

December 20, 2022

The Board of Directors
Bethlehem Authority

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bethlehem (City) for the year ended December 31, 2021, and have issued our report thereon dated December 20, 2022. The Bethlehem Authority (Authority) is included as a blended component unit of the City of Bethlehem's Water Fund, a major fund.

In our opinion dated December 20, 2022, we stated that the financial statements present fairly, in all material respects, the respective financial position of each major fund of the City as of December 31, 2021, and the respective changes in financial position and cash flows, where applicable thereof in conformity with accounting principles generally accepted in the United States of America.

There were no findings related to the Authority and there were no management letter comments provided to the City in relation to the Authority.

Additional information with respect to the Authority's audit is attached. Should you need further information, please don't hesitate to contact me.

Very truly yours,



Jennifer CruverKibi, CPA
Partner

JLC/sys

Enclosures

Bethlehem, City of: Bethlehem

Year End: December 31, 2021

Trial balance Water Authority

| Prepared by | Reviewed by |
|------------------|------------------|
| JLC 12/5/2022 | JA1 12/6/2022 |

A-04-WA

| Account | Unadjusted | AJE | Adjusted | PY | Variance |
|---|------------------------|-----------------------|------------------------|------------------------|-----------------------|
| 08600725 32 Investment, Restricted | 9,666,361.00 | (127,782.00) | 9,538,579.00 | 9,666,361.00 | (127,782.00) |
| 1000. C-02 Restricted assets | 9,666,361.00 | (127,782.00) | 9,538,579.00 | 9,666,361.00 | (127,782.00) |
| 08600250 32 Grant receivable | 143,865.00 | (143,865.00) | 0.00 | 143,865.00 | (143,865.00) |
| 1000. E-02 Accounts Receivable | 143,865.00 | (143,865.00) | 0.00 | 143,865.00 | (143,865.00) |
| 08601097 32 Prepaid Bond Insurance - 2014 Bonds | 122,758.00 | (14,370.00) | 108,388.00 | 122,758.00 | (14,370.00) |
| 1000. J-02 Other assets | 122,758.00 | (14,370.00) | 108,388.00 | 122,758.00 | (14,370.00) |
| 08 AUD 32 Cash piece of investment | 6,875,578.00 | (1,374,448.00) | 5,501,130.00 | 6,875,578.00 | (1,374,448.00) |
| 08600720 32 Cash restricted | 509,929.00 | 212,545.00 | 722,474.00 | 509,929.00 | 212,545.00 |
| 1001. C-03 Restricted Cash | 7,385,507.00 | (1,161,903.00) | 6,223,604.00 | 7,385,507.00 | (1,161,903.00) |
| 08600251 32 Interest receivable - Authority | 77,661.00 | (77,661.00) | 0.00 | 77,661.00 | (77,661.00) |
| 1001. E-03 Accrued interest | 77,661.00 | (77,661.00) | 0.00 | 77,661.00 | (77,661.00) |
| 086101000 32 Accounts payable - Authority | (434.00) | 0.00 | (434.00) | (434.00) | 0.00 |
| 2000. N-01 Accounts payable and other accrued li | (434.00) | 0.00 | (434.00) | (434.00) | 0.00 |
| 08610500 32 Unearned revenue | (369,000.00) | 16,200.00 | (352,800.00) | (369,600.00) | 16,800.00 |
| 2000. N-05 Deferred revenues | (369,000.00) | 16,200.00 | (352,800.00) | (369,600.00) | 16,800.00 |
| 08610160 32 Current part of long-term debt | (67,000.00) | (2,000.00) | (69,000.00) | (67,000.00) | (2,000.00) |
| 08610170 32 Current part of bonds payable | (6,883,859.00) | (13,538.00) | (6,897,397.00) | (6,883,859.00) | (13,538.00) |
| 2000. Q-01 Current portion of long-term debt | (6,950,859.00) | (15,538.00) | (6,966,397.00) | (6,950,859.00) | (15,538.00) |
| 08610499 32 Current portion of loan payable | 67,000.00 | 2,000.00 | 69,000.00 | 67,000.00 | 2,000.00 |
| 0861053707 32 2007 GO Notes | (136,000.00) | 67,000.00 | (69,000.00) | (136,000.00) | 67,000.00 |
| 0861053970 32 2014 Bonds | (33,720,000.00) | 5,550,000.00 | (28,170,000.00) | (33,720,000.00) | 5,550,000.00 |
| 0861053999 32 Current portion of bonds payable | 6,883,859.00 | 13,538.00 | 6,897,397.00 | 6,883,859.00 | 13,538.00 |
| 0861053598-2 32 Guar Note 1998 - Cap Appr | (39,963,402.00) | (723,162.00) | (40,686,564.00) | (39,963,402.00) | (723,162.00) |
| 2000. Q-04 Long-term compensated absences | (66,868,543.00) | 4,909,376.00 | (61,959,167.00) | (66,868,543.00) | 4,909,376.00 |
| 08601096 32 Original Issue Premium - 2014 Bonds | (2,621,465.00) | 306,856.00 | (2,314,609.00) | (2,621,465.00) | 306,856.00 |
| 2000. Q-06 Bond premiums, net | (2,621,465.00) | 306,856.00 | (2,314,609.00) | (2,621,465.00) | 306,856.00 |
| 08601099 32 Deferred gain on refunding - 2014 Bonds | (154,151.00) | 18,044.00 | (136,107.00) | (154,151.00) | 18,044.00 |
| 2000. R-03 Deferred inflows of resources - pension | (154,151.00) | 18,044.00 | (136,107.00) | (154,151.00) | 18,044.00 |
| 082000000 32 Net assets | 59,568,300.00 | 600.00 | 59,568,900.00 | 65,217,065.00 | (5,648,165.00) |
| 3000. T-04 Unreserved | 59,568,300.00 | 600.00 | 59,568,900.00 | 65,217,065.00 | (5,648,165.00) |
| 08642055 32 Professional services | 0.00 | 138,422.00 | 138,422.00 | 121,963.00 | 16,459.00 |
| 089000184 32 Administration | 0.00 | 313,887.00 | 313,887.00 | 288,844.00 | 25,043.00 |
| 5001.U2-02 Professional Services | 0.00 | 452,309.00 | 452,309.00 | 410,807.00 | 41,502.00 |
| 08642078 32 Beth Auth Op Exp | 0.00 | (350,000.00) | (350,000.00) | (325,000.00) | (25,000.00) |

12/20/2022

9:24 AM

Bethlehem, City of: Bethlehem
Year End: December 31, 2021
Trial balance Water Authority

| Prepared by | Reviewed by |
|------------------|------------------|
| JLC 12/5/2022 | JA1 12/6/2022 |

A-04-WA-1

| Account | Unadjusted | AJE | Adjusted | PY | Variance |
|---|-------------|-----------------------|-----------------------|-----------------------|---------------------|
| 08642094 32 Lease rental | 0.00 | (8,633,402.00) | (8,633,402.00) | (8,560,262.00) | (73,140.00) |
| 08642095 32 2007 Note Reimbursement | 0.00 | (67,000.00) | (67,000.00) | (66,810.00) | (190.00) |
| 5001.U2-07 Service Charges | 0.00 | (9,050,402.00) | (9,050,402.00) | (8,952,072.00) | (98,330.00) |
| 0837005 32 Beth Auth Bond Issue Fund | 0.00 | (255,852.00) | (255,852.00) | (258,505.00) | 2,653.00 |
| 0837005A 32 City of Bethlehem - Water Capital | 0.00 | 2,180,913.00 | 2,180,913.00 | 260,600.00 | 1,920,313.00 |
| 089000075 32 Rental income | 0.00 | (243,092.00) | (243,092.00) | (159,045.00) | (84,047.00) |
| 089000080 32 License Fee | 0.00 | (51,200.00) | (51,200.00) | (16,800.00) | (34,400.00) |
| 089000500 32 Timbering Revenue | 0.00 | (11,650.00) | (11,650.00) | (15,488.00) | 3,838.00 |
| 089000550 32 Carbon Credits | 0.00 | 0.00 | 0.00 | (143,865.00) | 143,865.00 |
| 6001.U2-04 Other Revenues | 0.00 | 1,619,119.00 | 1,619,119.00 | (333,103.00) | 1,952,222.00 |
| 0890000034 32 Investment Income | 0.00 | (227,017.00) | (227,017.00) | (360,010.00) | 132,993.00 |
| 6001.U3-01 Investment income | 0.00 | (227,017.00) | (227,017.00) | (360,010.00) | 132,993.00 |
| 089000164 32 Interest expense | 0.00 | 3,496,034.00 | 3,496,034.00 | 3,586,213.00 | (90,179.00) |
| 6001.U3-02 Interest | 0.00 | 3,496,034.00 | 3,496,034.00 | 3,586,213.00 | (90,179.00) |
| | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Income (Loss) | 0.00 | | 0.00 | 0.00 | 0.00 |

Bethlehem, City of: Bethlehem Water Authority

Year End: December 31, 2021

Water Authority Adjusting journal entries

Date: 1/1/2021 To 12/31/2021

| Prepared by | Reviewed by |
|------------------|------------------|
| JLC 12/5/2022 | JA1 12/6/2022 |

A-05-WA

| Number | Date | Name | Account No | Reference | Debit | Credit | Recurrence | Misstatement |
|--------|------------|---|-----------------|-----------|--------------|--------------|------------|--------------|
| 62 | 12/31/2021 | Original Issue Premium - 2014 Bonds | 08601096 32 | Q-02-110 | 306,856.00 | | | |
| 62 | 12/31/2021 | Prepaid Bond Insurance - 2014 Bonds | 08601097 32 | Q-02-110 | | 14,370.00 | | |
| 62 | 12/31/2021 | Deferred gain on refunding - 2014 Bonds | 08601099 32 | Q-02-110 | 18,044.00 | | | |
| 62 | 12/31/2021 | Interest expense | 089000164 32 | Q-02-110 | | 310,530.00 | | |
| | | to record amortization on 2014 premium, prepaid insurance, and deferred gain on refunding | | | | | | |
| 65 | 12/31/2021 | Current part of long-term debt | 08610160 32 | Q-000 | 67,000.00 | | | |
| 65 | 12/31/2021 | Current part of long-term debt | 08610160 32 | Q-000 | | 69,000.00 | | |
| 65 | 12/31/2021 | Current part of bonds payable | 08610170 32 | Q-000 | 6,883,859.00 | | | |
| 65 | 12/31/2021 | Current part of bonds payable | 08610170 32 | Q-000 | | 6,897,397.00 | | |
| 65 | 12/31/2021 | Current portion of loan payable | 08610499 32 | Q-000 | 69,000.00 | | | |
| 65 | 12/31/2021 | Current portion of loan payable | 08610499 32 | Q-000 | | 67,000.00 | | |
| 65 | 12/31/2021 | Current portion of bonds payable | 0861053999 32 | Q-000 | 6,897,397.00 | | | |
| 65 | 12/31/2021 | Current portion of bonds payable | 0861053999 32 | Q-000 | | 6,883,859.00 | | |
| | | To reverse PY and record CY current portion of LTD. | | | | | | |
| 75 | 12/31/2021 | 2007 Note Reimbursement | 08642095 32 | Q-02-101 | | 67,000.00 | | |
| 75 | 12/31/2021 | 2007 GO Notes | 0861053707 32 | Q-02-101 | 67,000.00 | | | |
| | | To record principal and interest on 2007 Note | | | | | | |
| 76 | 12/31/2021 | Interest expense | 089000164 32 | Q-02-101 | 2,133,162.00 | | | |
| 76 | 12/31/2021 | Guar Note 1998 - Cap Appr | 0861053598-2 32 | Q-02-101 | | 2,133,162.00 | | |
| | | To record CY accretion | | | | | | |
| 77 | 12/31/2021 | Lease rental | 08642094 32 | Q-02-101 | | 1,410,000.00 | | |
| 77 | 12/31/2021 | Guar Note 1998 - Cap Appr | 0861053598-2 32 | Q-02-101 | 1,410,000.00 | | | |
| | | To record principal payment on 1998 bonds | | | | | | |
| 78 | 12/31/2021 | Lease rental | 08642094 32 | Q-02-101 | | 7,223,402.00 | | |
| 78 | 12/31/2021 | Interest expense | 089000164 32 | Q-02-101 | 1,673,402.00 | | | |
| 78 | 12/31/2021 | 2014 Bonds | 0861053970 32 | Q-02-101 | 5,550,000.00 | | | |
| | | To record principal and interest on 2014 bonds | | | | | | |
| 100 | 12/31/2021 | Net assets | 082000000 32 | | 600.00 | | | |
| 100 | 12/31/2021 | Administration | 089000184 32 | | | 600.00 | | |
| | | To adjust net assets to PY financials | | | | | | |
| 173 | 12/31/2021 | Unearned revenue | 08610500 32 | L-WA-100 | 16,200.00 | | | |
| 173 | 12/31/2021 | License Fee | 089000080 32 | L-WA-100 | | 16,200.00 | | |
| | | To recognize 2021 revenue for upfront payment for pipeline right of way. | | | | | | |
| 250 | 12/31/2021 | Cash piece of investment | 08 AUD 32 | C-16-050 | | 1,374,448.00 | | |
| 250 | 12/31/2021 | Beth Auth Bond Issue Fund | 0837005 32 | C-16-050 | | 255,852.00 | | |
| 250 | 12/31/2021 | City of Bethlehem - Water Capital | 0837005A 32 | C-16-050 | 2,180,913.00 | | | |
| 250 | 12/31/2021 | Grant receivable | 08600250 32 | C-16-050 | | 143,865.00 | | |
| 250 | 12/31/2021 | Interest receivable - Authority | 08600251 32 | C-16-050 | | 77,661.00 | | |
| 250 | 12/31/2021 | Cash restricted | 08600720 32 | C-16-050 | 212,545.00 | | | |
| 250 | 12/31/2021 | Investment, Restricted | 08600725 32 | C-16-050 | | 127,782.00 | | |
| 250 | 12/31/2021 | Professional services | 08642055 32 | C-16-050 | 138,422.00 | | | |
| 250 | 12/31/2021 | Beth Auth Op Exp | 08642078 32 | C-16-050 | | 350,000.00 | | |
| 250 | 12/31/2021 | Rental income | 089000075 32 | C-16-050 | | 243,092.00 | | |

Bethlehem, City of: Bethlehem Water Authority

Year End: December 31, 2021

Water Authority Adjusting journal entries

Date: 1/1/2021 To 12/31/2021

| Prepared by | Reviewed by |
|------------------|------------------|
| JLC 12/5/2022 | JA1 12/6/2022 |

A-05-WA-1

| Number | Date | Name | Account No | Reference | Debit | Credit | Recurrence | Misstatement |
|----------------------------------|------------|-------------------|---------------|-----------|---------------|---------------|------------|--------------|
| 250 | 12/31/2021 | License Fee | 089000080 32 | C-16-050 | | 35,000.00 | | |
| 250 | 12/31/2021 | Administration | 089000184 32 | C-16-050 | 314,487.00 | | | |
| 250 | 12/31/2021 | Timbering Revenue | 089000500 32 | C-16-050 | | 11,650.00 | | |
| 250 | 12/31/2021 | Investment Income | 0890000034 32 | C-16-050 | | 227,017.00 | | |
| To record CY authority activity. | | | | | | | | |
| | | | | | 27,938,887.00 | 27,938,887.00 | | |

Net Income (Loss) 0.00

BETHLEHEM AUTHORITY
Internal Accounting Controls
12/31/21

Changes noted in red – Updated on 4/25/2022

RECEIPTS

- **Administrative.** All checks received are endorsed for deposit only and deposited into the BA's administrative (general) or reserve accounts. (Control) Certain payments to the BA are received by ACH credit.
- **Trust Accounts.** From time to time, certain receipts are deposited into the Bond Redemption and Improvement Fund at the direction and authorization of the BA Board. (Control)

EXPENSES

- **Administrative.** All invoices for administrative expenses and professional services and payroll are reviewed and approved for payment by the Executive Director and BA Controller. (Control) Checks are processed by administrative assistant. Certain administrative expenses and all payroll withholding taxes are paid by ACH debit. The Board reviews all expenses and authorizes payment by resolution at the monthly meetings. (Control) The only persons authorized to sign checks are the officers of the BA Board. (Control)
- **Trust Accounts.** Certain Capital Expenses for the water system are paid from the Bond Redemption and Improvement Fund when requested by the City. Since the 2014 refunding, a Construction Fund now serves as the source of funds for Capital Expenses and was used in its entirety in February, 2017. The Capital expenses are reviewed and approved by the Executive Director, authority's consulting engineer, and the BA Board at the monthly meetings. (Control) The Trustee is instructed how much to pay and to whom by requisition. (Control)

INVESTMENTS

(Investment Policy adopted by BA Board in 2009 and reviewed annually states that any investment greater than \$150,000 needs to be bid. Revised Policy adopted 2/11/2016, amended 2/8/2017 and 3/19/2018, 2/19/19, 3/11/2021, and 2/10/2022.)

- **Operating Funds.** Excess Operating Funds are currently invested in a business money market account. If short term CD rates would become more favorable, savings could be invested in CDs, which would be bid and awarded to the bank offering the highest interest rate. The Board approved all investment activity. (Control)
- **Maintenance Reserve and Bond Redemption and Improvement Funds.** Certain monies in the Maintenance Reserve and Bond Redemption and Improvement Funds are invested in short-term CDs, which are bid and awarded to the bank offering the highest interest rate. Funds are also invested in money market funds, local government investment pools and other investment

securities permitted under the trust indenture. The Board approved all investment activity. (Control)

- **Debt Service Reserve Fund.** Certain monies in the Debt Service Reserve Fund are invested in short-term CDs through a brokered CD program and Funds are also invested in money market funds, local government investment pools and other investment securities permitted under the trust indenture.. The Board approved all investment activity. (Control)

REPORTS

- **Monthly.** The administrative and trust accounts are reconciled monthly. A summary report is prepared for and reviewed by the BA Controller and presented to the Board at the monthly meetings. (Control) A summary of all BA investments is provided to the Board at the monthly meetings. Monthly payroll tax returns are reviewed and signed by the BA Controller. (Control)
- **Quarterly.** Quarterly payroll tax returns are reviewed and signed by the BA Controller. (Control)
- **Yearly.** Year-end financial and DCED reports are prepared for and by the BA Controller and presented to the Board. Year-end payroll tax returns are reviewed and signed by the BA Controller. (Control)

BETHLEHEM AUTHORITY
EXHIBIT A - ALL FUNDS
STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021
1 of 2

PBC - Sandy in the Authority MD additions/changes noted in blue

| | EXHIBIT A TOTALS ALL FUNDS | | EXHIBIT B OP/ADMIN ACCOUNT (EMBASSY) | EXHIBIT C OP/RESERVE CHECKING (EMBASSY) | EXHIBIT D OP/RESERVE MONEY MKT (PEOPLES) | EXHIBIT E PIPELINE ACCOUNT (PLGIT) | EXHIBIT F OPERATING RESERVE (PLGIT) | EXHIBIT G #944863 MAINT. RESERVE FUND | EXHIBIT H #944864 BOND RED. IMPROVE. FUND | EXHIBIT I #944865 WATER REVENUE FUND |
|---|-------------------------------------|---------------------------------|---|--|---|---|--|--|--|---|
| Cash - Checking | \$ 160,058.37 | | \$ 134,791.96 | \$ 25,266.41 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Cash - Savings | 1,068,739.20 | | - | - | 349,871.20 | 369,182.90 | 349,685.10 | - | - | - |
| Investments | 15,967,649.24 | | - | - | - | - | - | 2,100,200.53 | 5,069,943.10 | - |
| BEGINNING BALANCE - JANUARY 1, 2021 | \$ 17,196,446.81 | PY | \$ 134,791.96 | \$ 25,266.41 | \$ 349,871.20 | \$ 369,182.90 | \$ 349,685.10 | \$ 2,100,200.53 | \$ 5,069,943.10 | \$ - |
| RECEIPTS: | | | | | | | | | | |
| Carbon Credits | 143,864.57 | Reverse out PY AR | 143,864.57 | - | - | - | - | - | - | - |
| City of Bethlehem | 8,703,902.40 | [A] | - | - | - | - | - | - | - | - |
| City of Bethlehem - Operating Funds | 350,000.00 | ATB 08642078; ATB 02-2006-42078 | 350,000.00 | - | - | - | - | - | - | - |
| Gain on CD Investments Redeemed (saxon) | 2,059.89 | [B] | - | - | - | - | - | - | 513.06 | - |
| Interest | 27,663.14 | [B] | 193.69 | 52.34 | 1,642.76 | 170.49 | 161.49 | 7,392.62 | 17,963.37 | - |
| Interest on CD Investments Net of Accrued | 158,514.33 | [B] | - | - | - | - | - | - | - | - |
| Interfund Transfers (Trustee Accounts) | 2,031,094.89 | [C] | - | - | - | - | - | - | 542,402.50 | - |
| Interfund Transfers (Administrative Accounts) | 320,000.00 | [C] | - | 100,000.00 | 220,000.00 | - | - | - | - | - |
| Interfund Transfers (Reserves Money Market) | - | [C] | - | - | - | - | - | - | - | - |
| License Fee (PennEast Pipeline) | 35,000.00 | [I] | - | 35,000.00 | - | - | - | - | - | - |
| Miscellaneous | 125,715.94 | [E] | 5,191.94 | 120,524.00 | - | - | - | - | - | - |
| Paying Agent Transfers (Pennvest Loan) | - | [D] | - | - | - | - | - | - | - | - |
| Refunds/Reimbursements | 52.60 | [F] | 52.60 | - | - | - | - | - | - | - |
| Rental Income | 117,375.81 | [E] | 117,375.81 | - | - | - | - | - | - | - |
| Security Deposits-Rental Property | - | [E] | - | - | - | - | - | - | - | - |
| Security Deposits-Timber Sales | 3,000.00 | [H] | 3,000.00 | - | - | - | - | - | - | - |
| Escrow Funds-PennEast | - | [F] | - | - | - | - | - | - | - | - |
| Timber Sales | 9,250.00 | [H] | 9,250.00 | - | - | - | - | - | - | - |
| Total Receipts | 12,027,493.57 | | 628,928.61 | 255,576.34 | 221,642.76 | 170.49 | 161.49 | 7,392.62 | 560,878.93 | - |
| SUBTOTAL | 29,223,940.38 | | 763,720.57 | 280,842.75 | 571,513.96 | 369,353.39 | 349,846.59 | 2,107,593.15 | 5,630,822.03 | - |
| DISBURSEMENTS: | | | | | | | | | | |
| Administrative Expenses | 258,294.75 | [F] | 258,294.75 | - | - | - | - | - | - | - |
| Payroll Liabilities Payable | - | | - | - | - | - | - | - | - | - |
| Arbitrage and Related Expenses (Contingency) | - | | - | - | - | - | - | - | - | - |
| Bank Wire Fees (Trustee Accounts) | - | | - | - | - | - | - | - | - | - |
| City of Bethlehem - Water Capital | 2,180,912.88 | ATB 0837005A | - | - | - | - | - | - | 2,180,912.88 | - |
| Debt Service - Interest | 2,478,502.70 | [A] | - | - | - | - | - | - | - | - |
| Debt Service - Principal | 5,969,547.30 | [A] | - | - | - | - | - | - | - | - |
| Escrow Expenses (PennEast Pipeline) | - | | - | - | - | - | - | - | - | - |
| Interfund Transfers (Trustee Accounts) | 1,911,094.89 | [C] | - | - | - | - | - | - | - | - |
| Interfund Transfers (Administrative Accounts) | 440,000.00 | [C] | 320,000.00 | - | 120,000.00 | - | - | - | - | - |
| Internal Trustee Transfer (COB Sinking Fund) | - | | - | - | - | - | - | - | - | - |
| Miscellaneous | - | | - | - | - | - | - | - | - | - |
| Paying Agent Transfers (Pennvest Loan) | - | [D] | - | - | - | - | - | - | - | - |
| Professional Services | 134,422.08 | [G] | 82,785.35 | 51,598.73 | 27.00 | - | - | 5.50 | 5.50 | - |
| Trustee Fees | 4,000.00 | [G] | 4,000.00 | - | - | - | - | - | - | - |
| Property Expenses | 22,299.07 | [F] | 22,299.07 | - | - | - | - | - | - | - |
| Refund Security Deposits-Timber Sales | 600.00 | [H] | 600.00 | - | - | - | - | - | - | - |
| Security Expenses | 33,945.73 | [F] | 33,945.73 | - | - | - | - | - | - | - |
| Total Disbursements | 13,433,619.40 | | 721,924.90 | 51,598.73 | 120,027.00 | - | - | 5.50 | 2,180,918.38 | - |
| ENDING BALANCE - DECEMBER 31, 2021 | \$ 15,790,320.98 | [ZZ] | \$ 41,795.67 | \$ 229,244.02 | \$ 451,486.96 | \$ 369,353.39 | \$ 349,846.59 | \$ 2,107,587.65 | \$ 3,449,903.65 | \$ - |
| Cash - Checking | \$ 270,987.09 | | \$ 41,743.07 | \$ 229,244.02 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Cash - Savings | 1,170,686.94 | | - | - | 451,486.96 | 369,353.39 | 349,846.59 | - | - | - |
| Investments | 14,127,068.78 | | - | - | - | - | - | 2,107,587.65 | 3,449,903.65 | - |
| TOTAL | \$ 15,568,742.81 | | \$ 41,743.07 | \$ 229,244.02 | \$ 451,486.96 | \$ 369,353.39 | \$ 349,846.59 | \$ 2,107,587.65 | \$ 3,449,903.65 | \$ - |
| | 193,440 | [XX] | C-100 | C-100 | C-100 | C-100 | C-100 | C-100 | C-100 | |

| |
|------------------------|
| EXHIBIT J |
| #944895 |
| DEBT SERVICE |
| RESERVE FUND |
| \$ - |
| - |
| 8,531,593.85 |
| \$ 8,531,593.85 |
| |
| - |
| - |
| - |
| 1,546.83 |
| 65.74 |
| 158,514.33 |
| - |
| - |
| - |
| - |
| - |
| - |
| - |
| - |
| - |
| - |
| - |
| - |
| - |
| 160,126.90 |
| 8,691,720.75 |
| |
| - |
| - |
| - |
| - |
| - |
| - |
| - |
| - |
| - |
| 166,417.55 |
| - |
| - |
| - |
| - |
| - |
| - |
| - |
| - |
| - |
| 166,417.55 |
| \$ 8,525,303.20 |
| \$ - |
| - |
| 8,525,303.20 |
| \$ 8,525,303.20 |
| ① 193,440 |

8,718,743.00
C-100

8,525,201
8,718,743
(193,542)
(102)

BETHLEHEM AUTHORITY
EXHIBIT A - ALL FUNDS
STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021
2 of 2

| | EXHIBIT K #944897 1998 CABs DEBT SVC. FUND | EXHIBIT L #194616 2014 BONDS DEBT SVC. FUND | EXHIBIT M #945132 EXCESS INVEST FUND |
|---|---|--|---|
| Cash - Checking | \$ - | \$ - | \$ - |
| Cash - Savings | - | - | - |
| Investments | 132.35 | - | 44,253.84 |
| BEGINNING BALANCE - JANUARY 1, 2021 | \$ 132.35 | \$ - | \$ 44,253.84 |
| RECEIPTS: | | | |
| Carbon Credits | - | - | - |
| City of Bethlehem | - | 8,703,902.40 | - |
| City of Bethlehem - Operating Funds | - | - | - |
| Gain on CD Investments Redeemed (saxon) | - | - | - |
| Interest | 0.20 | - | 20.44 |
| Interest on CD Investments | - | - | - |
| Interfund Transfers (Trustee Accounts) | 1,409,867.45 | 78,824.94 | - |
| Interfund Transfers (Administrative Accounts) | - | - | - |
| Interfund Transfers (Reserves Money Market) | - | - | - |
| License Fee (PennEast Pipeline) | - | - | - |
| Miscellaneous | - | - | - |
| Paying Agent Transfers (Pennvest Loan) | - | - | - |
| Refunds/Reimbursements | - | - | - |
| Rental Income | - | - | - |
| Security Deposits-Rental Property | - | - | - |
| Security Deposits-Timber Sales | - | - | - |
| Timber Sales | - | - | - |
| Total Receipts | 1,409,867.65 | 8,782,727.34 | 20.44 |
| SUBTOTAL | 1,410,000.00 | 8,782,727.34 | 44,274.28 |
| DISBURSEMENTS: | | | |
| Administrative Expenses | - | - | - |
| Payroll Liabilities Payable | - | - | - |
| Arbitrage and Related Expenses (Contingency) | - | - | - |
| Bank Wire Fees (Trustee Accounts) | - | - | - |
| City of Bethlehem - Water Capital | - | - | - |
| Debt Service - Interest | 990,452.70 | 1,488,050.00 | - |
| Debt Service - Principal | 419,547.30 | 5,550,000.00 | - |
| Escrow Expenses (PennEast Pipeline) | - | - | - |
| Interfund Transfers (Trustee Accounts) | - | 1,744,677.34 | - |
| Interfund Transfers (Administrative Accounts) | - | - | - |
| Internal Trustee Transfer (COB Sinking Fund) | - | - | - |
| Miscellaneous | - | - | - |
| Paying Agent Transfers (Pennvest Loan) | - | - | - |
| Professional Services | - | - | - |
| Trustee Fees | - | - | - |
| Property Expenses | - | - | - |
| Refund Security Deposits-Timber Sales | - | - | - |
| Security Expenses | - | - | - |
| Total Disbursements | 1,410,000.00 | 8,782,727.34 | - |
| ENDING BALANCE - DECEMBER 31, 2021 | \$ - | \$ - | \$ 44,274.28 |
| Cash - Checking | \$ - | \$ - | \$ - |
| Cash - Savings | - | - | - |
| Investments | - | - | 44,274.28 |
| TOTAL | \$ - | \$ - | \$ 44,274.28 |
| Unrealized gain - C-16-060 | | | C-100 |

Cost

Market

Immat diff

MD reconciled cash and investment and debt balances as reported on the DCED report to the TB and Q-WA-300 and Q-02-101 workpapers in the COB binder.

DCED-CLGS-04

Received by DCED: 01/01/0001
Approved by DCED:

Department of Community & Economic Development
Governor's Center for Local Government Services
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225
Ph: 888-223-6837 | fax: 717-783-1402

2021 ANNUAL REPORT OF MUNICIPAL AUTHORITIES AND NON-PROFITS

BETHLEHEM AUTHORITY 480328

MUNICIPAL AUTHORITY INFORMATION

Information on file

Name: BETHLEHEM AUTHORITY

Address: 10 EAST CHURCH STREET

BETHLEHEM, PA 18018

Phone: (610) 865-7090

Fax:

Contact Person: STEPHEN REPASCH

Title: EXECUTIVE DIRECTOR

Email: SREPASCH@BETHLEHEM-PA.GOV

Year Authority Organized 1938

Year Authority Terminates 2040

Fiscal Year Ends (month/day): 12/31

Number of Employees

Full Time Equivalent: 2

Part Time Equivalent: 5

Filing Status: Active

Facility Type:

Sewer

Water

BETHLEHEM AUTHORITY**AUTHORITY OFFICIALS LIST**

| | |
|------------------|--------------------------|
| President | JOHN J. TALLARICO |
| Address: | 10 E. CHURCH STREET |
| | BETHLEHEM, PA 18018 |
| Phone: | (610) 865-7090 |
| Fax: | |
| e-mail: | JTALLARICO35@GMAIL.COM |

| | |
|------------------|--------------------------|
| Secretary | THOMAS F. DONCHEZ |
| Address: | 10 E. CHURCH STREET |
| | BETHLEHEM, PA 18018 |
| Phone: | (610) 865-2009 |
| Fax: | |
| e-mail: | TFDONCHEZ@GMAIL.COM |

| | |
|------------------|--------------------------|
| Treasurer | DENNIS A. DOMCHEK |
| Address: | 10 E. CHURCH STREET |
| | BETHLEHEM, PA 18018 |
| Phone: | (610) 865-7090 |
| Fax: | |
| e-mail: | DENNISDOMCHEK@RCN.COM |

| | |
|------------------|---------------------------------|
| Solicitor | JAMES L. BROUGHAL |
| Address: | 10 E. CHURCH STREET |
| | BETHLEHEM, PA 18018 |
| Phone: | (610) 865-7090 |
| Fax: | |
| e-mail: | JIMBROUGHAL@BROUGHAL-DEVITO.COM |

BETHLEHEM AUTHORITY**GEOGRAPHICAL AREAS SERVED**

| Municipality Name | County |
|--------------------------|---------------|
| FOUNTAIN HILL BORO | LEHIGH |
| HANOVER TWP | LEHIGH |
| SALISBURY TWP | LEHIGH |
| UPPER SAUCON TWP | LEHIGH |
| BETHLEHEM CITY | NORTHAMPTON |
| BETHLEHEM TWP | NORTHAMPTON |
| EAST ALLEN TWP | NORTHAMPTON |
| FREEMANSBURG BORO | NORTHAMPTON |
| HANOVER TWP | NORTHAMPTON |
| LOWER NAZARETH TWP | NORTHAMPTON |
| LOWER SAUCON TWP | NORTHAMPTON |

Reconciliation of Cash and Investments

| | | |
|-----------------|----------------|----------|
| Sum of A | \$15,568,741 | |
| Unrealized gain | <u>193,440</u> | C-16-050 |
| Total | \$15,762,181 | |

2 IM

\$15,762,183 C-16-050

Subgroups C-02 and C-03 on Authority T/B

DCED-CLGS-04

BETHLEHEM AUTHORITY

STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDING 2021

| CURRENT ASSETS | | |
|--|---|------------|
| Cash and cash equivalents | A | 1,441,673 |
| Investments | A | 14,127,068 |
| Receivables (net of allowance for uncollectibles) | | |
| Lease rental payments receivable (Financing authorities, only) | | 25,209,162 |
| Due from other governments | | |
| Inventories | | |
| Prepays | | |
| Restricted current assets: | | |
| Cash or cash equivalents | | |
| Investments | | |
| Lease rental payments receivable (Financing authorities, only) | | |
| Intergovernmental receivables | | |
| Other current assets | | |
| TOTAL CURRENT ASSETS | | 40,777,903 |

| NON-CURRENT ASSETS | | |
|--|--|------------|
| Restricted non-current assets: | | |
| Investments | | |
| Lease rental payments receivable (Financing authorities, only) | | |
| Capital assets not being depreciated: | | |
| Land | | |
| Construction in progress | | |
| Capital assets net of accumulated depreciation: | | |
| Buildings and system | | |
| Improvements other than buildings | | |
| Furnishings, machinery and equipment | | |
| Infrastructure | | |
| Lease rental payments receivable (Financing authorities, only) | | |
| Other non-current assets | | |
| TOTAL NON-CURRENT ASSETS | | 0 |
| TOTAL ASSETS | | 40,777,903 |

| DEFERRED OUTFLOWS OF RESOURCES | |
|---|------------|
| Deferred amount of debt refundings | |
| Deferrals related to pensions | |
| Other deferred outflows of resources | |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 0 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | 40,777,903 |

| CURRENT LIABILITIES | |
|----------------------------------|-----------|
| Accounts payable | |
| Accrued payroll and withholdings | |
| Accrued interest payable | |
| Due to other governments | |
| Unearned revenue | |
| Funds held as fiduciary | |
| Debt due within one year | 2,073,880 |
| Other current liabilities | |
| TOTAL CURRENT LIABILITIES | 2,073,880 |

| NON-CURRENT LIABILITIES | |
|--------------------------------|------------|
| Debt due in more than one year | 38,143,135 |
| Net pension liabilities | |
| Other non-current liabilities | |
| TOTAL NON-CURRENT LIABILITIES | 38,143,135 |
| TOTAL LIABILITIES | 40,217,015 |

| DEFERRED INFLOWS OF RESOURCES | |
|---|------------|
| Deferred amount on debt refundings | |
| Deferrals related to pensions | |
| Other deferred inflows of resources | |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 0 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 40,217,015 |

| NET POSITION | |
|--|------------|
| Net investment in capital assets | |
| Restricted | |
| Unrestricted | 560,888 |
| TOTAL NET POSITION | 560,888 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND NET POSITION | 40,777,903 |

Sewer
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDING 2021

| SEWER OPERATING REVENUES | |
|---|----------|
| Charges for service | |
| Lease rental income (Financing authorities, only) | |
| Operating grants: | |
| Federal | |
| State | |
| Local | |
| Other | |
| Contributions | |
| Interest income | |
| Assessment revenue* | |
| Payments in lieu of assessments* | |
| Program income* | |
| Other operating revenue | |
| TOTAL SEWER OPERATING REVENUES | 0 |

| SEWER OPERATING EXPENSES | |
|---------------------------------------|----------|
| Administrative | |
| Contracted services | |
| Personnel services | |
| Supplies and materials | |
| Repairs and maintenance | |
| Utilities | |
| Other services and charges | |
| Depreciation and amortization | |
| Fundraising* | |
| Program services* | |
| Other operating expenses | |
| TOTAL SEWER OPERATING EXPENSES | 0 |
| SEWER OPERATING INCOME (LOSS) | 0 |

| SEWER NONOPERATING REVENUES / (EXPENSES) | |
|---|--|
| Nonoperating grants: | |
| Federal | |
| State | |

| | |
|---|----------|
| Local | |
| Other | |
| Investment earnings / (losses) | |
| Interest expense | |
| Gain / (loss) on sale of assets | |
| Other financing sources / (uses) | |
| Other nonoperating revenues | |
| Other nonoperating (expenses) | |
| Debt service principal and interest (expense)** | |
| TOTAL SEWER NONOPERATING REVENUES (EXPENSES) | 0 |

| | |
|---|----------|
| CAPITAL CONTRIBUTIONS | |
| CHANGE IN NET POSITION | 0 |
| NET POSITION - BEGINNING OF YEAR | |
| PRIOR PERIOD ADJUSTMENT | |
| SEWER NET POSITION - END OF YEAR | 0 |

*Business/Neighborhood Improvement Districts

**see the Authorities and Non-Profits Annual Financial Report Tip Sheet available from your Start Page.

BETHLEHEM AUTHORITY**Water****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDING 2021**

| WATER OPERATING REVENUES | |
|---|------------------|
| Charges for service | |
| Lease rental income (Financing authorities, only) | 8,600,426 |
| Operating grants: | |
| Federal | |
| State | |
| Local | |
| Other | |
| Contributions | |
| Interest income | 186,178 |
| Assessment revenue* | |
| Payments in lieu of assessments* | |
| Program income* | |
| Other operating revenue | 889,743 |
| TOTAL WATER OPERATING REVENUES | 9,676,347 |

| WATER OPERATING EXPENSES | |
|---------------------------------------|------------------|
| Administrative | 243,243 |
| Contracted services | |
| Personnel services | 210,320 |
| Supplies and materials | |
| Repairs and maintenance | |
| Utilities | |
| Other services and charges | |
| Depreciation and amortization | |
| Fundraising* | |
| Program services* | |
| Other operating expenses | |
| TOTAL WATER OPERATING EXPENSES | 453,563 |
| WATER OPERATING INCOME (LOSS) | 9,222,784 |

| WATER NONOPERATING REVENUES / (EXPENSES) | |
|---|--|
| Nonoperating grants: | |
| Federal | |
| State | |

| | |
|---|---------------------|
| Local | |
| Other | |
| Investment earnings / (losses) | |
| Interest expense | |
| Gain / (loss) on sale of assets | |
| Other financing sources / (uses) | |
| Other nonoperating revenues | |
| Other nonoperating (expenses) | (2,180,913) |
| Debt service principal and interest (expense)** | (8,448,050) |
| TOTAL WATER NONOPERATING REVENUES (EXPENSES) | (10,628,963) |

| | |
|---|--------------------|
| CAPITAL CONTRIBUTIONS | |
| CHANGE IN NET POSITION | (1,406,179) |
| NET POSITION - BEGINNING OF YEAR | 1,967,067 |
| PRIOR PERIOD ADJUSTMENT | |
| WATER NET POSITION - END OF YEAR | 560,888 |

*Business/Neighborhood Improvement Districts

**see the Authorities and Non-Profits Annual Financial Report Tip Sheet available from your Start Page.

BETHLEHEM AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDING 2021

| ASSETS | | |
|-------------------------------|--------------------|------------------------|
| | Trust Funds | Custodial Funds |
| Cash and cash equivalents | | |
| Receivables | | |
| Investments, at fair value | | |
| Restricted assets: | | |
| Temporarily restricted: | | |
| Cash, or cash equivalents | | |
| Investments | | |
| Intergovernmental receivables | | |
| Permanently restricted: | | |
| Investments | | |
| Other assets | | |
| TOTAL ASSETS | 0 | 0 |

| DEFERRED OUTFLOWS OF RESOURCES | | |
|--|--------------------|------------------------|
| | Trust Funds | Custodial Funds |
| Other deferred outflows of resources | | |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 0 | 0 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | 0 | 0 |

| LIABILITIES | | |
|--|--------------------|------------------------|
| | Trust Funds | Custodial Funds |
| Accounts payable and other current liabilities | | |
| Due to other governments | | |
| Unearned revenue | | |
| Debt due within one year | | |
| Other liabilities | | |
| TOTAL LIABILITIES | 0 | 0 |

| DEFERRED INFLOWS OF RESOURCES | | |
|--|--------------------|------------------------|
| | Trust Funds | Custodial Funds |
| Other deferred inflows of resources | | |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 0 | 0 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 0 | 0 |

| NET POSITION | | |
|---|-------------|-----------------|
| | Trust Funds | Custodial Funds |
| Assets held in trust for pension/other postemployment benefits | | |
| Other | | |
| TOTAL NET POSITION | 0 | 0 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | 0 | 0 |

BETHLEHEM AUTHORITY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDING 2021

| ADDITIONS | | |
|--|-------------|-----------------|
| Contributions | | |
| | Trust Funds | Custodial Funds |
| Employer | | |
| Plan members | | |
| Private donations | | |
| Other | | |
| TOTAL CONTRIBUTIONS | 0 | 0 |
| Investment Earnings | | |
| | Trust Funds | Custodial Funds |
| Interest | | |
| Net increase / (decrease) in the fair value of investments | | |
| Other | | |
| TOTAL INVESTMENT EARNINGS | 0 | 0 |
| | Trust Funds | Custodial Funds |
| Less investment expenses | | |
| TOTAL ADDITIONS | 0 | 0 |
| DEDUCTIONS | | |
| | Trust Funds | Custodial Funds |
| Benefits | | |
| Administrative expenses | | |
| Other | | |
| TOTAL DEDUCTIONS | 0 | 0 |
| NET POSITION | | |
| | Trust Funds | Custodial Funds |
| CHANGE IN NET POSITION | 0 | 0 |
| NET POSITION - BEGINNING OF YEAR | 0 | 0 |
| PRIOR PERIOD ADJUSTMENT | | |
| NET POSITION - END OF YEAR | 0 | 0 |

BETHLEHEM AUTHORITY

DEBT STATEMENT FISCAL YEAR ENDING 2021

Q-WA-300

| Purpose | Issuance Type | Issue Year (YYYY) | Maturity Year (YYYY) | Original Amount of Issue | Outstanding Beginning of Year | Principal Incurred This Year | Principal Paid This Year | Current Year Accretion on Compound Interest Bonds | Outstanding at Year End |
|--|---------------|-------------------|----------------------|--------------------------|-------------------------------|------------------------------|--------------------------|---|-------------------------|
| General Obligation Bonds and Notes | | | | | | | | | |
| 11 GOB 1998 | Bond | 1998 | 2028 | 25,142,165 | 12,466,562 | 0 | 419,547 | 0 | \$12,047,015 |
| 11 GOB 2014 | Bond | 2014 | 2032 | 67,785,000 | 33,720,000 | 0 | 5,550,000 | 0 | \$28,170,000 |
| Total Bonds and Notes Outstanding | | | | | | | | | \$40,217,015 |
| Capitalized Lease Obligations | | | | | | | | | \$0 |
| Plus (Less) Unamortized Premium (Discount) | | | | | | | | | 0 |
| NET DEBT | | | | | | | | | \$40,217,015 |

Q-02-100

SIGNATURE AND VERIFICATION

I certify that the foregoing information is correct and complete for the 2021 municipal Authority's fiscal year.

Name: **Title:**

Phone:

City of Bethlehem
Authority - Cash Disbursements Walkthrough
December 31, 2021

MD performed the walkthrough below to gain an understanding of the Authority's control systems. A majority of the expenses paid by the Authority are for debt service, which is tested in the Q-Series. We haphazardly selected the following cash disbursement from the 2021 G/L provided by Sandy:

| | |
|-------------|------------------------|
| Check Date: | 3/9/21 |
| Vendor: | Broughal & DeVito, LLP |
| Amounts: | \$3,097.50 |

| | |
|--------------|--------------------------|
| Description: | Legal fees February 2021 |
| Check #: | 5585 |

We performed the following procedures:

1. Reviewed invoice for amount, payee, and date.
2. Noted that the check stub contained approval by the chairman, controller, and executive director. (CONTROL)
3. Agreed amount and payee from the invoice to the cancelled check without exception, noting that the check was endorsed with two signatures. (CONTROL)
4. Traced clearing of the check to the March 2021 bank statement (cleared on 3/16/21) without exception. MD reviewed the March 2021 bank reconciliation for reasonableness, noting no unusual reconciling items.
5. Traced amounts charged for disbursements to the general ledger on the dates indicated, noting appropriateness of account based on review of invoice.

Conclusion:

Since the invoice appeared to have been reviewed and adequately supported, controls appear to be functioning properly.