

BETHLEHEM AUTHORITY

Internal Accounting Controls

Updated on 7/09/26

RECEIPTS

- **Administrative.** All checks received are endorsed for deposit only and deposited into the BA's administrative (general) or reserve accounts. 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.

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. Checks are processed by the Director of Administration. 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. The only persons authorized to sign checks are the officers of the BA Board.
- **Trust Accounts.** Certain Capital Expenses for the water system are paid from the Bond Redemption and Improvement Fund, and/or the Construction Fund, when requested by the City. The Capital expenses are reviewed and approved by the Executive Director, the Authority's Consulting Engineer and the BA Board at the monthly meetings. The Trustee is instructed how much to pay and to whom by requisition.

INVESTMENTS

An Investment Policy has been in place since 2009; The policy establishes investment objectives, standards of care, defines permitted investments, provides for bid requirements, concentration of risk limitations and delegations of authority. The policy is reviewed at least annually by the Board; the last review date was 14 May, 2026. All investment activity is made in compliance with policy.

- **Operating Funds.** Reserve 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 awarded to the bank offering the highest interest rate. All investments are made by the Board Treasurer and Executive Director and are reported to the Board at the next Board Meeting.
- **Maintenance Reserve, Bond Redemption and Improvement Funds and Construction Fund.** Certain monies in these funds are invested in short-term CDs, or US Treasuries or Money Markets which are 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. Monies which are subject to tax arbitrage regulations, such

as the Construction Fund, can be invested in arbitrage exempt securities such as State and Local Government Securities. All investments are made by the Board Treasurer and Executive Director and are reported to the Board at the next Board Meeting.

- **Debt Service Reserve Fund.** Certain monies in the Debt Service Reserve Fund are invested in Federated Treasuries and other Government Notes. Funds can also be invested in money market funds, local government investment pools and other investment securities permitted under the Trust Indenture. All investments are made by the Board Treasurer and Executive Director and are reported to the Board at the next Board Meeting.

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. A summary of all BA investments and concentration of risk compliance is provided to the Board at the monthly meetings. Monthly payroll tax returns are processed by BA's contract payroll provider, ADP, and reviewed by the Director of Administration. Retirement and Pension payments are processed by the Director of Administration and signed by the Executive Director.
- **Quarterly.** Quarterly payroll tax returns are processed by ADP, reviewed by the Director of Administration and signed by the Executive Director. Retirement and pension reconciliation reports are processed by the Director of Administration and signed by the Executive Director.
- **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 processed by the payroll company; reviewed by the Director of Administration and signed by the Executive Director.