,076	31,156	2,080
Total taxes	15,055,121	15,055,121	15,598,042	542,921
Licenses and permits	1,023,540	1,023,540	1,516,525	492,985
Fines and forfeits	97,000	97,000	90,654	(6,346)
Intergovernmental	1,091,259	1,091,259	1,501,968	410,709
Charges for services	809,170	809,170	927,664	118,494
Interest and rent	152,521	152,521	197,164	44,643
Miscellaneous	151,042	151,042	151,323	281
Total revenues	18,379,653	18,379,653	19,983,340	1,603,687
Expenditures:				
General government:				
Administration	557,971	557,971	524,520	33,451
Tax collection	142,173	142,173	110,480	31,693
Buildings and grounds	442,394	442,394	311,959	130,435
Legislative	296,863	296,863	282,458	14,405
Engineering, inspection, and code	462,808	462,808	391,075	71,733
Finance department	405,192	405,192	383,785	21,407
Community Center	335,052	335,052	288,961	46,091
Total general government	2,642,453	2,642,453	2,293,238	349,215
Public safety:				
Volunteer fire department	140,000	140,000	344,344	(204,344)
Police department	5,517,676	5,517,676	5,093,386	424,290
Juvenile and investigations	692,456	692,456	678,914	13,542
Animal control	60,955	60,955	60,613	342
Police-radio communications	417,197	417,197	380,130	37,067
School guards	342,440	342,440	309,199	33,241
Traffic safety department	541,121	541,121	543,484	(2,363)
Total public safety	7,711,845	7,711,845	7,410,070	301,775

(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, 2016

(Continued)

	Budget		Actual	Variance with Final Budget
	Original	Final		
Public works:				
Sanitation	2,088,516	2,088,516	2,078,445	10,071
Highways	836,817	836,817	652,785	184,032
Snow and ice control	1,329,039	1,329,039	597,828	731,211
Traffic signals and signs department	335,069	335,069	249,437	85,632
Street lighting	430,000	430,000	453,749	(23,749)
Environmental	511,598	511,598	467,110	44,488
Parks	523,717	523,717	396,288	127,429
Total public works	<u>6,054,756</u>	<u>6,054,756</u>	<u>4,895,642</u>	<u>1,159,114</u>
Culture and recreation:				
Cable access	99,250	99,250	85,005	14,245
Library	731,109	731,109	731,109	-
Recreation	1,013,402	1,013,402	916,634	96,768
Total culture and recreation	<u>1,843,761</u>	<u>1,843,761</u>	<u>1,732,748</u>	<u>111,013</u>
Conservation and development:				
Community development	124,772	124,772	108,720	16,052
Debt service:				
Principal and interest	704,358	704,358	600,822	103,536
Total expenditures	<u>19,081,945</u>	<u>19,081,945</u>	<u>17,041,240</u>	<u>2,040,705</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(702,292)</u>	<u>(702,292)</u>	<u>2,942,100</u>	<u>3,644,392</u>
Other Financing Sources (Uses):				
Transfers in	874,167	874,167	898,515	24,348
Transfers out	(3,351,852)	(3,351,852)	(3,351,852)	-
Total other financing sources (uses)	<u>(2,477,685)</u>	<u>(2,477,685)</u>	<u>(2,453,337)</u>	<u>24,348</u>
Net Change in Fund Balance	<u>\$ (3,179,977)</u>	<u>\$ (3,179,977)</u>	<u>\$ 488,763</u>	<u>\$ 3,668,740</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, 2016

	Enterprise Fund Sewer System
Assets:	
<hr/>	
Current assets:	
Cash and cash equivalents	\$ 4,830,330
Investments - restricted per indenture of trust	6,471,488
Receivables (net, where applicable, of allowance for uncollectibles):	
Sewer charges	1,974,827
Accrued interest receivable	27,792
Other funds	48,771
Other	200,000
Prepaid expenses	89,770
Total current assets	13,642,978
Non-current assets:	
Capital assets:	
Non-depreciable	766,000
Depreciable, net of accumulated depreciation	34,750,706
Total non-current assets	35,516,706
Total Assets	49,159,684
Deferred Outflows of Resources:	
<hr/>	
Deferred outflows of resources for pension	163,956
Liabilities:	
<hr/>	
Current liabilities:	
Accounts payable	691,137
Accrued liabilities	17,386
Due to other governmental units	169,672
Accrued interest payable	431,797
Bonds payable due within one year	1,245,000
Total current liabilities	2,554,992
Non-current liabilities:	
Net pension liability	661,616
Bonds payable	37,610,000
Compensated absences	94,336
Total non-current liabilities	38,365,952
Total Liabilities	40,920,944
Deferred Inflows of Resources:	
<hr/>	
Deferred inflows of resources for pension	81,403
Net Position:	
<hr/>	
Net investment in capital assets	2,543,375
Unrestricted	5,777,918
Total Net Position	\$ 8,321,293

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, 2016

	<u>Enterprise Fund Sewer System</u>
Operating Revenues:	
Charges for services	\$ 10,298,315
Licenses and permits	15,751
Total operating revenues	<u>10,314,066</u>
Operating Expenses:	
Administration	443,468
Operations	3,636,204
Maintenance	1,737,296
Depreciation	1,438,164
Total operating expenses	<u>7,255,132</u>
Operating Income (Loss)	<u>3,058,934</u>
Non-operating Revenues (Expenses):	
Investment income	(30,014)
Interest expense	(1,325,788)
Total non-operating revenues (expenses)	<u>(1,355,802)</u>
Change in Net Position	1,703,132
Net Position:	
Beginning of year	<u>6,618,161</u>
End of year	<u>\$ 8,321,293</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, 2016

	<u>Enterprise Fund Sewer System</u>
Cash Flows From Operating Activities:	
Receipts from customers	\$ 10,096,155
Payments to employees	(1,581,152)
Payments to suppliers	(4,501,918)
	<u>4,013,085</u>
Cash Flows From Capital and Related Financing Activities:	
Principal paid on debt	(1,200,000)
Interest paid on debt	(1,379,862)
Sewage capital asset purchases	(9,317,154)
	<u>(11,897,016)</u>
Cash Flows From Investing Activities:	
Purchase of investments	(22,241,560)
Sale of investments	31,209,817
Interest income received	(29,895)
	<u>8,938,362</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,054,431
Cash and Cash Equivalents:	
Beginning of year	<u>3,775,899</u>
End of year	<u>\$ 4,830,330</u>

(Continued)

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, 2016
(Continued)

	<u>Enterprise Fund Sewer System</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
<u>Operating income (loss)</u>	\$ 3,058,934
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	1,438,164
Pension expense	26,213
Change in assets and liabilities:	
Sewer charges receivable	(229,892)
Accrued interest receivable	95,430
Other receivables	11,981
Prepaid expenses	(23,197)
Accounts payable	143,289
Accrued liabilities	(57,741)
Due to other governmental units	<u>(450,096)</u>
Net cash provided by (used in) operating activities	<u><u>\$ 4,013,085</u></u>
	(Concluded)

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, 2016

	Pension Trust Funds	Agency Funds
Assets:		
Cash and cash equivalents	\$ 669,344	\$ 303,140
Receivables:		
Accrued interest receivable	38,095	-
Investments:		
Common/collective trusts	12,323,277	-
Corporate debt	1,607,280	-
Mutual funds - balanced	235,073	-
Mutual funds - equity	1,786,193	-
Exchange traded funds - equity	1,589,362	-
Equities	18,667,669	-
Total investments	36,208,854	-
Total Assets	36,916,293	303,140
Liabilities:		
Benefits payable	27	-
Refund of member contributions payable	21,100	-
Returnable deposits	-	303,140
Total Liabilities	21,127	\$ 303,140
Net Position:		
Restricted for Pension Benefits	\$ 36,895,166	

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, 2016

	Pension Trust Funds
Additions:	
<hr/>	
Contributions:	
Commonwealth	\$ 524,342
Municipality	1,330,276
Employee	441,929
	<hr/>
Total contributions	2,296,547
	<hr/>
Investment income:	
Net appreciation in fair value of investments	2,666,125
Interest and dividends	486,162
	<hr/>
Total investment income	3,152,287
	<hr/>
Less investment expense	(170,708)
	<hr/>
Net investment income	2,981,579
	<hr/>
Total additions	5,278,126
	<hr/>
Deductions:	
<hr/>	
Benefits	1,898,980
Administrative expense	23,235
Refund of member contributions	28,376
	<hr/>
Total deductions	1,950,591
	<hr/>
Change in Net Position	3,327,535
	<hr/>
Net Position:	
<hr/>	
Beginning of year	33,567,631
	<hr/>
End of year	\$ 36,895,166
	<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, 2016

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 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 benefits 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.
 3. Organizations that are fiscally dependent on the Municipality. 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.
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MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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, guarantees its debt, and the Authority receives 100% of its funding from the Municipality. Accordingly, the Municipality is financially accountable for the Authority. 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 2016). 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, 2016. Complete financial statements for TCS can be obtained from 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.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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 financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within 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.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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.

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.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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.

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."

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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.

No provision has been made for uncollectible taxes, as the Municipality has the ability to assess liens on properties for any unpaid balances.

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.

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, 2016 approximate \$373,000.

PREPAID ITEMS/EXPENSES

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

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 estimated fair 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.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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:

<u>Assets</u>	<u>Years</u>
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

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 2016, 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

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FOR THE YEAR ENDED DECEMBER 31, 2016

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.

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 Community Center bonds. The Municipality receives annual special assessments in the amount of \$133,266 from various entities. These special assessments are expected to continue 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

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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.

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, 2016 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 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
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the fiscal reporting period, no later than December 31st; however, the amount of the commitment can be determined subsequent to the 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 2017 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.

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
-

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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.

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.
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MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

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- ◆ 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 accounts 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.

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 2016 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. 72, "*Fair Value Measurement and Application.*" This Statement addresses accounting and financial reporting issues related to fair value measurements. This pronouncement required additional disclosures related to investments, which have been incorporated into Note 2.

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FOR THE YEAR ENDED DECEMBER 31, 2016

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,”* except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for financial statements for fiscal years beginning after June 15, 2016 (the Municipality’s financial statements for the year ending December 31, 2017). This Statement 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).

GASB Statement No. 76, *“Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.”* This Statement identifies the hierarchy of generally accepted accounting principles (GAAP), reduces this hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55.

GASB Statement No. 77, *“Tax Abatement Disclosures.”* This Statement requires state and local governments for the first time to disclose information about tax abatement agreements, and is designed to provide financial statement users with essential information about these agreements and the impact that they have on a government’s finances. The Municipality has no tax abatement agreements to report.

GASB Statement No. 78, *“Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.”* This statement address a practice issue regarding the scope and applicability of Statement No. 68, *“Accounting and Financial Reporting for Pensions.”* The issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local government employers whose employees are provided with such pensions.

GASB Statement No. 79, *“Certain External Investment Pools and Pool Participants.”* This statement addresses accounting and reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for the election to measure all of its investments at amortized cost for financial reporting purposes. This pronouncement required additional disclosures related to investments, which have been incorporated into Note 2.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

PENDING PRONOUNCEMENTS

GASB has issued the following Statements, which will become effective in future years as shown below. Management has not yet determined the impact of these Statements on the Municipality's financial statements.

GASB Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*," effective for fiscal years beginning after June 15, 2016 (the Municipality's financial statements for the year ending December 31, 2017). This Statement addresses reporting by OPEB plans that administer benefits on behalf of governments. This Statement replaces Statement No. 43.

GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*," effective for fiscal years beginning after June 15, 2017 (the Municipality's financial statements for the year ending December 31, 2018). This Statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This Statement replaces the requirements of Statement No. 45.

GASB Statement No. 80, "*Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*," effective for fiscal years beginning after June 15, 2016 (the Municipality's financial statements for the year ending December 31, 2017). The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

GASB Statement No. 81, "*Irrevocable Split-Interest Agreement*," effective for fiscal years beginning after December 31, 2016 (the Municipality's financial statements for the year ending December 31, 2017). The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by 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*," effective for fiscal years beginning after June 15, 2016 (the Municipality's financial statements for the year ending December 31, 2017). The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, "*Financial Reporting for Pension Plans*," No. 68, "*Accounting and Financial Reporting for Pensions*," and No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*."

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

GASB Statement No. 83, "*Certain Asset Retirement Obligations*," effective for fiscal years beginning after June 15, 2018 (the Municipality's financial statements for the year ending December 31, 2019). The objective of this Statement is to provide financial statement users with information about asset retirement obligations that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations.

GASB Statement No. 84, "*Fiduciary Activities*," effective for fiscal years beginning after December 15, 2018 (the Municipality's financial statements for the year ending December 31, 2019). The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 85, "*Omnibus 2017*," effective for fiscal years beginning after June 15, 2017 (the Municipality's financial statements for the year ending December 31, 2018). The objective of this Statement is to address practice issues that have been identified during implementation of certain GASB 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 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.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

Throughout the year ended December 31, 2016, the Municipality invested its funds only in one or more of the above-authorized investments. At December 31, 2016, the Municipality's deposits and investments were as follows:

	Carrying Value at December 31, 2016			
	Governmental Activities	Business-Type Activities	Pension Trust Funds	Agency Funds
Deposits:				
Cash and cash equivalents	\$ 4,519,656	\$ 3,082,330	\$ -	\$ 303,140
Certificates of deposit	5,635,000	1,748,000	-	-
Total deposits	<u>10,154,656</u>	<u>4,830,330</u>	<u>-</u>	<u>303,140</u>
Investments:				
PSDLAF	349,546	-	-	-
Money market funds	7,909,197	6,471,488	669,344	-
Common/collective trusts	-	-	12,323,277	-
Corporate debt	-	-	1,607,280	-
Mutual funds - balanced	-	-	235,073	-
Mutual funds - equity	-	-	1,786,193	-
Exchange traded funds - equity	-	-	1,589,362	-
Equities	-	-	18,667,669	-
Total investments	<u>8,258,743</u>	<u>6,471,488</u>	<u>36,878,198</u>	<u>-</u>
Total deposits and investments	<u>\$ 18,413,399</u>	<u>\$ 11,301,818</u>	<u>\$ 36,878,198</u>	<u>\$ 303,140</u>
Reconciliation to Financial Statements:				
Cash and cash equivalents	\$ 10,504,202	\$ 4,830,330	\$ 669,344	\$ 303,140
Investments	-	-	36,208,854	-
Investments - restricted	7,909,197	6,471,488	-	-
Total deposits and investments	<u>\$ 18,413,399</u>	<u>\$ 11,301,818</u>	<u>\$ 36,878,198</u>	<u>\$ 303,140</u>
Total deposits and investments - bank balance	<u>\$ 18,508,409</u>	<u>\$ 11,430,208</u>	<u>\$ 36,878,198</u>	<u>\$ 303,875</u>

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Deposits

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, 2016, \$8,010,394 of the Municipality's \$14,083,707 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.

Investments

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, 2016, 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, 2016, the Municipality's governmental and business-type activities investments in money market funds were all Level 1.

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, 2016, \$250,000 of the Municipality's \$303,875 bank balance was

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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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FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016:

Investments by Fair Value Level:	December 31, 2016	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	\$ 669,344	\$ 669,344	\$ -	\$ -
Corporate debt:				
Foreign corporate bonds	805,480	-	805,480	-
U.S. corporate bonds & notes	801,800	-	801,800	-
	1,607,280	-	1,607,280	-
Mutual funds - balanced	235,073	235,073	-	-
Mutual funds - equity:				
Domestic equity mutual funds	255,337	255,337	-	-
Global funds	1,530,856	1,530,856	-	-
	1,786,193	1,786,193	-	-
Exchange traded funds - equity:				
Closed end equity mutual funds	1,589,362	1,589,362	-	-
Equities:				
Materials	456,725	456,725	-	-
Industrials	2,009,787	2,009,787	-	-
Telecommunications	300,656	300,656	-	-
Consumer discretionary	2,508,403	2,508,403	-	-
Consumer staples	1,073,504	1,073,504	-	-
Energy	809,101	809,101	-	-
Financials	5,206,802	5,206,802	-	-
Health care	2,172,129	2,172,129	-	-
Information technology	3,323,016	3,323,016	-	-
Utilities	807,546	807,546	-	-
	18,667,669	18,667,669	-	-
Total investments by fair value level	24,554,921	22,947,641	1,607,280	-
Investments measured at the net asset value (NAV):				
Common/collective trusts	12,323,277			
Total investments measured at fair value	\$ 36,878,198			

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FOR THE YEAR ENDED DECEMBER 31, 2016

Taxable money market funds, mutual funds (balanced and equity), exchange traded funds, and equities are valued using quoted marked prices (Level 1 inputs). Corporate debt is valued using a matrix pricing model (Level 2 inputs).

Investments Measured Using the Net Asset Value per Share Practical Expedient

The Municipality reports alternative investment funds using the net asset value per share as determined by investment managers under the so-called “practical expedient.” The net asset values of the common/collective trust funds are determined by the funds and provided by the portfolio manager. Valuations are generally based on the compilation of prices from each fund’s underlying company or fund administrator. Upon completion of the fund valuations, the Municipality’s individual investor valuations are based upon their ownership share of each pool.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of the future fair values. Furthermore, although the Municipality believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

December 31, 2016	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Common/collective trusts	\$ 12,323,277	n/a	Daily	n/a

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, 2016, the foreign corporate bonds are rated A and the U.S. corporate bonds and notes are rated AA by Standard & Poor’s. All other investments are unrated.

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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, 2016, 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
Common/collective trusts	\$ 12,323,277	\$ -	\$ 12,323,277
Corporate debt	1,607,280	1,607,280	-
Mutual funds - balanced	235,073	235,073	-
Exchange traded funds - equity	1,589,362	1,589,362	-
Total	\$ 15,754,992	\$ 3,431,715	\$ 12,323,277

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, 2016 was \$2.53 per \$1,000 of assessed valuation. Total assessed value was \$2,416,654,458 (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 2016 will be liened in February 2017.

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FOR THE YEAR ENDED DECEMBER 31, 2016

The property tax calendar for 2016 was as follows:

2016 Millage rate adopted	November 9, 2015
2016 Bills dated	July 1, 2016
2016 Two percent discount period ended	August 31, 2016
2016 Penalty period begun	November 1, 2016

The individual components of the 2016 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, 2016

4. CAPITAL ASSETS

A summary of changes in capital assets during fiscal year 2016 is as follows:

	Balance at January 1, 2016	Additions	Deletions/ Transfers	Balance at December 31, 2016
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 2,420,455	\$ -	\$ -	\$ 2,420,455
Construction in progress	6,407,597	454,374	(6,407,597)	454,374
Total non-depreciable assets	<u>8,828,052</u>	<u>454,374</u>	<u>(6,407,597)</u>	<u>2,874,829</u>
Depreciable assets:				
Buildings	8,992,365	3,597,960	6,407,597	18,997,922
Equipment	5,098,284	462,305	(45,746)	5,514,843
Vehicles	3,972,748	523,870	(256,265)	4,240,353
Infrastructure	41,494,441	471,100	(64,580)	41,900,961
	<u>59,557,838</u>	<u>5,055,235</u>	<u>6,041,006</u>	<u>70,654,079</u>
Less: accumulated depreciation:				
Buildings	(4,439,839)	(327,633)	-	(4,767,472)
Equipment	(3,639,966)	(274,093)	45,746	(3,868,313)
Vehicles	(2,649,092)	(388,973)	256,265	(2,781,800)
Infrastructure	(33,897,574)	(1,004,665)	64,580	(34,837,659)
	<u>(44,626,471)</u>	<u>(1,995,364)</u>	<u>366,591</u>	<u>(46,255,244)</u>
Total depreciable assets	<u>14,931,367</u>	<u>3,059,871</u>	<u>6,407,597</u>	<u>24,398,835</u>
Governmental activities capital assets, net	<u>\$ 23,759,419</u>	<u>\$ 3,514,245</u>	<u>\$ -</u>	<u>\$ 27,273,664</u>

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance at January 1, 2016	Additions	Deletions/ Transfers	Balance at December 31, 2016
Business-Type Activities:				
Non-depreciable assets:				
Land	\$ 766,000	\$ -	\$ -	\$ 766,000
Depreciable assets:				
Buildings	8,181,085	-	-	8,181,085
Machinery and equipment	10,117,138	195,507	-	10,312,645
Sewer system	47,782,571	9,121,647	-	56,904,218
	<u>66,080,794</u>	<u>9,317,154</u>	<u>-</u>	<u>75,397,948</u>
Less: accumulated depreciation:				
Buildings	(4,355,985)	(183,220)	-	(4,539,205)
Machinery and equipment	(7,910,335)	(278,991)	-	(8,189,326)
Sewer system	(26,942,758)	(975,953)	-	(27,918,711)
	<u>(39,209,078)</u>	<u>(1,438,164)</u>	<u>-</u>	<u>(40,647,242)</u>
Total depreciable assets	<u>26,871,716</u>	<u>7,878,990</u>	<u>-</u>	<u>34,750,706</u>
Business-type activities capital assets, net	<u>\$ 27,637,716</u>	<u>\$ 7,878,990</u>	<u>\$ -</u>	<u>\$ 35,516,706</u>

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

Governmental Activities:

General government	\$ 301,493
Public safety	874,187
Public works	627,198
Culture and recreation	183,231
Conservation and development	9,255
	<u>1,995,364</u>

Total depreciation expense - governmental activities \$ 1,995,364

Business-Type Activities:

Sewer	\$ 1,438,164
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MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables at December 31, 2016 are summarized below:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	\$ 1,212	\$ 74,578
Capital Reserve	-	994
Volunteer Fire Department	25,807	-
Enterprise	48,771	-
Other Governmental Funds	-	218
Total	\$ 75,790	\$ 75,790

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers at December 31, 2016 are summarized below:

Fund	Transfers In	Transfers Out
Major Funds:		
General	\$ 898,515	\$ 3,351,852
Capital Reserve	3,351,852	-
Other Governmental Funds	-	898,515
Total	\$ 4,250,367	\$ 4,250,367

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 used to move monies from one fund to pay for various programs or functions that the Municipality accounts for in other funds.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

6. LONG-TERM LIABILITIES

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 bear interest at rates ranging from 3.10% to 4.80% and mature annually through 2017. At December 31, 2016, principal outstanding on the Series B Bonds was \$95,000.

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% and mature semi-annually on June 1 and December 1 through 2044. At December 31, 2016, principal outstanding on the 2013 Bonds was \$8,195,000.

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, 2016, principal outstanding on the 2015 Bonds was \$9,030,000.

The annual requirements to amortize the bonds outstanding as of December 31, 2016 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 415,000	\$ 667,889	\$ 1,082,889
2018	330,000	649,729	979,729
2019	335,000	643,129	978,129
2020	345,000	634,629	979,629
2021	350,000	625,879	975,879
2022-2026	1,910,000	2,974,975	4,884,975
2027-2031	2,255,000	2,630,456	4,885,456
2032-2036	2,715,000	2,169,200	4,884,200
2037-2041	4,265,000	1,509,000	5,774,000
2042-2045	4,400,000	471,038	4,871,038
	<u>\$ 17,320,000</u>	<u>\$ 12,975,924</u>	<u>\$ 30,295,924</u>

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016, \$2,891,672 is outstanding.

Future debt service requirements of the Municipality's note payable as of December 31, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 126,124	\$ 115,233	\$ 241,357
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
2022-2026	830,282	376,504	1,206,786
2027-2031	1,009,437	197,349	1,206,786
2032-2033	369,030	20,380	389,410
	<u>\$ 2,891,672</u>	<u>\$ 1,118,095</u>	<u>\$ 4,009,767</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, 2016, \$9,395,000 is outstanding.

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

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016, \$29,460,000 is outstanding.

Annual debt service requirements to maturity are as follows for each fiscal year ending December 31:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,245,000	\$ 1,295,388	\$ 2,540,388
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
2022-2026	7,380,000	5,318,504	12,698,504
2027-2031	8,575,000	4,106,758	12,681,758
2032-2036	10,370,000	2,316,934	12,686,934
2037-2039	6,000,000	411,752	6,411,752
Total	<u>\$ 38,855,000</u>	<u>\$ 18,324,446</u>	<u>\$ 57,179,446</u>

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

Changes in the Municipality's long-term liabilities during fiscal year 2016 were as follows:

Governmental Activities:

	Balance at January 1, 2016	Additions	Reductions	Balance at December 31, 2016	Due Within One Year
G.O. Bonds	\$ 17,680,000	\$ -	\$ (360,000)	\$ 17,320,000	\$ 415,000
Notes payable	3,012,963	-	(121,291)	2,891,672	126,124
Compensated absences	383,754	43,605	(45,945)	381,414	88,932
Net pension liability	7,451,139	1,816,358	(2,979,124)	6,288,373	-
OPEB obligation	1,593,724	299,968	(109,100)	1,784,592	-
	<u>\$ 30,121,580</u>	<u>\$ 2,159,931</u>	<u>\$ (3,615,460)</u>	<u>28,666,051</u>	<u>\$ 630,056</u>

Business-Type Activities:

	Balance at January 1, 2016	Additions	Reductions	Balance at December 31, 2016	Due Within One Year
G.O. Bonds	\$ 40,055,000	\$ -	\$ (1,200,000)	\$ 38,855,000	\$ 1,245,000
Compensated absences	101,770	13,610	(21,044)	94,336	-
Net pension liability	785,830	224,197	(348,411)	661,616	-
	<u>\$ 40,942,600</u>	<u>\$ 237,807</u>	<u>\$ (1,569,455)</u>	<u>39,610,952</u>	<u>\$ 1,245,000</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).

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. Short-term investments are

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price.

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, 2015.

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-203C biennially with the MPRP. The most recent filing was on January 1, 2015.

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

At December 31, 2016, pension plan membership consisted of the following:

	<u>Non-Uniformed</u>	<u>Police</u>
Active employees	58	32
Retirees and beneficiaries currently receiving benefits	43	34
Terminated employees entitled to benefits but not yet receiving them	7	2
Total plan members	<u>108</u>	<u>68</u>

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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.

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, a monthly benefit equal of 50% of final monthly average salary (averaged over the last 36 months of employment), plus service increment, if any.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

Disability Benefit – For participants hired on or after January 1, 2001, 50% of salary at 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, 2016, there were three employees participating in the DROP plan. At December 31, 2016, DROP balances amounting to \$580,696 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. For participants who are killed in service, a monthly benefit equal to 100% of the participant's salary is payable to the participant's spouse until death.

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.

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, 2016, 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, 2015; however, this valuation is not used for funding purposes. The January 1, 2013 valuation was used in the calculation of the Municipality's 2016 MMO.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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 2016. The following table reflects contribution information for 2016:

	Non-Uniformed	Police	Total
MMO	\$ 659,431	\$ 1,195,187	\$ 1,854,618
Contributions:			
Municipality	\$ 484,650	\$ 845,626	\$ 1,330,276
Allocation of state aid	174,781	349,561	524,342
Total	659,431	1,195,187	1,854,618
Employee	136,666	305,263	441,929
Total contributions	\$ 796,097	\$ 1,500,450	\$ 2,296,547
Covered payroll	\$ 3,291,788	\$ 3,444,552	
Employee contributions as a % of covered payroll	4.15%	8.86%	

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

NET PENSION LIABILITY

The components of the net pension liability of the pension plans at December 31, 2016 were as follows:

	Non-Uniformed	Police	Total
Total pension liability	\$ 15,952,011	\$ 27,893,144	\$ 43,845,155
Plan fiduciary net position	(13,746,625)	(23,148,541)	(36,895,166)
Net pension liability	\$ 2,205,386	\$ 4,744,603	\$ 6,949,989
Governmental activities	\$ 1,543,770	\$ 4,744,603	\$ 6,288,373
Business-type activities	661,616	-	661,616
Net pension liability	\$ 2,205,386	\$ 4,744,603	\$ 6,949,989

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2015	\$ 15,204,687	\$ 12,585,253	\$ 2,619,434
Changes for the year:			
Service cost	350,461	-	350,461
Interest	1,139,298	-	1,139,298
Contributions - employer	-	659,431	(659,431)
Contributions - employee	-	136,666	(136,666)
Net investment income	-	1,186,444	(1,186,444)
Benefit payments, including refunds	(742,435)	(742,435)	-
Administrative expense	-	(78,734)	78,734
Net changes	747,324	1,161,372	(414,048)
Balances at December 31, 2016	<u>\$ 15,952,011</u>	<u>\$ 13,746,625</u>	<u>\$ 2,205,386</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>86.17%</u>

The changes in the net pension liability of the Municipality for the police pension plan for the year ended December 31, 2016 were as follows:

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2015	\$ 26,599,913	\$ 20,982,378	\$ 5,617,535
Changes for the year:			
Service cost	490,037	-	490,037
Interest	1,988,115	-	1,988,115
Contributions - employer	-	1,195,187	(1,195,187)
Contributions - employee	-	305,263	(305,263)
Net investment income	-	1,965,843	(1,965,843)
Benefit payments, including refunds	(1,184,921)	(1,184,921)	-
Administrative expense	-	(115,209)	115,209
Net changes	1,293,231	2,166,163	(872,932)
Balances at December 31, 2016	<u>\$ 27,893,144</u>	<u>\$ 23,148,541</u>	<u>\$ 4,744,603</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>82.99%</u>

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

Actuarial assumptions - The total pension liability was determined by an actuarial valuation performed on January 1, 2015, and rolled forward to December 31, 2016, using the following actuarial assumptions, applied to all periods in the measurement:

	<u>Non-Uniformed</u>	<u>Police</u>
Actuarial valuation date	1/1/2015	1/1/2015
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	5.0%	5.0%
Underlying inflation rate	3.0%	3.0%
Cost-of-living adjustments	Not Applicable	5.0%

Actuarial assumptions based on actuarial experience study for the period January 1, 2014 to December 31, 2014.

Non-Uniformed: RP-2000 Combined Healthy Annuitant Mortality Table. Rates are projected to improve with 75% of scale AA.

Police: RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with rates set forward 5 years for disabled lives. Rate are projected to improve with 75% of scale AA.

Changes in Actuarial Assumptions – Effective January 1, 2015, an additional twenty percent salary projection was added to the final year of pay for the Police pension plan. This assumption change increased the total pension liability by \$2,012,612.

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 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.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016:

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, 2016, the annual money-weighted rate of return on the Non-Uniformed Employees and Police pension plan investments, net of investment expense, was 9.54% and 9.47%, respectively.

Concentrations – The pension plans place no limit on the amount that may be invested in any one issuer. At December 31, 2016, 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 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.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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	<u>\$ 3,953,694</u>	<u>\$ 2,205,386</u>	<u>\$ 694,001</u>
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Police	<u>\$ 7,746,875</u>	<u>\$ 4,744,603</u>	<u>\$ 2,148,220</u>

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended December 31, 2016, the Municipality recognized pension expense of \$1,747,817. \$1,562,531 was recorded as a governmental activity; \$185,286 was recorded as a business-type activity.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

At December 31, 2016, the Municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Non-Uniformed</u>	<u>Police</u>	<u>Total</u>
Deferred Outflows of Resources:			
<u>Differences between expected and actual experience:</u>			
Governmental activity	\$ -	\$ 214,461	\$ 214,461
<u>Changes in assumption:</u>			
Governmental activity	-	424,428	424,428
<u>Net difference between projected and actual earnings on pension plan investments:</u>			
Governmental activity	382,564	914,633	1,297,197
Business-type activity/proprietary fund	163,956	-	163,956
Total deferred outflows of resources	<u>\$ 546,520</u>	<u>\$ 1,553,522</u>	<u>\$ 2,100,042</u>
	<u>Non-Uniformed</u>	<u>Police</u>	<u>Total</u>
Deferred Inflows of Resources:			
<u>Differences between expected and actual experience:</u>			
Governmental activity	\$ 46,734	\$ -	\$ 46,734
Business-type activity/proprietary fund	20,029	-	20,029
<u>Net difference between projected and actual earnings on pension plan investments:</u>			
Governmental activity	143,205	325,594	468,799
Business-type activity/proprietary fund	61,374	-	61,374
Total deferred outflows of resources	<u>\$ 271,342</u>	<u>\$ 325,594</u>	<u>\$ 596,936</u>

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

<u>Year ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-type Activities/ Proprietary Fund</u>
2017	\$ 482,509	\$ 34,954
2018	482,509	34,954
2019	482,509	34,954
2020	(20,879)	(19,697)
2021	(6,095)	(2,612)
Total	<u>\$ 1,420,553</u>	<u>\$ 82,553</u>

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

PENSION TRUST FUND FINANCIAL INFORMATION AS OF DECEMBER 31, 2016

PLAN NET POSITION

Assets	Non-Uniformed Employees	Police	Total
Cash and cash equivalents	\$ 225,049	\$ 444,295	\$ 669,344
Receivables:			
Accrued interest receivable	14,060	24,035	38,095
Investments at fair value:			
Common/collective trusts	4,605,113	7,718,164	12,323,277
Corporate debt	502,505	1,104,775	1,607,280
Mutual funds - balanced	129,510	105,563	235,073
Mutual funds - equity	710,464	1,075,729	1,786,193
Exchange traded funds - equity	592,013	997,349	1,589,362
Equities	6,989,011	11,678,658	18,667,669
Total investments	<u>13,528,616</u>	<u>22,680,238</u>	<u>36,208,854</u>
Total Assets	<u>13,767,725</u>	<u>23,148,568</u>	<u>36,916,293</u>
Liabilities			
Benefits payable	-	27	27
Refund of member contributions payable	21,100	-	21,100
	<u>21,100</u>	<u>27</u>	<u>21,127</u>
Net Position Restricted for Pension Benefits	<u>\$ 13,746,625</u>	<u>\$ 23,148,541</u>	<u>\$ 36,895,166</u>

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

CHANGES IN PLAN NET POSITION

	Non-Uniformed Employees	Police	Total
Additions:			
<u>Contributions:</u>			
Commonwealth	\$ 174,781	\$ 349,561	\$ 524,342
Municipality	484,650	845,626	1,330,276
Employee	136,666	305,263	441,929
Total contributions	<u>796,097</u>	<u>1,500,450</u>	<u>2,296,547</u>
<u>Investment income:</u>			
Net appreciation in fair value of investments	1,002,605	1,663,520	2,666,125
Interest and dividends	183,839	302,323	486,162
Total investment income	<u>1,186,444</u>	<u>1,965,843</u>	<u>3,152,287</u>
Less investment expense	<u>(65,052)</u>	<u>(105,656)</u>	<u>(170,708)</u>
Net investment income	<u>1,121,392</u>	<u>1,860,187</u>	<u>2,981,579</u>
Total additions	<u>1,917,489</u>	<u>3,360,637</u>	<u>5,278,126</u>
Deductions:			
Benefits	714,059	1,184,921	1,898,980
Administrative expenses	13,682	9,553	23,235
Refund of member contributions	28,376	-	28,376
Total deductions	<u>756,117</u>	<u>1,194,474</u>	<u>1,950,591</u>
Change in Plan Net Position	<u>1,161,372</u>	<u>2,166,163</u>	<u>3,327,535</u>
Net Position Restricted for Pension Benefits:			
Beginning of year	<u>12,585,253</u>	<u>20,982,378</u>	<u>33,567,631</u>
End of year	<u>\$ 13,746,625</u>	<u>\$ 23,148,541</u>	<u>\$ 36,895,166</u>

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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)	\$ 326,339	\$ 551,741	\$ 878,080
Unrealized gain (loss)	<u>676,266</u>	<u>1,111,779</u>	<u>1,788,045</u>
	<u>\$ 1,002,605</u>	<u>\$ 1,663,520</u>	<u>\$ 2,666,125</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, 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

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

General Fund expenditures for all police postemployment life insurance benefits were \$911 in 2016.

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, 27 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 \$107,534 (net of \$46,850 of retiree contributions) in 2016.

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, 32 retirees meet the eligibility requirements to receive this death benefit. The Municipality's General Fund expenditures for all non-uniformed postemployment death benefits were \$655 in 2016.

FUNDING POLICY

These benefits are expensed when incurred and are financed on a pay-as-you-go basis. For fiscal year 2016, the Municipality incurred \$109,100 for post-employment benefits other than pension benefits which includes an implicit rate subsidy of (\$3,139). Retirees receiving benefits contributed \$46,850 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, 2016

Annual required contribution	\$ 332,132
Interest on net OPEB obligation	51,796
Adjustment to annual required contribution	<u>(83,960)</u>
Annual OPEB cost	299,968
Contributions made	<u>(109,100)</u>
Increase in net OPEB obligation	190,868
Net OPEB obligation - beginning of year	<u>1,593,724</u>
Net OPEB obligation - end of year	<u><u>\$ 1,784,592</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, 2016	\$ 299,968	36.37%	\$ 1,784,592
December 31, 2015	214,476	57.71%	1,593,724
December 31, 2014	216,547	28.85%	1,503,024

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 the lowering of the interest rate assumption from 4.5% to 3.25%. The new interest rate corresponds

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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.

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

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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 \$656,000 from the Township in 2016.

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-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. During the extent of the Interim Consent Order, the Authority will be able to self-regulate the release of taps for new construction within the Municipality.

At December 31, 2016, the Municipality had approximately \$7.5 million in outstanding construction commitments.

At December 31, 2016, the Authority had approximately \$5.9 million in outstanding construction commitments.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

11. RISK MANAGEMENT

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 201 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.

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.



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*

	2016	2015	2014
Total Pension Liability:			
Service cost	\$ 350,461	\$ 336,566	\$ 348,162
Interest	1,139,298	1,084,681	1,037,820
Differences between expected and actual experience	-	(95,791)	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	<u>(742,435)</u>	<u>(672,678)</u>	<u>(635,549)</u>
Net Changes in Total Pension Liability	747,324	652,778	750,433
Total Pension Liability - Beginning	<u>15,204,687</u>	<u>14,551,909</u>	<u>13,801,476</u>
Total Pension Liability - Ending (a)	<u>\$ 15,952,011</u>	<u>\$ 15,204,687</u>	<u>\$ 14,551,909</u>
Plan Fiduciary Net Position:			
Contributions - employer	\$ 659,431	\$ 653,896	\$ 566,305
Contributions - member	136,666	138,109	131,903
Investment income	1,186,444	18,263	1,071,812
Benefit payments, including refunds of member contributions	(742,435)	(672,679)	(635,549)
Investment and administrative expenses	<u>(78,734)</u>	<u>(86,659)</u>	<u>(68,080)</u>
Net Change in Plan Fiduciary Net Position	1,161,372	50,930	1,066,391
Plan Fiduciary Net Position - Beginning	<u>12,585,253</u>	<u>12,534,323</u>	<u>11,467,932</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 13,746,625</u>	<u>\$ 12,585,253</u>	<u>\$ 12,534,323</u>
Net Pension Liability - Ending (a-b)	<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>86.17%</u>	<u>82.77%</u>	<u>86.14%</u>
Covered Employee Payroll	<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	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.

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*

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

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

SCHEDULES OF MUNICIPALITY CONTRIBUTIONS AND INVESTMENT RETURNS

PENSION PLANS

YEARS ENDED DECEMBER 31
LAST TEN YEARS*

	2016	2015	2014
NON-UNIFORMED EMPLOYEES PLAN:			
Schedule of Municipality Contributions			
Actuarially determined contribution	\$ 659,431	\$ 653,896	\$ 565,349
Contributions in relation to the actuarially determined contribution	659,431	653,896	565,349
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 3,291,788	\$ 3,389,482	\$ 3,218,217
Contributions as a percentage of covered employee payroll	20.03%	19.29%	17.57%
Investment Returns			
Annual money-weighted rate of return, net of investment expense	9.54%	0.15%	9.47%
POLICE PLAN:			
Schedule of Municipality Contributions			
Actuarially determined contribution	\$ 1,195,187	\$ 1,202,402	\$ 1,054,563
Contributions in relation to the actuarially determined contribution	1,195,187	1,202,402	1,054,563
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 3,444,552	\$ 3,343,281	\$ 2,741,667
Contributions as a percentage of covered employee payroll	34.70%	35.96%	38.46%
Investment Returns			
Annual money-weighted rate of return, net of investment expense	9.47%	0.15%	9.30%

* 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.

MUNICIPALITY OF BETHEL PARK

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2016

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-Union
Actuarial valuation date	1/1/2013	1/1/2013
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar Closed	Level Dollar Closed
Amortization period	14 years aggregate	10 years aggregate
Asset valuation method	4-Year Smoothing	4-Year Smoothing
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases	5.00%	5.00%
Cost-of-living adjustments	Not Applicable	5.00%
Underlying inflation rate	3.00%	3.00%
Mortality:	RP-2000 Combined Healthy Mortality Table. Rates projected to improve with 75% of scale AA.	RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with rates set forward 5 years for disabled lives. Rates projected to improve with 75% of scale AA.

Benefit Changes

No benefit terms were modified.

Change in Actuarial Assumptions

No change in actuarial assumptions

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

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

FOR THE YEAR ENDED DECEMBER 31, 2016

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 factors and trends used in actuarial valuation.

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEBs) FACTORS AND TRENDS USED IN ACTUARIAL VALUATION

FOR THE YEAR ENDED DECEMBER 31, 2016

Actuarial Data:

Valuation Date:	January 1, 2016
Actuarial Cost Method:	Entry age normal cost
Amortization Method:	Level dollar
Amortization Period:	30 years

Demographic Assumptions:

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

Mortality Improvement: 75% of Scale AA

Withdrawal: Police: Table T-1, *Actuary's Pension Handbook*

Non-Uniformed: Table T-3, *Actuary's Pension Handbook*

Disablement: Police: 60% of the rates of disablement from *Advanced Pension Tables*

Non-Uniformed: No Discount

Valuation Retirement Age: Police: Upon reaching eligibility age the following rates by attained age apply:

<u>Age</u>	<u>Years of Service</u>	
	<u>25</u>	<u>26+</u>
50	30%	30%
51 - 54	30%	20%
55 - 59	40%	30%
60 - 61	50%	50%
62+	100%	100%

Non-Uniformed: Normal Retirement Age or age at January 1, 2016 if currently eligible to retire

Participation Election and Coverage:
Type - Health Care

Police: 90% of eligible police retirees elect health coverage

Individual	10%
Husband/Wife	80%
Family	10%

Non-Uniformed: Not applicable

Participation - Life Insurance: 100% of all eligible retirees receive life insurance.

Spouse Age: Female spouse assumed to be 3 years younger than male spouse.

Dependents: For those retirees with family coverage: An average of two children assumed per family, remaining on coverage for six years from the later of valuation date or retirement date.

(Continued)

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA
POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEBs)
FACTORS AND TRENDS USED IN ACTUARIAL VALUATION

FOR THE YEAR ENDED DECEMBER 31, 2016

(Continued)

Economic Assumptions:

Interest Rate:	3.25%			
Annual Trend Rates for OPEB Costs:	<u>Year</u>	<u>Medical/Rx</u>	<u>Dental</u>	<u>Vision</u>
	2016	7.00%	3.0%	3.0%
	2017	6.75%	3.0%	3.0%
	2018	6.50%	3.0%	3.0%
	2019	6.25%	3.0%	3.0%
	2020	6.00%	3.0%	3.0%
	2021	5.75%	3.0%	3.0%
	2022	5.50%	3.0%	3.0%
	2023	5.25%	3.0%	3.0%
	2024 and later	5.00%	3.0%	3.0%

Insurance Premiums:

Current Premium Schedules:	The following are the reported annual applicable rates for medical, dental, and vision coverage:			
	<u>Medical</u>	<u>Dental</u>	<u>Vision</u>	
	Single	\$ 7,904.52	\$ 412.56	\$ 151.08
	Parent/Children	15,809.16	1,279.80	151.08
	Husband/Wife	21,737.52	1,279.80	151.08
	Family	23,713.68	1,279.80	151.08

Age Adjustments: None

(Concluded)



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, 2016

Revenues:		
<hr/>		
Program fees	\$	599,965
		<hr/>
Expenditures:		
<hr/>		
Program:		
Program costs		153,823
Salaries and benefits		691,578
Contractual/maintenance		26,159
Supplies		7,651
Capital expenses		14,193
		<hr/>
Total program		893,404
		<hr/>
Administration:		
General expenses		16,359
Utilities		2,227
Insurance		4,644
		<hr/>
Total administration		23,230
		<hr/>
Total expenditures		916,634
		<hr/>
Excess (Deficiency) of Revenues Over Expenditures	\$	(316,669)
		<hr/> <hr/>

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, 2016

	Budget Original and Final	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 772,000	\$ 429,607	\$ (342,393)
Interest and rent	3,000	9,461	6,461
Miscellaneous	-	1,210	1,210
Total revenues	775,000	440,278	(334,722)
Expenditures:			
Capital outlay	4,709,300	4,322,427	386,873
Total expenditures	4,709,300	4,322,427	386,873
Excess (Deficiency) of Revenues Over Expenditures	(3,934,300)	(3,882,149)	52,151
Other Financing Sources (Uses):			
Transfers in	3,351,852	3,351,852	-
Net Change in Fund Balance	(582,448)	(530,297)	52,151
Fund Balance:			
Beginning of year	10,075,638	10,075,638	-
End of year	\$ 9,493,190	\$ 9,545,341	\$ 52,151

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, 2016

	Budget Original and Final	Actual	Variance with Final Budget
Revenues:			
Real estate taxes	\$ 775,892	\$ 814,022	\$ 38,130
Intergovernmental	-	300,000	300,000
Interest and rent	400	25,747	25,347
Total revenues	<u>776,292</u>	<u>1,139,769</u>	<u>363,477</u>
Expenditures:			
Public safety	440,271	148,327	291,944
Capital outlay	-	2,519,659	(2,519,659)
Debt service	521,731	522,781	(1,050)
Total expenditures	<u>962,002</u>	<u>3,190,767</u>	<u>(2,228,765)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(185,710)</u>	<u>(2,050,998)</u>	<u>(1,865,288)</u>
Net Change in Fund Balance	(185,710)	(2,050,998)	(1,865,288)
Fund Balance:			
Beginning of year	<u>2,568,913</u>	<u>2,568,913</u>	<u>-</u>
End of year	<u>\$ 2,383,203</u>	<u>\$ 517,915</u>	<u>\$ (1,865,288)</u>

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, Series of 2013.



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, 2016

	Special Revenue State Highway Aid	Capital Projects Transportation District	Total Other Governmental Funds
Assets			
Cash and cash equivalents	\$ 65	\$ 150,776	\$ 150,841
Total Assets	\$ 65	\$ 150,776	\$ 150,841
Liabilities and Fund Balance			
<u>Liabilities:</u>			
Due to other funds	\$ 218	\$ -	\$ 218
<u>Fund Balance:</u>			
Restricted for Transportation District	-	150,776	150,776
Unassigned	(153)	-	(153)
Total Fund Balance	(153)	150,776	150,623
Total Liabilities and Fund Balance	\$ 65	\$ 150,776	\$ 150,841

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

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

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Special Revenue</u> State Highway Aid	<u>Capital Projects</u> Transportation District	<u>Total Other</u> Governmental Funds
Revenues:			
Intergovernmental	\$ 895,137	\$ -	\$ 895,137
Interest and rent	3,579	685	4,264
Miscellaneous	-	133,266	133,266
Total revenues	<u>898,716</u>	<u>133,951</u>	<u>1,032,667</u>
Expenditures:			
Debt service	-	125,960	125,960
Excess (Deficiency) of Revenues Over Expenditures	<u>898,716</u>	<u>7,991</u>	<u>906,707</u>
Other Financing Sources (Uses):			
Transfers out	<u>(898,515)</u>	-	<u>(898,515)</u>
Net Change in Fund Balance	201	7,991	8,192
Fund Balance:			
Beginning of year	<u>(354)</u>	<u>142,785</u>	<u>142,431</u>
End of year	<u>\$ (153)</u>	<u>\$ 150,776</u>	<u>\$ 150,623</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, 2016

	Budget <u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
<u>Intergovernmental</u>	\$ 874,168	\$ 895,137	\$ 20,969
Interest and rent	400	3,579	3,179
Total revenues	<u>874,568</u>	<u>898,716</u>	<u>24,148</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	874,568	898,716	24,148
Other Financing Sources (Uses):			
<u>Transfers out</u>	<u>(874,568)</u>	<u>(898,515)</u>	<u>(23,947)</u>
Net Change in Fund Balance	-	201	201
Fund Balance:			
<u>Beginning of year</u>	<u>(354)</u>	<u>(354)</u>	<u>-</u>
End of year	<u>\$ (354)</u>	<u>\$ (153)</u>	<u>\$ 201</u>

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, 2016

	<u>Budget</u>		
	<u>Original and</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Final</u>		<u>Final Budget</u>
Revenues:			
Interest and rent	\$ 285	\$ 685	\$ 400
Miscellaneous	133,266	133,266	-
Total revenues	<u>133,551</u>	<u>133,951</u>	<u>400</u>
Expenditures:			
Debt service	<u>133,060</u>	<u>125,960</u>	<u>7,100</u>
Excess (Deficiency) of Revenues Over Expenditures	491	7,991	(7,500)
Fund Balance:			
Beginning of year	<u>142,785</u>	<u>142,785</u>	<u>-</u>
End of year	<u>\$ 143,276</u>	<u>\$ 150,776</u>	<u>\$ (7,500)</u>



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, 2016

	Municipality Sewer Fund	Municipal Authority	Combining Entries	Totals
Assets:				
Current assets:				
Cash and cash equivalents	\$ 4,702,937	\$ 127,393	\$ -	\$ 4,830,330
Investments - restricted per indenture of trust	-	6,471,488	-	6,471,488
Receivables (net, where applicable, of allowance for uncollectibles):				
Sewer charges	1,974,827	-	-	1,974,827
Accrued interest receivable	-	27,792	-	27,792
Lease rental	-	39,286,324	(39,286,324)	-
Other funds	48,771	-	-	48,771
Other	200,000	-	-	200,000
Prepaid expenses	89,770	-	-	89,770
Total current assets	7,016,305	45,912,997	(39,286,324)	13,642,978
Capital assets (net of accumulated depreciation)	-	-	35,516,706	35,516,706
Total Assets	7,016,305	45,912,997	(3,769,618)	49,159,684
Deferred Outflows of Resources:				
Deferred outflows of resources for pension	163,956	-	-	163,956
Liabilities:				
Current liabilities:				
Accounts payable	101,318	589,819	-	691,137
Accrued liabilities	17,386	-	-	17,386
Due to other governmental units	169,672	-	-	169,672
Accrued interest payable	-	431,797	-	431,797
Bonds payable due within one year	-	1,245,000	-	1,245,000
Total current liabilities	288,376	2,266,616	-	2,554,992
Non-current liabilities:				
Net pension liability	661,616	-	-	661,616
Bonds payable	-	37,610,000	-	37,610,000
Compensated absences	94,336	-	-	94,336
Total non-current liabilities	755,952	37,610,000	-	38,365,952
Total Liabilities	1,044,328	39,876,616	-	40,920,944
Deferred Inflows of Resources:				
Deferred inflows of resources for pension	81,403	-	-	81,403
Net Position:				
Net investment in capital assets	-	-	2,543,375	2,543,375
Restricted for construction	-	5,908,988	(5,908,988)	-
Unrestricted	6,054,530	127,393	(404,005)	5,777,918
Total Net Position	\$ 6,054,530	\$ 6,036,381	\$ (3,769,618)	\$ 8,321,293

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

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

FOR THE YEAR ENDED DECEMBER 31, 2016

	Municipality Sewer Fund	Municipal Authority	Combining Entries	Totals
Operating Revenues:				
Charges for services	\$ 10,298,315	\$ -	\$ -	\$ 10,298,315
Intergovernmental	-	1,325,398	(1,325,398)	-
Licenses and permits	15,751	-	-	15,751
Total operating revenues	10,314,066	1,325,398	(1,325,398)	10,314,066
Operating Expenses:				
Administration	333,677	109,791	-	443,468
Operations	3,831,592	-	(195,388)	3,636,204
Maintenance	1,737,296	-	-	1,737,296
Depreciation	-	-	1,438,164	1,438,164
Intergovernmental	2,652,420	-	(2,652,420)	-
Total operating expenses	8,554,985	109,791	(1,409,644)	7,255,132
Operating Income (Loss)	1,759,081	1,215,607	84,246	3,058,934
Non-Operating Revenues (Expenses):				
Intergovernmental transfer	-	111,313	(111,313)	-
Investment income	22,602	(52,616)	-	(30,014)
Interest expense	-	(1,325,788)	-	(1,325,788)
Capital outlay	-	(9,121,647)	9,121,647	-
Total non-operating revenues (expenses)	22,602	(10,388,738)	9,010,334	(1,355,802)
Change in Net Position	1,781,683	(9,173,131)	9,094,580	1,703,132
Net Position:				
Beginning of year	4,272,847	15,209,512	(12,864,198)	6,618,161
End of year	<u>\$ 6,054,530</u>	<u>\$ 6,036,381</u>	<u>\$ (3,769,618)</u>	<u>\$ 8,321,293</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, 2016

Assets	Non-Uniformed Employees Pension Fund	Police Pension Fund	Total Pension Trust Funds
Cash and cash equivalents	\$ 225,049	\$ 444,295	\$ 669,344
Receivables:			
Accrued interest receivable	14,060	24,035	38,095
Investments at fair value:			
Common/collective trusts	4,605,113	7,718,164	12,323,277
Corporate debt	502,505	1,104,775	1,607,280
Mutual funds - balanced	129,510	105,563	235,073
Mutual funds - equity	710,464	1,075,729	1,786,193
Exchange traded funds - equity	592,013	997,349	1,589,362
Equities	6,989,011	11,678,658	18,667,669
Total investments	13,528,616	22,680,238	36,208,854
Total Assets	13,767,725	23,148,568	36,916,293
Liabilities			
Benefits payable	-	27	27
Refund of member contributions payable	21,100	-	21,100
Total Liabilities	21,100	27	21,127
Net Position Restricted for Pension Benefits	\$ 13,746,625	\$ 23,148,541	\$ 36,895,166

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2016

	Non-Uniformed Employees Pension Fund	Police Pension Fund	Total Pension Trust Funds
Additions:			
<hr/>			
Contributions:			
Commonwealth	\$ 174,781	\$ 349,561	\$ 524,342
Municipality	484,650	845,626	1,330,276
Employee	136,666	305,263	441,929
	<hr/>	<hr/>	<hr/>
Total contributions	796,097	1,500,450	2,296,547
	<hr/>	<hr/>	<hr/>
Investment income:			
Net appreciation in fair value of investments	1,002,605	1,663,520	2,666,125
Interest and dividends	183,839	302,323	486,162
	<hr/>	<hr/>	<hr/>
Total investment income	1,186,444	1,965,843	3,152,287
	<hr/>	<hr/>	<hr/>
Less investment expense	(65,052)	(105,656)	(170,708)
	<hr/>	<hr/>	<hr/>
Net investment income	1,121,392	1,860,187	2,981,579
	<hr/>	<hr/>	<hr/>
Total additions	1,917,489	3,360,637	5,278,126
	<hr/>	<hr/>	<hr/>
Deductions:			
<hr/>			
Benefits	714,059	1,184,921	1,898,980
Administrative expenses	13,682	9,553	23,235
Refund of member contributions	28,376	-	28,376
	<hr/>	<hr/>	<hr/>
Total deductions	756,117	1,194,474	1,950,591
	<hr/>	<hr/>	<hr/>
Change in Net Position	1,161,372	2,166,163	3,327,535
	<hr/>	<hr/>	<hr/>
Net Position Restricted for Pension Benefits:			
<hr/>			
Beginning of year	12,585,253	20,982,378	33,567,631
	<hr/>	<hr/>	<hr/>
End of year	\$ 13,746,625	\$ 23,148,541	\$ 36,895,166
	<hr/>	<hr/>	<hr/>

MUNICIPALITY OF BETHEL PARK, PENNSYLVANIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2016

	January 1, 2016	Additions	Withdrawals	December 31, 2016
Escrow Fund:				
Assets:				
Cash and cash equivalents	\$ 86,394	\$ 20,989	\$ 600	\$ 106,783
Liabilities:				
Returnable deposits	\$ 86,394	\$ 20,989	\$ 600	\$ 106,783
Engineer Inspection Fund:				
Assets:				
Cash and cash equivalents	\$ 236,638	\$ 8,390	\$ 48,671	\$ 196,357
Liabilities:				
Returnable deposits	\$ 236,638	\$ 8,390	\$ 48,671	\$ 196,357
Total Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 323,032	\$ 29,379	\$ 49,271	\$ 303,140
Liabilities:				
Returnable deposits	\$ 323,032	\$ 29,379	\$ 49,271	\$ 303,140



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 **102-106**

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 **107-114**

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 **115-117**

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 **118-119**

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 **120-122**

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>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>	<u>2007⁽³⁾</u>
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 15,830,182
Restricted	612,232	564,751	143,861	136,106	128,553	117,271	-	-	-	-
Unrestricted	<u>4,514,051</u>	<u>3,647,654</u>	<u>3,073,644</u>	<u>8,181,666</u>	<u>7,345,334</u>	<u>6,613,748</u>	<u>6,782,859</u>	<u>6,847,474</u>	<u>7,627,062</u>	<u>8,443,918</u>
<i>Total governmental activities net position</i>	<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>	<u>\$ 24,274,100</u>
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 11,988,933
Restricted	-	-	-	1,922,022	1,765,125	2,504,378	896,039	895,855	947,636	1,716,692
Unrestricted	<u>5,777,918</u>	<u>4,074,943</u>	<u>2,771,973</u>	<u>2,369,380</u>	<u>2,458,117</u>	<u>1,730,768</u>	<u>3,680,946</u>	<u>4,285,336</u>	<u>3,751,461</u>	<u>2,460,037</u>
<i>Total business-type activities net position</i>	<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>	<u>\$ 16,165,662</u>
Primary government:										
Net investment in capital assets	\$ 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	\$ 27,819,115
Restricted	612,232	564,751	143,861	2,058,128	1,893,678	2,621,649	896,039	895,855	947,636	1,716,692
Unrestricted	<u>10,291,969</u>	<u>7,722,597</u>	<u>5,845,617</u>	<u>10,551,046</u>	<u>9,803,451</u>	<u>8,344,516</u>	<u>10,463,805</u>	<u>11,132,810</u>	<u>11,378,523</u>	<u>10,903,955</u>
<i>Total primary government net position</i>	<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>	<u>\$ 40,439,762</u>

(1) A restatement in 2014 was done 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 done 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.

(3) A restatement in 2007 was done to retroactively record infrastructure and related accumulated depreciation. The restatement resulted in an increase to the governmental net position of \$7,313,189.

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>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>2007</u>
Program Revenues:										
Governmental Activities:										
Charges for services:										
General government	\$ 23,350	\$ 22,792	\$ 14,147	\$ 8,843	\$ 7,375	\$ 8,422	\$ 7,948	\$ 7,450	\$ 8,120	\$ 8,817
Public safety	429,585	375,966	330,285	367,649	394,154	480,364	389,605	377,608	363,271	340,474
Public works	717,788	634,672	466,923	311,287	205,622	233,410	248,480	455,902	379,999	265,729
Culture and recreation	707,286	691,929	627,447	638,661	584,384	586,468	600,204	619,921	609,916	574,921
Conservation and development	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	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	1,422,404
Capital grants and contributions	730,817	54,864	492,974	3,685	17,856	333,204	1,510	22,800	73,463	198,160
Total Governmental Activities Program Revenues	<u>4,088,119</u>	<u>3,117,859</u>	<u>3,418,359</u>	<u>2,776,789</u>	<u>2,620,498</u>	<u>3,478,088</u>	<u>2,688,907</u>	<u>2,853,030</u>	<u>2,230,746</u>	<u>2,810,505</u>
Business-Type Activities:										
Charges for services - sewer services	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	6,823,566
Operating grants and contributions - sewer services	-	-	-	-	-	-	604,546	1,080,745	713,001	1,614,587
Capital grants and contributions - sewer services	-	277	86	726	68	158	882	25,265	17,710	-
Total Business-type Activities Program Revenues	<u>10,314,066</u>	<u>9,188,272</u>	<u>8,946,691</u>	<u>7,800,268</u>	<u>6,769,820</u>	<u>7,008,972</u>	<u>6,848,307</u>	<u>7,524,992</u>	<u>7,111,276</u>	<u>8,438,153</u>
Total Primary Government Program Revenues	<u>\$ 14,402,185</u>	<u>\$ 12,306,131</u>	<u>\$ 12,365,050</u>	<u>\$ 10,577,057</u>	<u>\$ 9,390,318</u>	<u>\$ 10,487,060</u>	<u>\$ 9,537,214</u>	<u>\$ 10,378,022</u>	<u>\$ 9,342,022</u>	<u>\$ 11,248,658</u>
Expenses:										
Governmental Activities:										
General government	\$ 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	\$ 2,170,313
Public safety	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	5,894,923
Public works	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	4,034,542
Culture and recreation	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	1,494,314
Conservation and development	117,869	221,721	178,454	160,103	157,389	152,615	158,203	135,096	124,588	121,460
Interest on long-term debt	770,176	678,253	323,553	354,242	184,456	221,790	234,796	288,276	316,812	204,401
Total Governmental Activities Expenses	<u>20,769,488</u>	<u>20,087,563</u>	<u>20,899,303</u>	<u>19,174,064</u>	<u>18,273,927</u>	<u>17,977,969</u>	<u>17,713,730</u>	<u>16,144,970</u>	<u>15,432,049</u>	<u>13,919,953</u>
Business-Type Activities:										
Sewer services	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	5,814,866
Total Business-Type Activities Expenses	<u>8,580,920</u>	<u>9,274,093</u>	<u>11,598,092</u>	<u>7,857,364</u>	<u>8,412,783</u>	<u>8,121,588</u>	<u>8,380,286</u>	<u>5,212,530</u>	<u>5,844,689</u>	<u>5,814,866</u>
Total Primary Government Expenses	<u>\$ 29,350,408</u>	<u>\$ 29,361,656</u>	<u>\$ 32,497,395</u>	<u>\$ 27,031,428</u>	<u>\$ 26,686,710</u>	<u>\$ 26,099,557</u>	<u>\$ 26,094,016</u>	<u>\$ 21,357,500</u>	<u>\$ 21,276,738</u>	<u>\$ 19,734,819</u>
Net (Expense)/Revenue:										
Governmental Activities	\$ (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)	\$ (11,109,448)
Business-Type Activities	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	2,623,287
Total Primary Government Net (Expense)/Revenue	<u>\$ (14,948,223)</u>	<u>\$ (17,055,525)</u>	<u>\$ (20,132,345)</u>	<u>\$ (16,454,371)</u>	<u>\$ (17,296,392)</u>	<u>\$ (15,612,497)</u>	<u>\$ (16,556,802)</u>	<u>\$ (10,979,478)</u>	<u>\$ (11,934,716)</u>	<u>\$ (8,486,161)</u>

(Continued)

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

	<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>2007</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property taxes	\$ 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	\$ 3,562,260
Earned income taxes	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	5,925,006
Other taxes	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	1,522,256
Grants, subsidies, and contributions	918,327	952,078	704,048	600,506	544,804	553,176	592,554	460,671	1,246,728	445,872
Investment earnings	92,793	165,583	141,331	17,075	16,008	15,344	26,278	75,569	234,073	370,056
Franchise fees	830,773	808,283	779,851	778,584	678,417	670,988	686,752	464,990	390,852	523,603
Miscellaneous income	127,435	159,504	457,908	165,987	184,057	191,240	135,427	108,588	261,508	155,740
Total Governmental Activities General Revenues	<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>	<u>12,504,793</u>
Business-Type Activities:										
Sewer services	(30,014)	189,503	7,502	4,944	10,211	7,180	15,117	29,375	310,578	132,949
Total Business-Type Activities General Revenues	<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>	<u>132,949</u>
Total Primary Government General Revenues	<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>	<u>\$ 12,637,742</u>
Change in Net Position:										
Governmental Activities	\$ 1,669,952	\$ 1,214,986	\$ (1,010,181)	\$ 8,502	\$ (315,520)	\$ 264,435	\$ (549,843)	\$ (131,983)	\$ 143,032	\$ 1,395,345
Business-Type Activities	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	2,756,236
Total Primary Government Change in Net Position	<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>	<u>\$ 4,151,581</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>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>	<u>2007</u>
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 220,346	\$ 158,841	\$ 128,491	\$ 123,326
Unreserved	-	-	-	-	-	-	-	-	-	-
Designated	-	-	-	-	-	-	1,317,865	1,596,278	992,275	1,023,363
Undesignated	-	-	-	-	-	-	1,841,218	2,031,368	2,617,195	2,284,492
Nonspendable	187,732	171,322	52,067	257,154	160,606	81,759	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	40,981	40,981	40,981	40,981	72,641	465,961	-	-	-	-
Unassigned	9,143,027	8,670,674	8,087,057	7,153,798	6,504,257	3,383,377	-	-	-	-
Total General Fund	<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>	<u>3,431,181</u>
All Other Governmental Funds:										
Unreserved, Reported in:										
Designated, Capital Projects Fund	-	-	-	-	-	-	270,599	272,940	272,837	265,834
Undesignated, Capital Projects Fund	-	-	-	-	-	-	750,645	424,402	814,201	1,411,230
Undesignated, Special Revenue Fund	-	-	-	-	-	-	88,131	90,358	93,653	98,290
Nonspendable	56,459	44,579	-	-	-	-	-	-	-	-
Restricted	8,521,360	11,617,801	7,705,833	8,423,039	128,553	117,271	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	1,636,213	1,124,956	860,321	666,636	550,168	400,710	-	-	-	-
Unassigned	(153)	(354)	-	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>1,775,354</u>
Total governmental funds	<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>	<u>\$ 5,206,535</u>

Source: Municipality of Bethel Park Audited Financial Statements

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

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

	<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>2007</u>
Revenues:										
Real estate taxes	\$ 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	\$ 3,562,260
Earned income taxes	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	5,925,006
Other taxes	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	1,230,638
Licenses and permits	1,516,525	1,390,524	1,192,564	1,037,645	842,368	841,012	870,473	856,856	701,894	718,161
Fines and forfeits	90,654	92,599	90,827	99,530	112,554	138,701	140,573	126,546	178,278	131,663
Intergovernmental	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	2,033,733
Charges for services	927,664	876,716	784,890	818,231	760,494	840,070	761,597	777,728	702,119	688,073
Interest and rent	236,636	296,652	263,437	133,427	132,278	131,947	142,434	190,882	350,674	487,437
Miscellaneous	285,799	314,934	599,262	302,938	338,451	360,710	271,127	250,816	406,694	321,709
<i>Total revenues</i>	<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>	<u>15,098,680</u>
Expenditures:										
Current:										
General government	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	2,025,673
Public safety	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	5,538,587
Public works	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	3,758,802
Culture and recreation	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	1,371,238
Conservation and development	108,720	100,553	160,251	146,666	141,732	136,866	141,392	126,473	117,238	114,602
Capital outlay	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	4,724,088
Debt service:										
Principal	481,291	399,715	437,618	287,618	287,618	746,993	287,552	275,210	311,904	341,576
Interest	768,272	496,275	228,699	176,919	173,689	176,231	191,112	246,385	276,354	165,591
Bond issuance costs	-	105,377	-	141,218	-	-	-	-	-	-
<i>Total expenditures</i>	<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>	<u>18,040,157</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<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>	<u>(2,941,477)</u>
Other Financing Sources (Uses):										
Issuance of general obligation bonds	-	9,105,000	-	8,680,000	-	-	-	-	700,745	3,046,439
Bond discount	-	(48,941)	-	(150,877)	-	-	-	-	-	-
Transfers in	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	2,151,100
Transfers out	(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)	(2,151,100)
<i>Total other financing sources (uses)</i>	<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>	<u>3,046,439</u>
Net Change in Fund Balance	<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>	<u>\$ 104,962</u>
Debt service as a percentage of non-capital expenditures	6.52%	5.37%	3.54%	3.47%	2.95%	5.66%	3.08%	3.59%	4.29%	3.81%
Debt service as a percentage of total expenditures	5.06%	3.93%	3.18%	3.29%	2.71%	5.12%	2.80%	3.17%	3.56%	2.81%

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:	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
General government	\$ 236,122	\$ 219,140	\$ 198,469	\$ 280,915	\$ 183,851	\$ 390,912	\$ 243,560	\$ 224,199	\$ 22,432	\$ 120,821
Public safety	1,079,146	707,671	906,986	862,728	944,921	1,266,458	890,254	851,917	365,331	962,764
Public works	1,615,035	1,405,331	1,165,660	963,162	882,425	937,250	901,991	1,141,993	1,146,780	934,277
Culture and recreation	1,157,816	785,717	1,147,244	669,984	609,301	883,468	653,102	634,921	696,203	792,643
Conservation and development	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Total governmental activities	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	2,810,505
Business-type activities:										
Sewer services	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	8,438,153
Total business-type activities	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	8,438,153
Total primary government	\$ 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	\$ 11,248,658

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>
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
2007	3,562,260	953,203	5,925,006	62,197	28,500	166,459	20,279	10,717,904
<u>Change</u>								
2007-2016	67.4%	24.9%	45.0%	-77.3%	-62.1%	267.4%	53.6%	53.1%

(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>			
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	26.59
2012	2.43	0.00	2.43	25.49	5.69	31.18
2011	2.18	0.00	2.18	24.97	4.69	29.66
2010	2.18	0.00	2.18	24.56	4.69	29.25
2009	2.18	0.00	2.18	23.73	4.69	28.42
2008	1.93	0.00	1.93	23.18	4.69	27.87
2007	1.93	0.00	1.93	22.75	4.69	27.44

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

Year	Taxable Property Values ⁽¹⁾	Exempt Property Values	Total Property Values	Estimated Actual Values of Real Property ⁽²⁾	Ratio of Total Assessed to Estimated Actual Value	Bethel Park Municipality Millage Rate
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
2007	1,938,404,077	172,802,800	2,111,206,877	2,111,206,877	100%	1.93

Source: Allegheny County Office of Property Assessments

(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

<u>Taxpayer</u>	<u>December 31, 2016</u>			<u>December 31, 2007</u>		
	<u>Estimated Actual Values of Real Property</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Estimated Actual Values of Real Property</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
South Hills Village Associates	\$ 75,701,350	1	3.13%	\$ 71,862,000	1	3.71%
4000 Oxford Drive Associates	45,015,200	2	1.86%	28,536,400	2	1.47%
Lincoln Pointe Associates Limited	18,917,000	3	0.78%	13,500,000	6	0.70%
Jefferson Regional Medical	16,724,600	4	0.69%	18,726,800	3	0.97%
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%	-	-	-
Joseph Horne Co. Inc.	14,000,000	7	0.58%	13,480,400	7	0.70%
35th Strouss Associates	11,869,200	8	0.49%	13,715,900	5	0.71%
Zipporah Sheila LP	11,596,200	9	0.48%	10,317,300	8	0.53%
HCRI Pennsylvania Properties	11,400,000	10	0.47%	9,645,200	9	0.50%
Edwin Cabot Real Estate LLC	-		-	9,394,000	10	0.48%
	<u>\$ 237,623,750</u>		<u>9.82%</u>	<u>\$ 203,392,700</u>		<u>10.50%</u>
Total Taxable Assessed Valuation	<u>\$ 2,416,654,458</u>			<u>\$ 1,938,404,077</u>		

Sources: Allegheny County Office of Property Assessments
 Jordan Tax Service

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

<u>Year</u>	<u>Adjusted Total Tax Levy</u>	<u>Collected within Fiscal Year of Levy</u>			<u>Total Collections to Date</u>	
		<u>Face Value of Collections</u>	<u>Percent of Adjusted Total Tax Levy</u>	<u>Collections in Subsequent Years</u>	<u>Amount</u>	<u>Percent of Levy</u>
2016	\$ 5,231,812	\$ 5,123,493	97.93%	\$ -	\$ 5,123,493	97.93%
2015	4,707,257	4,611,158	97.96%	73,540	4,684,698	99.52%
2014	4,703,672	4,613,100	98.07%	79,069	4,692,169	99.76%
2013	4,705,344	4,591,754	97.59%	63,008	4,654,762	98.93%
2012	4,774,860	4,668,060	97.76%	40,210	4,708,270	98.61%
2011	4,274,751	4,184,807	97.90%	62,358	4,247,165	99.35%
2010	4,266,210	4,170,761	97.76%	65,410	4,236,171	99.30%
2009	4,246,203	4,127,765	97.21%	82,853	4,210,618	99.16%
2008	3,727,572	3,616,380	97.02%	86,691	3,703,071	99.34%
2007	3,717,622	3,533,944	95.06%	158,265	3,692,209	99.32%

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>
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
2007	0.80%	6,025,488	(100,482)	5,925,006

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 2016 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

Tax Year	Municipality of Bethel Park	Bethel Park School District	Direct & Overlapping Rate Total
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%
2007	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</u> <u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Business-type</u> <u>Activities</u> <u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Total Primary</u> <u>Government</u>	<u>% of Taxable</u> <u>Assessed</u> <u>Valuation</u>	<u>% of Personal</u> <u>Income</u> ⁽¹⁾	<u>Debt per</u> <u>Capita</u> ⁽¹⁾
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
2007	1,990,000	25,545,000	27,535,000	1.42%	3.17%	821

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 118 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>
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%
2007	17,229,668	43,074,170	4,556,151	38,518,019	89.42%

(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, 2016

<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)	\$ 17,320,000	100.00%	\$ 17,320,000
<i>Total Direct Debt</i>	<u>17,320,000</u>		<u>17,320,000</u>
Overlapping			
Bethel Park School District (2)	86,675,000	100.00%	86,675,000
County of Allegheny (3)	<u>833,242,250</u>	3.21%	<u>26,747,076</u>
<i>Total Overlapping Debt</i>	<u>919,917,250</u>		<u>113,422,076</u>
Total Debt	<u>\$ 937,237,250</u>		<u>\$ 130,742,076</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 \$38,855,000 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, 2016)

(3) Proportional share of Allegheny County's existing debt as of December 31, 2016 (unaudited) based on the ratio of the Municipality of Bethel Park's assessed valuation to Allegheny County's 2012 assessed valuation.

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

Year	Population ⁽¹⁾	Total Personal Income ⁽²⁾	Per Capita Personal Income ⁽³⁾	Median Age ⁽³⁾	Educational Attainment: Bachelor's Degree or Higher ⁽⁴⁾	Unemployment Rate ⁽⁵⁾	Average Sales Price of Residential Property ⁽⁶⁾
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
2007	33,556 (b)	867,993,052	25,867 (b)	42.1 (b)	40.8% (b)	4.1%	153,466

(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

Employer:	2016⁽¹⁾			2007⁽²⁾		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
Bethel Park School District	700	1	5.95 %	979	1	6.18 %
Giant Eagle Markets, Inc.	577	2	4.91	924	2	5.83
Macy's Retail Holding, Inc.	347	3	2.95	-	-	-
Eat'N Park Restaurants	240	4	2.04	428	5	2.70
UPMC	174	5	1.48	-	-	-
Greater PGH Homecare Services	173	6	1.47	-	-	-
Walmart Associates, Inc.	168	7	1.43	276	8	1.74
Suzanne & Assoc., Inc. (Southwest Human Services)	145	8	1.23	-	-	-
Kohl's Department Store	144	9	1.22	286	6	1.80
Lowes Homecenters, Inc.	144	10	1.22	-	-	-
Federated Department Stores	-	-	-	598	3	3.77
Abercrombie and Fitch	-	-	-	521	4	3.29
Heartland Employment Services LLC	-	-	-	285	7	1.80
Best Buy Stores LP	-	-	-	229	9	1.44
Municipality of Bethel Park	-	-	-	227	10	1.43
Total	2,812		23.90 %	4,753		29.98 %
Total Employees	11,760			16,646		

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

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

Function/Program:	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
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	3.75	3.75	3.75	3.75	3.75
Public safety:										
Police officers	36.00	36.00	35.00	35.00	35.00	36.00	37.00	37.00	38.00	38.00
Dispatch	4.75	4.00	4.50	4.00	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	7.50	7.50	7.50	7.50	7.50	8.75	8.75	8.75	8.75	8.75
Labor force	22.00	22.00	22.00	22.00	22.00	23.00	23.00	23.00	22.00	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	5.07	5.07	5.07	4.27	3.89
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	101.32	100.57	100.07	99.57	99.57	102.82	103.82	103.82	103.02	102.64

Source: Municipality of Bethel Park finance and personnel records.

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

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

Function/program:	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<u>General Government:</u>										
Dye tests certified	478	452	442	456	402	347	350	421	376	449
<u>Conservation and Development:</u>										
Building permits issued	322	301	284	347	375	390	379	323	323	350
Estimated value of construction (1)	\$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	\$20,654,016
<u>Public Works:</u>										
Roads resurfaced/reconstructed (linear feet)	23,963	20,567	31,599	27,372	19,373	21,010	16,667	15,712	16,988	13,991
Snow storm call-outs (2)	35	52	52	43	23	23	62	45	53	39
Salt used (in tons) (2)	8,025	10,000	13,501	13,059	7,474	4,517	13,512	9,332	9,785	8,333
<u>Public Works (Sewer):</u>										
Sanitary sewers rehabilitated (linear feet) (4)	24,901	53,409	46,092	658	199	9,085	16,044	21,748	17,619	3,893
Average daily sewage treatment (in millions of gallons)	3.8	3.8	3.8	3.8	3.5	4.1	3.5	3.2	3.9	3.8
<u>Culture and Recreation:</u>										
Number of seasonal programs	129	140	167	163	150	153	157	153	182	154
Community Center memberships sold (3)	990	1,168	1,111	1,443	1,184	1,586	187	n/a	n/a	n/a
Hours of broadcasting aired on BPTV	9,125	5,824	6,552	5,460	4,380	4,380	4,380	4,380	4,380	4,380
<u>Public Safety:</u>										
Calls for service	14,632	14,442	14,359	14,880	14,914	16,090	14,903	16,345	17,680	17,149
Total arrests	452	533	458	509	663	662	694	845	791	755
Part I offenses reported (major offenses)	402	387	357	357	447	401	395	422	388	383
Part I offenses cleared	254	235	204	229	284	223	224	260	207	172
Part II offenses reported (other crimes)	707	564	575	588	679	605	628	768	817	737
Part II offenses cleared	316	244	241	281	391	317	364	455	514	524
DUI arrests	66	39	35	39	55	34	60	100	84	72

Source: Municipality of Bethel Park records

(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 2013 column correspond to the snow season that began in October 2013.

(3) Community Center memberships were not sold prior to 2009.

(4) The large figure in 2015 is 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.

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

Function/program:	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government:										
Square footage occupied (1)	14,645	14,645	14,645	14,645	14,645	14,645	14,645	14,645	14,645	14,645
Conservation and Development:										
Square footage occupied (1)	200	200	200	200	200	200	200	200	200	200
Public Works:										
Municipal street (lane miles)	112	112	112	112	112	112	112	112	112	112
Sanitary sewers (miles)	208	208	208	208	208	193	193	193	193	193
Storm sewers (miles)	120	120	120	120	120	120	120	120	193	120
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	25,625	25,625	25,625	25,625	25,625	25,625	25,625	25,625	25,625	27,017
Culture and Recreation:										
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	136	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	18,100
Public Safety:										
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) and the Court of Common Pleas of Allegheny County (1,344 sq. feet).
The total square footage of the Bethel Park Municipal Building is 43,622.

Source: Municipality of Bethel Park