

MUNICIPALITY OF BETHEL PARK

POPULAR ANNUAL FINANCIAL REPORT YEAR ENDED

DECEMBER 31, 2016



GENERAL GOVERNMENT PUBLIC SAFETY PUBLIC WORKS

COMMUNITY DEVELOPMENT RECREATION LIBRARY

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Bethel Park, PA 15102

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WELCOME TO THE MUNICIPALITY OF BETHEL PARK

Dear Residents,

The Municipality of Bethel Park is proud to present the Popular Annual Financial Report (PAFR) for the year ending December 31, 2016. The purpose of this report is to provide quality financial reporting extracted from the Comprehensive Annual Financial Report (CAFR) designed to be readily accessible and easily readable to the general public and others interested without a financial background. The CAFR is a complete showing of the financial investment and income records from all sources and what has developed over time. The CAFR is primarily focused on what revenue is expected to be brought in and spent for the year.

This report will provide a summary of the Municipality's revenue sources as well as a breakdown of how the money was spent in 2016. As stated above the data reflected was taken from the Municipality's Comprehensive Annual Financial Report (CAFR) that was prepared in conformance with generally accepted accounting principles (GAAP) and includes financial statements audited by Maher Duessel. For complete CAFR, please visit <http://www.bethelpark.net/FINANCE.cfm> or the Municipal Building/Library at 5100 W. Library Avenue, Bethel Park, PA 15102.

The Finance Staff at the Municipality continues to improve financial reporting keeping in compliance with auditing standards. The staff has been continuously awarded the Certificate of Achievement for Excellence in Financial Reporting and intends to keep that ongoing.

The Council and Staff of the Municipality recognize the importance of thorough financial reporting in order to improve services and assets to the Community. If you have any questions, please feel free to contact the Municipality at (412) 831-6800 or manager@bethelpark.net

Judith M. Miller
Assistant Municipal Manager

Joseph A. Villella
Finance Director



COMMUNITY PROFILE

History

The Municipality of Bethel Park 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 currently occupies a land area of 12 square miles and serves a population estimated at 32,313 by the U.S. Census Department.

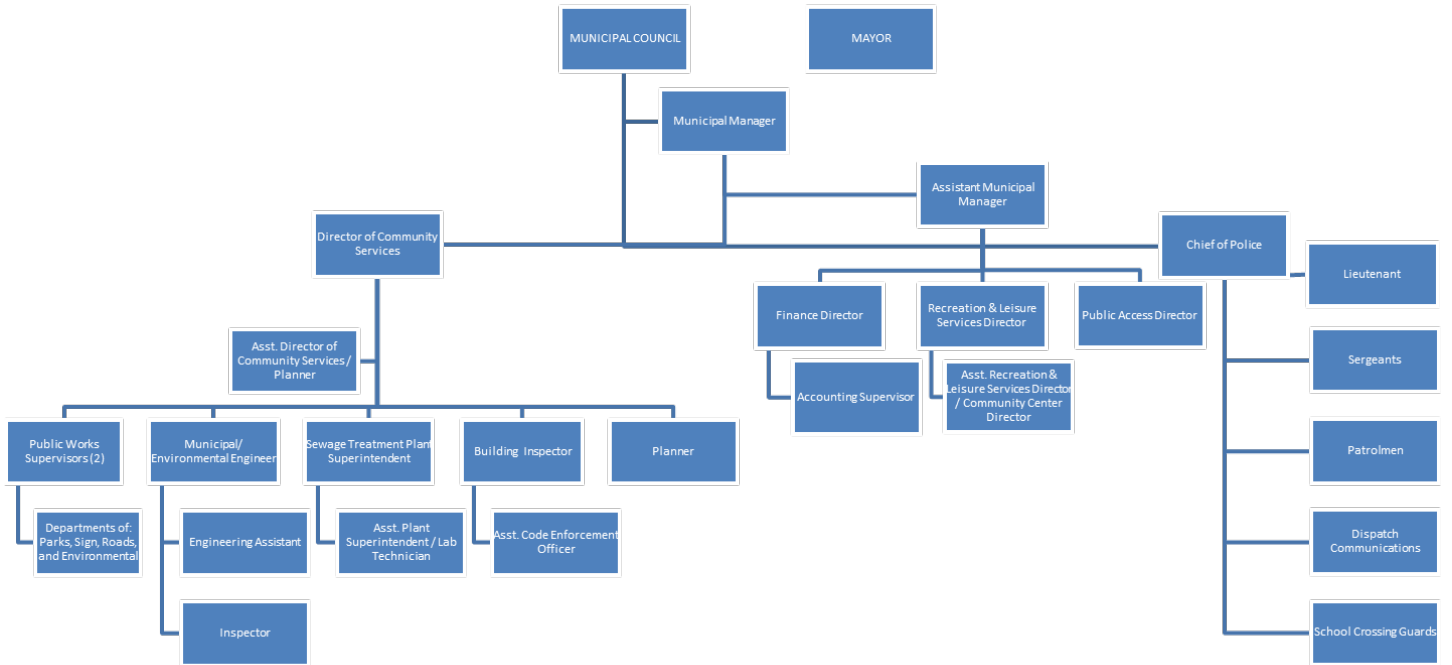
Government Structure

The Municipality's Home Rule 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 will vote on Regular Agenda items if necessary, in order to break a tie vote of Council members present.

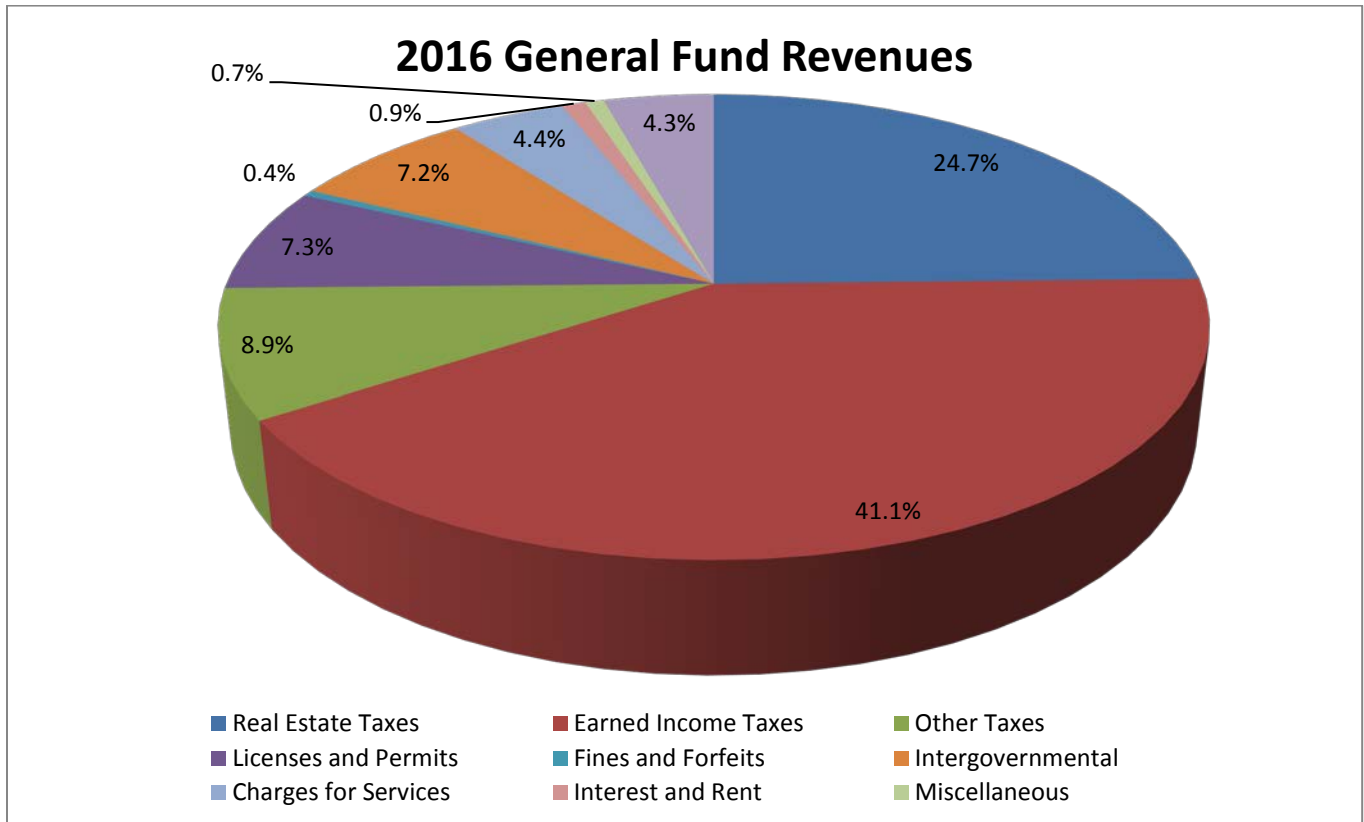
Municipality of Bethel Park at a Glance for 2016

Population – 2016 (Latest estimate from the U.S. Federal Census)	32,313
Total Earned Income of Residents (Jordan Tax Service)	\$8,592,482
Allegheny County Unemployment Rate (U.S. Bureau of Labor Statistics)	4.7%
Number of Full-Time Municipal Employees (Municipality of Bethel Park Records)	101
Bethel Park Taxable Real Property (Allegheny County Tax Assessment Office)	\$2,393,103,188
Municipality Streets in Lane Miles (Municipality of Bethel Park Records)	112
Municipality Sanitary & Storm Sewer in Miles (Municipality of Bethel Park Records)	328
Number of Municipal Parks (Municipality of Bethel Park Records)	14

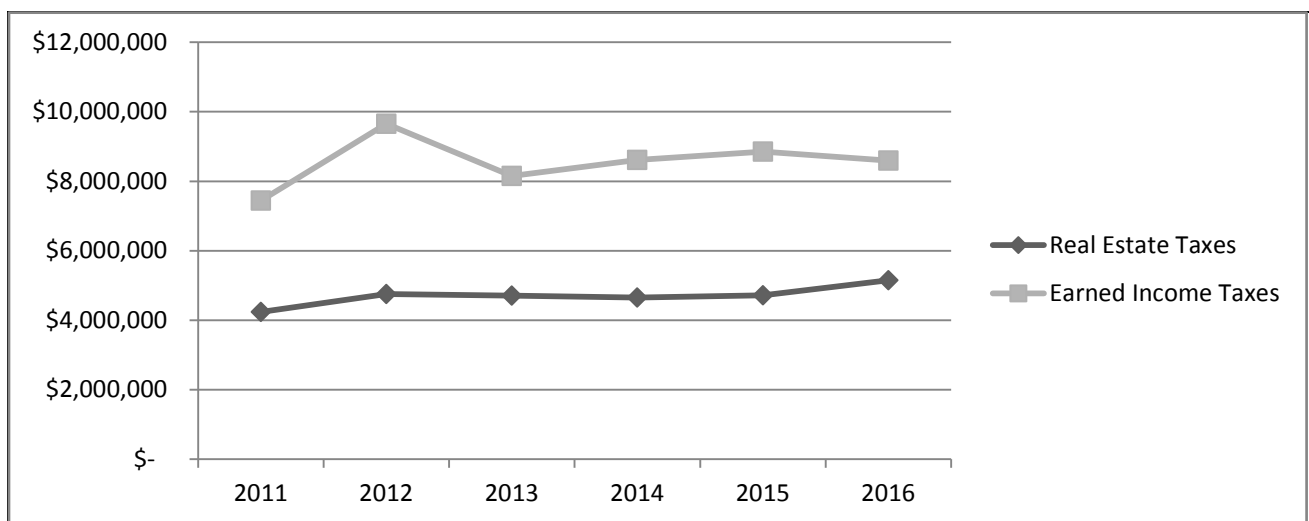
COMMUNITY PROFILE CONTINUED



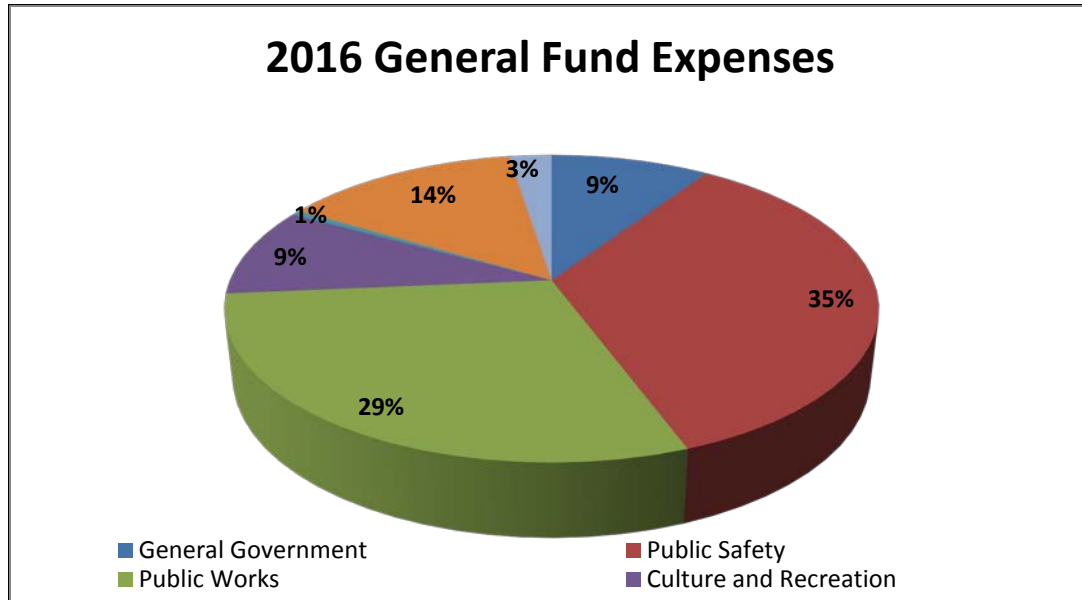
HOW WAS YOUR MUNICIPALITY FUNDED FOR 2016?



Below represents a trend in the Municipality's biggest source of revenues over the last 5 years.



HOW WAS THE MONEY SPENT FOR 2016?



Governmental Fund Types

- General Fund
- Capital Reserve Fund
- Volunteer Fire Department Fund
- State Highway Aid Fund (Liquid Fuels)
- Transportation District Fund

Proprietary Fund Types

- Enterprise-Sanitary Sewer Fund

Fiduciary Funds

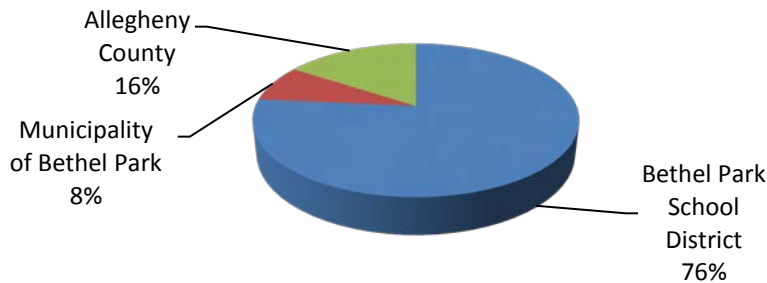
- Non-Uniformed Employees' Pension Fund
- Police Pension Fund
- Escrow Fund
- Engineer Inspection Fund

The General Fund is the main operating fund of the Municipality. It is used to account for all financial resources to be used for day to day operations for the Municipality, as well as funding the Municipality's Capital Fund.

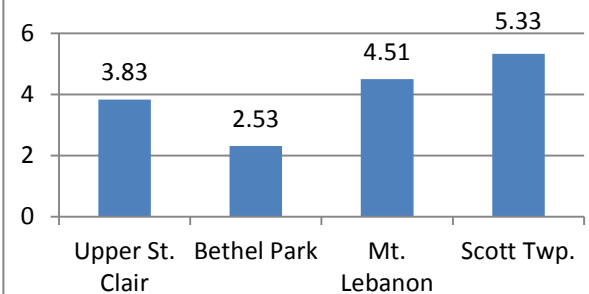
The General Fund is broken down into specific departments which make up the fund. As illustrated in the chart above, Public Safety and Public Works expenditures account for the majority of general fund operations.

YOUR PROPERTY TAXES

Municipality of Bethel Park Real Estate Taxes



Real Estate Tax and Surrounding Communities



Real Estate Taxes – Based on \$182,000 Assessment

Taxing Authority	2016 Millage Rate	R.E. Tax
Municipality of Bethel Park	2.53	\$ 460
Allegheny County	4.73	\$ 940
Bethel Park School District	22.8763	\$ 4,580
Total Real Estate Tax		\$ 5,980

Real Estate Tax Historical Information

The Municipality has been successful in keeping property taxes reasonable while still offering high quality services to the residents.



In 2014 the Municipality established a Fire Department Fund within the Municipal Budget and .34 mils of the overall 2.53 mils collected are dedicated, by Ordinance, to pay for expenses associated with the operation of the Bethel Park Volunteer Fire Department facilities.
Pictured: Brightwood Road Fire Station, completed 2016

YOUR EARNED INCOME TAXES

Local Earned Income Taxes on \$75,000

Taxing Authority	2016 EIT Rate	EIT Tax
Municipality of Bethel Park (Act 62 Tax)	0.90%	\$ 675
Bethel Park School District (Act 511Tax)	0.50%	\$ 375
Total Earned Income Tax	1.40%	\$ 1,050

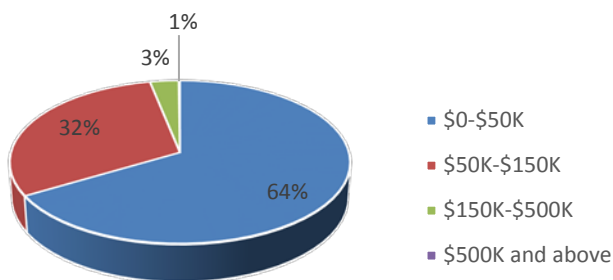
Earned Income Taxes Overview

In 1965, Act 511 also known as the "Local Tax Enabling Act (LTEA) was enacted into law to provide Pennsylvania municipalities and school districts a mean of funding their operations by levying certain types of taxes defined by the Act. In 1978, the Municipality adopted an additional tax under the authority of Act 62. Both acts allow the Municipality of Bethel Park and the Bethel Park School Distract the ability to levy taxes on all employee earned income of its residents and net profits earned by its residents from unincorporated businesses and professionals.

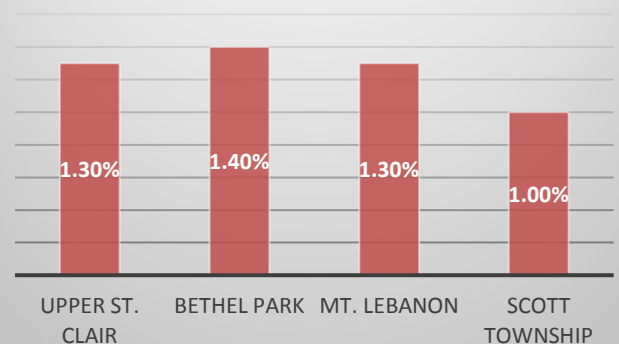
The Municipality currently levies an Act 62 Tax of .90% and the Bethel Park School District levies a tax of .50%. The total EIT tax rate for Bethel park residents is 1.40%

In 2012, Act 32 of 2008 was put into place which requires uniform withholding of earned income taxes (EIT) and remittance to a single local collector or Tax Officer. The Act applies to the earned income taxes levied and collected after December 31, 2011.

Earned Income Collection
Percentage of Total Tax Payments
by Income Range 2015-2016



2016 Earned Income Tax Rates Surrounding Municipalities



ACCOMPLISHMENTS AND GOALS – HIGHLIGHTS

2016 Accomplishments

The Municipality completed a major renovation project to the Community Center. Renovations were due in part to structural issues with the flooring. The need to correct the structural issues provided an opportunity to renovate the 18 year old facility. The renovations included new flooring, updated restrooms, in addition to a new control desk.

For the first time, the Municipality was awarded the PAFR, Popular Annual Financial Report, which is part of the GFOA Certificate of Achievement which represents excellence in financial reporting for governmental entities.

In 2016, the Municipality was awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for the 5th consecutive year.

The Recreation Department continued to monitor and respond to the demands for new recreation programs, adding new programing such as

The Police Department welcomed its new K9 Police Dog, Jeez which was funded in part by the Ben Roethlisberger K9 Grant program, with an additional funds coming from the Bethel Park Community Foundation.

The Community Services Department completed oversight of the construction of the new Bethel Park Volunteer Fire Department Building on Brightwood Road.

A new Teamsters 205 contract covering years 2017 – 2021 was successfully negotiated and adopted.

2017 Goals

After 65 years of extensive wear and tear, the Public Works Garage and offices on Slater Road will be torn down, making way for a new facility which will be completed by the end of 2017. Structural issues contributed to the need for a new facility. In addition to the new garages and offices, a salt storage shed will also be considered.

The Recreation Department will continue to expand program offerings to meet demand. Planned for 2017 are cycling classes and will be accomplished in conjunction with a new, local cycling center that has opened in the Municipality. Public/private partnerships are always utilized when available, to meet demand for services.

Cable Department is continuing to update the studio, equipment, expand of programming, continued recruitment of volunteers, and even revamping the Municipality of Bethel Park's website.

Police Department is looking to install a new traffic security camera system in conjunction with Upper St Clair Township around the South Hills Village Shopping Center.

Police will be working on upgrading its evidence recording area and has secured a grant to remodel the firing range located at the Municipality's building.

In effort to address an increasing number of Code violations the Municipality will reinforce efforts to bring about compliance with established ordinances through the hiring of an additional Code Enforcement Officer.

The Municipal Planning Department will finalize a park improvement study for the municipal parks. The study seeks to secure input from community stakeholders in effort to provide a comprehensive recreational needs analysis. Results of the study will be utilized to plan capital improvements to the Municipality's parks/recreation system.

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

Governmental Activities - This category is where the majority of sources are included, such as general government, public safety, public works, community development, recreation, library, and street lights. The major revenue sources for this category comes from EIT and RET Taxes.

Business Type Activities - The Municipality operates a sanitary sewer system where the majority this fund is supported by fees to users of the system.

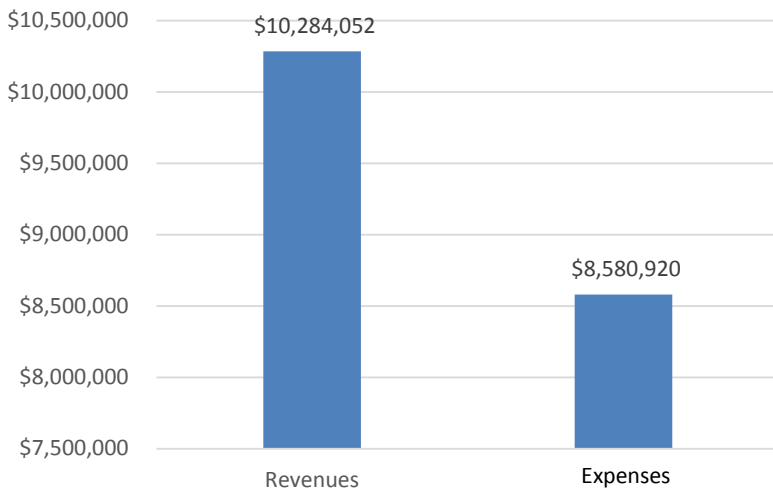
STATEMENT OF ACTIVITIES

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

ENTERPRISE FUNDS

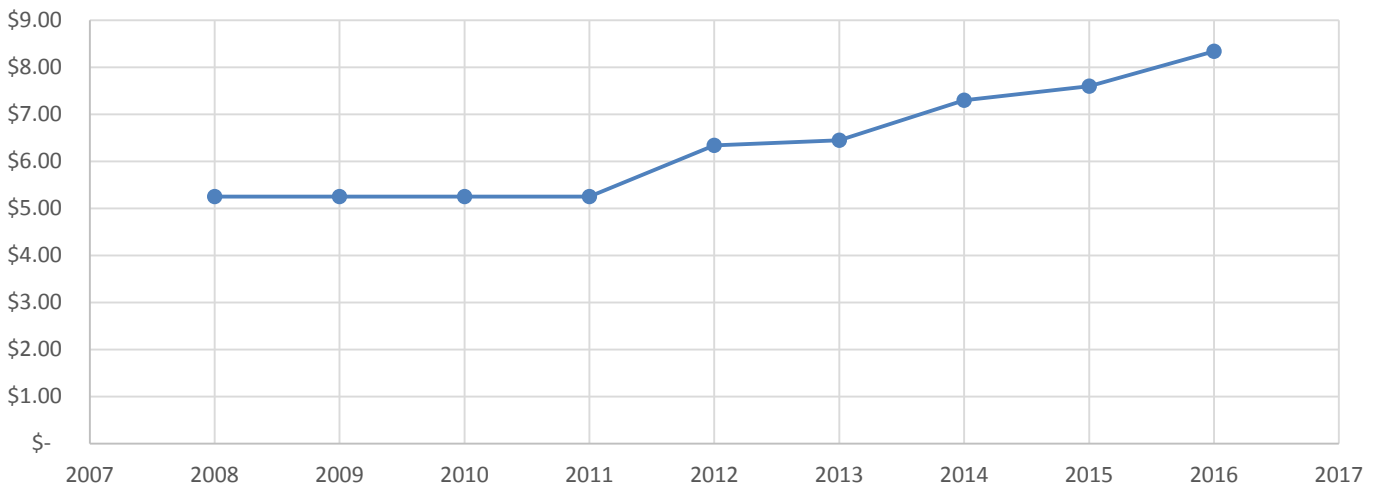
Enterprise Fund Sewer System Operating
Revenues and Expenses for the Year
Ended December 31, 2016



Enterprise Funds

The Municipality uses an Enterprise Fund that incorporates all revenues and expenses associated with the operation of the Municipalities Sanitary Sewer Collection and Treatment System. Revenues are derived from Sanitary Sewer utilization fees which are assessed based on water utilization information provided by PA American Water Company. The expenses that are associated with all operations for the Sanitary Sewer Treatment Plant as well as administrative expenses, debt service, and payments to Alcosan. The goal of the Enterprise Fund is to be self-supporting and all expenses necessary to operate depend on the revenues that support the Fund.

Sewage Rate Over The Last 9 Years



Municipality of Bethel Park Sewage Fees

Sewer fees are charged to all owners of property connected with the sewers, sewage system and sewage treatment works as owned or leased by the Municipality of Bethel Park.

In 2016, Owners are charged a Sewage Service fee of \$13 per premise, per month however in October 2016, the Sewage Service Fee increased to \$15 per premise. The service fees cover all operation and maintenance of wastewater discharged into the sanitary sewer system. The owners are also charged a Sewage Usage fee based on a rate per 1,000 gallons per month used. The rates in 2016 varied from \$8.25/1,000 from January 1, to June 30, 2016 and \$8.60/1,000 gallons from October 1st until December 31, 2016.

DEBT ADMINISTRATION

Outstanding Debt as of December 31, 2016 - Issued for Projects

<u>General Obligation Bonds</u> - Includes a 1999 Series B Bond which was to be used to complete the Oxford Drive transportation project. All debt service is paid by the participant landowners in the district, a 2013 General Obligation Bond for the construction of a new building for the Municipality of Bethel Park Volunteer Fire Department, and a 2015 Series to be used for the acquisition, development, construction, and equipping of the public works building and capital improvements at the community center.	\$17,320,000
<u>Note Payable</u> - Includes a 2007 note to finance the construction for the Community Center Phase 2 project.	\$2,891,672
<u>Guaranteed Sewer Revenue Bonds</u> - Includes refunding Series of 2012 and 2013 for the operation of the Municipality's Sanitary Sewer Collection and Treatment System as well as all projects associated with the maintenance and upkeep of the system	\$38,855,000
Total	\$59,066,672

Pension Plans

Defined Benefit Pension Programs	Net Pension Liability
Non Uniform Members (108)	\$2,205,386
Police Officers (68)	\$4,744,603
OPEB, Other Post-Employment Benefits	\$1,784,592

In 2016 the Municipality maintained an "AA" Stable Rating from the S&P. An Obligor that has an "AA" rating means the Municipality has a very strong capacity to meet its financial commitments.

MUNICIPAL CONTACT INFORMATION

2016 Municipal Council

Timothy J. Moury	Ward 8	President
James P. Hannan	Ward 3	Vice President
Joe Consolmagno	Ward 1	
Brandon T. Colella	Ward 2	
Paul J. Dixon	Ward 4	
Donald L. Harrison	Ward 5	
Mark J. O'Brien	Ward 6	
James McLean	Ward 7	
Lorie A. Gibbons	Ward 9	
Jack T. Allen		Mayor

2016 Municipal Staff Directory

		Ext.
William J. Spagnol	Municipal Manager	200
Judith L. Miller	Asst. Municipal Manager	201
Timothy O'Connor	Chief of Police	100
Shawn Arbaugh	Director of Community Services	137
Joseph A. Villella	Director of Finance	210
Charles Stover	Director of Recreation	230
Jean Statler	Municipal/Environment Engineer	136
Todd Carter	Code Enforcement Officer	133
Ashely Moore	Municipal Planner	382
David Cable	Public Access Television	360

Other Important Municipal Numbers

Municipality of Bethel Park

5100 W. Library Avenue
Bethel Park, PA 15102
412-831-6800
412-831-8675 fax

Bethel Park Community Center

Cathy Muscato, Director
5151 Park Avenue
Bethel Park, PA 15102
412-851-2910

Bethel Park Public Library

Christine McIntosh, Director
412-835-2207

Emergency

Fire, Police, EMS
412-833-2000 or 911

Municipal Solicitor

Tucker Arensberg, P.C.
Robert McTiernan
412-566-1212

Tri-Community South EMS

Nora Helfrich, Director
412-831-3710

Jordan Tax Service

7100 Baptist Road
Bethel Park, PA 15102
412-835-5243 or 724-731-2300