

**TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended December 31, 2019



Certified Public Accountants and Business Consultants

INTRODUCTORY SECTION

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BUCKS COUNTY, PENNSYLVANIA
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BUCKS COUNTY, PENNSYLVANIA
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FINANCIAL SECTION

Independent Auditors' Report

To the Honorable Township Mayor
and Members of Council
Township of Bensalem
Bucks County, Pennsylvania

Report on the Financial Statements

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 Township of Bensalem, Bucks County, Pennsylvania, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township of Bensalem, Bucks County, Pennsylvania's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Township of Bensalem, Bucks County, Pennsylvania's 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinion.

To the Honorable Township Mayor
and Members of Council
Township of Bensalem
Bucks County, Pennsylvania

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 Township of Bensalem, Bucks County, Pennsylvania, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Emphasis of Matter

For the year ended December 31, 2019, the Township of Bensalem, Bucks County, Pennsylvania adopted new accounting guidance, implementing Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

As discussed in Note S to the financial statements, subsequent to year end, a global pandemic due to the spread of the COVID-19 coronavirus caused the United States government to declare a national emergency. The pandemic has resulted in economic uncertainties which have the potential to have a significant impact on all Township operations. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 18, budgetary comparison information on page 78, pension plan information on pages 79 through 84 and post-employment benefits other than pension plan information on page 85, 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.



Oaks, Pennsylvania
June 16, 2020

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2019

OVERVIEW

The Township of Bensalem (hereinafter referred to as "Township") was incorporated in 1692. The Township is located in Bucks County, Pennsylvania, along the Delaware River and is bordered by Lower Southampton Township on the northwest, Middletown Township and Hulmeville Borough on the northeast, Bristol Township on the east, by the Delaware River on the south and the City of Philadelphia on the southwest. The Township of Bensalem is a township of the second class, operating under the Executive (Mayor) – Council Plan B optional form of government effective January 1, 1990. The Township covers approximately 21 square miles. The population in the year 2010 census was 60,427.

The Township continues to provide a high level of service to its residents. Bensalem was able to continue the Homeowners Assistance Grant Program that provided \$300 to all Homeowners and gave an additional \$150 to qualifying senior citizens and to qualifying disabled homeowners.

Budgets are a financial strength of the Township. Our budget process is an everyday program. All department heads are involved. After the Mayor presents the budget to the Township Council and the budget is adopted, it is continually reviewed throughout the year by the administration and the department heads. Budget compliance is strictly enforced. We collect all revenues that are due and are equally incisive in keeping expenditures under control. The Township continually looks at all expenses in an attempt to save money.

It is the Mayor's responsibility to make sure that the adopted budget is managed. In each of the past twenty-six (26) years, the Mayor has brought in actual year-end results better than the approved appropriations (budget). All costs are reviewed before purchases are made to make sure they are in keeping with the budget as well as adhering to Township policy. Bensalem Township conforms to the Pennsylvania State Second Class Township Code.

We are regulated by the State of Pennsylvania on accounting and financial activities as well as purchasing. We also act in accordance with the principals of the Governmental Accounting Standards Board (GASB), which is the ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. GASB issues statements that require state and local governments to abide by for financial reporting purposes.

Management's Discussion and Analysis, which is required by GASB Statement No. 34, will give you an understanding of the Township's annual financial statements, which are reported on an accrual basis. Our discussion will focus on the reporting, analysis and performance of the financial activities of the Township for the calendar year ended December 31, 2018. Included in our financial statements are: 1) government-wide financial statements, 2) fund financial statements, 3) notes that accompany the financial statements and 4) supplementary information.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2019

Government-wide financial statements: "Financial statements that incorporate all of a government's governmental and business-type activities, as well as its non-fiduciary component units. There are two basic government-wide financial statements: the statement of net position and the statement of activities. Both basic government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting."

Fund financial statements: "Basic financial statements presented on the basis of funds." A fund is an accounting term with a set of accounts that the government establishes for reporting purposes.

GOVERNMENT-WIDE STATEMENT ANALYSIS

**Township of Bensalem
Statements of Net Position**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
ASSETS						
CURRENT ASSETS						
Cash, cash equivalents, and investments	\$ 78,222,193	\$ 76,136,466	\$ 1,111,930	\$ 1,318,981	\$ 79,334,123	\$ 77,455,447
Receivables	8,457,647	8,312,776	-	22,145	8,457,647	8,334,921
Other	381,204	548,133	112,762	110,033	493,966	658,166
TOTAL CURRENT ASSETS	87,061,044	84,997,375	1,224,692	1,451,159	88,285,736	86,448,534
FIXED ASSETS						
Net capital assets	56,398,977	53,400,218	14,379,963	14,326,707	70,778,940	67,726,925
DEFERRED OUTFLOWS OF RESOURCES						
	737,947	5,757,393	-	-	737,947	5,757,393
TOTAL ASSETS	\$ 144,197,968	\$ 144,154,986	\$ 15,604,655	\$ 15,777,866	\$ 159,802,623	\$ 159,932,852
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	\$ 1,898,627	\$ 2,655,446	\$ 71,565	\$ 48,599	\$ 1,970,192	\$ 2,704,045
Compensated balances	-	-	-	-	-	-
Bonds and notes payable	2,892,932	2,977,700	1,056,061	1,063,971	3,948,993	4,041,671
Other	223,734	226,088	140,187	146,822	363,921	372,910
TOTAL CURRENT LIABILITIES	5,015,293	5,859,234	1,267,813	1,259,392	6,283,106	7,118,626
NONCURRENT LIABILITIES						
Compensated balances	4,099,723	3,921,542	61,079	14,303	4,160,802	3,935,845
Bonds and notes payable	30,589,974	33,486,382	9,660,229	10,716,290	40,250,203	44,202,672
Unfunded other post-employment benefits	11,073,563	10,353,386	-	-	11,073,563	10,353,386
Net pension liability	22,301,678	32,321,476	-	-	22,301,678	32,321,476
TOTAL NONCURRENT LIABILITIES	68,064,938	80,082,786	9,721,308	10,730,593	77,786,246	90,813,379
TOTAL LIABILITIES	73,080,231	85,942,020	10,989,121	11,989,985	84,069,352	97,932,005
DEFERRED INFLOWS OF RESOURCES						
	6,034,353	1,447,124	-	-	6,034,353	1,447,124
NET POSITION (DEFICIT)						
Invested in capital assets, net of related debt	22,916,071	16,936,136	3,663,673	2,546,446	26,579,744	19,482,582
Restricted	5,491,264	4,414,483	-	-	5,491,264	4,414,483
Unrestricted	36,676,049	35,415,223	951,861	1,241,435	37,627,910	36,656,658
TOTAL NET POSITION (DEFICIT)	65,083,384	56,765,842	4,615,534	3,787,881	69,698,918	60,553,723
TOTAL NET POSITION	\$ 144,197,968	\$ 144,154,986	\$ 15,604,655	\$ 15,777,866	\$ 159,802,623	\$ 159,932,852

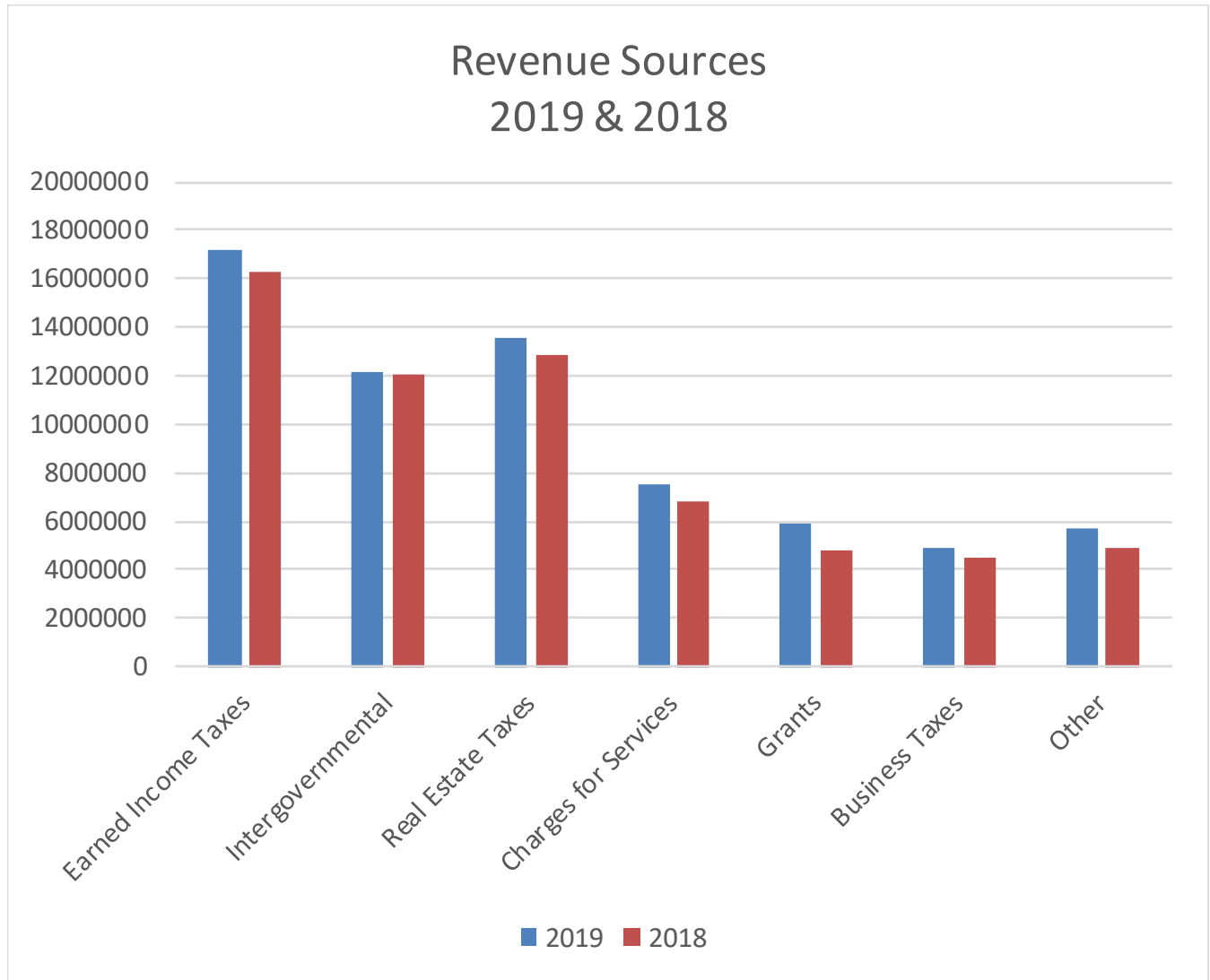
TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2019

- The Township had a very strong government-wide cash, cash equivalents and investments balance at December 31, 2019, of \$79,334,100. A substantial part of the cash is in a Trust Fund that was established by Township Resolution #99-34. All Township cash funds are subject to Pennsylvania Act 72 regulations. The Township policy for the Trust Fund is more restricted than the state regulations, specifically the funds must be invested in obligations of the United States of America or its agencies or instrumentalities backed by the full faith and credit of the United States of America.
- Receivables have increased slightly by \$122,700.
- Capital Assets, which consist of land, buildings, equipment, construction in progress, and other capital assets, net of accumulated depreciation, total \$70,778,900 and our debt associated with these assets is \$44,199,200.
- A comparison of the Government-Wide Statement of Net Position from 2018 to 2019 shows the current assets of cash, cash equivalents, and investments increased by \$1,879,000.
- Cash increased due to the implementation of the earned income tax in 2016 and the increase in the investment funds through interest for the Trust Fund.
- The Township's total assets were \$159,802,600; 49% of the total assets were cash, cash equivalents and investments of \$79,334,100. The remaining assets are made up of receivables and other assets totaling \$8,951,600, capital assets such as buildings, infrastructure, and equipment of \$70,778,900, and deferred outflows of resources related to pensions of \$737,900.
- Government wide capital assets, net of accumulated depreciation is \$70,778,900. The makeup of capital assets is land and construction in progress of \$30,883,800, infrastructure of \$104,465,600, buildings and improvements of \$24,009,400, vehicles, machinery and equipment of \$16,612,700 and land improvements of \$10,661,000, less accumulated depreciation of \$115,853,600.
- Capital assets increased \$3,052,000 from the previous year. This is a combination of \$7,145,700 of additions, \$1,057,000 of disposals, and \$3,036,700 of depreciation expense. The Township purchased police vehicles and equipment, heavy duty public works vehicles, country club equipment and continued road improvement projects.
- The Township's total liabilities were \$84,069,300. Of this amount, long-term liabilities were \$77,786,200. Forty-seven percent (52%) of the long-term liabilities was debt, eighteen percent (20%) was compensated balances and unfunded postemployment benefits, and twenty-six percent (28%) was the net pension liability recorded as a requirement of GASB Statement No. 75. The Township's long-term liabilities decreased by \$13,862,600 during the year 2019 due to a reduction in debt and the pension liability.

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
 MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
 YEAR ENDED DECEMBER 31, 2019

Government-wide Analysis: Income Statement



Total revenues for the year ended December 31, 2019, were \$66,824,700 which was an increase of \$4,672,200 in 2019 from 2018. The majority of the increase was produced from the earned income tax and real estate taxes from new developments. The Township's core sources of revenue remained stable.

The total revenue is made up of earned income taxes of \$17,164,000, real estate taxes of \$13,519,200, intergovernmental revenue of \$12,136,700, charges for services of \$7,508,200^(a), grants of \$5,880,600, business taxes of \$4,924,600, and other revenue of \$5,691,400.

(a) The four (4) major components of charges for services are \$2,577,300 country club, \$1,883,600 police, \$1,581,600 planning and development and \$847,900 fire and rescue.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2019

Total expenditures for the Township for the year ended December 31, 2019 were \$57,679,500.

Police protection, which is the largest expense of the Township, totals \$30,451,800 or 52% of the Township's total expenditures. The police department consists of 103 full-time sworn officers plus administrative and support personnel. Public Works' expense totals \$4,466,200 or 7%. These expenses represent the cost for road repaving, street maintenance and snow removal. The Homeowners assistance program expense totals \$4,249,900 or 7%. Fire and Rescue expense totals \$4,832,100 or 8%. Country Club expense totals \$2,578,200 or 4% for the golf course and banquet facility. Parks and Recreation expense totals \$2,242,800 or 4% for the upkeep of the Township parks and providing recreational programs for children. The Country Club operation is funded by the fees charged to its patrons.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2019

Statement of Activities

For the year ended December 31, 2019 and 2018, net position of the Township changed as follows:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program revenues						
Charges for services	\$ 4,930,843	\$ 4,369,302	\$ 2,577,347	\$ 2,415,833	\$ 7,508,190	\$ 6,785,135
Operating grants and contributions	5,880,586	4,797,492	-	-	5,880,586	4,797,492
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Real estate taxes	13,519,157	12,877,576	-	-	13,519,157	12,877,576
Other taxes	24,107,815	22,956,931	-	-	24,107,815	22,956,931
Investment and rental earnings	2,127,579	1,048,648	5,565	6,734	2,133,144	1,055,382
Gain on sale of assets	-	-	-	7,313	-	7,313
Other	13,675,852	13,672,654	-	-	13,675,852	13,672,654
TOTAL REVENUES	64,241,832	59,722,603	2,582,912	2,429,880	66,824,744	62,152,483
EXPENSES						
General government	1,696,839	1,761,847	-	-	1,696,839	1,761,847
Finance	753,496	789,566	-	-	753,496	789,566
Tax Collection	603,529	465,428	-	-	603,529	465,428
Community and economic development	349,651	761,307	-	-	349,651	761,307
Fire and rescue	4,832,098	4,073,950	-	-	4,832,098	4,073,950
Parks and recreation	2,242,775	2,380,332	-	-	2,242,775	2,380,332
Planning and development	1,669,751	1,898,756	-	-	1,669,751	1,898,756
Police	30,451,877	29,420,477	-	-	30,451,877	29,420,477
Public works - buildings	642,771	658,988	-	-	642,771	658,988
Public works - highway	3,823,475	5,013,564	-	-	3,823,475	5,013,564
Street lighting	662,669	551,778	-	-	662,669	551,778
Debt service	1,811,353	1,299,560	-	-	1,811,353	1,299,560
Judgments and losses	35,421	149,069	-	-	35,421	149,069
Homeowners' assistance program	4,249,896	4,308,090	-	-	4,249,896	4,308,090
Other postemployment benefits	720,177	691,092	-	-	720,177	691,092
Other	555,612	292,540	-	-	555,612	292,540
Country club	-	-	2,578,159	2,545,810	2,578,159	2,545,810
TOTAL EXPENSES	55,101,390	54,516,344	2,578,159	2,545,810	57,679,549	57,062,154
CHANGE IN NET POSITION BEFORE TRANSFERS	9,140,442	5,206,259	4,753	(115,930)	9,145,195	5,090,329
TRANSFERS	(822,900)	(809,900)	822,900	809,900	-	-
CHANGE IN NET POSITION	8,317,542	4,396,359	827,653	693,970	9,145,195	5,090,329
BEGINNING NET POSITION	56,765,842	52,369,483	3,787,881	3,093,911	60,553,723	55,463,394
ENDING NET POSITION	\$ 65,083,384	\$ 56,765,842	\$ 4,615,534	\$ 3,787,881	\$ 69,698,918	\$ 60,553,723

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2019

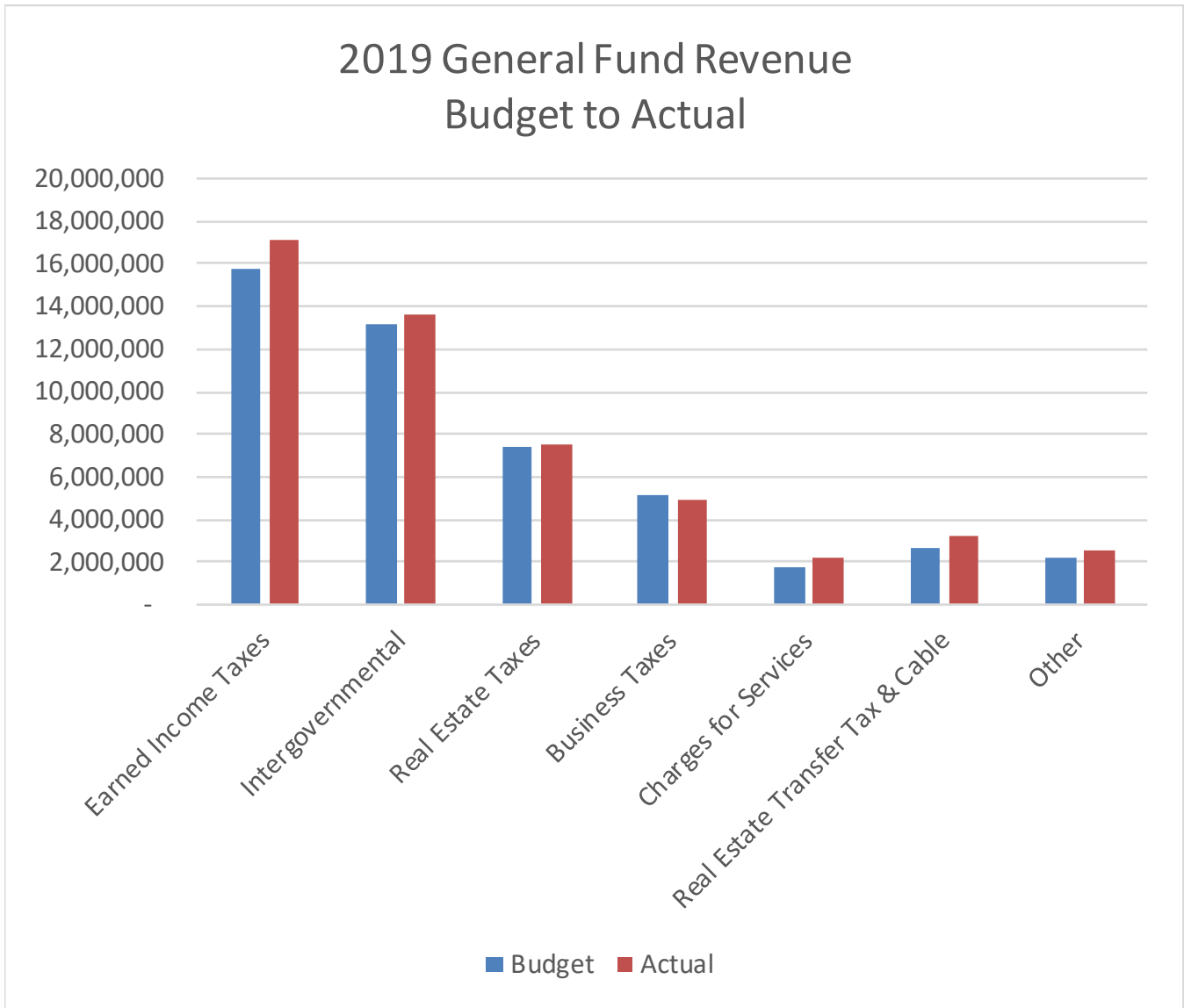
FUND STATEMENT ANALYSIS

General Fund

**2019 Summary of Statement of Revenue, Expenditures and Changes in Fund Balances –
Budget and Actual (Budgetary Basis)**

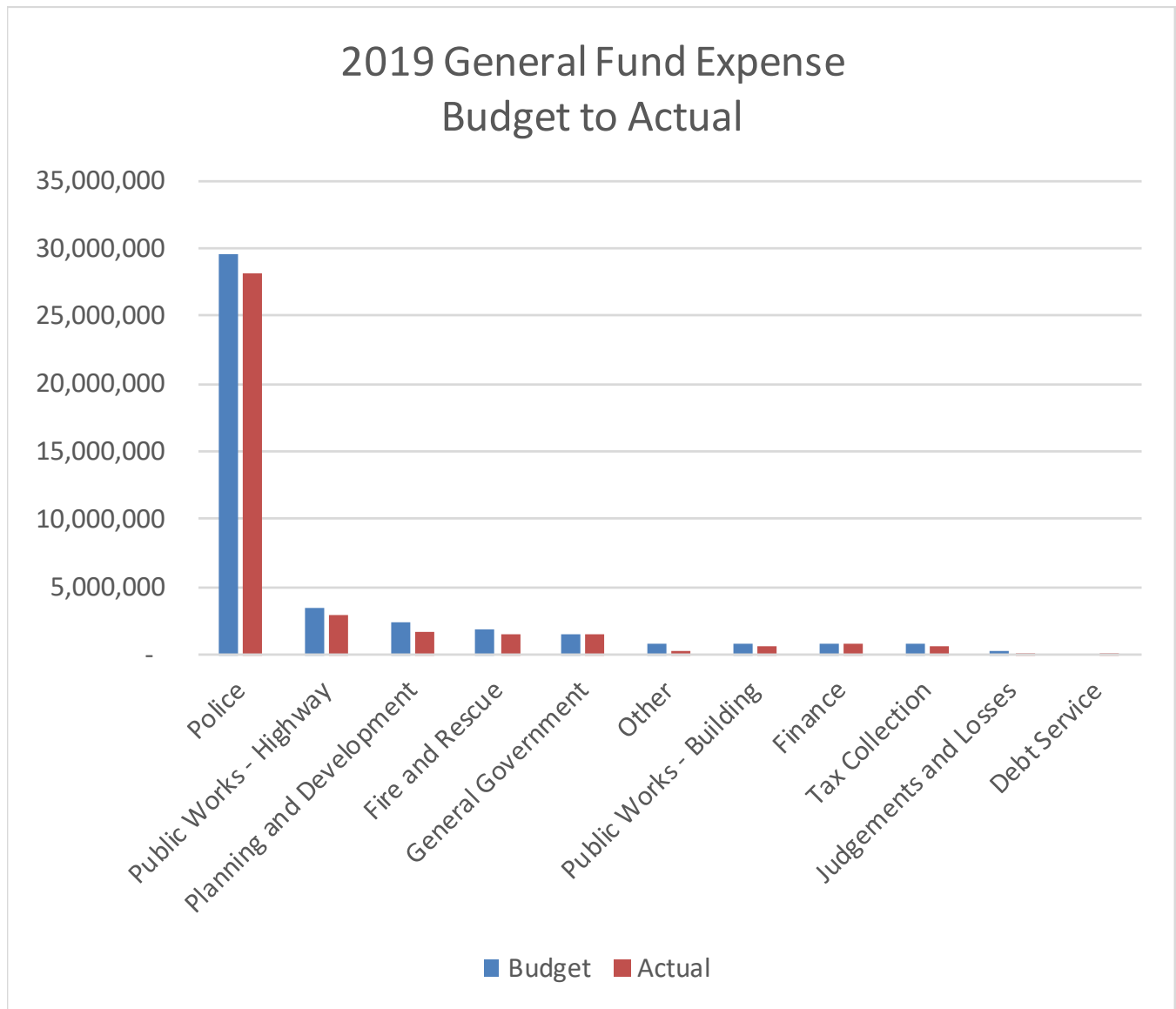
	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
TOTAL REVENUES	\$ 48,157,800	\$ 51,176,214	\$ 3,018,414
TOTAL EXPENDITURES	<u>42,625,400</u>	<u>38,222,535</u>	<u>(4,402,865)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>5,532,400</u>	<u>12,953,679</u>	<u>7,421,279</u>
OTHER NONOPERATING EXPENSES			
Homeowners' assistance program	<u>4,500,000</u>	<u>4,249,896</u>	<u>(250,104)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	912,700	912,700	-
Operating transfers out	(18,300,000)	(15,500,000)	2,800,000
Gain on sale of fixed assets	-	600	600
TOTAL OTHER FINANCING SOURCES (USES)	<u>(17,387,300)</u>	<u>(14,586,700)</u>	<u>2,800,600</u>
NET CHANGE IN FUND BALANCE	(16,354,900)	(5,882,917)	10,471,983
FUND BALANCES AT JANUARY 1, 2019	<u>27,801,937</u>	<u>27,801,937</u>	<u>-</u>
FUND BALANCES AT DECEMBER 31, 2019	<u>\$ 11,447,037</u>	<u>\$ 21,919,020</u>	<u>\$ 10,471,983</u>

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
 MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
 YEAR ENDED DECEMBER 31, 2019



Actual revenue in the general fund was more than budget by \$3,018,400 or 6% for the year ended December 31, 2019. The actual revenue exceeded budget due to higher than expected revenues in intergovernmental proceeds, real estate taxes, real estate transfer taxes, and earned income tax collections.

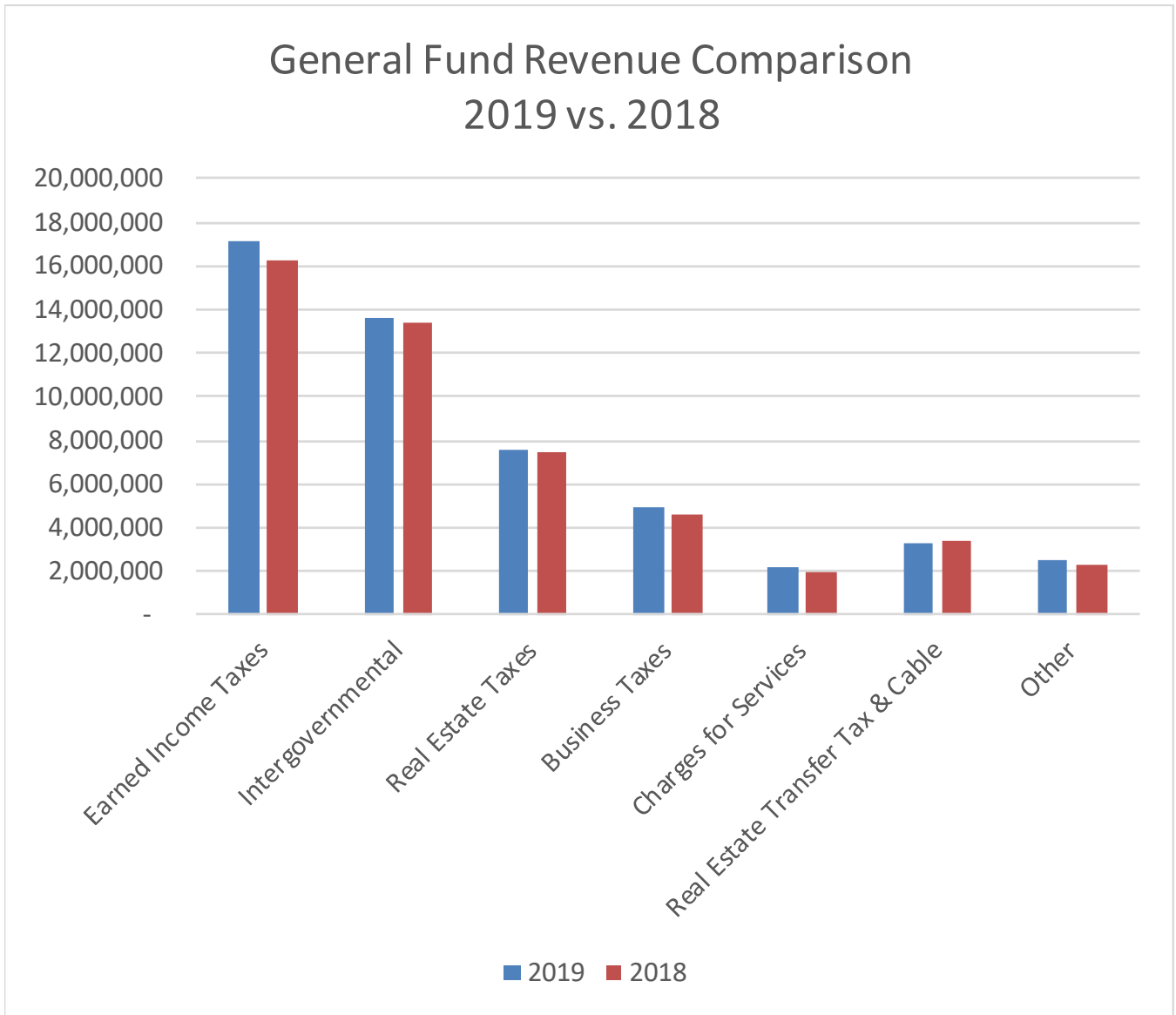
TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
 MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
 YEAR ENDED DECEMBER 31, 2019



Total general fund expense was less than budget by \$4,402,900 or 10% for the year ended December 31, 2019. The Township continually strives to obtain the lowest price possible for our expenditures. This is done by obtaining annual bids for services and taking advantage of state contract pricing.

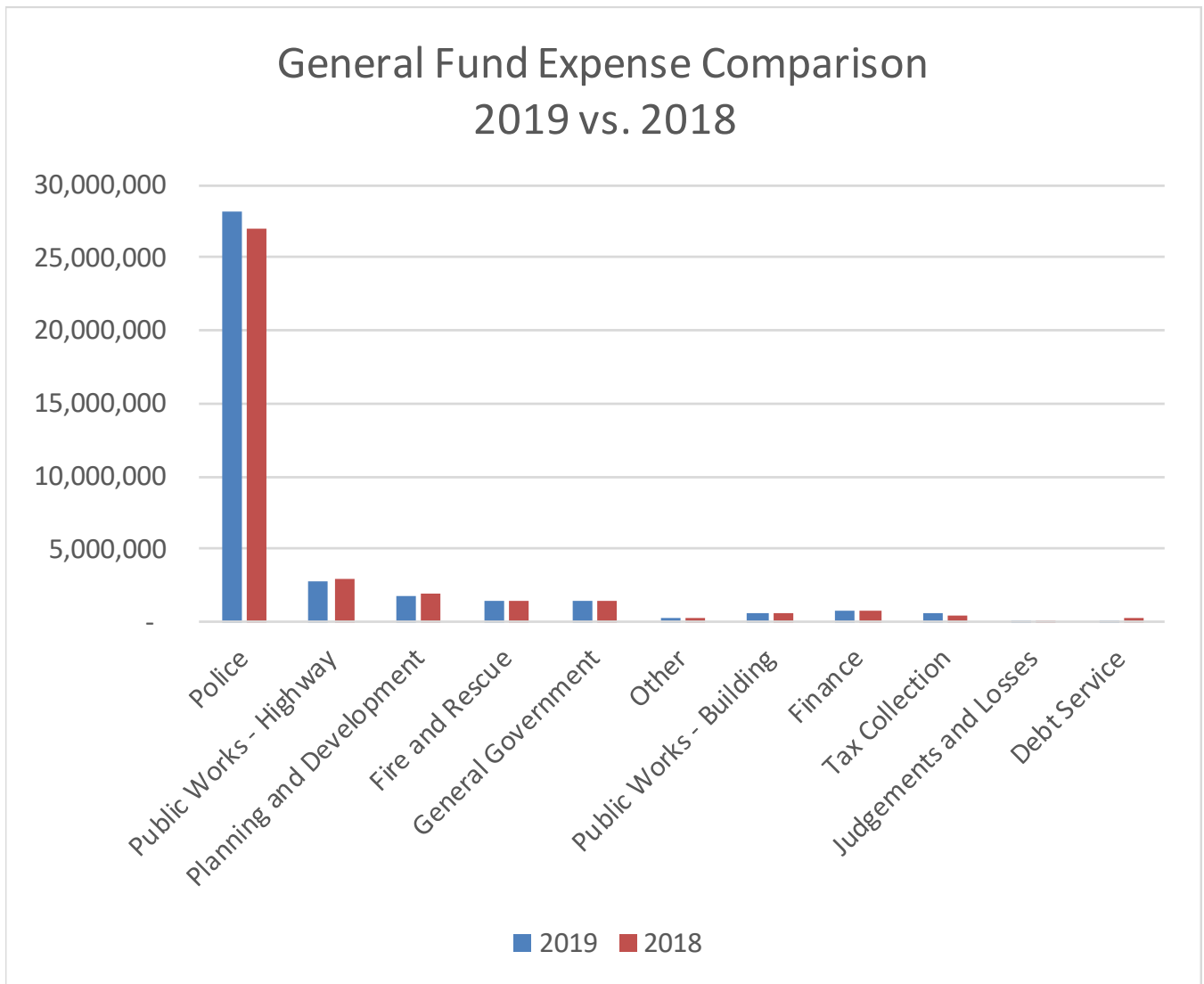
Even though we endeavor to conserve costs the services to the residents of the Township have not been adversely affected. The \$4,402,900 savings from 2019 helps fund next year's budget.

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
 MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
 YEAR ENDED DECEMBER 31, 2019



In comparing the year 2019 to 2018 there was a 4% increase in revenue, largely due to the implementation of the earned income tax in 2016.

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
 MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
 YEAR ENDED DECEMBER 31, 2019



The 2019 operating expenses increased slightly from the previous year due to the increase in the police force, contractual wage increases and inflationary costs.

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2019

Other Funds

In total for the year ended December 31, 2019, the Township's overall net capital assets increased by \$3,052,000. Construction in progress, vehicles, machinery and equipment, and changes in infrastructure are the main reasons for the increase. We had approximately \$7,145,700 in additions, approximately \$1,057,000 in deletions and \$3,036,700 in depreciation Township-wide.

	Balance December 2018	Additions	Deletions	Balance December 2019
GOVERNMENTAL ACTIVITIES				
Land	\$ 11,497,981	\$ -	\$ -	\$ 11,497,981
Construction in progress	3,921,106	4,344,755	(417,232)	7,848,629
Buildings and improvements	21,162,686	-	(151,970)	21,010,716
Land improvements	9,241,157	19,250	(114,515)	9,145,892
Vehicles, machinery and equipment	14,263,849	1,015,855	(249,351)	15,030,353
Infrastructure	103,084,948	1,474,599	(93,960)	104,465,587
	<u>163,171,727</u>	<u>6,854,459</u>	<u>(1,027,028)</u>	<u>168,999,158</u>
Total accumulated depreciation	<u>(109,771,509)</u>	<u>(3,399,860)</u>	<u>571,188</u>	<u>(112,600,181)</u>
GOVERNMENTAL CAPITAL ASSETS, net	<u>\$ 53,400,218</u>	<u>\$ 3,454,599</u>	<u>\$ (455,840)</u>	<u>\$ 56,398,977</u>
	Balance December 2018	Additions	Deletions	Balance December 2019
BUSINESS-TYPE ACTIVITIES				
Land	\$ 11,537,195	\$ -	\$ -	\$ 11,537,195
Construction in progress	-	-	-	-
Buildings and improvements	2,961,386	43,239	(5,900)	2,998,725
Land improvements	1,477,071	38,010	-	1,515,081
Vehicle, machinery and equipment	1,396,431	209,986	(24,040)	1,582,377
	<u>17,372,083</u>	<u>291,235</u>	<u>(29,940)</u>	<u>17,633,378</u>
Total accumulated depreciation	<u>(3,045,376)</u>	<u>(237,979)</u>	<u>29,940</u>	<u>(3,253,415)</u>
BUSINESS-TYPE CAPITAL ASSETS, net	<u>\$ 14,326,707</u>	<u>\$ 53,256</u>	<u>\$ -</u>	<u>\$ 14,379,963</u>
TOTAL CAPITAL ASSETS	<u>\$ 67,726,925</u>	<u>\$ 3,507,855</u>	<u>\$ (455,840)</u>	<u>\$ 70,778,940</u>

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2019

The Township's total gross debt outstanding was \$41,704,000 as of December 31, 2019. We do have room to borrow for future capital improvements if the need arises. Long-term debt activity for the year ended December 31, 2019, was as follows:

	Balance December 2018	Increase	Decrease	Balance December 2019	Amount Due Within One Year
General Obligation Bonds	\$ 18,230,000	\$ -	\$ (1,555,000)	\$ 16,675,000	\$ 1,440,000
General Obligation and Revenue Notes	<u>27,146,000</u>	-	<u>(2,117,000)</u>	<u>25,029,000</u>	<u>2,163,000</u>
	<u>\$ 45,376,000</u>	<u>\$ -</u>	<u>\$ (3,672,000)</u>	<u>\$ 41,704,000</u>	<u>\$ 3,603,000</u>

LONG-TERM OUTLOOK - TOWNSHIP FINANCIAL CONDITION

Looking to the future, we have large government-wide cash and fund balances of \$88,285,700. We have a revenue stream and prudent budgetary expense controls that should allow the Township to continue to provide high quality services to its citizens. The Township continues to make capital improvements and enhance the quality of life for its residents.

The housing market has continued to increase within the Township, showing signs of an improving market. Due to the reductions made to the federal fund rate by the Federal Reserve throughout 2019, residents were able to benefit from the historic low mortgage rates. There continues to be challenging economic conditions that we are meeting with strong fiscal policies that the Mayor and Council have implemented.

The implementation of the earned income tax continues to increase the Township's fund balance. The adoption of this tax was necessary to capture the revenue needed to sustain the Township for the foreseeable future. The remaining core sources of 2019 revenue were similar to 2018. Expenses in 2019 increased slightly due to the necessary increase in the police force. The Township continues to follow prudent budgetary expense controls in order to have funds available should the Township be faced with unexpected events.

Going forward, the Township will continue to explore different avenues to limit the rise in expenditures due to contractual wage increases and annual increases in health, property, and workers' compensation insurance. The Township has many capital projects planned for the future, in particular the Eddington Drainage project, additional paving, and road improvement projects. Unfunded mandates by the federal government regarding storm water management, that are now the Township's responsibility, are also being addressed. Finally, the Mayor and Council are committed to replenishing the Capital Trust Fund. All of these projects and goals require funding which, that in the past, would have required the Township taking on additional debt. However, these projects can now be funded without debt as a result of the earned income tax.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2019

In the 2020 budget, the Mayor and Council have again committed to the Homeowners Assistance Grant Program. The budgeted funding for this program is \$4,500,000. This program provides homeowners with a check for \$300 as well as an additional \$150 for qualified low-income senior citizens and disabled homeowners.

Through the hard work and commitment to the Township and the residents, the achievements listed above have been able to be accomplished. The Mayor, his Administration and Council are dedicated and remain focused on delivering high quality services for the residents of Bensalem Township.

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 31,836,112	\$ 1,111,930	\$ 32,948,042
Investments	46,224,047	-	46,224,047
Receivables			
Real estate taxes	525,990	-	525,990
Earned income taxes	3,729,345	-	3,729,345
Interest	232,600	-	232,600
Casino - local share assessment	2,976,490	-	2,976,490
Other	993,222	-	993,222
Inventories	-	80,893	80,893
Restricted cash	162,034	-	162,034
Other assets	381,204	31,869	413,073
Capital assets			
Non depreciable capital assets	19,346,610	11,537,195	30,883,805
Depreciable capital assets	37,052,367	2,842,768	39,895,135
TOTAL ASSETS	<u>143,460,021</u>	<u>15,604,655</u>	<u>159,064,676</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	<u>737,947</u>	<u>-</u>	<u>737,947</u>
LIABILITIES			
Accounts payable and accrued expenses	1,898,627	71,565	1,970,192
Accrued interest	59,355	-	59,355
Deposits and advances	-	140,187	140,187
Other liabilities	164,379	-	164,379
Long-term liabilities			
Portion due or payable within one year			
Bonds and notes payable	2,745,362	1,018,000	3,763,362
Capital leases	147,570	38,061	185,631
Portion due or payable after one year			
Bonds and notes payable, non-current	28,592,216	9,647,200	38,239,416
Capital leases	1,997,758	13,029	2,010,787
Compensated absences	4,099,723	61,079	4,160,802
Total OPEB liability	11,073,563	-	11,073,563
Net pension liability	22,301,678	-	22,301,678
TOTAL LIABILITIES	<u>73,080,231</u>	<u>10,989,121</u>	<u>84,069,352</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	<u>6,034,353</u>	<u>-</u>	<u>6,034,353</u>
NET POSITION			
Net investment in capital assets	22,916,071	3,663,673	26,579,744
Restricted	5,491,264	-	5,491,264
Unrestricted	<u>36,676,049</u>	<u>951,861</u>	<u>37,627,910</u>
TOTAL NET POSITION	<u>\$ 65,083,384</u>	<u>\$ 4,615,534</u>	<u>\$ 69,698,918</u>

See accompanying notes to the basic financial statements.

**TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA**

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 1,696,839	\$ -	\$ -	\$ -
Finance	753,496	-	-	-
Tax collection	603,529	-	-	-
Community and economic development	349,651	116,344	408,827	-
Fire and rescue	4,832,098	847,913	403,917	-
Parks and recreation	2,242,775	447,972	83,401	-
Planning and development	1,669,751	1,581,678	16,622	-
Police	30,451,877	1,883,636	3,279,637	-
Public works - buildings	642,771	-	-	-
Public works - highway	3,823,475	-	1,688,182	-
Street lighting	662,669	-	-	-
Debt service	1,811,353	-	-	-
Judgments and losses	35,421	53,300	-	-
Homeowners' assistance program	4,249,896	-	-	-
Other post employment benefits	720,177	-	-	-
Other	555,612	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	55,101,390	4,930,843	5,880,586	-
BUSINESS-TYPE ACTIVITIES				
Country Club	2,578,159	2,577,347	-	-
	<u>\$ 57,679,549</u>	<u>\$ 7,508,190</u>	<u>\$ 5,880,586</u>	<u>\$ -</u>

GENERAL REVENUES

Taxes

Real estate taxes

Real estate transfer

Business

Earned income

Cable television franchise fees

Intergovernmental revenue not restricted to specific program

Interest

Rents

Miscellaneous

TRANSFERS

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR

NET POSITION AT END OF YEAR

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
\$ (1,696,839)	\$ -	\$ (1,696,839)
(753,496)	-	(753,496)
(603,529)	-	(603,529)
175,520	-	175,520
(3,580,268)	-	(3,580,268)
(1,711,402)	-	(1,711,402)
(71,451)	-	(71,451)
(25,288,604)	-	(25,288,604)
(642,771)	-	(642,771)
(2,135,293)	-	(2,135,293)
(662,669)	-	(662,669)
(1,811,353)	-	(1,811,353)
17,879	-	17,879
(4,249,896)	-	(4,249,896)
(720,177)	-	(720,177)
(555,612)	-	(555,612)
<u>(44,289,961)</u>	<u>-</u>	<u>(44,289,961)</u>
-	(812)	(812)
<u>(44,289,961)</u>	<u>(812)</u>	<u>(44,290,773)</u>
13,519,157	-	13,519,157
2,019,208	-	2,019,208
4,924,586	-	4,924,586
17,164,021	-	17,164,021
1,221,840	-	1,221,840
12,136,736	-	12,136,736
1,945,678	5,565	1,951,243
181,901	-	181,901
317,276	-	317,276
(822,900)	822,900	-
<u>52,607,503</u>	<u>828,465</u>	<u>53,435,968</u>
8,317,542	827,653	9,145,195
<u>56,765,842</u>	<u>3,787,881</u>	<u>60,553,723</u>
<u>\$ 65,083,384</u>	<u>\$ 4,615,534</u>	<u>\$ 69,698,918</u>

**TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	<u>General Fund</u>	<u>Capital Trust Fund</u>
ASSETS		
Cash and cash equivalents	\$ 15,335,778	\$ 867,753
Investments	-	46,224,047
Receivables		
Real estate taxes	488,997	-
Earned income taxes	3,729,345	-
Interest	-	232,600
Casino - local share assessment	2,976,490	-
Other	848,077	-
Due from other funds	258,812	-
Restricted cash	162,034	-
Other assets	357,246	-
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 24,156,779</u>	<u>\$ 47,324,400</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,637,215	\$ -
Other liabilities	162,034	-
Due to other funds	-	248,812
TOTAL LIABILITIES	<u>1,799,249</u>	<u>248,812</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred taxes and other receipts	<u>438,510</u>	<u>-</u>
 FUND BALANCES		
Nonspendable	357,246	-
Restricted	-	-
Committed	-	-
Assigned	-	47,075,588
Unassigned	21,561,774	-
TOTAL FUND BALANCES	<u>21,919,020</u>	<u>47,075,588</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
	<u>\$ 24,156,779</u>	<u>\$ 47,324,400</u>

See accompanying notes to the basic financial statements.

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 88,039	\$ 9,508,852	\$ 6,035,690	\$ 31,836,112
-	-	-	46,224,047
-	-	36,993	525,990
-	-	-	3,729,345
-	-	-	232,600
-	-	-	2,976,490
-	49,118	96,027	993,222
-	-	-	258,812
-	-	-	162,034
-	-	23,958	381,204
<u>88,039</u>	<u>9,557,970</u>	<u>6,192,668</u>	<u>87,319,856</u>
\$ -	\$ 85,780	\$ 175,632	\$ 1,898,627
-	-	2,345	164,379
-	-	10,000	258,812
<u>-</u>	<u>85,780</u>	<u>187,977</u>	<u>2,321,818</u>
-	-	-	438,510
-	-	23,958	381,204
-	-	5,491,264	5,491,264
-	9,472,190	489,469	9,961,659
88,039	-	-	47,163,627
-	-	-	21,561,774
<u>88,039</u>	<u>9,472,190</u>	<u>6,004,691</u>	<u>84,559,528</u>
<u>88,039</u>	<u>9,557,970</u>	<u>6,192,668</u>	<u>87,319,856</u>

**TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019**

TOTAL GOVERNMENTAL FUNDS BALANCES \$ 84,559,528

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

Capital assets used in governmental activities are not financial resource and, therefore, are not reported in the funds. 56,398,977

Taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred inflows of resources in the funds. 438,510

Deferred outflows and inflows of resources related to the pension plans will not be paid or received in the current period and, therefore, are not reported in the funds (5,296,406)

Long-term liabilities are not due and payable in the current period and therefore are not reported in as liabilities in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances at December 31, 2019 are as follows:

Bonds and notes payable	(31,337,578)
Capital leases	(2,145,328)
Accrued interest payable	(59,355)
Net pension liability	(22,301,678)
OPEB liability	(11,073,563)
Compensated absences payable	<u>(4,099,723)</u>

TOTAL NET POSITION, GOVERNMENTAL ACTIVITIES \$ 65,083,384

See accompanying notes to the basic financial statements.

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	General Fund	Capital Trust Fund
REVENUES		
Intergovernmental	\$ 13,655,582	\$ -
Real estate taxes	7,527,354	-
Business taxes	4,924,586	-
Earned income taxes	17,164,021	-
Real estate transfer tax	2,019,208	-
Interest - trust	-	1,736,862
Departmental charges	2,175,329	-
Cable fees	1,188,919	-
Licenses and permits	1,552,614	-
Fines	391,863	-
Interest - other	142,955	-
Other	433,733	-
TOTAL REVENUES	<u>51,176,164</u>	<u>1,736,862</u>
EXPENDITURES		
General government	1,470,592	-
Finance	757,664	63,228
Tax collection	603,529	-
Community and economic development	-	-
Fire and rescue	1,484,304	-
Parks and recreation	-	-
Planning and development	1,724,859	-
Police	28,201,415	-
Public works - building	683,586	-
Public works - highway	2,861,466	-
Street lighting	-	-
Judgements and losses	35,421	-
Debt service		
Principal	121,099	-
Interest	9,407	-
Other	269,193	-
TOTAL EXPENDITURES	<u>38,222,535</u>	<u>63,228</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>12,953,629</u>	<u>1,673,634</u>
OTHER NONOPERATING EXPENDITURES		
Homeowners' assistance program	4,249,896	-
OTHER FINANCING SOURCES (USES)		
Transfers in	912,700	500,000
Transfers out	(15,500,000)	-
Gain on sale of fixed asset	650	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(14,586,650)</u>	<u>500,000</u>
NET CHANGE IN FUND BALANCES	(5,882,917)	2,173,634
FUND BALANCES AT BEGINNING OF YEAR	<u>27,801,937</u>	<u>44,901,954</u>
FUND BALANCES AT END OF YEAR	<u>\$ 21,919,020</u>	<u>\$ 47,075,588</u>

See accompanying notes to the basic financial statements.

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 185,958	\$ 4,385,063	\$ 18,226,603
70	-	5,553,223	13,080,647
-	-	-	4,924,586
-	-	-	17,164,021
-	-	-	2,019,208
-	-	-	1,736,862
-	-	644,871	2,820,200
-	-	-	1,188,919
-	-	-	1,552,614
-	-	-	391,863
2,562	22,873	40,426	208,816
-	23,325	193,022	650,080
<u>2,632</u>	<u>232,156</u>	<u>10,816,605</u>	<u>63,964,419</u>
-	19,836	-	1,490,428
-	-	-	820,892
-	-	-	603,529
-	-	343,915	343,915
-	-	3,219,489	4,703,793
-	42,054	2,012,231	2,054,285
-	-	-	1,724,859
-	300,033	1,544,346	30,045,794
-	-	-	683,586
-	4,373,409	970,851	8,205,726
-	-	733,992	733,992
-	-	-	35,421
2,673,400	-	186,677	2,981,176
1,309,215	-	63,092	1,381,714
-	-	-	269,193
<u>3,982,615</u>	<u>4,735,332</u>	<u>9,074,593</u>	<u>56,078,303</u>
<u>(3,979,983)</u>	<u>(4,503,176)</u>	<u>1,742,012</u>	<u>7,886,116</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,249,896</u>
5,000,000	10,000,000	-	16,412,700
(998,600)	-	(737,000)	(17,235,600)
-	-	-	650
<u>4,001,400</u>	<u>10,000,000</u>	<u>(737,000)</u>	<u>(822,250)</u>
21,417	5,496,824	1,005,012	2,813,970
66,622	3,975,366	4,999,679	81,745,558
<u>\$ 88,039</u>	<u>\$ 9,472,190</u>	<u>\$ 6,004,691</u>	<u>\$ 84,559,528</u>

**TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 2,813,970

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period. 3,285,829

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net assets. (287,069)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 438,510

Governmental funds report interest paid on bonds payable as expenditures. However, in the statement of activities, interest is matched to the period in which it was incurred. This amount is the net effect of matching interest expense to the proper period. (429,639)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal long-term debt uses current financial resources. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 2,981,176

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (485,235)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 8,317,542

See accompanying notes to the basic financial statements.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
STATEMENT OF NET POSITION
PROPRIETARY FUND - BENSALEM TOWNSHIP COUNTRY CLUB
DECEMBER 31, 2019

ASSETS

CURRENT ASSETS

Cash	\$ 1,111,930
Inventories	80,893
Prepaid expenses	31,869
TOTAL CURRENT ASSETS	<u>1,224,692</u>

CAPITAL ASSETS

Land	11,537,195
Buildings	2,998,725
Improvements	1,515,081
Furniture, machinery and equipment	1,582,376
	<u>17,633,377</u>
Less accumulated depreciation	(3,253,414)
TOTAL CAPITAL ASSETS	<u>14,379,963</u>

TOTAL ASSETS	<u>15,604,655</u>
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LIABILITIES

Accounts payable and accrued expenses	71,565
Notes payable, current portion	1,018,000
Capital lease obligation, current portion	38,061
Deposits and advances	140,187
TOTAL CURRENT LIABILITIES	<u>1,267,813</u>
Capital lease obligation, net of current portion	13,029
Notes payable, net of current portion	9,647,200
Compensated absences	61,079
	<u>9,721,308</u>

TOTAL LIABILITIES	<u>10,989,121</u>
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NET POSITION

Net investment in capital assets	3,663,673
Unrestricted	951,861
TOTAL NET POSITION	<u>\$ 4,615,534</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND - BENSALEM TOWNSHIP COUNTRY CLUB
YEAR ENDED DECEMBER 31, 2019

OPERATING REVENUES	
Charges for services	
Golf course revenue	\$ 1,565,411
Food and banquet revenue	1,011,936
TOTAL OPERATING REVENUES	<u>2,577,347</u>
OPERATING EXPENSES	
Golf course	1,068,837
Banquet	945,876
General administrative	322,217
Depreciation	237,979
TOTAL OPERATING EXPENSES	<u>2,574,909</u>
OPERATING LOSS	<u>2,438</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	5,565
Interest expense	(3,250)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>2,315</u>
LOSS BEFORE OTHER FINANCING SOURCES (USES)	<u>4,753</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	998,600
Transfers out	(175,700)
TOTAL OTHER FINANCING SOURCES (USES)	<u>822,900</u>
CHANGE IN NET POSITION	827,653
NET POSITION AT BEGINNING OF YEAR	<u>3,787,881</u>
NET POSITION AT END OF YEAR	<u>\$ 4,615,534</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - BENSLEM TOWNSHIP COUNTRY CLUB
YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,599,492
Payments to suppliers for goods and services	(1,440,590)
Payments to employees and professional contractors	(835,962)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>322,940</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	<u>822,900</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest paid	(3,250)
Principal paid on bonds	(998,600)
Principal paid on capital leases	(65,371)
Purchases of capital assets	(291,235)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,358,456)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>5,565</u>
NET DECREASE IN CASH	(207,051)
CASH AT BEGINNING OF YEAR	<u>1,318,981</u>
CASH AT END OF YEAR	<u>\$ 1,111,930</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ 2,438
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation expense	237,979
(Increase) decrease in assets	
Accounts receivable	22,145
Prepays	6,582
Inventory	(9,311)
Increase (decrease) in liabilities	
Accounts payable	22,966
Deposits and advances	(6,635)
Compensated absences payable	46,776
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 322,940</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2019

	<u>Pension Trust Funds</u>	<u>Custodial Funds</u>
ASSETS		
Cash	\$ 2,222,529	\$ 4,293,781
Investments	85,566,912	-
Receivables	<u>40,986</u>	<u>163,502</u>
TOTAL ASSETS	<u>\$ 87,830,427</u>	<u>\$ 4,457,283</u>
NET POSITION		
Assets held in trust for pension benefits	\$ 87,830,427	\$ -
Assets held for developers	<u>-</u>	<u>4,457,283</u>
TOTAL NET POSITION	<u>\$ 87,830,427</u>	<u>\$ 4,457,283</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2019

	<u>Pension Trust Funds</u>	<u>Custodial Funds</u>
ADDITIONS		
Contributions		
Employer	\$ 4,218,607	\$ -
Employee	744,224	-
Developers	-	3,591,453
TOTAL CONTRIBUTIONS	<u>4,962,831</u>	<u>3,591,453</u>
Investment income		
Realized and unrealized losses on investments	13,971,160	
Interest and dividends	1,871,584	
Other income	93,439	-
TOTAL INVESTMENT EARNINGS	<u>15,936,183</u>	<u>-</u>
Less investment expense	<u>(116,639)</u>	<u>-</u>
NET INVESTMENT EARNINGS	<u>15,819,544</u>	<u>-</u>
 TOTAL ADDITIONS	 <u>20,782,375</u>	 <u>3,591,453</u>
DEDUCTIONS		
Benefit payments	4,709,193	-
Administrative expenses	179,002	-
Payments to developers	-	1,756,434
TOTAL DEDUCTIONS	<u>4,888,195</u>	<u>1,756,434</u>
 CHANGE IN NET POSITION	 15,894,180	 1,835,019
NET POSITION AT BEGINNING OF YEAR, restated	<u>71,936,247</u>	<u>2,622,264</u>
 NET POSITION AT END OF YEAR	 <u>\$ 87,830,427</u>	 <u>\$ 4,457,283</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting principles and practices followed by the Township of Bensalem, Bucks County, Pennsylvania (the "Township") are presented below to assist the reader in understanding the financial statements and the accompanying notes. Accounting principles and practices are presented in conformity with generally accepted accounting principles (GAAP). The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Financial Reporting Entity

The financial statements include all funds of the Township. The criteria used in determining whether an agency, board, commission, department, or other organizational entity are included in the financial statements are (1) financial interdependency, (2) selection of governing authority, (3) designation of management, (4) ability to significantly influence operations, (5) accountability for fiscal matters, and (6) scope of service.

Blended Component Units:

The Pension Plans are single employer defined benefit and defined contribution pension plans that provides pensions for all full-time employees and police officers. Although the plans are separate legal entities they are reported as if they are part of the government as they are governed by a board comprised of members appointed by the Board of the Township and the Township is responsible for funding the plan. The plans are reported as a fiduciary fund and issue separate financial statements.

Excluded from the reporting entity:

Economic Development Corporation - The basic financial statements exclude the accounts of the Economic Development Corporation, which is a separate non-profit organization. The Board of Directors and officers of the non-profit organization are appointed by council.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are primarily general government services. Program revenues include (1) charges for services to those 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 and other items not 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 major individual enterprise funds are reported as separate columns in the fund financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and certain other charges between various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into individual funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funds are organized as major funds or non-major funds within the governmental, proprietary, and fiduciary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent (10%) of the corresponding total for all funds of that category or type and;
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent (5%) of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds

Governmental funds are identified as either general, special revenue, debt service, capital projects, or permanent funds based upon the following guidelines.

The General Fund is the primary operating fund of the Township and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are utilized to account for proceeds of specific revenue sources used to finance specific activities as required by law or administrative regulation. The following funds are accounted for as Special Revenue Funds: Community Development, Fire, Parks and Recreation, Highway Aid (Liquid Fuels), Rescue Squad, Road Machinery, Community Spirit, Street Light, Highway Improvement (Impact Fees), Recreation Improvement, Towns Against Graffiti, Federal Forfeitures, Building a Better Bensalem, and Police Activities League.

Debt Service Funds are utilized to account for the accumulation of funds to be utilized for certain debt service payments. The Sinking Fund is accounted for as a Debt Service Fund.

Capital Projects Funds are used to account for the proceeds of bond issues that will be used for capital projects. The Township's Capital Improvement Fund is accounted for as a Capital Project Fund.

Permanent Funds are used to account for resources held in a trust. All resources of the fund, including any earnings on invested resources, may be used to support the organization. The Capital Trust Fund is accounted for as a Permanent fund.

Proprietary Fund

The Township reports the following enterprise fund:

Bensalem Township Country Club - This fund is used to account for the operations of the Golf Course and banquet facility. Funds are accounted for on a cost of services or "capital maintenance" measurement focus.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Fund Types

The Township also reports the following fund types:

Pension Trust Funds provide pension benefits upon permanent disability or normal retirement age to municipal employees covered under the plan, as administered by the Township of Bensalem, and sponsored by the Pennsylvania Retirement System. The Township maintains three (3) pension plans, the Police Pension Plan, the Non-Uniformed Union Employee Defined Benefit Pension Plan, and the Defined Contribution Pension Plan for Non-Uniformed Employees.

Custodial Funds are used for fiduciary assets held by the Township in a custodial capacity as an agent on behalf of others. The Township's custodial funds are used to account for various deposits, performance bonds, and escrow monies. The Township maintains two custodial funds, the Developers Escrow and the Revolving Fund.

Major Funds

The Township reports the following major governmental and enterprise funds:

- General
- Debt Service
- Capital Projects
- Capital Trust
- Bensalem Country Club

Non-Major Funds

The Township reports the following non-major funds:

Special Revenue Funds:

Community Development
Fire
Parks and Recreation
Highway Aid (Liquid Fuels)
Rescue Squad
Road Machinery
Community Spirit
Street Light
Highway Improvement (Impact Fees)
Recreation Improvement
Towns Against Graffiti
Federal Forfeitures
Building a Better Bensalem
Police Activities League

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The governmental-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Township considers revenues to be available if they are collected within 60 days of the end of the year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue susceptible to accrual include: real estate taxes, cable television franchise fee, Act 511 taxes, police services, intergovernmental revenues and the casino local share assessment.

Operating income reported in proprietary fund financial statements includes revenue and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

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

Pension Trust Funds

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due in accordance with Pennsylvania Act 205, as amended by Act 189. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates in the Wall Street Journal.

The pension plan financial statements for the plans administered by the Township and required disclosures under applicable accounting policy guidelines are combined and separately disclosed in the financial statements. Separate plan financial statements have been prepared by pension consultants (unaudited) and are available upon request by Plan participants. These separate financial statements were used as the basis for our statements and adjusted as necessary.

Investment expenses consist of investment management, custodial fees, and other significant investment related costs. Administrative expenses consist of consulting, actuarial, legal and accounting services, along with other significant administrative costs. The above expenditures are considered allowable pension plan expenditures and are charged to the plans specifically and funded with plan assets.

Post-employment benefits including health care and other benefits during normal employment are not funded by the plans. Accordingly, any reserve or the accounting for these types of costs has not been made to the Plans' financial statements.

Accounting and Financial Reporting for Postemployment Benefits Plans Other Than Pensions

The Township follows Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. GASB Statement No. 75 requires employers that participate in single-employer or agent multiple-employer defined benefit plans other postemployment benefits (OPEB) plans, to measure and disclose the total OPEB liability of the plan and related deferred inflows and deferred outflows on the accrual basis of accounting. See Notes P and Q for full disclosures.

Budgetary Data

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described above.

The budgetary comparison schedule - general fund, is reported in accordance with accounting principles generally accepted in the United States of America.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

During November, the Township holds a proposed use hearing for the purpose of receiving oral and written comments from interested parties in regard to the possible use of funds expected to be received by the Township for the fiscal year commencing the following January 1.

During November, the Township makes available to the public, its proposed operating budget for all funds. The operating budget includes proposed expenditures and the means of financing them.

Prior to December 31, the Township holds a second public hearing to obtain taxpayer comments after which the budget is legally adopted through passage of an ordinance.

Encumbrances

Encumbrance accounting is used for the general fund, special revenue funds, and capital projects funds in the governmental fund financial statements. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances are reported as a reservation of fund balance on the balance sheet, unless services have already been rendered, in which case they are recorded as an accrued liability. Encumbrances do not lapse at the close of the fiscal year but are carried forward as reserved fund balance until liquidated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and reported revenues and expenses. Accordingly, actual results could differ from estimates.

Cash and Investments

The Township maintains separate money market accounts for each fund. The Township's investments are made in accordance with the collateralization policies set forth in the Pennsylvania second-class township code.

The Township's investment policy in regard to the allocation of invested assets is established any may be amended by the Township Council and Pension Board. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expenses obligations when due. The Township and the Plan's formal Investment Policy Statements are revised periodically and provide more comprehensive details on investment strategy and authorized investments.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The Township follows GASB Statement No. 40, Deposit and Investment Risk Disclosures, and bases its fair value accounting and reporting on ASC Section 820, Fair Value Measurements which establishes a framework for measuring fair value and expands disclosure about fair value measurement. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs to the valuation methodology are inputs other than quoted market prices that are observable for the asset or liability;

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Domestic stocks, corporate debt, U.S. government securities, real estate investment trusts and mortgages: Valued at closing price reported on the active markets on which the individual securities are traded.

Registered investment companies: Valued at the net asset value (NAV) of shares held by Plan at year-end.

Alternative investments: Valued using assumptions made by the investment managers to determine the fair value of the investments at year-end.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Township believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The inputs or methods used to value investments are not necessarily an indication of the risk associated with investing in those securities.

Inventories and Prepaid Expenses

Inventories in the funds consist of expendable supplies held for consumption and merchandise held for sale. Inventories and prepaid expenses, which benefit future periods, other than those reported in the proprietary funds are recorded as expenditures during the year of purchase.

Inventory in proprietary funds are valued at the lower of cost or market, using the first-in-first-out (FIFO) method.

Property, Plant and Equipment and Depreciation

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

Through implementation of GASB 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but not required. For the year ended December 31, 2019, the Township has reported all infrastructure acquired by its governmental fund types since January 1, 1980.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Buildings and improvements	40 years	20 years
Land improvements	15-20 years	8-10 years
Machinery and equipment	5-10 years	3-5 years
Street and traffic lights	15-20 years	N/A
Roadways	20 years	N/A
Drainage systems	40 years	N/A

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the various funds upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Equity Classification

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted - Consists of balances with constraints placed on the use whether by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted - All other balances that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned as defined by Governmental Accounting Standards Board (GASB Statement No. 54., *Fund Balance Reporting and Governmental Fund Type Definitions*.) (See Note R).

- a. Nonspendable - amounts that cannot be spent because they are either (1) not in spendable form, or (2) legally or contractually required to be maintained intact.
- b. Restricted - amounts that have constraints placed on the use of resources either externally such as by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- c. Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of governments highest level of decision making authority, normally the Township Council and the Mayor.

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- d. Assigned - amounts that we constrained by the government's intent, to be used for specific purposes, but are neither restricted nor committed. Authorization may be made by budgetary appropriation but are normally determined by Township Administration.
- e. Unassigned - fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Property Taxes

Property taxes paid on or before May 1, are subject to a discount while payments received after July 1, are subject to penalty. The property tax levy is to be made by the fourth Monday of March.

Accrued Sick and Vacation

Governmental Funds

The Township's employees earn sick and vacation leave which may either be taken or accumulated, up to certain amounts, until paid upon retirement or termination. For all funds, this liability reflects amounts attributable to employee services already rendered, payable to currently terminating employees only.

Government-Wide Statements

Compensated absences for fully vested employees are accrued when incurred in the government-wide financial statements. The Township reports the liability as current or non-current, based on expected termination date.

Long-Term Obligations

In the government-wide and proprietary fund financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums are capitalized, shown net of related debt, and amortized over the term of the respective bonds using a method that approximates the effective interest method. Amortization is included as part of interest expense.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as revenue and payment of principal and interest reported as expenditures. The accounting in proprietary funds is the same in the fund statements as it is in the government-wide statements.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has one item that qualifies for reporting in this category. The deferred outflow of resources for pension activities is reported in the government-wide statement of net position. The deferred outflow related to pension activity results from changes in plan assumptions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has two types of items that qualify for reporting in this category. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from taxes and other receipts. The deferred inflow of resources for pension activities is reported in the government-wide statement of net position. The deferred inflow related to pension activity results from differences between expected and actual experience, and the differences between projected and actual earnings.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure the Township’s deposits may not be returned or the Township will not be able to recover collateral securities in the possession of an outside party. The Township’s policy requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). The Township Council approves and designates the authorized depository institution based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of the Director of Administration. Custodial credit risk for deposits is not formally addressed by pension trust policy, however, the Plan held no deposits that were exposed to custodial credit risk as of December 31, 2019. Pension trust deposits are governed by Title 20 of the Pennsylvania Consolidated Statutes, Chapter 73 Municipalities Investments, Section 7302.

Primary Government

As of December 31, 2019, the carrying amount of the Township’s bank balance was \$33,636,733. Accounts are insured by the Federal Deposit Insurance Corporation up to the limit of \$250,000. The bank balance is categorized as follows:

<u>Description</u>	<u>Amount</u>
Amount insured by Federal Deposit Insurance Corporation (FDIC)	\$ 692,963
Uninsured and collateral held by pledging bank's trust department not in the Township's name	32,545,965
Uninsured and uncollateralized deposits in state investment pools	<u>397,805</u>
	<u>\$ 33,636,733</u>

Deposits in state investment pools are in the PLGIT program, which are funds similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as cash investments in a State Treasurer’s investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PLGIT cash deposits included in these statements will not be assigned a credit risk category. These assets maintain a stable net asset value of \$1 per share. At December 31, 2019, the Township’s deposits in the state investment pool was rated AAAM by Standard & Poor’s.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Pension Trust Funds

As of December 31, 2019, the carrying amount of the Trust Fund's bank balances was \$2,222,529, of which \$500,000 was insured by the Federal Depository Insurance Corporation. The remaining bank balance of \$1,722,529 was exposed to credit risk because it was uninsured and collateralized in accordance with Act 72.

Custodial Funds

As of December 31, 2019, the carrying amount of the Agency Fund bank balances was \$4,295,425, all of which was exposed to credit risk because it was uninsured and collateralized in accordance with Act 72.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Township formal investment policy states that there should be no direct investments in foreign securities, however, the manager may invest in companies with extensive global or U.S. operations which happen to be domiciled or maintain a legal residence outside the United States. The securities of such issuers included in the portfolio will be freely in U.S. markets. Therefore, there will not be a foreign currency risk included in the valuation of the securities of issues held with the portfolio.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments

As of December 31, 2019, the Township had the following investments:

	Carrying Amount	Investment Maturities (in years)		
		Less Than 1	1-5	6-10
Primary government				
Certificates of deposit	\$ 7,966,051	\$ 1,878,010	\$ 6,088,041	\$ -
U.S. Treasury notes	16,071,498	4,402,797	8,314,419	3,354,282
Federal agency notes	22,186,498	390,031	8,171,936	13,624,531
Total primary government	\$ <u>46,224,047</u>	\$ <u>6,670,838</u>	\$ <u>22,574,396</u>	\$ <u>16,978,813</u>
Fiduciary funds				
Domestic equity mutual funds	\$ 48,759,093	\$ 48,759,093	\$ -	\$ -
Fixed income mutual funds	21,548,447	21,548,447	-	-
Domestic stocks	14,949,739	14,949,739	-	-
Private equity funds	309,633	309,633	-	-
Total fiduciary funds	\$ <u>85,566,912</u>	\$ <u>85,566,912</u>	\$ <u>-</u>	\$ <u>-</u>

Fair Value Measurement - The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township has the following recurring fair value measurements as of December 31, 2019:

Investments in U.S. Treasury notes of \$16,071,498, federal agency notes of \$22,186,498, domestic equity mutual funds of \$48,759,093, fixed income mutual funds of \$21,548,447, and domestic stocks of \$14,949,739 are valued using quoted market prices (Level 1 inputs). Investments in private equity funds of \$309,633 are valued using assumptions made by the investment managers to determine the fair value of the investments at year end (Level 2 inputs).

Investments in certificates of deposit of \$7,966,051 are stated at cost plus interest earned.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Private equity funds - The Bensalem Pension Plans held assets with Casla Partners, L.P. As the result of a Limited Partnership Interest Purchase Agreement dated January 24, 2014, the Plan was to receive \$2,315,564 subject to the terms of the Agreement. Installment payment of \$1,972,807 were made in 2016 and 2017 and a payment of \$33,124 was made in 2019 leaving a remaining balance of \$309,633.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. The Township formal investment policy states the manager will extend maturities at times when a shift to lower interest rates is expected and conversely shorten maturities in periods when higher interest rates are anticipated.

Credit Risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of government funds as described in Note A. The Township's investment policy does not further limit its investment choices.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributable to the magnitude of the Township's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The Plan has a formal investment policy that addresses concentration of credit risk. This policy states that no more than 5% of the total stock portfolio valued at market may be invested in the common stock of any one corporation. Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio at time of purchase. This does not apply to issues of the U.S. Treasury or other Federal Agencies.

As of December 31, 2019, the Township did not have more than 5% of the Township's investments are in any one single issuer.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE C - INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of interfund receivables and payables:

<u>Receivables Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Community Development Fund	\$ 10,000 (a)
General Fund	Capital Trust Fund	<u>248,812 (b)</u>
		<u>\$ 258,812</u>

- (a) Long-term loan to cover payroll and payroll benefit expenses before transfers can be made.
- (b) Investment income to be transferred.

NOTE D - INTERFUND OPERATING TRANSFERS

The following is a schedule of interfund operating transfers:

<u>Fund Transfer To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General Fund	Parks and Recreation	\$ 100,000 (a)
General Fund	Country Club Fund	175,700 (b)
General Fund	Liquid Fuels Fund	637,000 (c)
Capital Projects Fund	General Fund	10,000,000 (c)
Debt Service Fund	General Fund	5,000,000 (d)
Capital Trust Fund	General Fund	500,000 (e)
Country Club Fund	Debt Service Fund	<u>998,600 (f)</u>
		<u>\$ 17,411,300</u>

- (a) Transfer of funds from the Parks and Recreation Fund as per the 2019 Budget.
- (b) Transfer of funds from the County Club Fund as per the 2019 Budget.
- (c) Transfer of funds from Liquid Fuels to the General Fund to reimburse for expenses that would have normally been paid from the Liquid Fuels Fund.
- (d) Transfer of funds from the General Fund as per the 2019 Budget.
- (e) Transfer of funds from the General Fund as per the 2019 Budget.
- (f) Transfer of funds from the Debt Service fund to the Country Club Fund for debt service expenses.

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE E - PROPERTY, PLANT AND EQUIPMENT

The following is a summary of capital asset activity:

	Balance December 31, 2018	Additions	Deletions	Balance December 31, 2019
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 11,497,981	\$ -	\$ -	\$ 11,497,981
Construction in progress	3,921,106	4,344,755	(417,232)	7,848,629
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>15,419,087</u>	<u>4,344,755</u>	<u>(417,232)</u>	<u>19,346,610</u>
Capital assets being depreciated				
Buildings and improvements	21,162,686	-	(151,970)	21,010,716
Land improvements	9,241,157	19,250	(114,515)	9,145,892
Vehicles, machinery and equipment	14,263,849	1,015,855	(249,351)	15,030,353
infrastructure	103,084,948	1,474,599	(93,960)	104,465,587
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>147,752,640</u>	<u>2,509,704</u>	<u>(609,796)</u>	<u>149,652,548</u>
Less accumulated depreciation for				
Building and improvements	(6,481,257)	(475,530)	144,371	(6,812,416)
Land improvements	(7,047,759)	(320,249)	108,789	(7,259,219)
Vehicles, machinery and equipment	(11,125,507)	(1,220,114)	228,766	(12,116,855)
Infrastructure	(85,116,986)	(1,383,967)	89,262	(86,411,691)
TOTAL ACCUMULATED DEPRECIATION	<u>(109,771,509)</u>	<u>(3,399,860)</u>	<u>571,188</u>	<u>(112,600,181)</u>
 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	 <u>\$ 53,400,218</u>	 <u>\$ 3,454,599</u>	 <u>\$ (455,840)</u>	 <u>\$ 56,398,977</u>

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE E - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Balance December 31, 2018	Additions	Deletions	Balance December 31, 2019
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 11,537,195	\$ -	\$ -	\$ 11,537,195
Other capital assets				
Buildings and improvements	2,961,386	43,239	(5,900)	2,998,725
Land improvements	1,477,071	38,010	-	1,515,081
Vehicles, machinery and equipment	1,396,431	209,986	(24,040)	1,582,377
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>5,834,888</u>	<u>291,235</u>	<u>(29,940)</u>	<u>6,096,183</u>
Less accumulated depreciation for				
Building and improvements	(988,224)	(110,166)	5,900	(1,092,490)
Land improvements	(1,129,220)	(21,602)	-	(1,150,822)
Vehicles, machinery and equipment	(927,932)	(106,211)	24,040	(1,010,103)
TOTAL ACCUMULATED DEPRECIATION	<u>(3,045,376)</u>	<u>(237,979)</u>	<u>29,940</u>	<u>(3,253,415)</u>
 BUSINESS-TYPE CAPITAL ASSETS, net	 <u>\$ 14,326,707</u>	 <u>\$ 53,256</u>	 <u>\$ -</u>	 <u>\$ 14,379,963</u>

Depreciation expense was charged to functions as follows:

General government	\$ 257,101
Community and economic development	9,178
Fire and rescue	171,967
Parks and recreation	383,935
Police	763,016
Public works - highway	1,442,141
Public works - storm sewers	160,880
Street lighting	35,537
Traffic signals	154,565
Planning and development	21,540
	<u>\$ 3,399,860</u>
 BUSINESS-TYPE ACTIVITIES	
Bensalem Township Country Club	<u>\$ 237,979</u>

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE F - GENERAL OBLIGATION AND REVENUE DEBT

The Township's liability under general obligation bonds, supported by its full faith and credit which matures through 2032, is as follows:

<u>Date of Issue</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Amount</u>
March 27, 2015	General Obligation	0.5-5.25%	\$ <u>16,675,000</u> (a)

The Township's liability under guaranteed and general obligation and revenue notes, supported by its full faith and credit, is as follows:

<u>Date of Issue</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Amount</u>
March 2004	Guaranteed Revenue	1.623%	\$ 2,602,000 (b)
February 2007	General Obligation	1.623-4.270%	8,356,000 (c)
February 2007	Guaranteed Revenue	1.623-4.272%	5,965,000 (d)
January 2012	General Obligation	1.740%	3,497,000 (e)
February 2017	General Obligation	2.695%	<u>4,609,000</u> (f)
			\$ <u>25,029,000</u>

The general purpose for the above borrowings is as follows:

- (a) \$22,135,000 GOB was issued to refinance 2006 bonds and finance the Township's future capital projects.
- (b) \$5,500,000 GON was issued to acquire open space and finance capital projects related to the activities of the Enterprise Fund.
- (c) \$10,967,000 GON was issued to finance the Township's capital projects related to the Police Department, EMS facility and community center.
- (d) \$7,833,000 GRN was issued to finance the capital construction and improvements related to the Bensalem Township Country Club.
- (e) \$5,000,000 GON was issued to acquire open space and finance capital projects.
- (f) \$5,000,000 GON was issued to finance capital projects including repairing and repaving streets and improving storm water drainage facilities.

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE F - GENERAL OBLIGATION AND REVENUE DEBT (Continued)

Long-term liability activity is as follows

	Balance December 31, 2018	Increase	Decrease	Balance December 31, 2019	Amount Due Within One Year
Governmental activities					
General obligation bonds	\$ 18,230,000	\$ -	\$ (1,555,000)	\$ 16,675,000	\$ 1,440,000
General obligation and revenue notes	15,482,200	-	(1,118,400)	14,363,800	1,145,000
Notes payable	463,507	-	(164,729)	298,778	160,362
Capital leases	2,288,375	-	(143,047)	2,145,328	147,570
Compensated absences	3,921,542	178,181	-	4,099,723	-
Net pension liability	32,321,476	-	(10,019,798)	22,301,678	-
Total OPEB liability	<u>10,353,386</u>	<u>720,177</u>	<u>-</u>	<u>11,073,563</u>	<u>-</u>
	<u>\$ 83,060,486</u>	<u>\$ 898,358</u>	<u>\$ (13,000,974)</u>	<u>\$ 70,957,870</u>	<u>\$ 2,892,932</u>
Business-type activities					
General obligation and revenue notes	\$ 11,663,800	\$ -	\$ (998,600)	\$ 10,665,200	\$ 1,018,000
Capital leases	116,461	-	(65,371)	51,090	38,061
Compensated absences	<u>14,303</u>	<u>46,776</u>	<u>-</u>	<u>61,079</u>	<u>-</u>
	<u>\$ 11,794,564</u>	<u>\$ 46,776</u>	<u>\$ (1,063,971)</u>	<u>\$ 10,777,369</u>	<u>\$ 1,056,061</u>

The Township's total scheduled annual debt service on the general obligation bonds and notes is as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 2,745,362	\$ 1,021,466	\$ 3,766,828
2021	2,784,416	954,739	3,739,155
2022	2,713,600	892,018	3,605,618
2023	2,461,600	822,015	3,283,615
2024	2,546,600	735,998	3,282,598
2025-2029	15,414,800	2,121,205	17,536,005
2030-2034	1,744,200	216,858	1,961,058
2035-2037	<u>927,000</u>	<u>29,578</u>	<u>956,578</u>
	<u>\$ 31,337,578</u>	<u>\$ 6,793,877</u>	<u>\$ 38,131,455</u>

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE F - GENERAL OBLIGATION AND REVENUE DEBT (Continued)

Year Ending December 31,	Business-Type Activities		
	Principal	Interest	Total
2020	\$ 1,018,000	\$ 199,656	\$ 1,217,656
2021	1,039,000	178,766	1,217,766
2022	1,061,400	157,330	1,218,730
2023	1,083,400	135,372	1,218,772
2024	1,105,400	112,872	1,218,272
2025-2029	4,828,200	225,346	5,053,546
2030-2032	529,800	13,174	542,974
	<u>\$ 10,665,200</u>	<u>\$ 1,022,516</u>	<u>\$ 11,687,716</u>

NOTE G - CAPITAL LEASES

The Township is the lessee of vehicles, machinery and equipment under capital leases expiring in 2021 through 2034. The assets and liabilities under capital leases are recorded at the lower of present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their related lease terms or their productive lives and are included in depreciation expense.

Original cost and accumulated depreciation of vehicles, machinery and equipment held under capital lease consist of the following:

	Governmental Activities	Business-Type Activities	Total
Vehicles, machinery and equipment	\$ 415,292	\$ 337,234	\$ 752,526
LED street lights	2,255,149	-	2,255,149
Less accumulated depreciation	<u>(640,807)</u>	<u>(215,955)</u>	<u>(856,762)</u>
	<u>\$ 2,029,634</u>	<u>\$ 121,279</u>	<u>\$ 2,150,913</u>

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE G - CAPITAL LEASES (Continued)

Minimum future lease payments under capital leases are as follows:

Year Ending December 31,	Governmental Activities	Business-Type Activities	Total
2020	\$ 212,070	\$ 39,412	\$ 251,482
2021	212,070	13,136	225,206
2022	212,070	-	212,070
2023	212,070	-	212,070
2024	212,070	-	212,070
Thereafter	1,559,892	-	1,559,892
Total minimum lease payments	2,620,242	52,548	2,672,790
Less amount representing interest	(474,914)	(1,458)	(476,372)
Present value of net minimum lease payments	2,145,328	51,090	2,196,418
Less current portion	(147,570)	(38,061)	(185,631)
Long-term portion	<u>\$ 1,997,758</u>	<u>\$ 13,029</u>	<u>\$ 2,010,787</u>

NOTE H - NOTE PAYABLE, OTHER

On February 28, 2014, the Township entered into a long-term debt agreement with the County of Bucks in the amount of \$1,109,854, with interest of 1.5% per annum. Repayments are in annual installments of \$168,205, beginning July 1, 2015, with the final payment due on July 1, 2021. An initial down payment of \$97,826 was made at signing. Proceeds from this loan were used to purchase radio equipment.

Annual maturities of note payable, other are as follows:

Year Ending December 31,	
2020	\$ 160,362
2021	<u>138,416</u>
	<u>\$ 298,778</u>

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE I - RISK MANAGEMENT

The Township is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the township carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Health Care Coverage

The Township contracts with a commercial insurance company to provide health care coverage to their employees. These contracts carry various co-pay amounts based on various union contracts or employee agreements and at employee's option, authorized payroll withholding to pay contributions for dependents or increased coverage.

Workers' Compensation Coverage

The Township contracts with a commercial insurance company to provide workers' compensation benefits their employees. There have been no significant reductions in coverage from prior year and settlements have not exceeded coverage in the past three years.

Insurance Coverage

The Township covers transportation equipment used and owned by the Bensalem Rescue Squad and the local fire companies under their automobile insurance policy. Premiums paid by the Township during 2019 on behalf of these entities was approximately \$45,932.

NOTE J - COMMITMENTS AND CONTINGENT LIABILITY

The Township is a defendant in numerous legal proceedings pertaining to matters normally incidental to routine operations. Such litigation includes, but is not limited to, claims asserted against the Township arising from alleged torts, alleged breaches of contracts, assessment and zoning appeals, and other alleged violations of Pennsylvania and federal laws.

The Township has been involved in a legal action regarding a zoning dispute where the Plaintiff was denied a variance by the Zoning Hearing Board. The original claim was dismissed, and an amended claim was filed. The Township has filed a motion to dismiss the Amended Claim. Extensive settlement negotiations have been conducted by the Court and the parties have reached an agreement in principle; however, final terms need to be approved by the Court. The parties have endeavored to finalize said Agreement as to various specific timeframes and responsibilities of parties as to land use as well as resolution of all related claims.

The Township has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE K - COMPENSATORY ABSENCES COMMITMENT

The following is a summary of compensatory absences as of December 31, 2019:

	<u>Vacation</u>	<u>Sick Leave</u>	<u>Comp Time</u>	<u>Total</u>
Compensated absences	\$ <u>1,091,333</u>	\$ <u>1,700,973</u>	\$ <u>1,368,496</u>	\$ <u>4,160,802</u>

NOTE L - CAPITAL TRUST FUND

During 1999, the Township had sold its sewer collection system and its water distribution system. A resolution was passed by the Township Council, which created a new, distinct fund called the Capital Trust Fund. In 2011, an additional resolution amended the allowable use of proceeds. This fund's purpose is as follows:

- To segregate the sale proceeds of the water and sewer systems for the purposes of investment and financial reporting;
- To assure that the sale proceeds continue to provide benefits to Bensalem taxpayers for years into the future;
- To preserve the proceeds of funds received from the sale of the water and sewer systems, and allow for an annual transfer of funds to balance the Township's budget of principle and investment income generated from the prudent use of this asset; and
- To maximize the investment income on these funds as allowable by Pennsylvania Act 72.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE M - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN)

Summary of Significant Accounting Policies - Non-Uniformed Pension Plan investments are carried at fair value as reported by the investment managers. Financial information of the Township's Non-Uniformed Pension Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due as required by the Act. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Plan Description

Plan Administration - The Bensalem Township Non-Uniformed Union Employees' Pension Plan is a single-employer defined benefit pension plan covering full time employees. This Plan was closed to participation for non-uniformed employees hired on or after January 1, 2009. All full time non-uniformed employees hired on or after January 1, 2009, are required to participate in the defined contribution plan. The Plan is controlled by the provisions of Ordinance 2004-06, as amended. The Plan is governed by the Council of the Township of Bensalem, which may amend Plan provisions, and which is responsible for the management of Plan assets. The Council has delegated the authority to manage Plan assets to PFM Asset Management, LLC. The plan does not issue separate, stand-alone financial statements.

Plan Membership - As of January 1, 2019, the date of the latest available actuarial valuation, the Non-Uniformed Pension Plan consisted of the following:

Inactive plan members currently receiving benefits	40
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	<u>44</u>
	<u>86</u>

Benefits Provided – The following is a summary of the Plan benefit provisions:

Eligibility Requirements:

- Normal retirement: Non-management and management employees who were not 100% vested on November 25, 2002, age 60; all other Management employees, age 50.
- Early Retirement: 20 years of service if termination is voluntary, 8 years if termination is involuntary.
- Vesting: Non-Management employees - 100% after 10 years of service; Management employees: 50% vested after 4 years, 100% vested after 5 years of service.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE M - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

Retirement Benefit: A monthly benefit, payable for life, equal to 2.5% (3.5% for management employees vested as of November 25, 2002) of average applicable compensation multiplied by years of service. Average applicable compensation is total pay averaged over the last 60 months of employment. For management employees, average applicable compensation is total pay averaged over the last 36 months of employment. Maximum benefit is 100% of average monthly compensation.

Survivor Benefit: Before retirement eligibility - Refund of contributions with interest; After retirement eligibility - The normal form of benefit payment is a life annuity. Optional forms of benefit payment may be elected by the participant at retirement and are actuarial equivalent of the normal form.

Disability Benefit Service Related: For total and permanent disability which occurs while performing the duties of an employee for the Township of Bensalem, a monthly benefit equal to 50% of average applicable compensation. May not exceed 100% of annual compensation when combined with workers compensation and social security disability.

Disability Benefit Non-Service Related: Total and permanent disability after 10 years of service, a monthly benefit equal to 30% of average applicable compensation. May not exceed 100% of annual compensation when combined with workers compensation and social security disability.

Contributions - Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation (MMO), which is based on the plan's actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The Commonwealth provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer.

In 2019, the MMO obligation for the Non-Uniformed Pension Plan was \$744,580. For the year 2019, contributions of \$744,580 were made by the Township.

As a condition of participation, full-time management/confidential employees are required to contribute 3% and all other employees are required to contribute 5% of compensation to the Plan. This contribution is governed by the Plan's ordinances and collective bargaining agreement.

Administrative costs, which may include, but are not limited to, investment management fees and actuarial services, are charged to the appropriate plan and funded through the MMO and/or plan earnings. On-behalf payments of fringe benefits and salaries for the Township's employees were recognized as revenues and expenditures during the year.

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE M - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

Investments

Investment Policy - The Plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Supervisors and Pension Board. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The Plan's formal Investment Policy Statement which is revised periodically provides more comprehensive details on investment strategy and authorized investments.

The following was the Committee's adopted asset allocation policy as of December 31, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>
US Equity	42.00%
International equity	16.00%
Emerging equity	7.00%
Core fixed income	17.50%
Intermediate Inv. Grade Corp.	8.75%
High Yield	4.38%
Emerging debt	4.38%
Cash	0.00%
	<u>100.00%</u>

Concentrations – The Township does not have more than 5% of the Township's investments are in any one single issuer.

Rate of Return - For the year ended December 31, 2019, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 22.64%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Township - The components of the net pension liability of the Township at December 31, 2019, were as follows:

Total pension liability	\$ 22,501,872
Plan fiduciary net position	<u>(20,586,470)</u>
Net pension liability	<u>\$ 1,915,402</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>91.5%</u>

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE M - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

Actuarial Assumptions - An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2019. Update procedures were used to roll forward to the plan’s fiscal plan year ending December 31, 2019. This report was based upon the Plan’s actuarial assumptions, asset valuation method, and cost method as described below:

Inflation	2.25%
Salary increases	5.0% annual increase
Investment rate of return	7.5%

Mortality rates were based on the RP-2000 Mortality Table projects to 2017 using Scale AA.

Due to the size of the plan, there have been no experience studies used to determine plan assumptions.

The long-term expected rate of return on 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 plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan’s target asset allocation as of December 31, 2019 (see the plan’s investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	4.90%
International equity	4.80%
Emerging equity	4.90%
Core fixed income	2.40%
Intermediate Inv. Grade Corp.	3.30%
High Yield	3.90%
Emerging debt	4.00%
Cash	<u>0.80%</u>
Total net blended return, excluding 2.5% inflation assumption	<u><u>4.22%</u></u>
Long-term expected rate of return, including inflation	<u><u>6.72%</u></u>

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE M - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

Discount Rate - The discount rate used to measure the total pension liability 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 municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based upon the Plan's current target investment allocation and the associated long-term expected investment returns for its asset classes, the Plan's long-term returns may be less than its actuarial discount rate assumption used to determine its pension liability. This may result in future increased total and net pension liability. The actuary recommends that the governing body explore the costs of lowering the actuarial assumed investment rate of return going forward to be more consistent with the Plan's anticipated investment returns.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balances at December 31, 2018	\$ 21,341,750	\$ 16,756,812	\$ 4,584,938
Changes for the year			
Service cost	409,899	-	409,899
Interest	1,599,707	-	1,599,707
Differences between expected and actual experience	5,047	-	5,047
Contributions			
Employer	-	744,580	(744,580)
Member	-	145,987	(145,987)
Net investment income	-	3,793,622	(3,793,622)
Benefit payments	(854,531)	(854,531)	-
Net changes	<u>1,160,122</u>	<u>3,829,658</u>	<u>(2,669,536)</u>
Balances at December 31, 2019	<u>\$ 22,501,872</u>	<u>\$ 20,586,470</u>	<u>\$ 1,915,402</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7.50% as well as what the net pension liability would be if it were calculated using a discount rate is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
	<u>(6.50%)</u>	<u>(7.50%)</u>	<u>(8.50%)</u>
Net pension liability	\$ <u>3,545,849</u>	\$ <u>1,915,402</u>	\$ <u>489,861</u>

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE M - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2019, the Township recognized pension expense of \$252,878. At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 929,452
Changes in assumptions	106,169	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>1,219,489</u>
	<u>\$ 106,169</u>	<u>\$ 2,148,941</u>

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

<u>Year Ending December 31,</u>	
2020	\$ (556,993)
2021	(561,600)
2022	(265,884)
2023	(659,057)
2024	762
Thereafter	-

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE N - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)

Summary of Significant Accounting Policies - Police Pension Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value. Financial information of the Township’s Police Pension Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due as required by the Act. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Plan Description

Plan Administration - The Township of Bensalem Police Pension Plan is a single-employer defined benefit pension plan covering the full-time police officers. The Plan was established January 1, 1971 and restated by Ordinance No. 2004-07, as amended effective July 27, 2004. The Plan is governed by the Council of the Township of Bensalem, which may amend Plan provisions, and which is responsible for the management of Plan assets. The Council has delegated the authority to manage certain Plan assets to PFM Asset Management, LLC.

Plan Membership - As of January 1, 2019, the date of the latest available actuarial valuation, the Police Pension Plan membership consisted of:

Inactive plan members currently receiving benefits	99
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	<u>98</u>
	<u><u>203</u></u>

Benefits Provided – The following is a summary of the Plan benefit provisions:

Eligibility Requirements:

- Normal retirement: If hired before January 1, 1999, age 50 and 25 years of service; if hired on or after January 1, 1999, age 55 and 25 years of service.
- Early Retirement: 20 years of service (Act 24)
- Vesting: 100% after the completion of 12 years of vesting service

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE N - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Retirement Benefit: Monthly benefit equal to 50% of gross pay averaged over the final 36 months of employment, plus an additional \$25 per year of service over 25 years up to a maximum of \$100 per month.

Survivor Benefit: Post-retirement - 50% of retirement benefit; Vested - refund of contributions with interest or 50% of vested benefit payable beginning at officer's super-annuation retirement date.

Disability Benefit Service Related: For total and permanent disablement - If hired before January 1, 1994, a monthly benefit equal to 80% of average monthly compensation. If hired on or after January 1, 1994, a monthly benefit equal to 50% of average monthly compensation. The benefit is offset by workers compensation and social security benefits.

Post Retirement Adjustments: Cost of Living Adjustment - Each January, a retiree will receive an increase in the monthly benefit equal to the percentage change in the CPI for the Philadelphia region. The total of all increases may not exceed 30% of the original benefit or 75% of compensation.

Act 44 Deferred Retirement Option Program: An active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 36 months.

Contributions - Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation (MMO), which is based on the plan's actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The Commonwealth provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer.

As a condition of participation, participants are required to make contributions to the plan. Covered employees are required by statute to contribute 3.5% of their compensation to the plan. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan.

In 2019, the MMO obligation for the Police Pension Plan was \$3,345,308. For the year 2019, contributions of \$3,345,308 were made by the Township.

Administrative costs, which may include, but are not limited to, investment management fees and actuarial services, are charged to the appropriate plan and funded through the MMO and/or plan earnings. On-behalf payments of fringe benefits and salaries for the Township's employees were recognized as revenues and expenditures during the year.

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE N - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Investments

Investment Policy - The Plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Supervisors and Pension Board. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The Plan's formal Investment Policy Statement which is revised periodically provides more comprehensive details on investment strategy and authorized investments. The following was the Board's adopted asset allocation policy as of December 31, 2019:

Asset Class	Target Allocation
US Equity	42.00%
International equity	16.00%
Emerging equity	7.00%
Core fixed income	17.50%
Intermediate Inv. Grade Corp.	8.75%
High Yield	4.38%
Emerging debt	4.38%
Cash	0.00%
	100.00%

Concentrations – The Township does not have more than 5% of the Plan's investments in any one single issuer.

Rate of Return - For the year ended December 31, 2019, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 21.86%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Township - The components of the net pension liability of the Township at December 31, 2019, were as follows:

Total pension liability	\$ 85,956,019
Plan fiduciary net position	(65,569,743)
Net pension liability	\$ 20,386,276
Plan fiduciary net position as a percentage of the total pension liability	76.28%

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE N - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Actuarial Assumptions - An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2019. Update procedures were used to roll forward to the plan’s fiscal plan year ending December 31, 2019. This report was based upon the Plan’s actuarial assumptions, asset valuation method, and cost method as described below:

Inflation	2.25%
Salary increases	5.0% annual increase
Investment rate of return	7.5%

Mortality rates were based on the RP-2000 Mortality Table projects to 2017 using Scale AA.

Due to the size of the plan, there have been no experience studies used to determine plan assumptions.

The long-term expected rate of return on 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 plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan’s target asset allocation as of December 31, 2019, (see the plan’s investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	4.90%
International equity	4.80%
Emerging equity	4.90%
Core fixed income	2.40%
Intermediate Inv. Grade Corp.	3.30%
High Yield	3.90%
Emerging debt	4.00%
Cash	0.80%
 Total net blended return, excluding 2.5% inflation assumption	 <u>4.22%</u>
 Long-term expected rate of return, including inflation	 <u>6.72%</u>

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE N - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Discount Rate - The discount rate used to measure the total pension liability 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 municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based upon the Plan's current target investment allocation and the associated long-term expected investment returns for its asset classes, the Plan's long-term returns may be less than its actuarial discount rate assumption used to determine its pension liability. This may result in future increased total and net pension liability. The actuary recommends that the governing body explore the costs of lowering the actuarial assumed investment rate of return going forward to be more consistent with the Plan's anticipated investment returns.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2018	\$ 81,699,729	\$ 53,963,191	\$ 27,736,538
Changes for the year			
Service cost	1,946,896	-	1,946,896
Interest	6,135,301	-	6,135,301
Differences between expected and actual experience	140,692	-	140,692
Contributions			
Employer	-	1,885,966	(1,885,966)
State Aid	-	1,459,342	(1,459,342)
Member	-	449,140	(449,140)
Net investment income	-	11,778,703	(11,778,703)
Benefit payments	(3,966,599)	(3,966,599)	-
Net changes	<u>4,256,290</u>	<u>11,606,552</u>	<u>(7,350,262)</u>
Balances at December 31, 2019	<u>\$ 85,956,019</u>	<u>\$ 65,569,743</u>	<u>\$ 20,386,276</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7.50% as well as what the net pension liability would be if it were calculated using a discount rate is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ 31,131,426	\$ 20,386,276	\$ 11,378,560

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE N - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2019, the Township recognized a pension expense of \$3,423,887 for the Police Pension Plan. At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 80,626
Changes in assumptions	631,778	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>3,804,786</u>
	<u>\$ 631,778</u>	<u>\$ 3,885,412</u>

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

<u>Year Ending December 31,</u>	
2020	\$ (839,254)
2021	(927,378)
2022	21,800
2023	(1,546,653)
2024	16,559
Thereafter	21,292

Act 44 Deferred Retirement Option Program

An active member who has met the eligibility requirements for normal retirement may elect to participate in the deferred retirement option program for a period of up to 36 months. The monthly pension shall be calculated as of the date of participation in the deferred retirement option program. The deferred retirement option program plan account balance is distributed to the member in a lump sum at the termination of deferred retirement option program. For the year ended December 31, 2019, there were four (4) members participating in the deferred retirement option program. The balance of the amount held by the Plan pursuant to the deferred retirement option program was \$230,289.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE O - DEFINED CONTRIBUTION PENSION PLAN (NON-UNIFORMED PENSION PLAN)

The Bensalem Township Non-Uniformed Defined Contribution Pension Plan is a single-employer defined contribution plan covering the full time non-uniformed employees who were hired on or after January 1, 2009. The Plan is controlled by the provisions of Ordinance No. 2009-08. The Plan is governed by the Council of the Township which may amend Plan provisions, and which is responsible for the management of Plan assets. The Council has delegated authority to manage Plan assets to ICMA Retirement Corporation.

The Township will contribute into the Plan, for each eligible participant, an amount equal to 5.0% of their total compensation. Participants are required to contribute 5.0% of their compensation. In addition to the Township contribution made to Participant's account, their account will be credited annually with the pro rata share of the investment earnings or losses of the Plan. Participants who terminate for reasons other than death, disability, or retirement would not share in the allocations of contributions, earnings, or losses of the Plan. The Township, if eligible, may allocate State Aid received from the Commonwealth of Pennsylvania to the Plan. Forfeitures due to non-vested terminations are to be used to reduce the Township's contribution to the Plan. To the extent that these fundings are not adequate to cover the Township's obligation to the Plan, the Township would then be required to contribute. The Township's contributions to the Plan were \$128,719 for the year ended December 31, 2019.

For the year ending December 31, 2019, the Non-Uniformed Defined Contribution Pension Plan consisted of the following:

Inactive plan members currently receiving benefits	-
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	44
	<u>44</u>

Participants have a nonforfeitable right to all of the portion of their account attributable to their contributions. Employer contributions vest in accordance with the following schedule based on years of service with the Township:

<u>Full Years of Service</u>	<u>% Vested</u>
Less than five (5) years	0%
5 or more	100%

Reconciliation of members' contributions is as follows:

Members' contributions deposited for 2019	\$ 149,097
Less members' contributions deducted from members' salaries	<u>(149,097)</u>
	<u>\$ -</u>

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE P - POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS (POLICE OPEB PLAN)

Plan Descriptions and Benefits Provided

Police OPEB Plan - Bensalem Township's Other Post-Employment Benefits offered to Police employees and retirees is a single-employer defined benefit plan for benefits other than pension which is controlled by a collective bargaining agreement between Bensalem Township and Bensalem Township Police Benevolent Association most recently updated January 1, 2018.

Benefit Provisions

Retirement Eligibility

There are varying eligibility requirements, as follows:

- Minimum of 10 years of service and 20 years of service with no minimum age requirement.
- Minimum of 25 years of service and hired prior to 1/1/1999, minimum age of 50.
- Minimum of 25 years of service and hired on or after 1/1/1999, minimum of age 55.

Benefits

- Coverage includes the same medical, drug, dental and vision coverages as active employees.
- Between 10 and 20 years of service, coverage is paid for 2 months at the Township's expense and 15 months at 50%.
- Between 20 and 25 years of service, coverage is paid for 16 months at the Township's expense and 20 months at 50%.
- If retire prior to 1/1/2018 with a minimum of 25 years of service and the appropriate minimum age based upon date of hire, coverage is paid for 42 months at the Township's expense and 42 months at 50%.
- If retire on or after 1/1/2018 with a minimum of 25 years of service and the appropriate minimum age based upon
- date of hire, coverage is paid for 84 months at the Township's expense.
- If the retiree has access to other coverage, the retiree is required to take it.
- If the retiree enrolls in other coverage, the Township will pay the retiree a bonus equal to 20% of the cost of Township coverage during the period in which the Township would pay 100% of the cost and 10% of the cost during the period in which the Township would pay 50% of the cost.
- After all coverage has been exhausted, retiree may continue on COBRA for 18 months at the retiree's expense.

Spousal Coverage – Yes

Dependent Child Coverage – Yes, until age 26

Survivor Benefits – Yes

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE P - POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS (POLICE OPEB PLAN) (Continued)

Permanent Disability Retirement

- Minimum of 10 years of service. No minimum age requirement.
- If non-service related, coverage is 18 months at the Township's expense and 15 months at 50%. Retiree may then continue on COBRA for 18 months at retiree's expense.
- If service related, coverage is 36 months at the Township's expense and 20 months at 50%.
- Retiree may then continue coverage for life by paying 100% of the cost of coverage.

Plan Membership

At January 1, 2018, plan membership consisted of the following:

Inactive plan members currently receiving benefits	42
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	94
	140

Funding Policy

Retirees are not required to make contributions to the plan. The contribution requirements of plan members have been established and may be amended through Police Labor Contracts. The Township is accounting for these expenditures on a "pay-as-you-go" basis. The costs of administering the plans are paid by the Township.

Assumptions

An actuarial valuation of the total OPEB liability is performed biennially. The total OPEB liability was determined as part of an actuarial valuation at January 1, 2018. Update procedures were used to roll forward to the municipality's fiscal years ending December 31, 2019

Interest Rate – 3.50%, based on S&P Municipal Bond 20 Year AA municipal bond rate.

Salary – An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 5% increase.

Health Care Cost Trend Rate – Medical costs are assumed to increase by 3.0% during 2019, 7.25% during 2020 reduced by 0.25% per year thereafter to an ultimate level of 5% per year.

Mortality – RP-2000 Combined Mortality Tables for Males and Females projected 17 years using Scale AA.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE P - POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS (POLICE OPEB PLAN) (Continued)

Retirement – Assumed to occur at normal retirement eligibility for full OPEB benefits.

Percent of Eligible Retirees Electing Coverage in Plan – 50% of retirees are assumed to participate in Township coverage with the other 50% assumed to have other coverage and receiving the bonus.

Spouse Participation and Age – 70% of all future retirees are assumed to have a spouse participating in coverage. Female spouses of future retirees are assumed to be 3 years younger than male spouses.

Children - 50% of retirees are assumed to have 1 child participating in coverage. It is assumed that the retiree is 35 years older than the child.

Actuarial Cost Method – Entry Age Normal - Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

Changes in the Total OPEB Liability

	Total OPEB Liability (a)-(b)
	<u> </u>
Balance at December 31, 2018	\$ <u>8,879,846</u>
Changes for the year	
Service cost	637,943
Interest	327,544
Benefit payments	<u>(318,754)</u>
Net changes	<u>646,733</u>
Balance at December 31, 2019	\$ <u><u>9,526,579</u></u>

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE P - POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS (POLICE OPEB PLAN) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.5 percent) or 1-percentage point higher (4.5 percent) than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ <u>10,237,922</u>	\$ <u>9,526,579</u>	\$ <u>8,859,127</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current Rate	1% Increase
Total OPEB liability	\$ <u>8,395,445</u>	\$ <u>9,526,579</u>	\$ <u>10,851,215</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2019, the Township recognized OPEB expense of \$965,487. At December 31, 2019, there were no deferred outflows of resources or deferred inflows of resources related to OPEB.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE Q - POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS (NON-UNIFORMED OPEB PLAN)

Plan Descriptions and Benefits Provided

Non-Uniformed OPEB Plan - Bensalem Township's Other Post-Employment Benefits offered to Non-Uniformed employees and retirees is a single-employer defined benefit plan for benefits other than pension which is controlled by the Township of Bensalem.

Benefit Provisions

Retirement Eligibility

There are varying eligibility requirements, as follows:

- Management employees that were 100% vested as of November 25, 2002, minimum of age 50 with 10 years of service
- Non-Management employees and Management employees that were not 100% vested on November 25, 2002, minimum of age 60 with 10 years of service.

Benefits Coverage - Includes the same medical, drug, dental and vision coverages as active employees.

Retirement Contribution – Retiree must pay 100% of the premium to continue in coverage.

Spousal Coverage – Yes, provided 100% of the premium is paid by the retiree. Coverage ends for the spouse when the retiree becomes eligible for Medicare.

Dependent Child Coverage – Yes, provided 100% of the premium is paid by the retiree

Survivor Benefits – No

Permanent Disability Retirement - No

Plan Membership

At January 1, 2018, plan membership consisted of the following:

Inactive plan members currently receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	11
Active plan members	81
	95

Funding Policy

Retirees are not required to make contributions to the plan. The Township is accounting for these expenditures on a “pay-as-you-go” basis. The costs of administering the plans are paid by the Township.

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE Q - POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS (NON-UNIFORMED OPEB PLAN) (Continued)

Assumptions

An actuarial valuation of the total OPEB liability is performed biennially. The total OPEB liability was determined as part of an actuarial valuation at January 1, 2018. Update procedures were used to roll forward to the municipality's fiscal years ending December 31, 2019.

Interest Rate – 3.50%, based on S&P Municipal Bond 20 Year AA municipal bond rate.

Salary – An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 5% increase.

Health Care Cost Trend Rate – Medical costs are assumed to increase by 3.0% during 2019, 7.25% during 2020 reduced by 0.25% per year thereafter to an ultimate level of 5% per year.

Mortality – RP-2000 Combined Mortality Tables for Males and Females projected 17 years using Scale AA.

Retirement – Assumed to occur at a minimum of age 62 with 10 years of service.

Percent of Eligible Retirees Electing Coverage in Plan – 100% of retirees who are eligible to participate are assumed to do so.

Spouse Participation and Age – 40% of all future retirees are assumed to have a spouse participating in coverage. Female spouses of future retirees are assumed to be 3 years younger than male spouses.

Actuarial Cost Method – Entry Age Normal - Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE Q - POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS (NON-UNIFORMED OPEB PLAN) (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability (a)-(b)
Balance at December 31, 2018	\$ 1,473,540
Changes for the year	
Service cost	104,790
Interest	53,752
Benefit payments	(85,098)
Net changes	73,444
Balance at December 31, 2019	\$ 1,546,984

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.5 percent) or 1-percentage point higher (4.5 percent) than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 1,662,204	\$ 1,546,984	\$ 1,437,828

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current Rate	1% Increase
Total OPEB liability	\$ 1,354,942	\$ 1,546,984	\$ 1,778,267

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2019, the Township recognized OPEB expense of \$158,542. At December 31, 2019, there were no deferred outflows of resources or deferred inflows of resources related to OPEB.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE R - NET POSITION/FUND BALANCES

Net position-net investment in capital assets consists of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Land	\$ 11,497,981	\$ 11,537,195
Construction in progress	7,848,629	-
Other capital assets net of accumulated depreciation	37,052,367	2,842,768
Less related long-term debt outstanding, less unspent portion	<u>(33,482,906)</u>	<u>(10,716,290)</u>
TOTAL INVESTED IN CAPITAL ASSETS	<u>\$ 22,916,071</u>	<u>\$ 3,663,673</u>

Net position of the Bensalem Country Club (Business-Type Activities) includes amounts paid by the Township on behalf of the Country Club for debt service. These amounts are recorded annually as transfers on the statement of revenues, expenses and changes in fund net position as follows:

<u>Principal Debt Payments for the Year Ended December 31,</u>	
2012	\$ 189,000
2013	313,400
2014	323,400
2015	343,400
2016	351,000
2017	959,800
2018	978,200
2019	<u>998,600</u>
	<u>\$ 4,456,800</u>

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE R - NET POSITION/FUND BALANCES (Continued)

Fund Balance categories and classifications are based on the definitions as determined by GASB 54 as follows:

	General Fund	Capital Trust	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Fund balances						
Nonspendable	\$ 357,246	\$ -	\$ -	\$ -	23,958	\$ 381,204
Restricted for						
Street lights	-	-	-	-	1,400,086	1,400,086
Fire protection	-	-	-	-	25,909	25,909
Emergency response	-	-	-	-	16,306	16,306
Township road maintenance	-	-	-	-	586,109	586,109
Impact fees	-	-	-	-	539,319	539,319
Parks and recreation	-	-	-	-	2,002,157	2,002,157
Public safety	-	-	-	-	581,207	581,207
Community initiative	-	-	-	-	100,326	100,326
Community, municipal and public safety improvements and projects	-	-	-	-	166,949	166,949
Heavy duty machinery purchases	-	-	-	-	72,896	72,896
Committed to						
Capital projects	-	-	-	9,472,190	-	9,472,190
Community, municipal and public safety improvements and projects	-	-	-	-	489,469	489,469
Assigned	-	47,075,588	88,039	-	-	47,163,627
Unassigned	2,156,174	-	-	-	-	2,156,174
TOTAL FUND BALANCES	\$ 2,199,020	\$ 47,075,588	\$ 88,039	\$ 9,472,190	\$ 6,004,691	\$ 84,559,528

NOTE S - SUBSEQUENT EVENTS

In January 2020, the Township issued Federally Taxable General Obligation Bonds, Series of 2020 in the amount of \$12,705,000. The proceeds of the Bonds are to be used to advance refund a portion of the outstanding General Obligation Bonds, Series of 2015 and to pay the related costs of issuing the Bonds.

Subsequent to year end, a global pandemic due to the spread of the COVID-19 coronavirus caused the United States government to declare a national emergency. The pandemic has led to widespread voluntary and government-mandated closings of local stores and businesses, which has resulted in significant job losses. These job losses have the potential to have a significant impact on all aspects of Township operations including tax collections and the collection of water and sewer charges. In addition, due to the temporary closure of all businesses that are not deemed life sustaining, State tax revenues are also significantly decreased. This decrease could result in less grant money that is relied upon by local municipalities to fund specific projects. Overall, decreased funding could result in the Township having to curtail or eliminate some non-essential services and furlough employees.

TOWNSHIP OF BENSALEM
BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE S - SUBSEQUENT EVENTS (Continued)

Due to the pandemic, the financial markets have experienced significant market decline since the beginning of the year. These losses, if not regained, will have a significant detrimental impact on the value of the investments held by the Township and the Township's pension plans. Decreases in the value of investments held by the Plans may result in a significant impact on the pension liabilities and related deferred inflows and outflows related to the pension plans. At this point, the extent to which COVID-19 will impact our financial condition or results of operations is uncertain and cannot be reasonably estimated at this time.

NOTE T - PRIOR PERIOD RESTATEMENT

The Township implemented GASB Statement No. 84, Fiduciary Activities. The objective of GASB Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

For the fiduciary fund custodial activities, the Township has treated the beginning of year net position of \$2,622,264 as having been recognized in the period incurred. The Township has adjusted beginning net position for their fiduciary activities from \$0 to \$2,622,264.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 13,154,700	\$ 13,154,700	\$ 13,655,582	\$ 500,882
Real estate taxes	7,450,600	7,450,600	7,527,354	76,754
Business taxes	5,125,000	5,125,000	4,924,586	(200,414)
Earned income taxes	15,750,000	15,750,000	17,164,021	1,414,021
Real estate transfer tax	1,500,000	1,500,000	2,019,208	519,208
Departmental charges	1,724,500	1,724,500	2,175,329	450,829
Cable fees	1,200,000	1,200,000	1,188,919	(11,081)
Licenses and permits	1,372,000	1,372,000	1,552,614	180,614
Fines	443,000	443,000	391,863	(51,137)
Interest - other	100,000	100,000	142,955	42,955
Other	338,000	338,000	433,733	95,733
TOTAL REVENUES	48,157,800	48,157,800	51,176,164	3,018,364
EXPENDITURES				
General government	1,587,000	1,587,000	1,470,592	116,408
Finance	836,300	836,300	757,664	78,636
Tax collection	746,000	746,000	603,529	142,471
Fire and rescue	1,958,300	1,958,300	1,484,304	473,996
Planning and development	2,365,800	2,365,800	1,724,859	640,941
Police	29,623,200	29,623,200	28,201,415	1,421,785
Public works - building	851,100	851,100	683,586	167,514
Public works - highway	3,542,800	3,542,800	2,861,466	681,334
Judgements and losses	250,000	250,000	35,421	214,579
Debt service				
Principal	-	-	121,099	(121,099)
Interest	-	-	9,407	(9,407)
Other	864,900	864,900	269,193	595,707
TOTAL EXPENDITURES	42,625,400	42,625,400	38,222,535	4,402,865
EXCESS OF REVENUES OVER EXPENDITURES	5,532,400	5,532,400	12,953,629	7,421,229
OTHER NONOPERATING EXPENDITURES				
Homeowners' assistance program	4,500,000	4,500,000	4,249,896	250,104
OTHER FINANCING SOURCES (USES)				
Transfers in	912,700	912,700	912,700	-
Transfers out	(18,300,000)	(18,300,000)	(15,500,000)	2,800,000
Gain on sale of fixed asset	-	-	650	650
TOTAL OTHER FINANCING SOURCES (USES)	(17,387,300)	(17,387,300)	(14,586,650)	2,800,650
NET CHANGE IN FUND BALANCES	(16,354,900)	(16,354,900)	(5,882,917)	10,471,983
FUND BALANCES AT BEGINNING OF YEAR	27,801,937	27,801,937	27,801,937	-
FUND BALANCES AT END OF YEAR	\$ 11,447,037	\$ 11,447,037	\$ 21,919,020	\$ 10,471,983

**TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA**
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS - POLICE PENSION PLAN
LAST TEN FISCAL YEARS*

	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY						
Service cost	\$ 1,946,896	\$ 1,935,663	\$ 1,843,489	\$ 1,809,420	\$ 1,723,257	\$ 1,588,461
Interest	6,135,301	5,844,481	5,574,411	5,309,824	5,050,203	4,711,748
Changes for experience	140,692	-	(245,317)	-	(148,312)	-
Changes of assumptions	-	-	197,001	-	1,410,863	-
Benefit payments, including refunds of member contributions	(3,966,599)	(4,142,340)	(3,675,944)	(3,478,377)	(3,317,649)	(3,051,986)
NET CHANGE IN TOTAL PENSION LIABILITY	4,256,290	3,637,804	3,693,640	3,640,867	4,718,362	3,248,223
Total pension liability, beginning	<u>81,699,729</u>	<u>78,061,925</u>	<u>74,368,285</u>	<u>70,727,418</u>	<u>66,009,056</u>	<u>62,760,833</u>
TOTAL PENSION LIABILITY, ENDING	\$ <u>85,956,019</u>	\$ <u>81,699,729</u>	\$ <u>78,061,925</u>	\$ <u>74,368,285</u>	\$ <u>70,727,418</u>	\$ <u>66,009,056</u>
PLAN FIDUCIARY NET POSITION						
Contributions - employer	\$ 1,885,966	\$ 2,473,670	\$ 1,750,318	\$ 1,774,973	\$ 1,041,474	\$ 1,048,468
Contributions - state aid	1,459,342	908,771	890,121	860,154	1,140,963	1,126,950
Contributions - member	449,140	453,673	312,542	292,269	284,708	280,962
Net investment income	11,778,703	(2,936,051)	8,489,609	3,012,605	440,522	3,230,372
Benefit payments, including refunds of member contributions	(3,966,599)	(4,142,340)	(3,675,944)	(3,478,377)	(3,317,649)	(3,051,986)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	11,606,552	(3,242,277)	7,766,646	2,461,624	(409,982)	2,634,766
Plan net position, beginning	<u>53,963,191</u>	<u>57,205,468</u>	<u>49,438,822</u>	<u>46,977,198</u>	<u>47,387,180</u>	<u>44,752,414</u>
PLAN NET POSITION, ENDING	\$ <u>65,569,743</u>	\$ <u>53,963,191</u>	\$ <u>57,205,468</u>	\$ <u>49,438,822</u>	\$ <u>46,977,198</u>	\$ <u>47,387,180</u>
TOWNSHIP'S NET PENSION LIABILITY	\$ <u>20,386,276</u>	\$ <u>27,736,538</u>	\$ <u>20,856,457</u>	\$ <u>24,929,463</u>	\$ <u>23,750,220</u>	\$ <u>18,621,876</u>
PLAN NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>76.3%</u>	<u>66.1%</u>	<u>73.3%</u>	<u>66.5%</u>	<u>66.4%</u>	<u>71.8%</u>
COVERED PAYROLL	\$ <u>12,864,746</u>	\$ <u>12,196,264</u>	\$ <u>11,449,882</u>	\$ <u>11,409,516</u>	\$ <u>11,243,376</u>	\$ <u>11,185,130</u>
TOWNSHIP'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>158.5%</u>	<u>227.4%</u>	<u>182.2%</u>	<u>218.5%</u>	<u>211.2%</u>	<u>166.5%</u>

NOTES TO SCHEDULE

In 2015, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2015 using Scale AA. In 2017, the mortality assumption was changed from the RP-2000 Table projected to 2015 to the RP-2000 Table projected to 2017 using Scale AA.

*This schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

**TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA**
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS - NON-UNIFORMED PENSION PLAN
LAST TEN FISCAL YEARS*

	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY						
Service cost	\$ 409,899	\$ 484,796	\$ 461,710	\$ 584,305	\$ 556,481	\$ 665,300
Interest	1,599,707	1,522,155	1,459,261	1,524,353	1,457,762	1,366,664
Changes for experience	5,047	-	(1,506,207)	-	(279,340)	-
Changes of assumptions	-	-	32,510	-	237,345	-
Benefit payments, including refunds of member contributions	(854,531)	(951,623)	(1,259,294)	(1,501,234)	(807,141)	(525,878)
NET CHANGE IN TOTAL PENSION LIABILITY	1,160,122	1,055,328	(812,020)	607,424	1,165,107	1,506,086
Total pension liability, beginning	21,341,750	20,286,422	21,098,442	20,491,018	19,325,911	17,819,825
TOTAL PENSION LIABILITY, ENDING	\$ 22,501,872	\$ 21,341,750	\$ 20,286,422	\$ 21,098,442	\$ 20,491,018	\$ 19,325,911
PLAN FIDUCIARY NET POSITION						
Contributions - employer	\$ 744,580	\$ 309,386	\$ 442,051	\$ 486,658	\$ 897,482	\$ 905,234
Contributions - state aid	-	430,964	435,884	373,496	-	-
Contributions - member	145,987	151,469	161,205	166,133	181,063	189,392
Net investment income	3,793,622	(1,022,354)	2,611,388	1,057,890	126,350	941,651
Benefit payments, including refunds of member contributions	(854,531)	(951,623)	(1,259,294)	(1,501,234)	(807,141)	(525,878)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	3,829,658	(1,082,158)	2,391,234	582,943	397,754	1,510,399
Plan net position, beginning	16,756,812	17,838,970	15,447,736	14,864,793	14,467,039	12,956,640
PLAN NET POSITION, ENDING	\$ 20,586,470	\$ 16,756,812	\$ 17,838,970	\$ 15,447,736	\$ 14,864,793	\$ 14,467,039
TOWNSHIP'S NET PENSION LIABILITY	\$ 1,915,402	\$ 4,584,938	\$ 2,447,452	\$ 5,650,706	\$ 5,626,225	\$ 4,858,872
PLAN NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	91.5%	78.5%	87.9%	73.2%	72.5%	74.9%
COVERED PAYROLL	\$ 3,802,362	\$ 3,768,072	\$ 4,125,594	\$ 4,478,150	\$ 4,586,758	\$ 4,679,320
TOWNSHIP'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	50.4%	121.7%	59.3%	126.2%	122.7%	103.8%

NOTES TO SCHEDULE

In 2015, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2015 using Scale AA. In 2017, the mortality assumption was changed from the RP-2000 Table projected to 2015 to the RP-2000 Table projected to 2017 using Scale AA.

*This schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

**TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA**
SCHEDULE OF PENSION CONTRIBUTIONS
POLICE PENSION PLAN
LAST TEN FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 3,345,308	\$ 3,382,441	\$ 2,640,439	\$ 2,635,127	\$ 2,182,437	\$ 2,175,418
Contributions made	<u>3,345,308</u>	<u>3,382,441</u>	<u>2,640,439</u>	<u>2,635,127</u>	<u>2,182,437</u>	<u>2,175,418</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 12,864,746</u>	<u>\$ 12,196,264</u>	<u>\$ 11,449,882</u>	<u>\$ 11,409,516</u>	<u>\$ 11,243,376</u>	<u>\$ 11,185,130</u>
Contributions as a percentage of covered payroll	<u>26.00%</u>	<u>27.73%</u>	<u>23.06%</u>	<u>23.10%</u>	<u>19.41%</u>	<u>19.45%</u>

NOTES TO SCHEDULE

Actuarially determined contribution rates are calculated based on the plan's most recent available Act 205 actuarial valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	1/1/2017	1/1/2015	1/1/2013
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level dollar	Level dollar	Level dollar
Remaining amortization period	14 years	15 years	16 years
Asset valuation method	Smoothing per Section 210(a) of Act 44	Smoothing per Section 210(a) of Act 44	Smoothing per Section 210(a) of Act 44
Salary increases	5.00%	5.00%	5.00%
Investment rate of return	7.50%	7.50%	7.50%
Mortality	RP-2000 Table projected to 2017 using Scale AA	RP-2000 Table projected to 2015 using Scale AA	RP-2000 Table
inflation	2.25%	2.25%	2.25%

*This schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

**TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA**
SCHEDULE OF PENSION CONTRIBUTIONS
NON-UNIFORMED PENSION PLAN
LAST TEN FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 744,580	\$ 740,350	\$ 877,935	\$ 860,156	\$ 897,482	\$ 905,234
Contributions made	<u>744,580</u>	<u>740,350</u>	<u>877,935</u>	<u>860,156</u>	<u>897,482</u>	<u>905,234</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 3,802,362</u>	<u>\$ 3,768,072</u>	<u>\$ 4,125,594</u>	<u>\$ 4,478,150</u>	<u>\$ 4,566,758</u>	<u>\$ 4,679,320</u>
Contributions as a percentage of covered payroll	<u>19.58%</u>	<u>19.65%</u>	<u>21.28%</u>	<u>19.21%</u>	<u>19.65%</u>	<u>19.35%</u>

NOTES TO SCHEDULE

Actuarially determined contribution rates are calculated based on the plan's most recent available Act 205 actuarial valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	1/1/2017	1/1/2015	1/1/2013
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level dollar	Level dollar	Level dollar
Remaining amortization period	3 years	6 years	9 years
Asset valuation method	Smoothing per Section 210(a) of Act 44	Smoothing per Section 210(a) of Act 44	Smoothing per Section 210(a) of Act 44
Salary increases	5.00%	5.00%	5.00%
Investment rate of return	7.50%	7.50%	7.50%
Mortality	RP-2000 Table projected to 2017 using Scale AA	RP-2000 Table projected to 2015 using Scale AA	RP-2000 Table
Inflation	2.25%	2.25%	2.25%

*This schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
 SCHEDULE OF PENSION PLAN INVESTMENT RETURNS -
 POLICE PENSION PLAN
 LAST TEN FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	<u>21.86%</u>	<u>-5.13%</u>	<u>17.02%</u>	<u>6.41%</u>	<u>0.54%</u>	<u>6.89%</u>

*This schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA
 SCHEDULE OF PENSION PLAN INVESTMENT RETURNS -
 NON-UNIFORMED PENSION PLAN
 LAST TEN FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	<u>22.64%</u>	<u>-5.73%</u>	<u>16.74%</u>	<u>6.58%</u>	<u>0.46%</u>	<u>5.99%</u>

*This schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

**TOWNSHIP OF BENSLEM
BUCKS COUNTY, PENNSYLVANIA**

**SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT
BENEFIT PLAN LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS***

	<u>2019</u>	<u>2018</u>
<u>POLICE OPEB PLAN</u>		
TOTAL OPEB LIABILITY		
Service cost	\$ 637,943	\$ 607,565
Interest	327,544	305,279
Benefit payments, including refunds of member contributions	<u>(318,754)</u>	<u>(295,353)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	646,733	617,491
Total OPEB liability, beginning	<u>8,879,846</u>	<u>8,262,355</u>
TOTAL OPEB LIABILITY, ENDING	<u>\$ 9,526,579</u>	<u>\$ 8,879,846</u>
COVERED PAYROLL	<u>\$ 13,593,927</u>	<u>\$ 12,946,597</u>
TOWNSHIP'S TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>70.1%</u>	<u>68.6%</u>
<u>NON-UNIFORMED OPEB PLAN</u>		
TOTAL OPEB LIABILITY		
Service cost	\$ 104,790	\$ 99,800
Interest	53,752	51,137
Benefit payments, including refunds of member contributions	<u>(85,098)</u>	<u>(77,336)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	73,444	73,601
Total OPEB liability, beginning	<u>1,473,540</u>	<u>1,399,939</u>
TOTAL OPEB LIABILITY, ENDING	<u>\$ 1,546,984</u>	<u>\$ 1,473,540</u>
COVERED PAYROLL	<u>\$ 6,651,176</u>	<u>\$ 6,334,453</u>
TOWNSHIP'S TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>23.3%</u>	<u>23.3%</u>

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