



Bethlehem Public Library

2020/2021 Audit Results

Required Communications with Those Charged With Governance

Audit Report

Report on Internal Control Over Financial Reporting and Compliance in Accordance with *Government Auditing Standards*

Financial Statement Highlights

Financial Statement Footnote Highlights

Management Letter Comment and Recommendation



Required Communications – AUC 260 Letter

- Qualitative Aspects of Accounting Practices
 - Management is responsible for the selection and use of appropriate accounting policies, which are described in Note 1 to the financial statements
 - No new accounting policies were adopted, and the application of existing policies was not changed during 2020-2021.
- Significant Accounting Estimates
 - Accounting estimates are an integral part of the financial statements
 - The most sensitive estimates affecting the financial statements were managements estimates of the
 - depreciable lives of property and equipment
 - compensated absences
 - other post employment benefits and related deferred outflows/inflows
 - net pension asset/liability and related deferred outflows/inflows
- Difficulties Encountered in Performing the Audit
 - We encountered no difficulties in dealing with management in performing and completing our audit



Required Communications – AUC 260 Letter

- Corrected and Uncorrected Misstatements
 - Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to management.
 - Management corrected all such misstatements
- Disagreements with Management
 - We had no disagreements with management during the course of our audit
- Management Representations
 - We will request certain representations from management that will be included in the management representation letter
- Management Consultations with Other Independent Accountants
 - To our knowledge, there were no consultations with other accountants
- Other Audit Findings or Issues
 - We generally discuss a variety of matters with management during the year prior to our retention as the Entities' auditors. These discussions occurred in the normal course of business.
- Required Supplementary Information



Audit Report – pgs. 1-2

- Report on the Financial Statements
 - We have audited the financial statements of the governmental activities and each major fund at Bethlehem Public Library and the related notes to the financial statements
- Management’s Responsibility
 - Preparation and fair presentation of the financial statements
 - Design, implementation and maintenance of internal control
- Auditor’s Responsibility
 - Express an opinion on the financial statements based on our audit
 - Conduct audit in accordance with generally accepted auditing standards and *Government Auditing Standards*
 - Perform procedures to obtain evidence about the amounts and disclosures in the financial statements based on judgement and risk assessment
 - Consider internal control, but not for the purpose of expressing and opinion on internal controls
 - Evaluate accounting policies and estimates used by management



Audit Report – pgs. 1-2

- Unmodified Opinion
- Required Supplementary Information
- Reference to separate report required by Government Auditing Standards



Report on Internal Control Over Financial Reporting and Compliance in Accordance with *Government Auditing Standards* – pages 37-38

- Internal Control Over Financial Reporting
 - In the course of our audit we considered the Library's internal controls to determine the audit procedures most appropriate in the circumstances to express our opinions on the financial statements, but not to express an opinion on the effectiveness of the Library'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.
 - Based on our considerations, given the limitations noted above, we did not identify any deficiencies in internal control that we deem to be material weaknesses. However, material weaknesses may exist that we did not identify.



Statement of Net Position – Assets – pg. 9

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current Assets

Cash	\$ 3,861,137
Prepaid expenses	17,917
Total Current Assets	<u>3,879,054</u>

Noncurrent Assets

Capital assets, net	<u>3,074,147</u>
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Deferred Outflows of Resources

Pension	<u>1,606,954</u>
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 8,560,155</u></u>
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Statement of Net Position – Liabilities – pg. 9

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

Current Liabilities	
Accounts payable	\$ 74,401
Accrued liabilities	15,350
Due to employees' retirement system	79,207
Total Current Liabilities	<u>168,958</u>
Long-Term Liabilities	
Compensated absences	126,187
Net pension liability - ERS	7,744
Other postemployment benefits	2,698,894
Total Long-Term Liabilities	<u>2,832,825</u>
Deferred Inflows of Resources	
Pension	<u>2,308,022</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>5,309,805</u>



Statement of Net Position – Net Position – pg. 9

NET POSITION

Investment in capital assets	3,074,147
Unrestricted	<u>176,203</u>
Total Net Position	<u>3,250,350</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u><u>\$ 8,560,155</u></u>



Statement of Activities – pg. 10

	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
Government Activities				
General support	\$ 2,171,881	\$ -	\$ -	\$ (2,171,881)
Library operations	2,173,460	7,217	24,404	(2,141,839)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Government Activities	\$ 4,345,341	\$ 7,217	\$ 24,404	(4,313,720)
	<hr/>	<hr/>	<hr/>	<hr/>
General Revenue				
Real property taxes				4,386,144
Use of money and property				6,665
Gifts and donations				9,520
				<hr/>
Total General Revenue				4,402,329
				<hr/>
Change in Net Position				88,609
				<hr/>
Net Position, Beginning of Year				3,161,741
				<hr/>
Net Position, End of Year				\$ 3,250,350
				<hr/>



Balance Sheet – Governmental Funds – pg. 11

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 3,861,137	\$ -	\$ 3,861,137
Prepaid expenses	17,917	-	17,917
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 3,879,054</u>	<u>\$ -</u>	<u>\$ 3,879,054</u>
LIABILITIES			
Accounts payable	\$ 74,401	\$ -	\$ 74,401
Accrued liabilities	15,350	-	15,350
Due to employees' retirement system	79,207	-	79,207
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>168,958</u>	<u>-</u>	<u>168,958</u>
FUND BALANCE			
Nonspendable - Prepaid	\$ 17,917	\$ -	\$ 17,917
Assigned - Unappropriated	74,661	-	74,661
Unassigned	3,617,518	-	3,617,518
	<hr/>	<hr/>	<hr/>
Total Fund Balance	<u>3,710,096</u>	<u>-</u>	<u>3,710,096</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	<u>\$ 3,879,054</u>	<u>\$ -</u>	<u>\$ 3,879,054</u>



Balance Sheet – Governmental Funds – Reconciliation – pg. 11

Amounts reported for governmental activities in the statement of net position are different due to the following:

Fund balance, all governmental funds	\$ 3,710,096
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	3,074,147
Compensated absences at year end in government-wide statements under full accrual accounting	(126,187)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds	(2,698,894)
GASB 68 related government - wide activity	
Deferred outflows of resources	1,606,954
Net pension liability - ERS	(7,744)
Deferred inflows of resources	(2,308,022)
	<hr/>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 3,250,350



Statement of Revenues, Expenditures, And Changes in Fund Equity – Revenues and Expenditures – pg. 12

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenue			
Real property taxes	\$ 4,386,144	\$ -	\$ 4,386,144
Charges for services	7,217	-	7,217
Use of money and property	6,665	-	6,665
Sale of property and compensation for loss	-	-	-
Gifts and donations	9,520	-	9,520
State sources	24,404	-	24,404
	<hr/>	<hr/>	<hr/>
Total Revenue	4,433,950	-	4,433,950
	<hr/>	<hr/>	<hr/>
Expenditures			
General support	1,526,849	-	1,526,849
Library operations	1,724,389	-	1,724,389
Employee benefits	788,286	-	788,286
Capital outlay	26,323	-	26,323
	<hr/>	<hr/>	<hr/>
Total Expenditures	4,065,847	-	4,065,847
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenue Over Expenditures	368,103	-	368,103
	<hr/>	<hr/>	<hr/>



Statement of Revenues, Expenditures, And Changes in Fund Equity – Other Sources and Uses and Change in Fund Equity – pg. 12

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Other Sources and (Uses)			
Operating transfers in	28,947	-	28,947
Operating transfers (out)	-	(28,947)	(28,947)
	<hr/>	<hr/>	<hr/>
Total Other Sources and (Uses)	28,947	(28,947)	-
	<hr/>	<hr/>	<hr/>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other (Uses)	397,050	(28,947)	368,103
	<hr/>	<hr/>	<hr/>
Fund Balance, Beginning of Year	3,313,046	28,947	3,341,993
	<hr/>	<hr/>	<hr/>
Fund Balance, End of Year	<u>\$ 3,710,096</u>	<u>\$ -</u>	<u>\$ 3,710,096</u>



Reconciliation of Statement of Revenues, Expenditures, And Changes in Fund Equity – pg. 13

Net changes in fund balance - total governmental funds	\$ 368,103
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position	26,323
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities	(195,960)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported as expenditures in the governmental funds	(242,585)
Compensated absences are not due and payable in the current period and are therefore not reported in the funds	(3,242)
Pension expense resulting from the GASB 68/71 related actuary reporting is not recorded as an expenditure in the government funds but is recorded in the statement of activities	<u>135,970</u>
Change in Net Position - Governmental Activities	<u><u>\$ 88,609</u></u>



Contingency – Note 8

COVID-19

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The full impact of COVID-19 outbreak continues to evolve as of the date these financial statements were available to be issued.



Tax Abatements – Note 9

The Library has 15 real property tax abatement agreements that are entered into by the Town of Bethlehem Industrial Development Agency (IDA). These agreements provide for abatement of real property taxes in exchange for payment in lieu of taxes (PILOT) in accordance with the IDA’s Tax Exemption Policy.

PILOTs are granted in accordance with various activities such as purchase of an existing facility, development of a new facility, or the improvement or expansion of an existing facility to promote job creation or retention. There are no policies for recapture of PILOTS should the applicant not meet certain criteria.

The following are the aggregated PILOT agreements by purpose and the amount of real property tax that has been abated for the year ended June 30, 2021.

<u>Purpose</u>	<u>Assessed Taxable Value</u>	<u>Tax Value</u>	<u>PILOT Received</u>	<u>Amount of Tax Abated</u>
Town of Bethlehem Industrial Development Agency:				
Promote commercial development and job creation	<u>\$ 117,071,000</u>	<u>\$ 3,582,586</u>	<u>\$ 213,581</u>	<u>\$ 86,926</u>



**Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual – pg. 33**

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue					
Real property taxes	\$ 4,384,200	\$ 4,384,200	\$ 4,386,144	\$ -	\$ 1,944
Charges for services	35,500	35,500	7,217	-	(28,283)
Use of money and property	30,000	30,000	6,665	-	(23,335)
Sale of property and compensation for loss	5,000	5,000	-	-	(5,000)
Gifts and donations	1,000	1,000	9,520	-	8,520
State sources	24,000	24,000	24,404	-	404
Total Revenue	4,479,700	4,479,700	4,433,950	-	(45,750)
Expenditures					
General support, including capital outlay	1,893,401	1,915,995	1,553,172	11,510	351,313
Library operations	1,783,564	1,909,152	1,724,389	63,151	121,612
Employee benefits	802,735	803,288	788,286	-	15,002
Total Expenditures	4,479,700	4,628,435	4,065,847	74,661	487,927
Other Sources and (Uses)					
Operating transfers in	-	-	28,947	-	(28,947)
Operating transfers (out)	-	-	-	-	-
Net Change in Fund Balance	-	(148,735)	397,050		
Fund Balance, Beginning of Year	3,313,046	3,313,046	3,313,046		
Fund Balance, End of Year	\$ 3,313,046	\$ 3,164,311	\$ 3,710,096		



Schedule of Changes in Total OPEB Liability – pg. 34

	Last 10 Fiscal Years*			
	2021	2020	2019	2018
Measurement date	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Service cost	\$ 71,572	\$ 56,201	\$ 60,962	\$ 60,885
Interest cost	60,545	67,926	76,704	73,652
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience and change of assumptions	223,786	244,028	17,049	(19,741)
Benefit payments	(113,318)	(95,101)	(59,786)	(70,903)
Net Change in Total OPEB Liability	242,585	273,054	95,929	43,893
Total OPEB Liability - beginning	2,456,309	2,183,255	2,087,326	2,043,433
Total OPEB Liability - ending	\$ 2,698,894	\$ 2,456,309	\$ 2,183,255	\$ 2,087,326
Covered employee payroll	\$ 1,798,845	\$ 1,697,844	\$ 1,753,073	\$ 1,784,854
Total OPEB Liability as a percentage of covered employee payroll	150.03%	144.67%	124.54%	116.95%



Schedules of Proportionate Share of Net Pension Liability – pg. 35

	ERS Pension Plan Last 10 Fiscal Years						
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.0077767%	0.0078186%	0.0075665%	0.0078766%	0.0080026%	0.0077053%	0.0076626%
Proportionate share of the net pension liability	\$ 7,744	\$ 2,070,405	\$ 536,107	\$ 254,200	\$ 751,900	\$ 1,236,700	\$ 258,900
Covered employee payroll	\$ 2,025,113	\$ 2,004,690	\$ 2,010,156	\$ 1,931,800	\$ 1,924,900	\$ 1,767,100	\$ 1,944,100
Proportionate share of the net pension liability as a percentage of covered employee payroll	0.4%	103.3%	26.7%	13.2%	39.1%	70.0%	13.3%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.20%	94.70%	90.70%	97.70%



Management Letter Comment and Recommendation

- There were no management letter comments to report.



Thank You!

