

**TOWNSHIP OF BENSALEM, BUCKS COUNTY,
PENNSYLVANIA**

DECEMBER 31, 2017

**FINANCIAL STATEMENTS, SUPPLEMENTARY SCHEDULES AND
UNIFORM GUIDANCE REQUIREMENTS
(WITH INDEPENDENT AUDITORS' REPORT THEREON)**

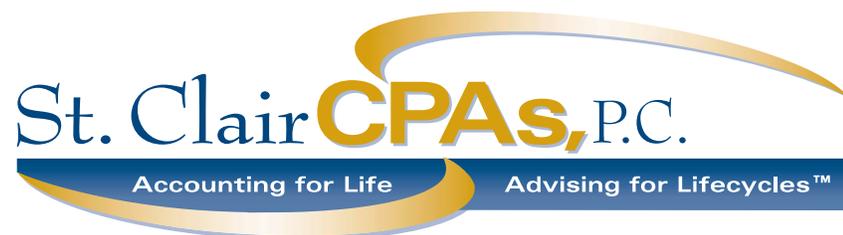
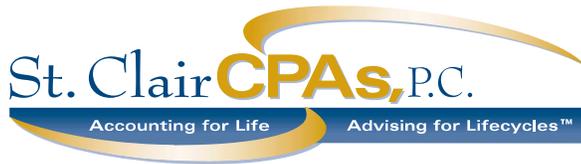


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INDEPENDENT AUDITORS' REPORT

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, the Pension Plan trust funds, and the aggregate remaining fund information of the Township of Bensalem, Bucks County, Pennsylvania, Oversight Unit (“the Township”), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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.

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, the Pension Plan trust funds, and the aggregate remaining fund information of the Township of Bensalem, Bucks County, Pennsylvania, Oversight Unit, as of December 31, 2017, 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.

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 3 through 14, the statement of revenues, expenditures and changes in fund balances – budget and actual (budgetary basis) general fund on page 21, and the required schedules of pension plan, supplementary information as listed on the table of contents and on pages 66 through 74, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Bensalem, Bucks County, Pennsylvania's basic financial statements. The accompanying schedule of expenditures of federal awards and assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018, on our consideration of the Township of Bensalem, Bucks County, Pennsylvania, Oversight Unit's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Bensalem, Bucks County, Pennsylvania, Oversight Unit's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Bensalem, Bucks County, Pennsylvania, Oversight Unit's internal control over financial reporting and compliance.

At. Clair CPA3, P.C.

Certified Public Accountants

June 29, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

**TOWNSHIP OF BENSALEM, BUCKS COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

Overview:

The Township of Bensalem (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 gave \$200 to all Homeowners and gave an additional \$150 to qualifying senior citizens and \$150 to qualifying disabled households.

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 four (24) 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, 2017. 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 BENSLEM, BUCKS COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

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

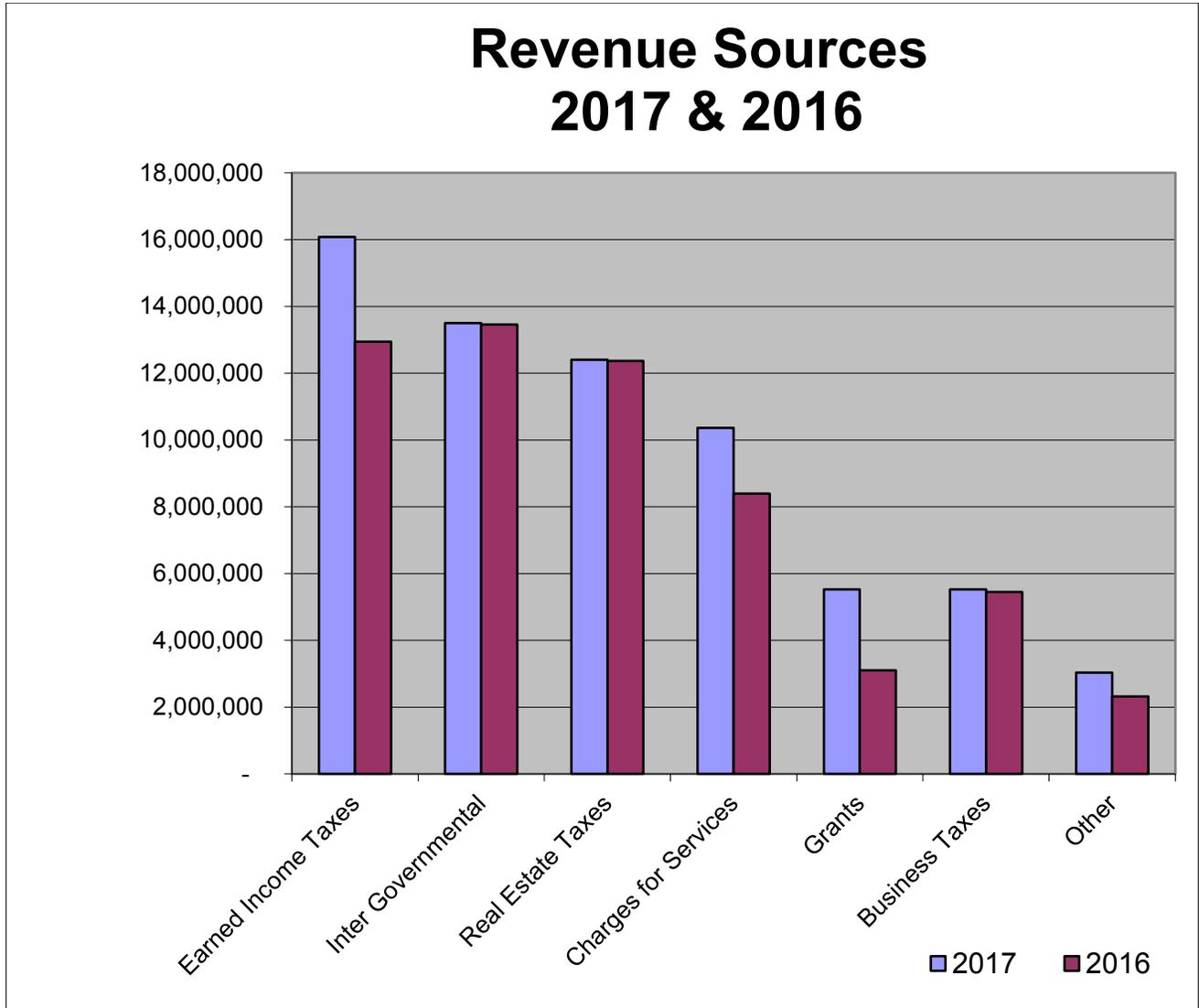
**TOWNSHIP OF BENSLEM
STATEMENTS OF NET POSITION**

Current Assets			Current Liabilities		
	<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>
Cash, cash equivalents, and investments	\$ 74,987,900	\$ 61,773,200	Accounts Payable	\$ 2,025,400	\$ 1,405,900
Receivables	8,781,400	9,959,900	Compensated balances	1,052,900	1,025,300
Other	1,067,500	981,500	Bonds and notes payable	3,946,100	3,648,000
			Other	<u>574,000</u>	<u>781,800</u>
Total	<u>84,836,800</u>	<u>72,714,600</u>	Total	7,598,400	6,861,000
Fixed Assets			Non-current liabilities		
Net capital assets	<u>66,590,300</u>	<u>64,414,800</u>	Compensated balances	3,131,300	3,030,000
			Bonds and notes payable	48,152,800	44,987,100
			Unfunded other postemployment benefits	4,613,900	3,584,600
			Net pension liability	<u>23,303,900</u>	<u>30,580,100</u>
			Total	79,201,900	82,181,800
			Total liabilities	86,800,300	89,042,800
Deferred Outflows of Resources	<u>1,218,700</u>	<u>3,996,100</u>	Deferred Inflows of Resources	<u>5,333,800</u>	<u>710,900</u>
			Net Position		
			Invested in capital assets, net of related debt	17,537,100	18,618,400
			Restricted	10,704,400	13,474,400
			Unrestricted	<u>32,270,200</u>	<u>19,279,000</u>
			Total Net Position	<u>60,511,700</u>	<u>51,371,800</u>
Total	<u>\$ 152,645,800</u>	<u>\$ 141,125,500</u>	Total	<u>\$ 152,645,800</u>	<u>\$ 141,125,500</u>

**TOWNSHIP OF BENSALEM, BUCKS COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

- The Township had a very strong government-wide cash, cash equivalents and investments balance at December 31, 2017 of \$74,988,000. 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 decreased by \$1,178,500 due to a decrease in the casino receivable and grant receivables.
- Capital Assets, which consist of land, buildings, equipment, construction in progress, and other capital assets, net of accumulated depreciation, total \$66,590,300 and our debt associated with these assets is \$52,098,900.
- A comparison of the Government-Wide Statement of Net Position from 2016 to 2017 shows the current assets of cash, cash equivalents, and investments increased by \$12,122,300.
- Cash increased due to the implementation of the earned income tax in 2016 and issuance of the 2017 General Obligation notes.
- The Township's total assets were \$152,645,800; 49% of the total assets were cash, cash equivalents and investments of \$74,988,000. The remaining assets are made up of receivables and other assets totaling \$9,848,900, capital assets such as buildings, infrastructure, and equipment of \$66,590,300, and deferred outflows of resources related to pensions of \$1,218,700.
- Government wide capital assets, net of accumulated depreciation are \$66,590,300. The makeup of capital assets is land and construction in progress of \$23,606,600, infrastructure of \$103,045,600, buildings and improvements of \$24,101,500, vehicles, machinery and equipment of \$15,254,900 and land improvements of \$10,668,400, less accumulated depreciation of \$110,086,700.
- Capital assets increased \$2,175,500 from the previous year. This is a combination of \$7,244,400 of additions, \$1,831,000 of disposals, and \$3,237,900 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 \$86,800,300. Of this amount, long-term liabilities were \$79,202,000. Sixty-one percent (61%) of the long-term liabilities was debt, nine percent (9%) was compensated balances and unfunded postemployment benefits, and thirty percent (30%) was the net pension liability recorded as a requirement of GASB Statement No. 68. The Township's long-term liabilities decreased by \$2,979,800 during the year 2017 due to the annual debt payments and a decrease in the net pension liability.

Government-wide Analysis: Income Statement



Total revenues for the year ended December 31, 2017 were \$66,421,700 which was an increase of \$7,972,700 in 2017 from 2016. The large increase was due to the adoption of the earned income tax and additional state funds. The Township's core sources of revenue remained stable.

The total revenue is made up of intergovernmental revenue of \$11,925,200, earned income taxes of \$16,080,800, real estate taxes of \$12,397,000, charges for services of \$10,361,100^(a), grants of \$7,100,900, business taxes of \$5,525,800, and other revenue of \$3,030,900.

(a) The five (5) major components of charges for services are \$2,640,000 country club, \$1,890,300 planning and development, \$1,556,700 police, \$2,294,600 real estate transfer and \$908,900 fire and rescue.

**TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

Total expenditures for the Township for the year ended December 31, 2017 were \$58,248,000.

Police protection, which is the largest expense of the Township, totals \$26,674,800 or 50% of the Township's total expenditures. The police department consists of 100 full-time sworn officers plus administrative and support personnel. This is the largest expense that the Township incurs. Public works' expense totals \$5,478,800 or 9%, these expenses represent the cost for road repaving, street maintenance and snow removal. Community and economic development expense totals \$830,400 or 1%. Fire and rescue expense totals \$4,035,300 or 6%. Country Club expense totals \$2,483,500 or 4% for the golf course and banquet facility. Parks and recreation expense totals \$1,928,600 or 3% for the upkeep of the Township parks and providing recreational programs for children. The Homeowners assistance program expense totals \$2,874,900 or 4%. The Country Club operation is funded by the fees charged to its patrons.

SUMMARY OF STATEMENT OF ACTIVITIES

	<u>2016</u>	<u>2017</u>	<u>2017</u>				
	Net (Expenses)	Net (Expenses)	Expenses		Program Revenues		
	Revenues and Changes in Net Position	Revenues and Changes in Net Position	Direct	Indirect	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
TOTAL PRIMARY GOVERNMENT	\$ (45,942,900)	\$ (43,072,800)	<u>\$ 56,287,900</u>	<u>\$ 1,960,200</u>	<u>\$ 8,074,400</u>	<u>\$ 6,952,000</u>	<u>\$ 148,900</u>
	<u>46,680,500</u>	<u>51,252,900</u>	TOTAL GENERAL REVENUES				
	737,600	8,180,100	CHANGE IN NET POSITION				
	50,283,200	51,371,800	NET POSITION, JANUARY 1				
	<u>351,000</u>	<u>959,800</u>	CAPITAL CONTRIBUTED				
	<u>\$ 51,371,800</u>	<u>\$ 60,511,700</u>	NET POSITION, DECEMBER 31				

Fund Statement Analysis

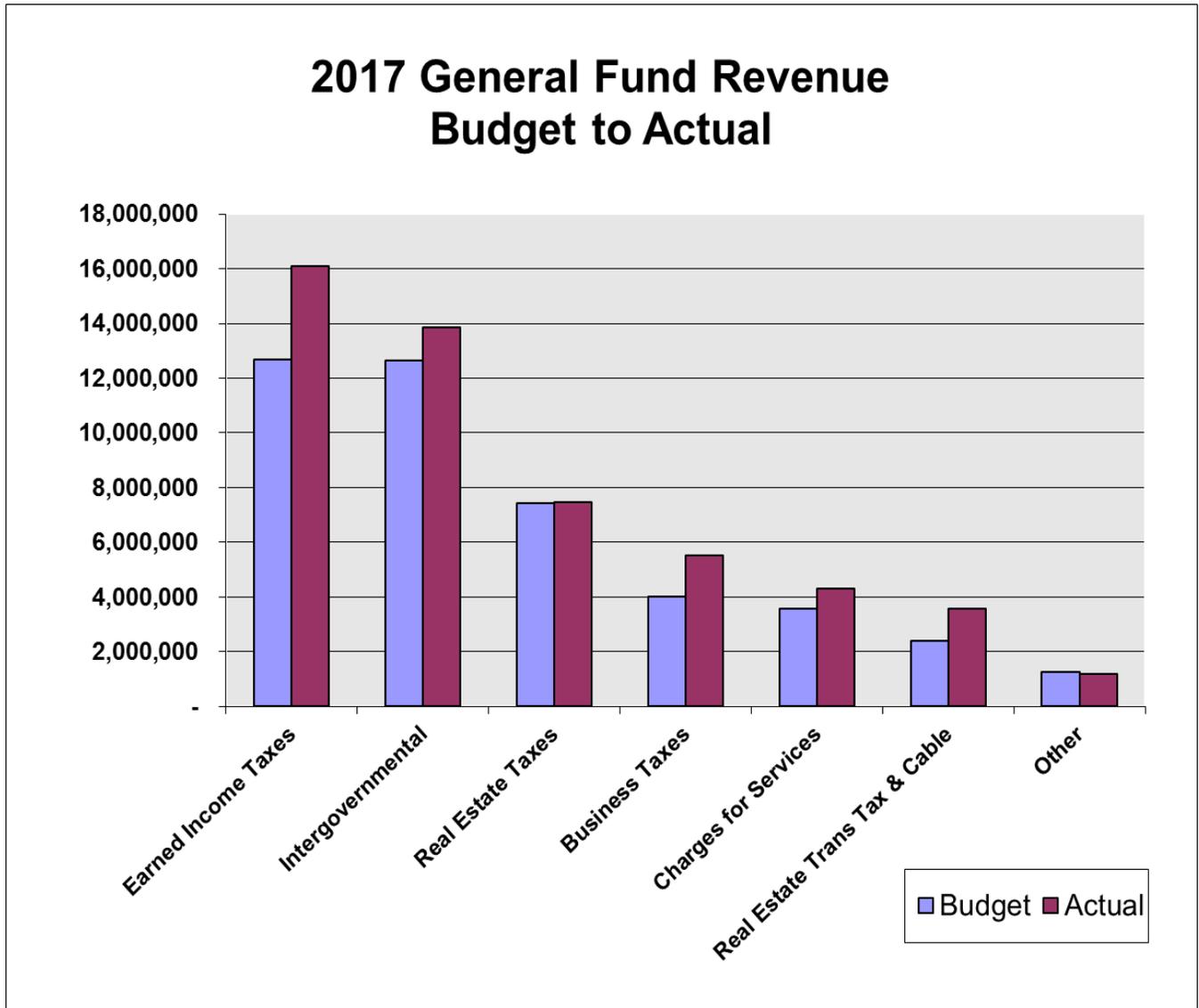
General Fund

**2017 SUMMARY OF STATEMENT OF REVENUE , EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)**

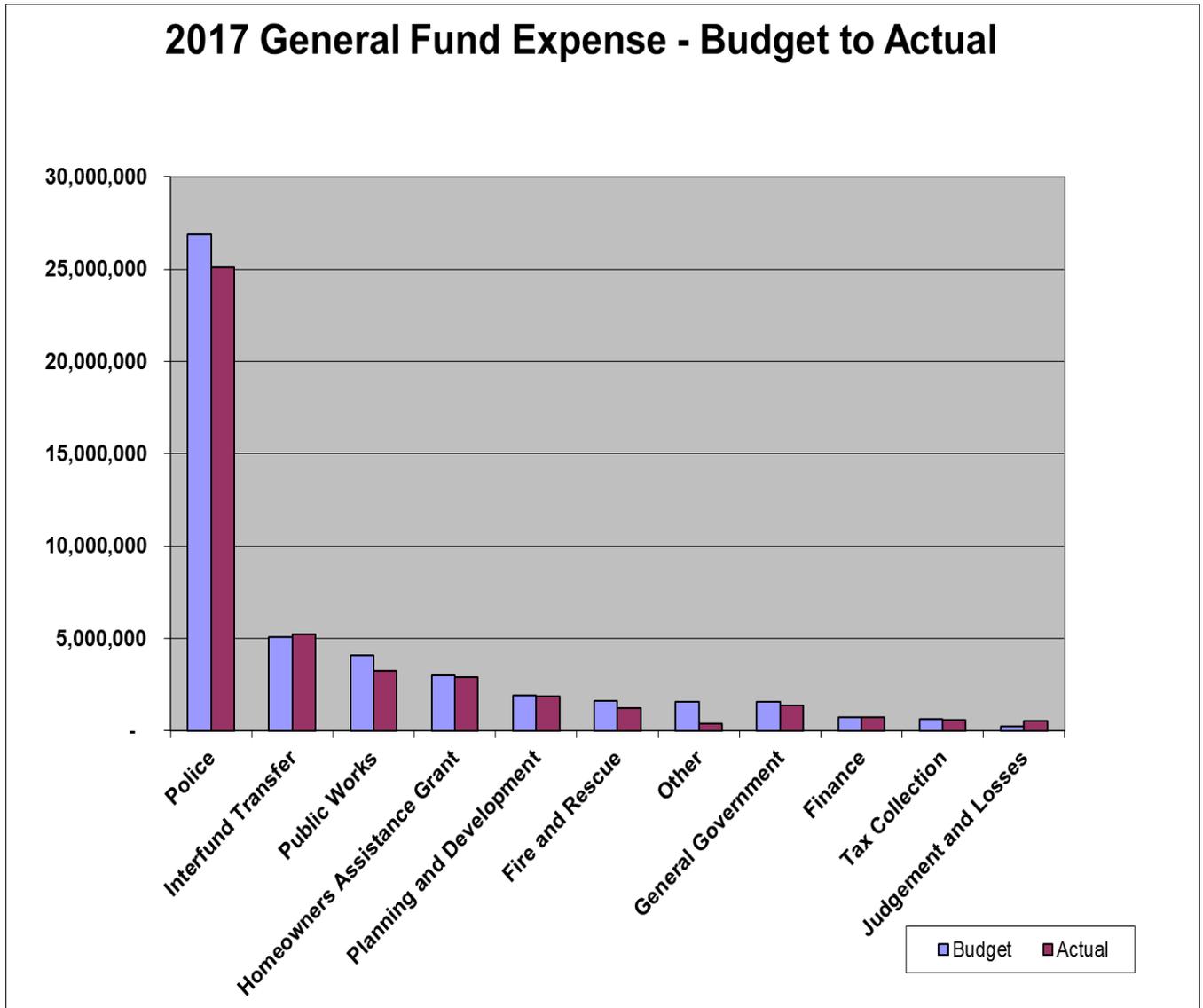
	<u>Budget</u>	<u>Actual</u>	Variance with <u>Final Budget</u>
TOTAL REVENUES	\$ 42,970,700	\$ 51,693,200	\$ 8,722,500
TOTAL EXPENDITURES	<u>39,198,000</u>	<u>35,004,300</u>	<u>(4,193,700)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,772,700</u>	<u>16,688,900</u>	<u>12,916,200</u>
OTHER NONOPERATING EXPENSES			
Homeowners' assistance program	<u>3,000,000</u>	<u>2,874,900</u>	<u>(125,100)</u>
TOTAL OTHER NONOPERATING EXPENSES	<u>3,000,000</u>	<u>2,874,900</u>	<u>(125,100)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	1,000,800	321,900	(678,900)
Operating transfers out	<u>(5,080,400)</u>	<u>(5,191,700)</u>	<u>(111,300)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,079,600)</u>	<u>(4,869,800)</u>	<u>(790,200)</u>
REVENUES AND OTHER FINANCING SOURCES (OVER) UNDER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(3,306,900)	8,944,200	12,251,100
FUND BALANCES			
January 1, 2017	<u>16,191,300</u>	<u>16,191,300</u>	<u>-</u>
December 31, 2017	<u>12,884,400</u>	<u>25,135,500</u>	<u>12,251,100</u>

Actual revenue was more than budget by \$8,722,500 due to higher than expected revenues in intergovernmental proceeds, real estate taxes, real estate transfer taxes, business taxes, and earned income tax collections.

The Township continues to monitor and limit expenses. In so doing the actual expenses were less than budget by \$4,193,700 or 12%. During the year we continue to review and control expenditures while providing a high level of service to the community.

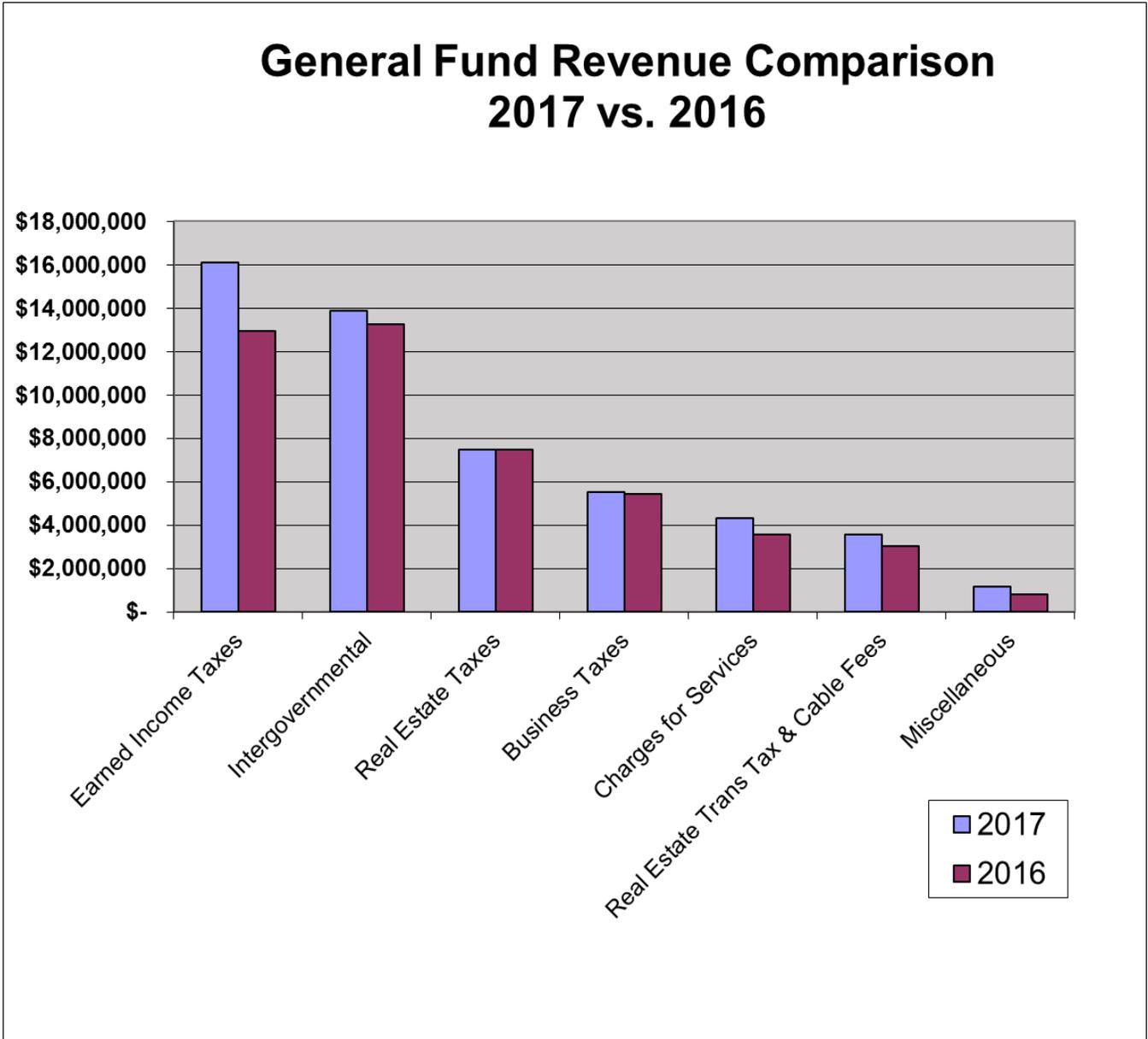


Actual revenue in the general fund was more than budget by \$8,722,500 for an 20% variance for the year ended December 31, 2017. The actual revenue exceeded budget is due to the implementation of the earned income tax in 2016 and an actual full years' worth of collections occurring in 2017.

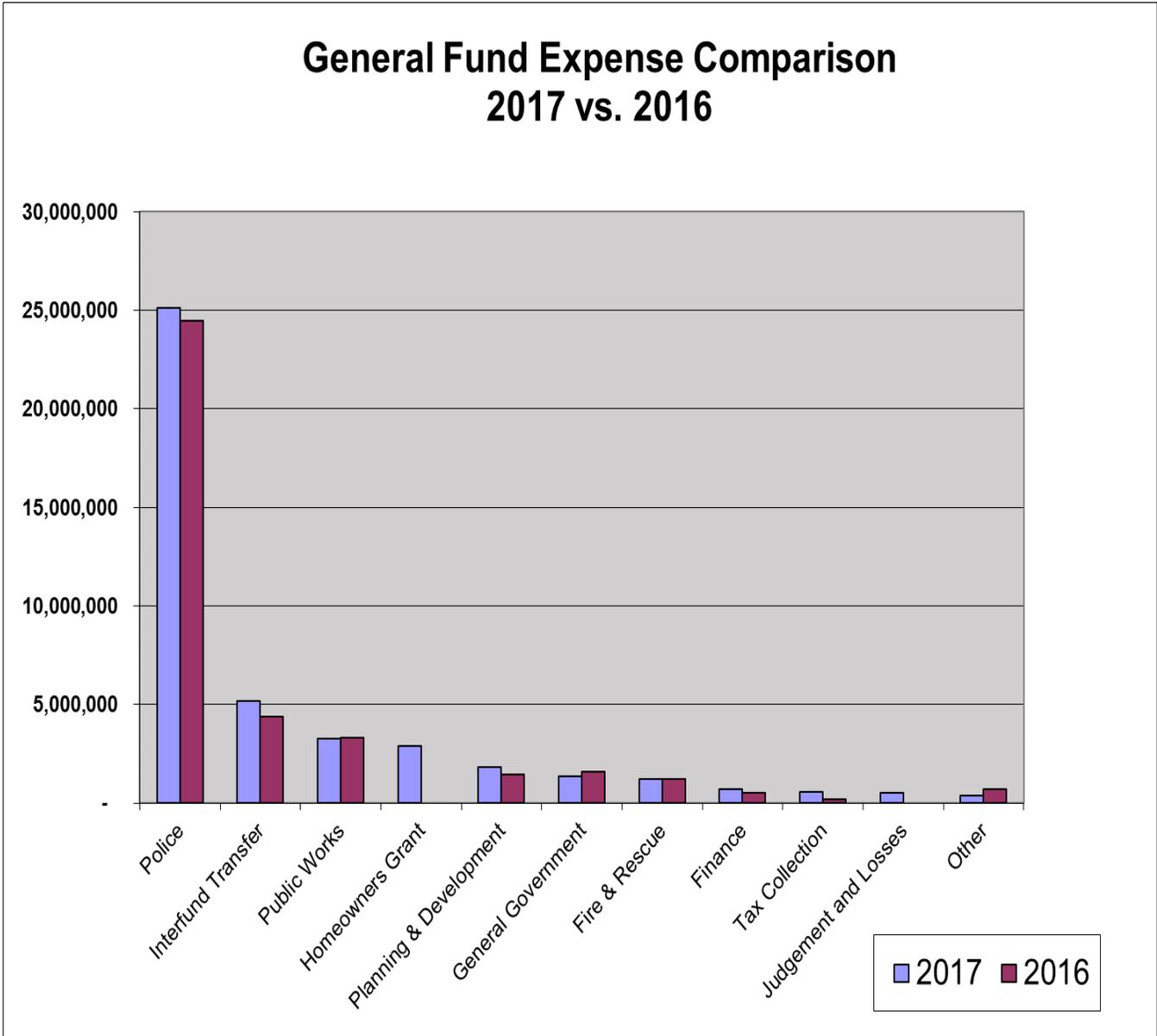


Total general fund expenses were less than budget by \$4,193,700 or 12% for the year ended December 31, 2017. The Township continually strives to obtain the lowest price possible for our expenditures. This is done by obtaining annual bids for services and taking advantage of state contract pricing.

Even though we endeavor to conserve costs the services to the residents of the Township have not been adversely affected. The \$4,193,700 savings from 2017 helps fund next year's budget.



In comparing the year 2017 to 2016 there was a 12% increase in revenue, due mainly to the earned income tax.



The 2017 operating expenses increased slightly from the previous year due to contractual wage increases and inflationary costs.

**TOWNSHIP OF BENSALEM, BUCKS COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

Other Funds

In total for the year ended December 31, 2017, the Township's overall net capital assets increased by \$2,175,500. Vehicles, machinery and equipment, and changes in infrastructure are the main reasons for the increase. We had approximately \$7,244,400 in additions, approximately \$7,986,400 in deletions and \$3,237,855 in depreciation Township-wide.

	Balance December 2016	Additions	Deletions	Balance December 2017
GOVERNMENTAL ACTIVITIES				
Land	\$ 11,640,351	\$ -	\$ (142,370)	\$ 11,497,981
Construction in progress	411,061	283,014	(122,605)	571,470
Buildings and improvements	21,228,614	270,933	(359,409)	21,140,138
Land improvements	9,436,070	-	(194,913)	9,241,157
Vehicles, machinery and equipment	12,976,062	1,823,368	(882,253)	13,917,177
Infrastructure	104,448,537	4,834,784	(6,237,774)	103,045,547
Total	160,140,695	7,212,099	(7,939,324)	159,413,470
Total accumulated depreciation	<u>(110,286,009)</u>	<u>(3,018,485)</u>	<u>6,153,582</u>	<u>(107,150,912)</u>
Governmental capital assets, net	<u>\$ 49,854,686</u>	<u>\$ 4,193,614</u>	<u>\$ (1,785,742)</u>	<u>\$ 52,262,558</u>
	Balance December 2016	Additions	Deletions	Balance December 2017
BUSINESS-TYPE ACTIVITIES				
Land	\$ 11,537,195	\$ -	\$ -	\$ 11,537,195
Construction in progress	-	-	-	-
Buildings and improvements	2,961,386	-	-	2,961,386
Land improvements	1,421,548	5,700	-	1,427,248
Vehicle, machinery and equipment	1,358,163	26,607	(47,066)	1,337,704
Total	17,278,292	32,307	(47,066)	17,263,533
Total accumulated depreciation	<u>(2,718,130)</u>	<u>(219,370)</u>	<u>1,757</u>	<u>(2,935,743)</u>
Business-type capital assets, net	<u>\$ 14,560,162</u>	<u>\$ (187,063)</u>	<u>\$ (45,309)</u>	<u>\$ 14,327,790</u>
Grand Total Capital Assets	<u>\$ 64,414,848</u>	<u>\$ 4,006,551</u>	<u>\$ (1,831,051)</u>	<u>\$ 66,590,348</u>

**TOWNSHIP OF BENSALEM, BUCKS COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

The Township's total gross debt outstanding was \$48,963,000 as of December 31, 2017. The Township's borrowing capacity is \$99,012,400. We do have room to borrow for future capital improvements if the need arises.

Long-term debt activity for the year ended December 31, 2017 was as follows:

	Balance December 2016	Increase	Decrease	Balance December 2017	Amount Due within One Year
General Obligation Bonds	\$ 21,225,000	\$ -	\$ 1,480,000	\$ 19,745,000	1,515,000
General Obligation and Revenue Notes	<u>26,059,000</u>	<u>5,000,000</u>	<u>1,841,000</u>	<u>29,218,000</u>	<u>2,072,000</u>
Total	<u>\$ 47,284,000</u>	<u>\$ 5,000,000</u>	<u>\$ 3,321,000</u>	<u>\$ 48,963,000</u>	<u>\$ 3,587,000</u>

Long Term Outlook – Township Financial Condition

Looking to the future, we have large government-wide cash and fund balances of \$72,714,600. 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 national economy continues to improve, this is reflective in the continual interest rate increases by the Federal Reserve during 2017. The housing market has started to pick up within the Township, showing signs of an improving market. 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 significantly. 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 2017 revenue were similar to 2016. Expenses in 2017 were in line with contractual obligations and inflation. 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, funding 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.

In the 2018 budget, the Mayor and Council have committed to a Homeowners Assistance Grant Program. The budgeted funds for this are \$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.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Governmental Activities	Business- Activities	Total
ASSETS			
Cash, cash equivalents and investments	\$ 73,419,180	\$ 1,568,754	\$ 74,987,934
Receivables			
Real estate taxes	415,264	-	415,264
Earned income taxes	2,837,999	-	2,837,999
Interest	214,330	-	214,330
Casino - local share assessment	4,257,689	-	4,257,689
Other	1,045,863	10,264	1,056,127
Inventories	-	80,700	80,700
Due from other funds	261,307	-	261,307
Restricted cash	162,234	-	162,234
Other assets	518,678	44,543	563,221
Capital assets			
Land and construction in progress	12,069,451	11,537,195	23,606,646
Other capital assets, net of accumulated depreciation	<u>40,193,107</u>	<u>2,790,595</u>	<u>42,983,702</u>
TOTAL ASSETS	135,395,102	16,032,051	151,427,153
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	<u>1,218,707</u>	<u>-</u>	<u>1,218,707</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>136,613,809</u>	<u>16,032,051</u>	<u>152,645,860</u>
LIABILITIES			
Accounts payable and accrued expenses	1,969,580	55,819	2,025,399
Deposits and advances	-	150,071	150,071
Other liabilities	163,879	-	163,879
Due to other funds	260,020	-	260,020
Compensated absences, current	1,052,911	-	1,052,911
Bonds and notes payable, current	2,608,800	978,200	3,587,000
Obligation under capital leases, current	138,663	61,450	200,113
Note payable, other, current	158,927	-	158,927
Compensated absences, non-current	3,131,315	-	3,131,315
Note payable, other, non-current	459,641	-	459,641
Obligation under capital leases, non-current	2,288,375	28,800	2,317,175
Bonds and notes payable, non-current	33,712,200	11,663,800	45,376,000
Unfunded other postemployment benefits	4,613,965	-	4,613,965
Net pension liability	<u>23,303,909</u>	<u>-</u>	<u>23,303,909</u>
TOTAL LIABILITIES	<u>73,862,185</u>	<u>12,938,140</u>	<u>86,800,325</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred taxes and other receipts	381,229	-	381,229
Related to pensions	<u>4,952,583</u>	<u>-</u>	<u>4,952,583</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,333,812</u>	<u>-</u>	<u>5,333,812</u>
NET POSITION			
Net investment in capital assets	15,941,558	1,595,540	17,537,098
Restricted for			
Debt service	2,906,390	-	2,906,390
Specific purposes	7,798,056	-	7,798,056
Unrestricted	<u>30,771,808</u>	<u>1,498,371</u>	<u>32,270,179</u>
TOTAL NET POSITION	<u>\$ 57,417,812</u>	<u>\$ 3,093,911</u>	<u>\$ 60,511,723</u>

See accompanying notes.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

FUNCTIONS/PROGRAMS	Expenses		Program Revenue			Net (Expense) Revenues and Changes in Net Position		
	Direct	Indirect	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities								
General government	\$ 4,410,789	\$ 55,372	\$ -	\$ -	\$ -	\$ (4,466,161)	\$ -	\$ (4,466,161)
Tax collection	307,232	-	-	-	-	(307,232)	-	(307,232)
Community and economic development	830,433	11,074	82,546	694,869	148,915	84,823	-	84,823
Fire and rescue	4,035,282	77,521	908,930	425,230	-	(2,778,643)	-	(2,778,643)
Parks and recreation	1,928,578	99,670	544,709	-	-	(1,483,539)	-	(1,483,539)
Planning and development	1,851,391	121,818	1,890,345	-	-	(82,864)	-	(82,864)
Police	26,674,769	1,384,300	1,556,680	2,003,054	-	(24,499,335)	-	(24,499,335)
Public works - buildings	663,956	-	-	-	-	(663,956)	-	(663,956)
Public works - highways	4,814,809	199,339	156,400	1,572,212	-	(3,285,536)	-	(3,285,536)
Street lighting	1,993,968	11,074	-	2,256,657	-	251,615	-	251,615
Interest	1,517,535	-	-	-	-	(1,517,535)	-	(1,517,535)
Judgments and losses	582,060	-	294,669	-	-	(287,391)	-	(287,391)
Homeowners' assistance program	2,874,927	-	-	-	-	(2,874,927)	-	(2,874,927)
Other post employment benefits	1,029,361	-	-	-	-	(1,029,361)	-	(1,029,361)
Other	289,269	-	-	-	-	(289,269)	-	(289,269)
Total governmental activities	<u>53,804,359</u>	<u>1,960,168</u>	<u>5,434,279</u>	<u>6,952,022</u>	<u>148,915</u>	<u>(43,229,311)</u>	<u>-</u>	<u>(43,229,311)</u>
Business-type activities								
Country club	2,483,516	-	2,640,074	-	-	-	156,558	156,558
Total business-type activities	<u>2,483,516</u>	<u>-</u>	<u>2,640,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,558</u>	<u>156,558</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 56,287,875</u>	<u>\$ 1,960,168</u>	<u>\$ 8,074,353</u>	<u>\$ 6,952,022</u>	<u>\$ 148,915</u>	<u>(43,229,311)</u>	<u>156,558</u>	<u>(43,072,753)</u>
General revenues								
Taxes								
Real estate						12,396,962	-	12,396,962
Real estate transfer						2,294,577	-	2,294,577
Business						5,525,775	-	5,525,775
Earned income taxes						16,080,831	-	16,080,831
Cable television franchise fee						1,276,497	-	1,276,497
Intergovernmental revenue not restricted to specific program						11,925,218	-	11,925,218
Interest						691,727	7,223	698,950
Rents						183,485	-	183,485
Gain (loss) on disposition of fixed assets						514,977	(45,309)	469,668
Miscellaneous revenues						400,973	-	400,973
Transfers						163,800	(163,800)	-
Total general revenues, special items, and transfers						<u>51,454,822</u>	<u>(201,886)</u>	<u>51,252,936</u>
Changes in net position						8,225,511	(45,328)	8,180,183
Net position - January 1, 2017						49,192,301	2,179,439	51,371,740
Contributed capital						-	959,800	959,800
Net position - December 31, 2017						<u>\$ 57,417,812</u>	<u>\$ 3,093,911</u>	<u>\$ 60,511,723</u>

See accompanying notes.

FUND FINANCIAL STATEMENTS

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General	Capital Trust	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash, cash equivalents and investments	\$ 19,005,476	\$ 43,831,689	\$ 26,794	\$ 4,813,014	\$ 5,742,207	\$ 73,419,180
Receivables						
Real estate taxes	401,734	-	6	-	13,524	415,264
Earned income taxes	3,423,706	-	-	-	-	3,423,706
Interest	-	214,330	-	-	-	214,330
Casino - local share assessment	3,487,995	-	-	-	-	3,487,995
Intergovernmental	1,039,977	-	-	147,002	42,871	1,229,850
Due from other funds	261,307	-	-	-	-	261,307
Restricted cash	162,234	-	-	-	-	162,234
Other assets	365,706	-	-	-	152,972	518,678
TOTAL ASSETS	28,148,135	44,046,019	26,800	4,960,016	5,951,574	83,132,544
DEFERRED OUTFLOWS OF RESOURCES						
	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 28,148,135	\$ 44,046,019	\$ 26,800	\$ 4,960,016	\$ 5,951,574	\$ 83,132,544
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenses	\$ 2,469,222	\$ -	\$ -	\$ 44,363	\$ 277,685	\$ 2,791,270
Other liabilities	162,234	-	-	-	1,645	163,879
Due to other funds	-	248,812	-	-	11,208	260,020
TOTAL LIABILITIES	2,631,456	248,812	-	44,363	290,538	3,215,169
DEFERRED INFLOWS OF RESOURCES						
Deferred taxes and other receipts	381,229	-	-	-	-	381,229
FUND BALANCES						
Nonspendable	365,706	-	-	-	152,972	518,678
Restricted	-	-	-	-	-	-
Committed	-	-	-	4,915,653	5,508,111	10,423,764
Assigned	53,406	43,797,207	26,800	-	-	43,877,413
Unassigned	24,716,338	-	-	-	(47)	24,716,291
TOTAL FUND BALANCES	25,135,450	43,797,207	26,800	4,915,653	5,661,036	79,536,146
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 28,148,135	\$ 44,046,019	\$ 26,800	\$ 4,960,016	\$ 5,951,574	\$ 83,132,544

See accompanying notes.

**TOWNSHIP OF BENSALEM, BUCKS COUNTY, PENNSYLVANIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2017**

TOTAL FUND BALANCE, GOVERNMENTAL FUNDS \$ 79,536,146

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

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore are not reported in the funds:

Deferred outflows of resources related to pensions	1,218,707
Deferred inflows of resources related to pensions	(4,952,583)

Capital assets used in governmental funds are not current financial resources and therefore are not reported in the funds. 52,262,558

Some liabilities, (such as notes payable, long-term compensated absences, bonds payable, net pension liability and unfunded other postemployment benefits) are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position. (70,647,016)

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION \$ 57,417,812

See accompanying notes.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

	General	Capital Trust	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Intergovernmental	\$13,872,546	\$ -	\$ -	\$ -	\$ 5,122,144	\$18,994,690
Real estate taxes	7,469,970	-	834	-	4,926,158	12,396,962
Business taxes	5,525,775	-	-	-	-	5,525,775
Earned income taxes	16,080,831	-	-	-	-	16,080,831
Interest - trust	-	516,351	-	-	-	516,351
Departmental charges	2,012,600	-	-	88,326	729,599	2,830,525
Real estate transfer tax and cable fees	3,571,074	-	-	-	-	3,571,074
Licenses and permits	1,906,025	-	-	-	-	1,906,025
Fines	398,121	-	-	-	-	398,121
Interest - other	106,255	-	4,996	28,334	35,791	175,376
Other	750,018	-	-	61,422	139,265	950,705
TOTAL REVENUES	<u>51,693,215</u>	<u>516,351</u>	<u>5,830</u>	<u>178,082</u>	<u>10,952,957</u>	<u>63,346,435</u>
EXPENDITURES						
General government						
Direct	167,573	-	-	-	-	167,573
Indirect	1,199,074	-	-	-	-	1,199,074
Finance	705,951	60,785	-	-	-	766,736
Tax collection	572,639	-	-	-	-	572,639
Community and economic development	1,271	-	-	44,669	799,838	845,778
Fire and rescue	1,228,334	-	-	-	2,698,194	3,926,528
Parks and recreation	-	-	-	-	1,826,975	1,826,975
Planning and development	1,837,762	-	-	-	-	1,837,762
Police	25,116,142	-	-	-	1,441,566	26,557,708
Public works - buildings	644,339	-	-	19,617	-	663,956
Public works - highways	2,602,569	-	-	5,511,390	843,029	8,956,988
Street lighting	-	-	-	-	2,088,325	2,088,325
Judgments and losses	537,391	-	-	-	-	537,391
Debt service						
Principal	-	-	3,321,000	-	-	3,321,000
Interest and other fiscal charges	-	-	1,436,190	25,000	-	1,461,190
Other	391,268	-	-	149,804	-	541,072
TOTAL EXPENDITURES	<u>35,004,313</u>	<u>60,785</u>	<u>4,757,190</u>	<u>5,750,480</u>	<u>9,697,927</u>	<u>55,270,695</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>16,688,902</u>	<u>455,566</u>	<u>(4,751,360)</u>	<u>(5,572,398)</u>	<u>1,255,030</u>	<u>8,075,740</u>
OTHER NONOPERATING EXPENDITURES						
Homeowners' assistance program	2,874,927	-	-	-	-	2,874,927
TOTAL OTHER NONOPERATING EXPENDITURES	<u>2,874,927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,874,927</u>
OTHER FINANCING SOURCES (USES)						
Bond and note proceeds	-	-	-	5,000,000	-	5,000,000
Gain on sale of fixed assets	-	-	-	1,471,939	-	1,471,939
Transfers in	321,874	500,000	4,691,738	371,474	-	5,885,086
Transfers out	(5,191,738)	-	-	-	(529,549)	(5,721,287)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,869,864)</u>	<u>500,000</u>	<u>4,691,738</u>	<u>6,843,413</u>	<u>(529,549)</u>	<u>6,635,738</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES OVER (UNDER) OTHER FINANCING SOURCES (USES)	<u>8,944,111</u>	<u>955,566</u>	<u>(59,622)</u>	<u>1,271,015</u>	<u>725,481</u>	<u>11,836,551</u>
FUND BALANCES						
January 1, 2017	<u>16,191,339</u>	<u>42,841,641</u>	<u>86,422</u>	<u>3,644,638</u>	<u>4,935,555</u>	<u>67,699,595</u>
December 31, 2017	<u>\$25,135,450</u>	<u>\$43,797,207</u>	<u>\$ 26,800</u>	<u>\$ 4,915,653</u>	<u>\$ 5,661,036</u>	<u>\$79,536,146</u>

See accompanying notes.

**TOWNSHIP OF BENSALEM, BUCKS COUNTY, PENNSYLVANIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ 11,836,551**

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays of \$6,551,324 exceeds depreciation of \$3,018,485 in the current period. 3,532,839

Basis of capital assets disposed during the current year not reported in the governmental funds. (35,068)

Governmental funds report pension contributions as expenditures. However in the Statement of Activities, the cost incurred for future pension benefits is reported as pension expense. (3,652,392)

Governmental funds report bond proceeds as current financial resources. In contrast, the statement of activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal, note payable and capital lease payments as an expenditure. In contrast, the statement of activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments. (2,325,703)

Compensated absence and other postemployment expenses not reflected on governmental funds. (1,130,716)

**CHANGES IN NET POSITION OF GOVERNMENTAL
ACTIVITIES - STATEMENT OF ACTIVITIES** **\$ 8,225,511**

See accompanying notes.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS) - (UNAUDITED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
REVENUES				
Intergovernmental	\$ 12,633,700	\$ 12,633,700	\$ 13,872,546	\$ 1,238,846
Real estate taxes	7,421,700	7,421,700	7,469,970	48,270
Business taxes	4,025,000	4,025,000	5,525,775	1,500,775
Earned income taxes	12,673,800	12,673,800	16,080,831	3,407,031
Departmental charges	1,836,000	1,836,000	2,012,600	176,600
Real estate transfer tax and cable fees	2,400,000	2,400,000	3,571,074	1,171,074
Licenses and permits	1,295,500	1,295,500	1,906,025	610,525
Fines	443,000	443,000	398,121	(44,879)
Interest - other	18,000	18,000	106,255	88,255
Other	224,000	224,000	750,018	526,018
TOTAL REVENUES	<u>42,970,700</u>	<u>42,970,700</u>	<u>51,693,215</u>	<u>8,722,515</u>
EXPENDITURES				
General government	1,559,000	1,559,000	1,366,647	(192,353)
Finance	743,900	743,900	705,951	(37,949)
Tax collection	620,400	620,400	572,639	(47,761)
Community and economic development	-	-	1,271	1,271
Fire and rescue	1,595,400	1,595,400	1,228,334	(367,066)
Planning and development	1,892,900	1,892,900	1,837,762	(55,138)
Police	26,876,400	26,876,400	25,116,142	(1,760,258)
Public works - buildings	840,000	840,000	644,339	(195,661)
Public works - highways	3,255,000	3,255,000	2,602,569	(652,431)
Judgments and losses	250,000	250,000	537,391	287,391
Other	1,565,000	1,565,000	391,268	(1,173,732)
TOTAL EXPENDITURES	<u>39,198,000</u>	<u>39,198,000</u>	<u>35,004,313</u>	<u>(4,193,687)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,772,700</u>	<u>3,772,700</u>	<u>16,688,902</u>	<u>12,916,202</u>
OTHER NONOPERATING EXPENDITURES				
Homeowners' assistance program	3,000,000	3,000,000	2,874,927	(125,073)
TOTAL OTHER NONOPERATING EXPENDITURES	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,874,927</u>	<u>(125,073)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,000,800	1,000,800	321,874	(678,926)
Operating transfers out	(5,080,400)	(5,080,400)	(5,191,738)	(111,338)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,079,600)</u>	<u>(4,079,600)</u>	<u>(4,869,864)</u>	<u>(790,264)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
OTHER FINANCING SOURCES (USES)	(3,306,900)	(3,306,900)	8,944,111	12,251,011
FUND BALANCES				
January 1, 2017	16,191,339	16,191,339	16,191,339	-
December 31, 2017	<u>\$ 12,884,439</u>	<u>\$ 12,884,439</u>	<u>\$ 25,135,450</u>	<u>\$ 12,251,011</u>

See accompanying notes.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
STATEMENT OF NET POSITION
PROPRIETARY FUND - BENSLEM TOWNSHIP COUNTRY CLUB
DECEMBER 31, 2017

ASSETS

CURRENT ASSETS

Cash	\$ 1,568,754
Accounts receivable, net	10,264
Inventories	80,700
Prepaid expenses	44,543
TOTAL CURRENT ASSETS	<u>1,704,261</u>

FIXED ASSETS

Land	11,537,195
Buildings	2,961,386
Improvements	1,427,247
Furniture, machinery and equipment	1,337,705
Construction in progress	-
	<u>17,263,533</u>
Less accumulated depreciation	<u>(2,935,743)</u>
	<u>14,327,790</u>
TOTAL ASSETS	<u>16,032,051</u>

DEFERRED OUTFLOWS OF RESOURCES

-

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 16,032,051

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 55,819
Notes payable, current portion	978,200
Capital lease obligation, current portion	61,450
Deposits and advances	150,071
TOTAL CURRENT LIABILITIES	<u>1,245,540</u>

Capital lease obligation, net of current portion	28,800
Notes payable, net of current portion	<u>11,663,800</u>

TOTAL LIABILITIES

12,938,140

DEFERRED INFLOWS OF RESOURCES

-

NET POSITION

Net investment in capital assets	1,595,540
Unrestricted	<u>1,498,371</u>
TOTAL NET POSITION	<u>3,093,911</u>

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES
AND NET POSITION**

\$ 16,032,051

See accompanying notes.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND - BENSLEM TOWNSHIP COUNTRY CLUB
YEAR ENDED DECEMBER 31, 2017

OPERATING REVENUE	
Charges for services	
Golf course revenue	\$ 1,539,495
Food and banquet revenue	<u>1,100,581</u>
TOTAL OPERATING REVENUE	<u>2,640,076</u>
OPERATING EXPENSES	
Golf course	1,005,078
Banquet	917,776
General administrative	<u>335,459</u>
TOTAL OPERATING EXPENSES	<u>2,258,313</u>
INCOME FROM OPERATIONS	<u>381,763</u>
NON-OPERATING REVENUE (EXPENSE)	
Depreciation	(219,370)
Interest income	7,223
Interest expense	(5,835)
Loss on disposal of fixed assets	<u>(45,309)</u>
TOTAL NON-OPERATING REVENUE (EXPENSE)	<u>(263,291)</u>
INCOME BEFORE TRANSFERS	118,472
OPERATING TRANSFERS IN (OUT)	<u>(163,800)</u>
CHANGE IN NET POSITION	(45,328)
NET POSITION, BEGINNING	2,179,439
CAPITAL CONTRIBUTED	<u>959,800</u>
NET POSITION, ENDING	<u>\$ 3,093,911</u>

See accompanying notes.

TOWNSHIP OF BENSELEM, BUCKS COUNTY, PENNSYLVANIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - BENSELEM TOWNSHIP COUNTRY CLUB
YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 2,625,138
Payments to suppliers for goods and services	(1,169,666)
Payments to employees and professional contractors	(1,069,578)
Interest income	7,223
Interest paid	(5,835)
Operating transfer	<u>(163,800)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>223,482</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on notes	(959,800)
Principal paid on capital leases	(99,402)
Purchase of capital assets	(32,306)
Capital contributed	<u>959,800</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(131,708)</u>

NET CHANGE IN CASH 91,774

CASH, BEGINNING 1,476,980

CASH, ENDING **\$ 1,568,754**

RECONCILIATION OF CHANGE IN NET POSITON TO NET CASH
PROVIDED BY OPERATING ACTIVITIES

Change in net position	<u>\$ (45,328)</u>
Adjustment to reconcile change in net position to net cash provided by operating activities	
Depreciation	219,370
Loss on disposal of fixed assets	45,309
Changes in assets and liabilities	
Increase in accounts receivable	(3,531)
Increase in inventories	2,971
Increase in prepaid expenses	26,741
Decrease in accounts payable	(10,643)
Increase in deposits and advances	<u>(11,407)</u>
TOTAL ADJUSTMENTS	<u>268,810</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES **\$ 223,482**

SUPPLEMENTARY DISCLOSURES

Noncash financing activities:	
Equipment transferred from construction in progress	<u>\$ -</u>

See accompanying notes.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2017

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
CASH AND SHORT TERM INVESTMENTS	\$ 2,075,450	\$ 2,433,819
ACT 44 DROP BALANCE	<u>500,769</u>	<u>-</u>
RECEIVABLES		
Accrued income	37,829	-
Members' contributions	5,016	-
Municipal contribution	25,433	-
Due from other funds	<u>-</u>	<u>-</u>
TOTAL RECEIVABLES	<u>68,278</u>	<u>-</u>
INVESTMENTS, AT FAIR VALUE		
Corporate debt	2,614,016	-
U.S. government securities	1,964,626	-
Domestic stocks	11,575,894	-
Registered investment companies	53,175,031	-
Alternative investments	3,885,811	-
Private equity fund	<u>342,757</u>	<u>-</u>
TOTAL INVESTMENTS	<u>73,558,135</u>	<u>-</u>
TOTAL ASSETS	<u>76,202,632</u>	<u>2,433,819</u>
LIABILITIES		
Accounts payable and accrued expenses	982	-
Due to other funds	-	1,287
Due to developers	<u>-</u>	<u>2,432,532</u>
TOTAL LIABILITIES	<u>982</u>	<u>2,433,819</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS		
(schedules of changes in plan's net pension liability and related ratios (unaudited) for each plan is presented on pages 66-67)	<u>\$ 76,201,650</u>	<u>\$ -</u>

See accompanying notes.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2017

	Pension Trust Funds
ADDITIONS	
Contributions	
Employer	\$ 2,292,439
Employee	591,148
Commonwealth	<u>1,326,005</u>
TOTAL CONTRIBUTIONS	<u>4,209,592</u>
Investment activity	
Net appreciation in fair value of investments	10,058,453
Interest	140,312
Dividends	<u>1,150,490</u>
	<u>11,349,255</u>
Less investment expenses	<u>225,182</u>
Net investment gain	<u>11,124,073</u>
Other income	
Miscellaneous	<u>100,419</u>
TOTAL OTHER INCOME	<u>100,419</u>
TOTAL ADDITIONS	<u>15,434,084</u>
DEDUCTIONS	
Benefits	4,909,228
Refunds of contributions	<u>32,432</u>
TOTAL DEDUCTIONS	<u>4,941,660</u>
NET INCREASE	10,492,424
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	
January 1, 2017	<u>65,709,226</u>
December, 31 2017	<u>\$ 76,201,650</u>

See accompanying notes.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting principles and practices followed by the Township of Bensalem (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. The Township's enterprise fund applies FASB pronouncements or APB opinions issued after November 30, 1989, as applicable.

Financial Reporting Entity

The financial statements include all funds of the Township Oversight Unit. 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.

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.

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.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Allocation of Indirect Expenses

The Township allocates indirect expenses primarily comprised of central governmental services to operating functions and programs benefiting from those services. Central services include overall Township management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement contracting and oversight, investing and cash management, personnel services, and other central administrative services. Allocations are charged to programs based on use of central services determined by various allocation methodologies. These changes are separately reported in the statement of activities.

TOWNSHIP OF BENSALEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Major Funds

The Township reports the following major governmental and enterprise funds:

- General
- Debt Service
- Capital Improvements
- 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

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.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

In accordance with the provisions of GASB Statement 65, (“Items Previously Reported as Assets and Liabilities”) certain items previously reported as assets and liabilities are now reported as deferred outflows of resources and deferred inflows of resources. Specifically, tax revenue previously reported as deferred revenue is now reported as a deferred inflow of resources.

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.

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. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Plans Other than Pensions. GASB Statement No. 45 requires employers that participate in single-employer or agent multiple-employer defined benefit plans other postemployment benefits (OPEB) plans, to measure and disclose an amount for annual OPEB cost on the accrual basis of accounting. See Note 14 for full disclosures.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 statement of revenues, expenditures, encumbrances and changes in fund balances-budget and actual (budgetary basis) (unaudited) - general fund, is reported in accordance with accounting principles generally accepted in the United States of America.

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 and 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 expense 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 BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 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.

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.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2017, 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

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.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity Classification (continued)

Government-Wide Statements (continued)

- 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 15).

- 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 the governments’ highest level of decision making authority, normally the Township Council and the Mayor.
- d. Assigned – amounts that are 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

The Township’s tax calendar is as follows:

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.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 issuance costs and 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.

Recent Pronouncements

GASB has issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The Statement requires more extensive note disclosures and required supplementary information (RSI) related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement No. 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The provisions in Statement No. 74 are effective for fiscal years beginning after June 15, 2016. The Township has implemented this Statement as applicable.

GASB has issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement No. 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability, which is the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments. Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and RSI about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirement. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. The Township has not determined the effect of implementing this Statement.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Pronouncements (continued)

GASB has issued Statement No. 86, *Accounting for Certain Debt Extinguishment*, which provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. The Statement requires additional disclosure in the notes to the financial statements of the defeasance as well as inclusion if any remaining prepaid insurance related to the extinguished debt in the net carrying amount of the debt for purposes of calculating the difference between the reacquisition price and the net carrying amount of the debt. The provisions in Statement No. 86 are effective for fiscal years beginning after June 15, 2017. The Township has not determined the effect of implementing this Statement.

NOTE 2 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, 2017. 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, 2017, the carrying amount of the Township's bank balance was \$34,019,592. 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)	\$ 250,000
Uninsured and collateral held by pledging bank's trust department not in the Township's name	<u>33,769,592</u>
Total	<u>\$ 34,019,592</u>

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
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NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Pension Trusts

As of December 31, 2017, the carrying amount of the Plan's bank balances was \$110,331. The bank balances are categorized as follows:

	<u>Non-Uniformed Defined Benefit Plan</u>	<u>Police Pension Plan</u>	<u>Non-Uniformed Defined Contribution Plan</u>
Insured, or collateralized with securities held by the Plan or by its agent in the Plan's name.	\$ 48,206	\$ 62,125	\$ -
Insured, or collateralized with securities held by the pledging financial institution.	-	-	-
Collateralized with securities held by the pledging financial institution.	-	-	-
Collateralized with securities held by the pledging financial institution's trust department or agent but not in the pension plan's name.	-	-	-
Uninsured and uncollateralized.	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 48,206</u>	<u>\$ 62,125</u>	<u>\$ -</u>

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's 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 BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

INVESTMENTS

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township's primary government unit addresses credit risk through its policy of investing in obligations permitted by regulatory requirements; however, the primary government unit had no investments that were subjected to credit risk at December 31, 2017. The Township's Pension Plans have a formal investment policy that addresses credit risk. The overall rating of the fixed income assets shall be at investment grade, based on the rating of one of the SEC's Nationally Recognized Statistical Rating Organizations (NRSRO's). Investments that drop below that rating will be reevaluated. U.S. Government obligations are not considered to have credit risk and do not require disclosure of credit quality. The credit risk of a debt instrument as measured by an NRSRO (Morningstar for bond mutual funds or Moody's for bonds and mortgages) is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Quality</u>
<u>Police Pension</u>		
Fixed income mutual funds	\$ 1,684,259	A
Corporate debt	364,607	AA
Corporate debt	1,690,896	A
Corporate debt	468,177	BAA
Corporate debt	90,336	BA
Fixed income mutual funds	2,860,998	BBB
Fixed income mutual funds	1,264,241	BB
Fixed income mutual funds	1,249,458	B
Money market funds	<u>1,545,145</u>	Not Rated
	<u>\$ 11,218,117</u>	
<u>Non-Uniform Defined Benefit Plan</u>		
Fixed income mutual funds	\$ 1,648,697	A
Fixed income mutual funds	2,100,825	BBB
Fixed income mutual funds	757,574	BB
Fixed income mutual funds	440,821	B
Money market funds	<u>419,975</u>	Not Rated
	<u>\$ 5,367,892</u>	

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the Township will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Township has a formal investment policy that addresses custodial credit risk. The Township's policy is to allow investment only in obligations issued or fully insured or guaranteed by the United States Federal Government or any U.S. Government Agency, and obligations of the U.S. Government-Sponsored corporations, which under specific statute may be accepted as security for public funds. The primary government unit held no investments that exposed it to custodial credit risk as of December 31, 2017. The Plan does not have a formal investment policy that addresses custodial credit risk. The Township's Pension Plans had the following uninsured investment securities that are held by either the counterparty or the counterparty's trust department or agent but not in the pension plan's name that were subject to custodial credit risk as of December 31, 2017:

Police Pension

Corporate stocks	\$ 8,940,018
Corporate debt	2,614,016
U.S. government obligations	1,964,626
Alternative investments	3,885,811
Private equity fund	342,757
	<u>\$ 17,747,228</u>

Non-Uniform Defined Pension Plan

Corporate stocks	\$ 2,635,876
	<u>\$ 2,635,876</u>

Investments in external investment pools or in open-end mutual funds are not exposed to custodial credit risks because their existence is not evidenced by securities that exist in physical or book entry form. Securities underlying reverse repurchase agreements are not exposed to custodial credit risk because they are held by the buyer-lender. The term securities, as used in this paragraph, include securities underlying repurchase agreements and investment securities.

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, 2017, the Township's Pension Plans held the following investments which represented five percent (5%) or more of total net position available for benefits:

Waterfall Eden Fund (Police Pension Plan)	6.79%	\$ 3,885,811
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TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

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's 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. As of December 31, 2017, the Township's investment balance exposed to interest rate risk was as follows:

Investment Type	Cost	Fair Value Carrying Amount	Investment Maturities (in years)			
			Less Than 1	1-5	6-10	More Than 10
<u>Primary Government - Capital Trust Fund</u>						
Money market funds	\$ 1,924,820	\$ 1,924,820	\$ 1,924,820	\$ -	\$ -	\$ -
Certificates of deposit	5,871,896	5,857,306	798,000	4,811,461	247,845	-
U.S. treasury notes	20,343,331	19,941,812	4,905,405	11,885,854	3,150,552	-
Federal agency notes	<u>16,452,799</u>	<u>16,107,751</u>	<u>2,703,617</u>	<u>9,448,545</u>	<u>3,955,589</u>	<u>-</u>
Total Primary Government	<u>\$ 44,592,846</u>	<u>\$ 43,831,689</u>	<u>\$ 10,331,842</u>	<u>\$ 26,145,860</u>	<u>\$ 7,353,986</u>	<u>\$ -</u>
<u>Police Pension</u>						
U.S. government obligations	\$ 1,958,387	\$ 1,964,626	\$ 373,068	\$ 599,722	\$ 342,868	\$ 648,968
Corporate debt	2,606,866	2,614,016	179,884	1,137,494	1,052,377	244,261
Fixed income mutual funds	<u>7,067,813</u>	<u>7,058,956</u>	<u>-</u>	<u>2,933,717</u>	<u>4,125,239</u>	<u>-</u>
	<u>11,633,066</u>	<u>11,637,598</u>	<u>552,952</u>	<u>4,670,933</u>	<u>5,520,484</u>	<u>893,229</u>
<u>Non-Uniform Defined Benefit</u>						
Fixed income mutual funds	<u>4,958,390</u>	<u>4,947,917</u>	<u>-</u>	<u>2,089,518</u>	<u>2,858,399</u>	<u>-</u>
	<u>4,958,390</u>	<u>4,947,917</u>	<u>-</u>	<u>2,089,518</u>	<u>2,858,399</u>	<u>-</u>
Total Pension Trust	<u>\$ 16,591,456</u>	<u>\$ 16,585,515</u>	<u>\$ 552,952</u>	<u>\$ 6,760,451</u>	<u>\$ 8,378,883</u>	<u>\$ 893,229</u>

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Fair Value Measurements

In accordance with the accounting policies as described in Note 1, the Township's Pension Plans' investments are measured and recorded in accordance with the fair value hierarchy.

The following table sets forth by level, within the fair value hierarchy, the Plans' assets at fair value as of December 31, 2017:

	Level 1	Level 2	Level 3	Total
Corporate debt	\$ 2,614,016	\$ -	\$ -	\$ 2,614,016
U.S. government securities	1,964,626	-	-	1,964,626
Domestic stocks	11,575,894	-	-	11,575,894
Registered investment companies (A)	53,175,031	-	-	53,175,031
Alternative investments (see Note 16)	-	-	3,885,811	3,885,811
Private equity funds	-	342,757	-	342,757
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets at Fair Value	<u>\$ 69,329,567</u>	<u>\$ 342,757</u>	<u>\$ 3,885,811</u>	<u>\$ 73,558,135</u>

The table below sets forth a summary of changes in the fair value of the Plans' level 3 assets for the year ended December 31, 2017:

Beginning balance	\$ 4,011,201
Unrealized gains	527,499
Net capital activity	(515,071)
Management fees and other administrative expenses	<u>(137,818)</u>
Ending balance	<u>\$ 3,885,811</u>

(A) Registered investment companies:

Money Market	\$ 183,482
Small Cap	2,155,063
Mid Cap	2,048,616
Large Cap	17,409,324
International	18,460,455
Real Estate	4,365
Fixed income	<u>12,913,726</u>
Total	<u>\$ 53,175,031</u>

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3 INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of interfund receivables and payables:

Receivables <u>Fund</u>	Payable <u>Fund</u>	<u>Amount</u>
General fund	Community Development fund	\$ 10,000 (a)
General fund	Capital Trust fund	248,812 (b)
General fund	Revolving fund	514 (c)
General fund	T.A.G. fund	1,208 (d)
General fund	Developers escrow fund	<u>773 (e)</u>
		<u>\$ 261,307</u>

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

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 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 & Recreation	\$ 100,000 (a)
General Fund	Country Club Fund	163,800 (b)
General Fund	Federal Forfeitures	34,598 (c)
General Fund	Community Spirit Fund	23,476 (c)
Sinking Fund	General Fund	4,691,738 (d)
Trust Fund	General Fund	500,000 (e)
Capital Improvements	Zone 1	297,609 (f)
Capital Improvements	Zone 2	19,428 (g)
Capital Improvements	Zone 3	21,438 (h)
Capital Improvements	Zone 4	<u>33,000 (i)</u>
		<u>\$ 5,885,087</u>

- (a) Transfer of funds from the Parks & Recreation Fund as per the 2017 Budget.
- (b) Transfer of funds from the County Club Fund as per the 2017 Budget.
- (c) Transfer represents reimbursement of payroll expenditures paid by general fund pending receipt of grant awards.
- (d) Transfer of funds from the General Fund as per the 2017 Budget.
- (e) Transfer of funds from the General Fund as per Council's direction.
- (f) Transfer of funds from Zone 1 to Capital Improvements to reimburse for expenses that would have normally been paid from the Zones.
- (g) Transfer of funds from Zone 2 to Capital Improvements to reimburse for expenses that would have normally been paid from the Zones.
- (h) Transfer of funds from Zone 3 to Capital Improvements to reimburse for expenses that would have normally been paid from the Zones.
- (i) Transfer of funds from Zone 4 to Capital Improvements to reimburse for expenses that would have normally been paid from the Zones.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

The following is a summary of capital asset activity:

	Balance December 31, 2016	Additions	Deletions	Balance December 31, 2017
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 11,640,351	\$ -	\$ (142,370)	\$ 11,497,981
Construction in progress	<u>411,061</u>	<u>283,014</u>	<u>(122,605)</u>	<u>571,470</u>
Total capital assets not being depreciated	<u>12,051,412</u>	<u>283,014</u>	<u>(264,975)</u>	<u>12,069,451</u>
Other capital assets:				
Buildings and improvements	21,228,614	270,933	(359,409)	21,140,138
Land improvements	9,436,070	-	(194,913)	9,241,157
Vehicles, machinery and equipment	12,976,062	1,823,368	(882,253)	13,917,177
Infrastructure	<u>104,448,537</u>	<u>4,834,784</u>	<u>(6,237,774)</u>	<u>103,045,547</u>
Total capital assets being depreciated	<u>148,089,283</u>	<u>6,929,085</u>	<u>(7,674,349)</u>	<u>147,344,019</u>
TOTAL CAPITAL ASSETS	<u>160,140,695</u>	<u>7,212,099</u>	<u>(7,939,324)</u>	<u>159,413,470</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,724,997)	(497,261)	219,624	(6,002,634)
Land improvements	(6,502,125)	(359,363)	146,983	(6,714,505)
Vehicles, machinery and equipment	(10,282,280)	(1,095,081)	781,834	(10,595,527)
Infrastructure	<u>(87,776,607)</u>	<u>(1,066,780)</u>	<u>5,005,141</u>	<u>(83,838,246)</u>
TOTAL ACCUMULATED DEPRECIATION	<u>(110,286,009)</u>	<u>(3,018,485)</u>	<u>6,153,582</u>	<u>(107,150,912)</u>
Governmental capital assets, net	<u>\$ 49,854,686</u>	<u>\$ 4,193,614</u>	<u>\$ (1,785,742)</u>	<u>\$ 52,262,558</u>

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 PROPERTY, PLANT AND EQUIPMENT (continued)

	Balance December 31, 2016	Additions	Deletions	Balance December 31, 2017
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 11,537,195	\$ -	\$ -	\$ 11,537,195
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>11,537,195</u>	<u>-</u>	<u>-</u>	<u>11,537,195</u>
Other capital assets:				
Buildings and improvements	2,961,386	-	-	2,961,386
Land improvements	1,421,548	5,700	-	1,427,248
Vehicles, machinery and equipment	1,358,163	26,607	(47,066)	1,337,704
Total capital assets being depreciated	<u>5,741,097</u>	<u>32,307</u>	<u>(47,066)</u>	<u>5,726,338</u>
TOTAL CAPITAL ASSETS	<u>17,278,292</u>	<u>32,307</u>	<u>(47,066)</u>	<u>17,263,533</u>
Less accumulated depreciation for:				
Buildings and improvements	(785,577)	(93,543)	-	(879,120)
Land improvements	(1,087,260)	(27,178)	-	(1,114,438)
Vehicles, machinery and equipment	(845,293)	(98,649)	1,757	(942,185)
TOTAL ACCUMULATED DEPRECIATION	<u>(2,718,130)</u>	<u>(219,370)</u>	<u>1,757</u>	<u>(2,935,743)</u>
Business-type capital assets, net	<u>\$ 14,560,162</u>	<u>\$ (187,063)</u>	<u>\$ (45,309)</u>	<u>\$ 14,327,790</u>

Depreciation expense was charged to functions as follows:

General government	\$ 267,326
Community and economic development	9,178
Fire and rescue	160,855
Parks and recreation	412,048
Police	777,091
Public works – highway	1,134,797
Public works – storm sewers	159,630
Street lighting	23,709
Traffic signals	60,222
Planning and development	13,629
	<u>\$ 3,018,485</u>

BUSINESS-TYPE ACTIVITIES

Bensalem Township Country Club	<u>\$ 219,370</u>
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TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 6 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>\$ 19,745,000</u> (a)
			<u>\$ 19,745,000</u>

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%	\$ 3,128,000 (b)
February, 2007	General Obligation	1.623 - 4.270%	9,990,000 (c)
February, 2007	Guaranteed Revenue	1.623 - 4.272%	7,135,000 (d)
January, 2012	General Obligation	1.740%	3,965,000 (e)
February, 2017	General Obligation	2.695%	<u>5,000,000</u> (f)
			<u>\$ 29,218,000</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, 2017

NOTE 6 GENERAL OBLIGATION AND REVENUE DEBT (continued)

Long-term liability activity is as follows:

	Balance December 31, 2016	Increase	Decrease	Balance December 31, 2017	Amount Due Within One Year
General obligation bonds	\$ 21,225,000	\$ -	\$ 1,480,000	\$ 19,745,000	\$ 1,515,000
General obligation and revenue notes	<u>26,059,000</u>	<u>5,000,000</u>	<u>1,841,000</u>	<u>29,218,000</u>	<u>2,072,000</u>
Total	<u>\$ 47,284,000</u>	<u>\$ 5,000,000</u>	<u>\$ 3,321,000</u>	<u>\$ 48,963,000</u>	<u>\$ 3,587,000</u>

Principal and interest maturities of the debt are as follows:

<u>Years ended December 31, 2016</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,587,000	\$ 1,378,571	\$ 4,641,730
2019	3,672,000	1,296,164	4,642,155
2020	3,603,000	1,213,278	4,645,062
2021	3,685,000	1,131,428	4,493,624
2022	3,775,000	1,049,348	4,824,348
2023-2027	18,836,000	3,621,833	22,457,833
2028-2032	10,300,000	700,559	11,000,559
2033-2037	<u>1,505,000</u>	<u>90,036</u>	<u>1,595,036</u>
	<u>\$ 48,963,000</u>	<u>\$ 10,481,217</u>	<u>\$ 58,300,347</u>

The Township has defeased the 2006 General Obligation Bonds by creating an irrevocable trust fund. The proceeds from the trust will fully service the defeased debt until it is called or matures. The defeased debt is not considered a liability of the Township. The balance of defeased debt is \$13,240,000 as of December 31, 2017.

NOTE 7 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.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7 CAPITAL LEASES (continued)

Vehicles, machinery and equipment held under capital lease consist of the following:

	<u>Governmental</u>	<u>Business- Type Activities</u>	<u>Total</u>
Vehicles, machinery and equipment	\$ 601,715	\$ 490,670	\$ 1,092,385
LED street lights	2,255,149	-	2,255,149
Less accumulated depreciation	<u>408,762</u>	<u>199,530</u>	<u>608,292</u>
	<u>\$ 2,448,102</u>	<u>\$ 291,140</u>	<u>\$ 2,739,242</u>

Minimum future lease payments under capital leases are as follows:

<u>Years ending December 31,</u>	<u>Governmental</u>	<u>Business- Type Activities</u>	<u>Total</u>
2018	\$ 212,070	\$ 63,864	\$ 275,934
2019	212,070	29,209	241,279
2020	212,070	-	212,070
2021	212,070	-	212,070
2022	212,070	-	212,070
Thereafter	<u>1,984,037</u>	<u>-</u>	<u>1,984,037</u>
Total minimum lease payments	3,044,387	93,073	3,137,460
Less amount representing interest	<u>617,349</u>	<u>2,823</u>	<u>620,172</u>
Present value of net minimum lease payments	2,427,038	90,250	2,517,288
Less current portion	<u>138,663</u>	<u>61,450</u>	<u>200,113</u>
Long term portion	<u>\$ 2,288,375</u>	<u>\$ 28,800</u>	<u>\$ 2,317,175</u>

NOTE 8 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.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 8 NOTE PAYABLE, OTHER (continued)

Annual maturities of note payable, other are as follows:

<u>Years ending December 31,</u>	
2018	\$ 158,927
2019	161,311
2020	163,730
2021	<u>134,600</u>
	<u>\$ 618,568</u>

NOTE 9 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 to 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 2017 on behalf of these entities was approximately \$49,827.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 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.

NOTE 11 COMPENSATORY ABSENCES COMMITMENT

The following is a summary of compensatory absences as of December 31, 2017:

	<u>Vacation</u>	<u>Sick Leave</u>	<u>Comp Time</u>	<u>Total</u>
Current	\$ 1,052,911	\$ -	\$ -	\$ 1,052,911
Long-term	<u>-</u>	<u>1,879,018</u>	<u>1,252,297</u>	<u>3,131,315</u>
	<u>\$ 1,052,911</u>	<u>\$ 1,879,018</u>	<u>\$ 1,252,297</u>	<u>\$ 4,184,226</u>

NOTE 12 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 BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 13 PENSION PLANS

The Township participates in two defined benefit pension plans (the Non-Uniformed Union Employees' Pension Plan and the Police Pension Plan) and a defined contribution pension plan. The following are details of these plans.

The Township is not required to have actuarial valuations prepared annually. Reports are required to be prepared every other year. The actuarial valuation reflected in this note is as of the latest available valuation date, January 1, 2017. Update procedures were used to roll forward to the Plans' fiscal plan year ending December 31, 2017.

(A) Non-Uniformed Union Employees' Pension Plan

1. Plan Description

The Bensalem Township Non-Uniformed Union Employee's 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 Township's payroll for employees covered by this Plan was \$4,125,594; total payroll was \$20,200,174.

As of January 1, 2017, the date of the latest available actuarial valuation, the Non-Uniformed Union Employees' Pension Plan consisted of the following:

Inactive plan members currently receiving benefits	30
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>52</u>
Total	<u>83</u>

Under the Non-Uniformed Union Employees' Pension Plan, members are provided with a total annuity of 2.5%, and 3.5% for management employees vested as of November 25, 2002, of final five-year average salary (3 year average for management) multiplied by the years of service, with benefits proportionately reduced for service less than 20 years. Disability benefits range from 30% to 50% of average compensation.

Covered managerial employees are required to contribute 3% of their salary to the Pension Fund. All other covered employees are required to contribute 5% of their salary. If an employee leaves covered employment or dies before being vested, accumulated employee contributions plus related investment earnings are refunded to the employee or designated beneficiary. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Fund. Benefits and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 13 PENSION PLANS (continued)

(A) Non-Uniformed Union Employees' Pension Plan (continued)

2. Contributions Required and Contributions Made

The Pension Plan Funding Policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Level percentages of payroll employer contribution rates are determined using the entry age normal actuarial funding method as required by Pennsylvania Act 205. The Pension Plan also uses a method defined by Act 205 to amortize the unfunded liability over a defined period.

In 2017, contributions totaling \$1,039,140 (\$442,051 employer, \$161,205 employees, and \$435,884 Commonwealth) were made to the fund.

The financial requirements and minimum municipal obligation for 2017 were determined as follows:

Total annual payroll	\$ 4,125,594
Normal cost as a percentage of payroll	12.32%
Total normal cost	\$ 508,273
Estimated administrative expenses	\$ -
Amortization contribution	\$ 492,384
Estimated members' contribution	\$ (122,722)
Minimum municipal obligation	\$ 877,935
Less actual state aid deposited into plan	\$ (435,884)
Required municipal obligation	\$ 442,051

Three Year Funding Trend

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
December 31			
2015	\$ 897,482	100%	\$ -
2016	\$ 860,156	100%	\$ -
2017	\$ 877,935	100%	\$ -

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 13 PENSION PLANS (continued)

(A) **Non-Uniformed Union Employees' Pension Plan (continued)**

3. Net Pension Liability

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

Total Pension Liability (TPL)	\$ 20,286,422
Plan Fiduciary Net Position	\$ 17,838,970
Net Pension Liability (NPL)	\$ 2,447,452
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.9%

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, 2017. Update procedures were used to roll forward to the Plan's fiscal plan year ending December 31, 2017. This report was based upon the Plan's actuarial assumptions, asset valuation method, and cost method as found on page 73 of this report.

4. 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.

5. Net Pension Liability Sensitivity

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	Current Discount Rate	1% Increase
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Net Pension Liability	\$ 3,756,350	\$ 2,447,452	\$ 1,295,497

TOWNSHIP OF BENSALAM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 13 PENSION PLANS (continued)

(A) Non-Uniformed Union Employees' Pension Plan (continued)

6. Reconciliation of Members' Contributions

Members' Contributions Deposited for 2017	\$ 161,205
Less Members' Contributions Deducted from Members' Salaries	<u>(161,205)</u>
	<u>\$ -</u>

7. Reconciliation of Pension Payments

Pensions Paid from Plan for 2017	\$ 508,130
Less Pensioner Register	<u>(508,130)</u>
	<u>\$ -</u>

8. Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2017, the municipality recognized a pension expense of \$299,521. At December 31, 2017, the municipality 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	\$ -	\$ (1,454,788)
Changes in assumptions	175,537	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>(787,391)</u>
Total	<u>\$ 175,537</u>	<u>\$ (2,242,179)</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 Ended December 31,</u>	
2018	\$ (326,382)
2019	\$ (326,384)
2020	\$ (516,787)
2021	\$ (521,394)
2022	\$ (225,676)
Thereafter	\$ (150,019)

TOWNSHIP OF BENSALEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 13 PENSION PLANS (continued)

(B) Police Pension Plan

1. Plan Description

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.

The Township's payroll for employees covered by this system was \$11,449,882; total payroll was \$20,200,174.

As of December 31, 2017, the Police Pension Plan membership consisted of:

Inactive plan members currently receiving benefits	96
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	<u>94</u>
Total	<u>193</u>

The Police Pension Fund provides retirement benefits as well as death and disability benefits. All benefits vest after twelve (12) years of credited service. Employees hired before 1999 who retire at or after age fifty (50) with twenty-five (25) years of credited service, or if hired after 1999 who retire at or after age fifty-five (55) with twenty five (25) years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 50% of average monthly compensation (averaged over the final 36 months of employment) plus an additional \$25 per year of service over twenty five (25) years of service up to a maximum of \$100 per month. A participant may retire after the attainment of age sixty (60) and the completion of twenty (20) years of credited service.

Covered employees are required by statute to contribute 2.5% of their salary to the Pension Fund. If an employee leaves covered employment or dies before twelve (12) years of credited service, accumulated employee contributions plus related investment earnings are refunded to the employee or designated beneficiary. The Township is required by statute, principally Pennsylvania Act 205, as amended, to contribute the remaining amounts necessary to finance the Fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 13 PENSION PLANS (continued)

(B) Police Pension Plan

2. Contributions Required and Contributions Made

The Pension Plan Funding Policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Level percentages of payroll employer contribution rates are determined using the entry age normal actuarial funding method as required by Pennsylvania Act 205. The Pension Plan also uses a method defined by Act 205 to amortize the unfunded liability over a defined period.

Contributions in 2017 totaling \$2,952,981 (\$1,750,318 employer, \$312,542 employees, and \$890,121 Commonwealth) were made to the Plan.

The financial requirements and minimum municipal obligation for 2017 were determined as follows:

Total annual payroll	\$ 11,449,882
Normal cost as a percentage of payroll	15.66%
Total normal cost	\$ 1,793,052
Estimated administrative expenses	\$ -
Amortization contribution	\$ 1,133,635
Estimated members' contribution	\$ (286,248)
Minimum municipal obligation	\$ 2,640,439
Less actual state aid deposited into plan	\$ (890,121)
Required municipal obligation	\$ 1,750,318

Three Year Funding Trend

<u>Year Ended</u> <u>December 31</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2015	\$ 2,182,437	100%	\$ -
2016	\$ 2,635,127	100%	\$ -
2017	\$ 2,640,439	100%	\$ -

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 13 PENSION PLANS (continued)

(B) Police Pension Plan (continued)

3. Net Pension Liability

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

Total Pension Liability (TPL)	\$ 78,061,925
Plan Fiduciary Net Position	\$ 57,205,468
Net Pension Liability (NPL)	\$ 20,856,457
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.3%

Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of actuarial valuation at January 1, 2017. Update procedures were used to roll forward to the Plan's fiscal plan year ending December 31, 2017. This report was based upon the Plan's actuarial assumptions, asset valuation method, and cost method as found on page 73 of this report.

4. 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, 2017, 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 \$500,769.

5. 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.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 13 PENSION PLANS (continued)

(B) Police Pension Plan (continued)

6. Net Pension Liability Sensitivity

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 <u>6.50%</u>	Current Discount Rate <u>7.50%</u>	1% Increase <u>8.50%</u>
Net Pension Liability	\$ 30,674,319	\$ 20,856,457	\$ 12,639,204

7. Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2017, the municipality recognized a pension expense of \$3,352,871 for the Police Pension Plan. At December 31, 2017, the municipality 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	\$ -	\$ (304,400)
Changes in assumptions	1,043,170	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>(2,406,004)</u>
Total	<u>\$ 1,043,170</u>	<u>\$ (2,710,404)</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 Ended December 31,</u>	
2018	\$ (121,195)
2019	\$ (121,193)
2020	\$ (729,336)
2021	\$ (817,460)
2022	\$ 131,716
Thereafter	\$ (9,766)

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 13 PENSION PLANS (continued)

(B) Police Pension Plan (continued)

8. Reconciliation of Members' Contributions

Members' Contributions Deposited for 2017	\$ 312,542
Less Members' Contributions Deducted from Members' Salaries	<u>(312,542)</u>
	<u>\$ -</u>

9. Reconciliation of Pension Payments

Pensions Paid from Plan for 2017	\$ 3,452,640
Less Pensioner Register	<u>(3,452,640)</u>
	<u>\$ -</u>

(C) Non-Uniformed Defined Contribution 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 \$100,070 for the year ended December 31, 2017.

The financial requirement and minimum municipal obligation for 2017 is as follows:

Actual Contribution Cost	\$ 100,070
Minimum Municipal Obligation	\$ 100,070
Less: Actual state aid deposited into plan	<u>-</u>
Required municipal obligation	<u>\$ 100,070</u>

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 13 PENSION PLANS (continued)

(C) Non-Uniformed Defined Contribution Pension Plan (continued)

For the year ending December 31, 2017, 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	1
Active employees	<u>38</u>
Total	<u>39</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 2017	\$ 117,401
Less Members' Contributions Deducted from Members' Salaries	<u>(117,401)</u>
	<u>\$ -</u>

NOTE 14 POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS

1. Plan Description

The Township of Bensalem offers a single-employer other postemployment defined benefit healthcare plan. The Township provides medical, prescription drug, life insurance, dental insurance and disability income to eligible retirees, terminated employees, and their covered dependents. The benefits are provided in accordance with collective bargaining agreements. Eligibility is based on years of service, employee age and disability due to line of duty. Eligible employees are required to pay set premiums for a portion of the cost with the Township subsidizing the remaining costs.

2. Funding Policy

The Township's funding policy is pay-as-you-go.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 14 POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS (continued)

3. Annual OPEB Cost and Net OPEB Obligation

The Township's annual other postemployment benefit, (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially-determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess). For 2008, the Unfunded Actuarial Accrued Liability (UAAL) was amortized over 30 years as a level percent of pay. Beginning in 2011, the UAAL is amortized as a level dollar amount over the remaining 27 year period. The following table shows the components of the Township's annual OPEB cost as actuarially computed as of December 31, 2017, which includes the amount actually contributed to the Plan, and changes in the Township's net OPEB obligation:

January 1, 2017 Net OPEB Obligation	\$ 3,584,604
Plus:	
Annually Required Contributions	1,344,185
Less:	
Township's Contributions	308,148
Interest on Current Year Township's Contributions	<u>6,676</u>
December 31, 2017 Net OPEB Obligation	<u>\$ 4,613,965</u>

The Township's annual OPEB cost summary is as follows:

Fiscal Year <u>Ended</u>	Annual <u>OPEB Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
12/31/2015	\$ 915,645	37.51%	\$ 3,125,944
12/31/2016	\$ 1,303,249	21.47%	\$ 3,584,604
12/31/2017	\$ 1,344,185	23.42%	\$ 4,613,965

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 14 POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS (continued)

The Township adopted GASB Statement 45 on a prospective basis in 2008. In accordance with the requirements of GASB Statement 45, a full actuarial valuation is only required to be performed every two (2) years, and was completed for the year ended December 31, 2016. For 2017, the 2016 values need to be brought forward utilizing certain assumptions, trend, interest, and adjustments. The values provided for 2017 will be appropriate only if no significant changes as described occur.

4. Funded Status and Funding Progress

As of January 1, 2017 the funded status of the Plan was as follows:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability - Entry Age Normal Cost	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as % of Covered Payroll
1/1/2008	\$ -	\$ 3,588,591	\$ 3,588,591	0%	\$8,401,828	234.13%
1/1/2009	-	3,589,521	3,589,521	0%	N/A	N/A
1/1/2010	-	3,586,209	3,586,209	0%	N/A	N/A
1/1/2011	-	4,846,448	4,846,448	0%	N/A	N/A
1/1/2012	-	5,111,826	5,111,826	0%	N/A	N/A
1/1/2013	-	5,389,851	5,389,851	0%	N/A	N/A
1/1/2014	-	7,819,651	7,819,651	0%	N/A	N/A
1/1/2015	-	8,290,891	8,290,891	0%	N/A	N/A
1/1/2016	-	10,982,192	10,982,192	0%	N/A	N/A
1/1/2017	-	11,759,713	11,759,713	0%	N/A	N/A

The Township implemented GASB 45 in 2008. In accordance with the reporting and disclosure requirements, this schedule presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

5. Actuarial Methods and Assumptions

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

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 14 POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS (continued)

In the January 1, 2017, actuarial valuation, based on the January 1, 2016 measurement date, the entry age normal cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 7.0% in 2017, decreasing by 0.25% per year to 5% thereafter. The discount rate is 4%. Beginning in 2011, the UAAL is being amortized over 27 years as a level dollar amount.

NOTE 15 NET POSITION/FUND BALANCES

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

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Land	\$ 11,497,981	\$ 11,537,195
Construction in progress	571,470	-
Other capital assets net of accumulated depreciation	40,193,107	2,790,595
Less: Related long-term debt outstanding, less unspent portion	<u>(29,735,000)</u>	<u>(12,732,250)</u>
Total invested in capital assets	<u>\$ 22,527,558</u>	<u>\$ 1,595,540</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 capital contributed on the statement of revenues, expenses and changes in fund net position as follows:

Principal Debt Payments for the years ended <u>December 31,</u>	<u>Amount</u>
2012	\$ 189,000
2013	313,400
2014	323,400
2015	343,400
2016	351,000
2017	959,800
	<u>\$ 2,480,000</u>

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 15 NET POSITION/FUND BALANCES (continued)

Fund Balance categories and classifications are based on the definitions as determined by GASB Statement No. 54 as follows:

	<u>General Fund</u>	<u>Capital Trust</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:						
Nonspendable	\$ 365,706	\$ -	\$ -	\$ -	\$ 152,972	\$ 518,678
Restricted for:						
Township road maintenance	-	-	-	-	536,795	536,795
Impact fees	-	-	-	-	198,654	198,654
Recreation improvements	-	-	-	-	196,918	196,918
Public safety	-	-	-	-	251,512	251,512
Community initiative	-	-	-	-	189,533	189,533
Community, municipal and public safety improvements and projects	-	-	-	-	568,555	568,555
Committed to:						
Capital projects	-	-	-	4,915,653	-	4,915,653
Repair and maintenance	-	-	-	-	1,827,547	1,827,547
Fire protection	-	-	-	-	21,702	21,702
Emergence response	-	-	-	-	18,258	18,258
Parks and recreation	-	-	-	-	1,677,194	1,677,194
Heavy duty machinery purchases	-	-	-	-	21,396	21,396
Assigned	53,406	43,797,207	26,800	-	-	43,877,413
Unassigned	24,716,338	-	-	-	-	24,716,338
Total fund balances:	<u>\$ 25,135,450</u>	<u>\$ 43,797,207</u>	<u>\$ 26,800</u>	<u>\$ 4,915,653</u>	<u>\$ 5,661,036</u>	<u>\$ 79,536,146</u>

NOTE 16 ALTERNATIVE INVESTMENTS

The Bensalem Pension Plans held assets with the PFG Best Fund. This fund has liquidated pursuant to provisions of the U.S. Bankruptcy Court. The Plans' investments had a market value of \$1,086,322 as of January 2013. During the month of January 2014, the Plans received \$269,169 in liquidated distributions. The remaining balance of \$817,153 had been written off as unrecoverable as of December 31, 2013 as the investment advisors and the Trustee for the PFG Bankruptcy could not determine if there would be any additional distributions. The Plans received additional liquidated distributions of \$181,347 during January 2015, \$276,037 during March 2016, and \$75,283 in April 2017.

The Bensalem Pension Plans were invested in the Pluscios Offshore Fund which was liquidated as of September 30, 2016. The final redemption amount of \$288,880 was paid to the Plan in July 2017.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 16 ALTERNATIVE INVESTMENTS (continued)

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. One installment payment of \$118,691 was made in 2017 leaving a remaining balance of \$342,757.

NOTE 17 SUBSEQUENT EVENTS

The Township evaluated all events and transactions that occurred after December 31, 2017 (the financial statement date) through June 29, 2018, the date that the financial statements were available to be issued. During this period, the Township did not have any material subsequent events that would require disclosure in, or adjustment to, the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
SCHEDULES OF CHANGES IN PLAN'S NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED)
- POLICE PENSION PLAN
LAST TEN FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Service cost	\$ 1,843,489	\$ 1,809,420	\$ 1,723,257	\$ 1,588,461
Interest	5,574,411	5,309,824	5,050,203	4,711,748
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(245,317)	-	(148,312)	-
Changes of assumptions	197,001	-	1,410,863	-
Benefit payments, including refunds of member contributions	<u>(3,675,944)</u>	<u>(3,478,377)</u>	<u>(3,317,649)</u>	<u>(3,051,986)</u>
Net Change in Total Pension Liability	3,693,640	3,640,867	4,718,362	3,248,223
Total Pension Liability - Beginning	<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>78,061,925</u>	<u>74,368,285</u>	<u>70,727,418</u>	<u>66,009,056</u>
PLAN FIDUCIARY NET PENSION				
Contributions - employer	1,750,318	1,774,973	1,041,474	1,048,468
Contributions - state aid	890,121	860,154	1,140,963	1,126,950
Contributions - member	312,542	292,269	284,708	280,962
Net investment income	8,489,609	3,012,605	440,522	3,230,372
Benefit payments, including refunds of member contributions	<u>(3,675,944)</u>	<u>(3,478,377)</u>	<u>(3,317,649)</u>	<u>(3,051,986)</u>
Administrative expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	7,766,646	2,461,624	(409,982)	2,634,766
Plan Net Position- Beginning	<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>57,205,468</u>	<u>49,438,822</u>	<u>46,977,198</u>	<u>47,387,180</u>
Plan's Net Pension Liability	<u>\$ 20,856,457</u>	<u>\$ 24,929,463</u>	<u>\$ 23,750,220</u>	<u>\$ 18,621,876</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.3%	66.5%	66.4%	71.8%
Covered Employee Payroll	\$ 11,449,882	\$ 11,409,516	\$ 11,243,376	\$ 11,185,130
Plan's Net Pension Liability as a Percentage of Covered Employee Payroll	182.2%	218.5%	211.2%	166.5%

These schedules will be presented on a prospective basis.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
SCHEDULES OF CHANGES IN PLAN'S NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED)
- NON-UNIFORMED PENSION PLAN
LAST TEN FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Service cost	\$ 461,710	\$ 584,305	\$ 556,481	\$ 665,300
Interest	1,459,261	1,524,353	1,457,762	1,366,664
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(1,506,207)	-	(279,340)	-
Changes of assumptions	32,510	-	237,345	-
Benefit payments, including refunds of member contributions	<u>(1,259,294)</u>	<u>(1,501,234)</u>	<u>(807,141)</u>	<u>(525,878)</u>
Net Change in Total Pension Liability	<u>(812,020)</u>	<u>607,424</u>	<u>1,165,107</u>	<u>1,506,086</u>
Total Pension Liability - Beginning	<u>21,098,442</u>	<u>20,491,018</u>	<u>19,325,911</u>	<u>17,819,825</u>
Total Pension Liability - Ending	<u>20,286,422</u>	<u>21,098,442</u>	<u>20,491,018</u>	<u>19,325,911</u>
PLAN FIDUCIARY NET PENSION				
Contributions - employer	442,051	486,658	897,482	905,234
Contributions - state aid	435,884	373,496	-	-
Contributions - member	161,205	166,133	181,063	189,392
Net investment income	2,611,388	1,057,890	126,350	941,651
Benefit payments, including refunds of member contributions	<u>(1,259,294)</u>	<u>(1,501,234)</u>	<u>(807,141)</u>	<u>(525,878)</u>
Administrative expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	<u>2,391,234</u>	<u>582,943</u>	<u>397,754</u>	<u>1,510,399</u>
Plan Net Position- Beginning	<u>15,447,736</u>	<u>14,864,793</u>	<u>14,467,039</u>	<u>12,956,640</u>
Plan Net Position- Ending	<u>17,838,970</u>	<u>15,447,736</u>	<u>14,864,793</u>	<u>14,467,039</u>
Plan's Net Pension Liability	<u>\$ 2,447,452</u>	<u>\$ 5,650,706</u>	<u>\$ 5,628,225</u>	<u>\$ 4,858,872</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.9%	73.2%	72.5%	74.9%
Covered Employee Payroll	\$ 4,125,594	\$ 4,478,150	\$ 4,586,758	\$ 4,679,320
Plan's Net Pension Liability as a Percentage of Covered Employee Payroll	59.3%	126.2%	123.2%	103.8%

These schedules will be presented on a prospective basis.

**TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
 SCHEDULES OF EMPLOYER CONTRIBUTIONS (UNAUDITED)
 - POLICE PENSION PLAN
 LAST TEN FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 2,640,439	\$ 2,635,127	\$ 2,182,437	\$ 2,175,418
Contributions Made	<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>
Covered - Employee Payroll	\$ 11,449,882	\$ 11,409,516	\$ 11,243,376	\$ 11,185,130
Contributions as a Percentage of Covered-Employee Payroll	23.06%	23.10%	19.41%	19.45%

These schedules will be presented on a prospective basis.

**TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
 SCHEDULES OF EMPLOYER CONTRIBUTIONS (UNAUDITED)
 - NON-UNIFORMED PENSION PLAN
 LAST TEN FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 877,935	\$ 860,156	\$ 897,482	\$ 905,234
Contributions Made	<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>
Covered - Employee Payroll	\$ 4,125,594	\$ 4,478,150	\$ 4,566,758	\$ 4,679,320
Contributions as a Percentage of Covered-Employee Payroll	21.28%	19.21%	19.65%	19.35%

These schedules will be presented on a prospective basis.

**TOWNSHIP OF BENSALEM, BUCKS COUNTY, PENNSYLVANIA
 SCHEDULES OF INVESTMENT RETURNS (UNAUDITED)
 - POLICE PENSION PLAN
 LAST TEN FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of Investment expense	17.02%	6.41%	0.54%	6.89%

These schedules will be presented on a prospective basis.

**TOWNSHIP OF BENSALEM, BUCKS COUNTY, PENNSYLVANIA
 SCHEDULES OF INVESTMENT RETURNS (UNAUDITED)
 - NON-UNIFORMED PENSION PLAN
 LAST TEN FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of Investment expense	16.74%	6.58%	0.46%	5.99%

These schedules will be presented on a prospective basis.

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO SUPPLEMENTARY SCHEDULES (UNAUDITED)
DECEMBER 31, 2017

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

	<u>Police Pension</u>	<u>Non-Uniformed Defined Benefit</u>
<u>December 31, 2017 Liabilities:</u>		
Actuarial valuation date	January 1, 2017	January 1, 2017
Actuarial cost method	Entry age	Entry age
Amortization method	Level Dollar	Level Dollar
Remaining amortization period	14 years	3 years
Asset valuation method	Smoothing per Section 210(a) of Act 44	Smoothing Per Section 210(a) of Act 44
Actuarial assumptions		
Investment rate of return	7.50% (1)	7.50% (1)
Projected salary increases	5.00%	5.00%
Inflation	2.25%	2.25%

December 31, 2016 Liabilities:

Actuarial valuation date	January 1, 2015	January 1, 2015
Actuarial cost method	Entry age	Entry age
Amortization method	Level Dollar	Level Dollar
Remaining amortization period	15 years	6 years
Asset valuation method	Smoothing per Section 210(a) of Act 44	Smoothing per Section 210(a) of Act 44
Actuarial Assumptions:		
Investment Rate of Return	7.50% (1)	7.50% (1)
Projected Salary Increases	5.00%	5.00%
Inflation	2.25%	2.25%

Net of pension plan investment expense including inflation

**TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
 GASB 68 SUPPLEMENTARY INFORMATION
 - POLICE PENSION PLAN – (UNAUDITED)
 DECEMBER 31, 2017**

Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	<u>Increase/(Decrease)</u>		
	<u>Total Pension</u>	<u>Plan Fiduciary</u>	<u>Net Pension</u>
	<u>Liability</u>	<u>Net Position</u>	<u>Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at 12/31/2016	<u>\$ 74,368,285</u>	<u>\$ 49,438,822</u>	<u>\$ 24,929,463</u>
Changes for the year:			
Service cost	1,843,489	-	1,843,489
Interest	5,574,411	-	5,574,411
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(245,317)	-	(245,317)
Changes of assumptions	197,001	-	197,001
Contributions - employer	-	1,750,318	(1,750,318)
Contributions - state aid	-	890,121	(890,121)
Contributions - member	-	312,542	(312,542)
Net investment income	-	8,489,609	(8,489,609)
Benefit payments	(3,675,944)	(3,675,944)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	<u>3,693,640</u>	<u>7,766,646</u>	<u>(4,073,006)</u>
balances at 12/31/2017	<u>\$ 78,061,925</u>	<u>\$ 57,205,468</u>	<u>\$ 20,856,457</u>

Pension Expense for Fiscal Year Ended December 31, 2017

Service cost	\$ 1,843,489
Interest on total pension liability	5,574,411
Changes in benefit terms	-
Differences between expected and actual experience	(51,491)
Changes of assumptions	205,696
Employee contributions	(312,542)
Projected earnings on pension plan investments	(3,631,292)
Differences between projected and actual earnings on investments	(275,400)
Administrative expense	-
Other changes in fiduciary net position	-
Total pension expense	<u>\$ 3,352,871</u>

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
GASB 68 SUPPLEMENTARY INFORMATION
- NON-UNIFORMED PENSION PLAN – (UNAUDITED)
DECEMBER 31, 2017

Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	<u>Increase/(Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at 12/31/2016	<u>\$ 21,098,442</u>	<u>\$ 15,447,736</u>	<u>\$ 5,650,706</u>
Changes for the year:			
Service cost	461,710	-	461,710
Interest	1,459,261	-	1,459,261
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(1,506,207)	-	(1,506,207)
Changes of assumptions	32,510	-	32,510
Contributions - employer	-	442,051	(442,051)
Contributions - state aid	-	435,884	(435,884)
Contributions - member	-	161,205	(161,205)
Net investment income	-	2,611,388	(2,611,388)
Benefit payments	(1,259,294)	(1,259,294)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	<u>(812,020)</u>	<u>2,391,234</u>	<u>(3,203,254)</u>
Balances at 12/31/2017	<u>\$ 20,286,422</u>	<u>\$ 17,838,970</u>	<u>\$ 2,447,452</u>

Pension Expense for Fiscal Year Ended December 31, 2017

Service cost	\$ 461,710
Interest on total pension liability	1,459,261
Changes in benefit terms	-
Differences between expected and actual experience	(260,573)
Changes of assumptions	34,684
Employee contributions	(161,205)
Projected earnings on pension plan investments	(1,133,863)
Differences between projected and actual earnings on investments	(100,493)
Administrative expense	-
Other changes in fiduciary net position	-
Total pension expense	<u>\$ 299,521</u>

UNIFORM GUIDANCE REQUIREMENTS

TOWNSHIP OF BENSLEM, BUCKS COUNTY, PENNSYLVANIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ASSISTANCE
YEAR ENDED DECEMBER 31, 2017

	Federal D.C.S.I./C.F.D.A. Number	State Grant Number	Grant Period	Program/ Award Amount	December 31, 2016			2017		December 31, 2017	
					Accounts Receivable	Project Expenditures	Overexpended Funds	Cash Received / Revenue	Expenditures	Accounts Receivable	Unexpended Funds
<u>U.S. Department of Housing and Urban Development</u>											
Direct Program											
Community Development Block Grant	14.218		04/01/16 - 03/31/17	\$250,278	\$ -	\$ -	\$ -	\$ 142,433	\$ (142,433)	\$ -	\$ -
	14.218		04/01/17 - 03/31/18	\$257,403	-	-	-	6,728	(6,728)	-	-
Total U.S. Department of Housing and Urban Development					-	-	-	149,161	(149,161)	-	-
<u>U.S. Department of Justice-</u>											
Direct Programs											
Equitable Sharing Program	16.922		1/1/16 - 12/31/16	\$ -	-	-	-	83,313	(83,313)	-	-
Equitable Sharing Program	16.922		1/1/17 - 12/31/17	\$ -	-	-	-	450,671	(450,671)	-	-
Bulletproof Vest Partnership Program	16.607		1/1/16 - 12/31/16	\$ -	-	-	-	15,789	(31,577)	15,788	-
Total Direct U.S. Department of Justice					-	-	-	549,773	(565,561)	15,788	-
Indirect Programs											
Edward Byrne Memorial Justice Assistance Grant Program	16.738										
PCCD - Leads on Line		2016-JP-ST-27742	2/27/17 - 6/30/17	155,046	-	-	-	155,046	(155,046)	-	-
PCCD - Rapid DNA Implementation Program		2015-JG-UX-27166	1/1/17 - 12/31/17	149,000	-	-	-	149,000	(149,000)	-	-
Total Indirect U.S. Department of Justice					-	-	-	304,046	(304,046)	-	-
Total U.S. Department of Justice					-	-	-	853,819	(869,607)	15,788	-
TOTAL					\$ -	\$ -	\$ -	\$1,002,980	\$(1,018,768)	\$ 15,788	\$ -

See accompanying notes to schedule of expenditures of federal awards and assistance.

TOWNSHIP OF BENSALEM, BUCKS COUNTY, PENNSYLVANIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ASSISTANCE
DECEMBER 31, 2017

1. General

The accompanying Schedule of Expenditures of Federal Awards and Assistance presents the activity of the federal financial assistance programs of the Township of Bensalem, Bucks County, Pennsylvania, Oversight Unit for the year ended December 31, 2017. The Township of Bensalem reporting entity is defined in Note 1 of the Township's financial statements. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Because the Schedule presents only a selected portion of the operations of the Township of Bensalem, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Township of Bensalem.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards and Assistance is presented using the modified accrual basis of accounting, which is described in Note 1 to the Township's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

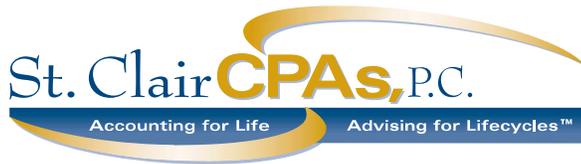
3. Major Programs

The program tested as a major program in accordance with the requirements of the Uniform Guidance, is:

U.S. Department of Justice	
Equitable Sharing Program	16.922

4. Indirect Cost Rate

The Township of Bensalem has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the Pension Plan trust funds, and the aggregate remaining fund information of the Township of Bensalem, Bucks County, Pennsylvania, Oversight Unit as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 29, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Bensalem, Bucks County, Pennsylvania, Oversight Unit's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Bensalem's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Bensalem's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given the limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Bensalem, Bucks County, Pennsylvania, Oversight Unit's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

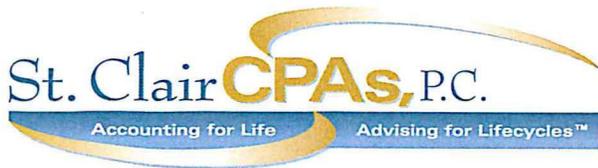
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

At. Clair CPAs, P.C.

Certified Public Accountants

June 29, 2018



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the Township of Bensalem, Bucks County, Pennsylvania, Oversight Unit's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Township's major federal programs for the year ended December 31, 2017. The Township's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Township's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township of Bensalem, Bucks County, Pennsylvania, Oversight Unit's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Township's compliance.

Opinion on Each Major Federal Program

In our opinion, the Township of Bensalem, Bucks County, Pennsylvania, Oversight Unit's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the Township of Bensalem, Bucks County, Pennsylvania, Oversight Unit, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Bensalem, Bucks County, Pennsylvania, Oversight Unit's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

At. Clair CPAs, P.C.

Certified Public Accountants

June 29, 2018

**TOWNSHIP OF BENSALEM, BUCKS COUNTY, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2017**

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of the Township of Bensalem, Bucks County, Pennsylvania, Oversight Unit were prepared in accordance with accounting principles generally accepted in the United States of America.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the Township of Bensalem, Bucks County, Pennsylvania, Oversight Unit were disclosed during the audit.
4. No significant deficiencies in internal control over major federal awards programs disclosed during the audit are reported in the Report on Compliance for Each Major Program and Report on Internal Control over Compliance requirements for Federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* (Uniform Guidance). No material weaknesses are reported.
5. The auditors' report on compliance for major federal award programs for the Township of Bensalem, Bucks County, Pennsylvania, Oversight Unit expresses an unmodified opinion on all major federal programs.
6. There are no audit findings relative to the major federal award programs for the Township of Bensalem, Bucks County, Pennsylvania, Oversight Unit as reported below in this schedule.
7. The following program was tested as a major program:

U.S. Department of Justice
Equitable Sharing Program

CFDA# 16.922

8. In accordance with the requirements of the Uniform Guidance for testing of major programs, the threshold for distinguishing types A and B programs was \$750,000.
9. The Township of Bensalem, Bucks County, Pennsylvania, Oversight Unit is not considered a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

None.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.