MMB+CO | BUSINESS ADVISORS AND CPAS

November 6, 2026

Board of Trustees
Bethlehem Public Library

We have audited the financial statements of Bethlehem Public Library (the Library) as of and for the year ended June 30, 2026 and have issued our report thereon dated November 6, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 16, 2026, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of Bethlehem Public Library solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence. Safeguards in place to eliminate or reduce threats to independence to an acceptable level include a skilled, knowledgeable, and experienced Business Manager, Treasurer and Library Director who review draft financial statements, including the assistance provided with implementation of GASB 103, prior to issuance and accept responsibility for them.

Significant Risks Identified

Professional auditing standards require that we identify and assess risks and design and perform our audit procedures to assess those risks. The identification of a risk does not mean that it has occurred, but rather it has the potential to impact the financial statements. We have identified the following significant risks: management override of controls based on its potential significance to the financial statements, revenue recognition, and financial reporting bias.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Bethlehem Public Library is included in Note 2 to the financial statements. As described in Note 11 to the financial statements, the Library implemented Government Accounting Standards (GASB Statement) No. 103, *Financial Reporting Model Improvements,* which had an impact on the management's discussion and analysis and required supplementary information. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are:

1. Management's estimate of the other postemployment benefits and related deferred inflows/outflows is based on an actuarial calculation provided by a third party.
2. Management's estimate of the net pension asset/liability and deferred outflows/inflows is based on actuarial assumptions provided by the individual state plans.

We evaluated the key factors and assumptions used to develop the estimates above and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Bethlehem Public Library's financial statements related to the other postemployment benefits, pension plans and fund balance.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Bethlehem Public Library's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the separate letter dated November 6, 2026.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Bethlehem Public Library, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Bethlehem Public Library's auditors.

This report is intended solely for the information and use of the Board of Trustees, and management of Bethlehem Public Library and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Mengel, Metzger, Barr & Co. LLP

MENGEL, METZGER, BARR & CO. LLP

BETHLEHEM PUBLIC LIBRARY
FINANCIAL REPORT
JUNE 30, 2026

BETHLEHEM PUBLIC LIBRARY

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Bethlehem Public Library

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund, of Bethlehem Public Library (Library) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Bethlehem Public Library as of June 30, 2026, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bethlehem Public Library, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As noted in Note 11 to the financial statements, during the year ended June 30, 2026, the Library adopted new accounting guidance, GASB Statement No. 103, *Financial Reporting Model Improvements.* Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bethlehem Public Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Bethlehem Public Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bethlehem Public Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4-13, budgetary comparison information on pages 42-43, schedule of changes in total OPEB liability on page 44, schedule of proportionate share of the net pension liability (asset) on page 45, and schedule of contributions to employees' retirement system on page 46, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2026, on our consideration of Bethlehem Public Library'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 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 Bethlehem Public Library's internal control over financial reporting and compliance.

Mengel, Metzger, Barr & Co. LLP

Latham, NY
November 6, 2026

WE VALUE YOUR FUTURE

BETHLEHEM PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

This discussion and analysis of Bethlehem Public Library's (Library) financial performance provides an overview of the financial activities for the year ending June 30, 2026. This section is a summary of the Library's financial activities based on currently known facts, decisions, and/or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Library's financial statements, which immediately follow this section

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Library's basic financial statements. The Library's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains supplemental schedules in addition to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business. All the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The *Statement of Net Position* presents information on all of the Library's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference between the two reported as *net position.* Over time, increases or decreases in the Library's net position are an indicator of whether its financial position is improving or deteriorating, respectively. Additional non-financial factors such as changes in the Library's property tax base and the condition of the library buildings and facilities must also be considered to assess the Library's overall health.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Most of the Library's basic services are included here, such as general support and library operations. Property taxes, federal and state aid, and investment earnings finance most of these activities.

The *governmental* activities of the Library include general support, library operations, employee benefits, preconstruction costs written off and capital outlay.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Overview of the Financial Statements

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All the funds of the Library can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the Library's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The Library maintains two individual governmental funds: General Fund and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects Fund which are reported as major funds. Additionally, for each major fund, a detailed analysis of the financial position (fund balance or net position) and results of operations are also provided within the MDA.

The Library adopts, and voters approve an annual budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund within the required supplementary information to demonstrate compliance with the budget.

Fiduciary funds are used to account for assets held by the Library in an agency capacity which accounts for assets held by the Library on behalf of others. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are *not* available to support the Library's programs. The Library does not have any fiduciary funds.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statement section of this report.

Major Feature of the Government-Wide and Fund Financial Statements			
	Government-Wide Statements	**Fund Financial Statements**	
		Governmental Funds	Fiduciary Funds
Scope	Entire Library (except fiduciary funds)	The activities of the Library that are not proprietary or fiduciary, such as special education, scholarship programs, and building maintenance	Instances in which the Library administers resources on behalf of someone else, such as student activities monies
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when the cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statement section of this report.

Financial Summary and Detailed Analysis

Net Position

	Governmental Activities		Total Variance	Percent Variance
	2026	2025		
Current assets	$ 3,707,730	$ 3,882,807	$ (175,077)	-4.51%
Capital assets	2,657,049	4,278,297	(1,621,248)	-37.89%
Total assets	$ 6,364,779	$ 8,161,104	$ (1,796,325)	-22.01%
Deferred outflows of resources	$ 438,691	$ 617,189	$ (178,498)	-28.92%
Current liabilities	$ 325,113	$ 249,489	$ 75,624	30.31%
Long-term liabilities	3,259,403	3,188,000	71,403	2.24%
Total liabilities	$ 3,584,516	$ 3,437,489	$ 147,027	4.28%
Deferred inflows of resources	$ 849,326	$ 120,488	$ 728,838	604.91%
Net position:				
Investment in capital assets	$ 2,671,963	$ 4,328,231	$ (1,656,268)	-38.27%
Restricted	4,571	-	4,571	100.00%
Unrestricted	(306,906)	892,085	(1,198,991)	-134.40%
Total net position	$ 2,369,628	$ 5,220,316	$ (2,850,688)	-54.61%

Key Variances:

- Capital assets decreased $1,621,248 due to write off of preconstruction costs.
- Deferred Inflows of Resources increased $728,838 as a result of changes in assumptions increasing with the NYS ERS plan.

The Library's financial position is the product of many factors.

By far, the largest component of the Library's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Library uses these capital assets to provide services to its patrons, these assets are not available for future spending. There is currently no debt on those capital assets.

Changes in Net Position

	Governmental Activities		Total Variance	Percent Variance
	2026	2025		
Revenues:				
Program revenue:				
Charges for services	$ 31,481	$ 27,781	$ 3,700	13.32%
Operating grants	30,645	32,782	(2,137)	-6.52%
General revenue:				
Real property taxes	4,946,203	4,869,872	76,331	1.57%
Use of money and property	144,412	173,169	(28,757)	-16.61%
Gifts and donations	31,468	15,654	15,814	101.02%
Total revenue	5,184,209	5,119,258	64,951	1.27%
Program expenses:				
General support	3,227,409	2,394,883	832,526	34.76%
Library operations	3,073,253	2,309,796	763,457	33.05%
Preconstruction costs written off	1,734,235	-	1,734,235	100.00%
Total expenses	8,034,897	4,704,679	3,330,218	70.79%
Change in net position	$ (2,850,688)	$ 414,579	$ (3,265,267)	-787.61%

Changes in Net Position

The Library's total revenue increased 1.3% to $5,184,209. Property taxes of 95% accounted for most of the Library's revenue. The remaining 5% of the revenue comes from charges for services, use of money and property, and gifts and donations.

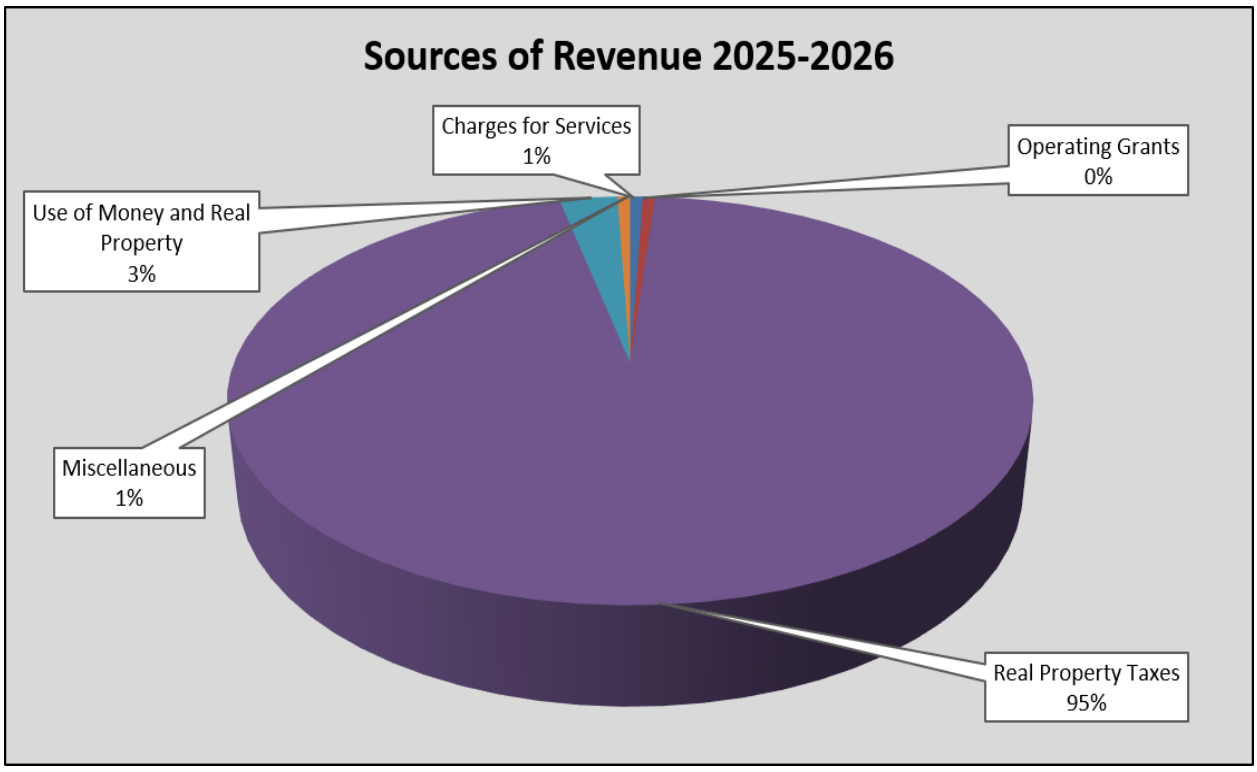
The total cost of all the programs and services before preconstruction costs written off increased 33% to $6,300,662. The Library's expenses are predominately related to general support and library operations of which salaries and benefits for librarians and support staff comprise 77.7%. Additionally, the Library spent $192,226 on capital projects.

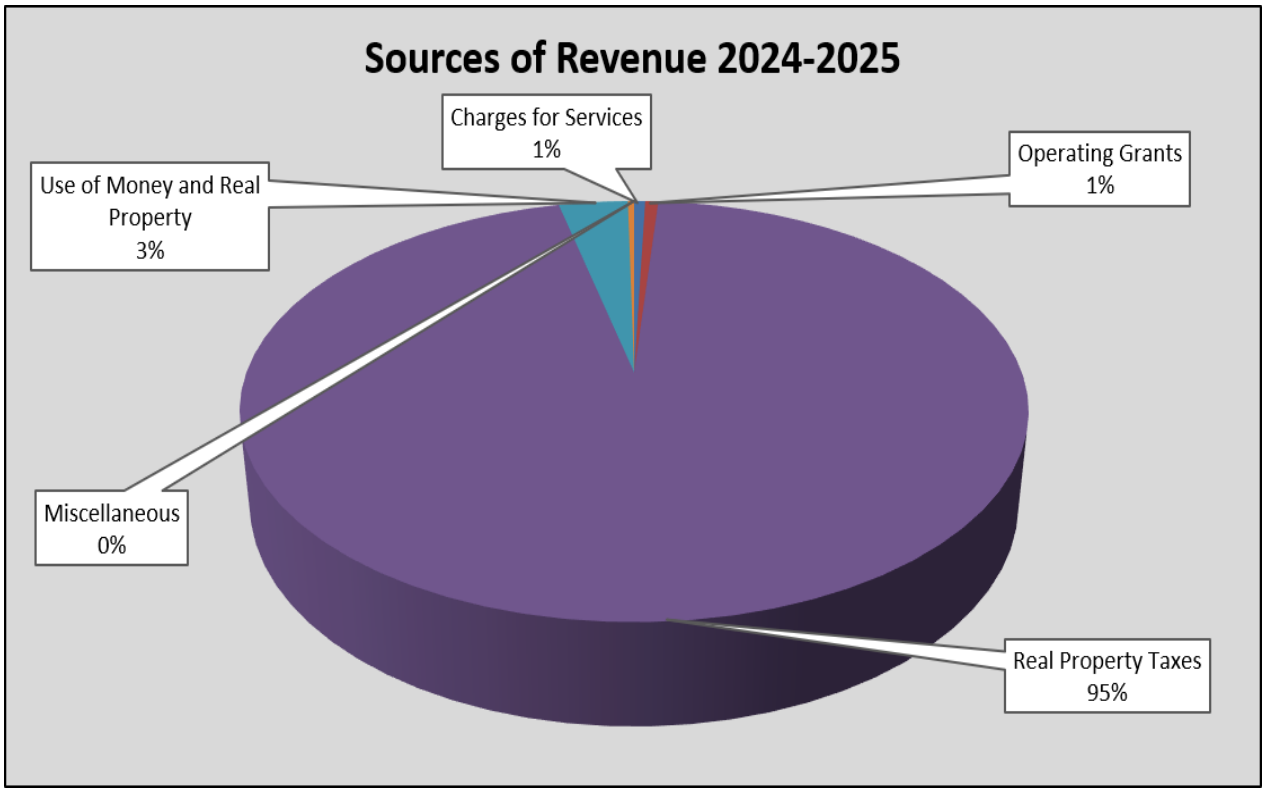
The overall change in net position decreased to $2,850,688 which is $3,265,267 lower than the prior year change in net position. The most significant impact was from the net OPEB obligation which decreased net position by approximately $958 thousand over the prior year as well as the write off of preconstruction costs.

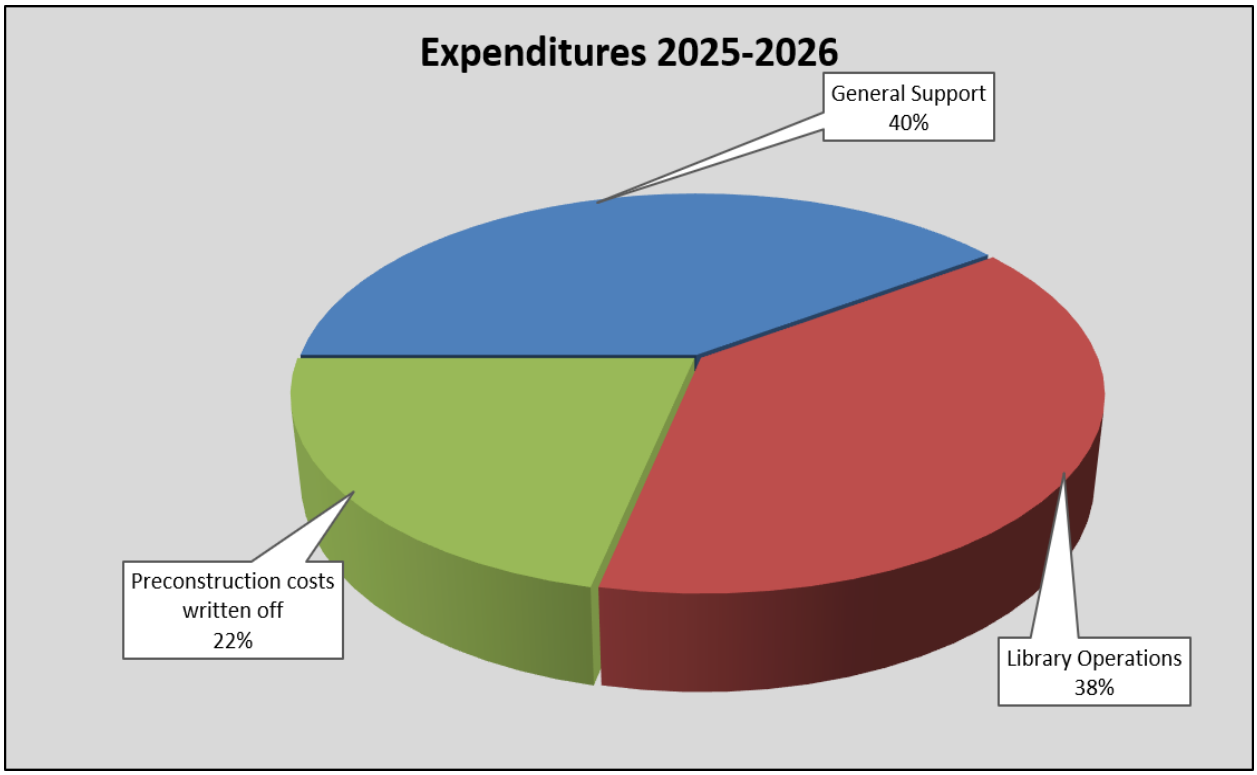
Key Variances:

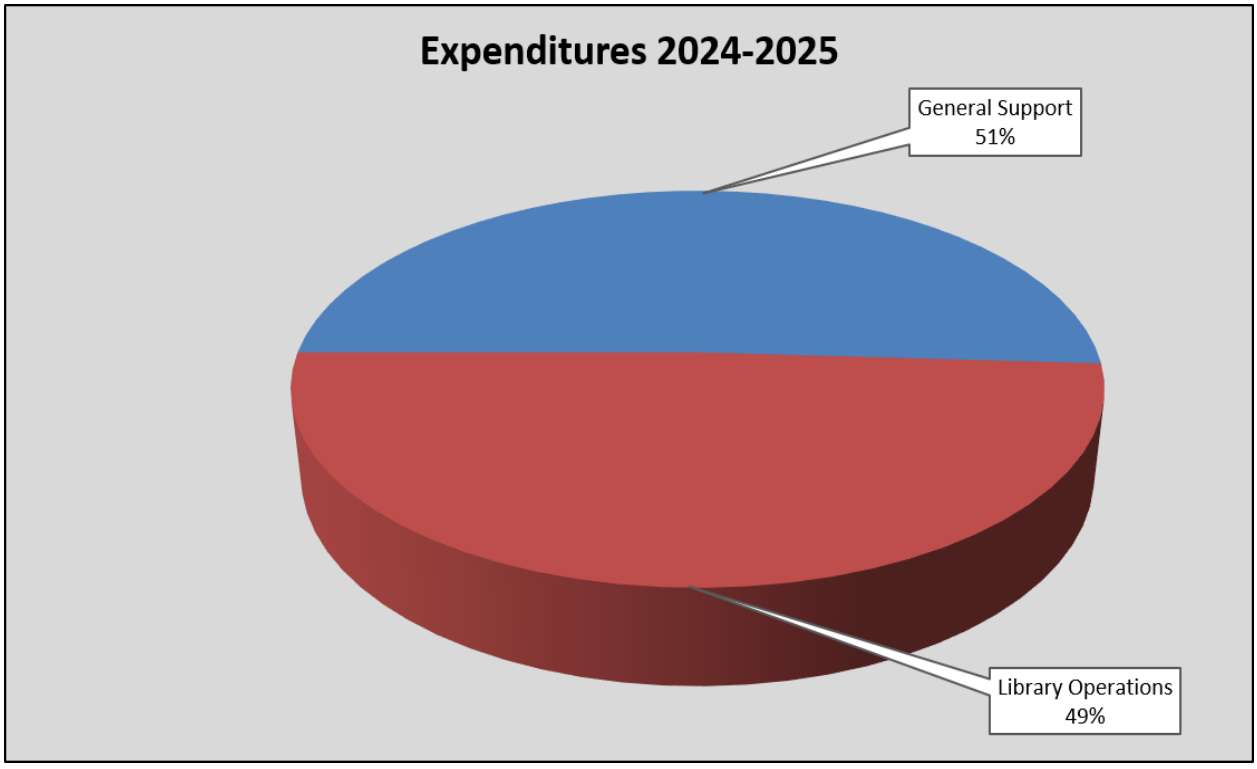
- Real property taxes increased due to the increase in the levy.
- Expenses increased due to contractual increases as well as new Library Clerk and Page positions staffed at the Library.

Sources of Revenue and Expenditures






Expenditures 2025-2026
General Support
40%
Preconstruction costs
written off
22%
Library Operations
38%


Expenditures 2024-2025
General Support
51%
Library Operations
49%

Fund Financial Statements

The financial performance of the Library as a whole is reflected in its governmental funds. As the Library completed the year, its governmental funds reported combined fund balances of $3,393,730 which is less than last year's ending fund balance of $3,633,318.

General Fund

The General Fund is the chief operating fund of the Library. At the end of the current year, the total fund balance of the General Fund was $3,389,159. See table below:

General Fund:	2026	2025	Total Variance	Percent Variance
Total Revenues	$5,184,209	$5,119,258	$ 64,951	1.27%
Total Expenditures	5,231,571	4,770,819	460,752	9.66%
Other Financing Sources/Uses				
Transfers-Out	(153,215)	(824,234)	671,019	-81.41%
Change in Fund Balance	**$ (200,577)**	**$ (475,795)**	**$ 275,218**	**-57.84%**
General Fund Balance:				
Nonspendable	$ 19,231	$ 29,989	$ (10,758)	-35.87%
Assigned	51,109	127,690	(76,581)	-59.97%
Unassigned	3,318,819	3,432,057	(113,238)	-3.30%
Total General Fund Balance	**$3,389,159**	**$3,589,736**	**$ (200,577)**	**-5.59%**

The total change in fund balance for the year was a decrease of $200,577 which was primarily a result of the Board of Trustees approving the transfer of $153,215 from the general fund to the capital projects fund for building projects.

The largest component of fund balance relates to assigned fund balance with encumbrances of $51,109. A detail of the encumbrances can be found in Note 2 of the footnotes to the financial statements.

Based on the current financial condition the Library did not appropriate fund balance to support the operating budget.

Capital Projects Fund

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for the acquisition or construction of capital facilities and other capital assets, such as equipment. A Capital Projects Fund must be used if the acquisition or construction is financed in whole or in part from the proceeds of obligations, but may include funding from Federal, State and local sources. At the end of the current year, the total fund balance of the Capital Projects Fund was $4,571.

The $192,226 capital project related to boiler project and is the largest component of the Capital Projects Fund. This project was funded with $153,215 from interfund transfers and was approved by the board. Fund balance for the Capital Projects Fund decreased by $39,011 compared with the prior year. See table below:

Capital Projects Fund

Capital Projects Fund:	2026	2025	Total Variance	Percent Variance
Total Revenues	$ -	$ -	$ -	0.00%
Total Expenditures	192,226	643,261	(451,035)	-70.12%
Other Financing Sources/Uses				
Transfers-In	153,215	824,234	(671,019)	-81.41%
Change in Fund Balance	**$ (39,011)**	**$ 180,973**	**$ (219,984)**	**-121.56%**
Capital Projects Fund:				
Restricted	$ 4,571	$ 43,582	$ (39,011)	-89.51%
Total Capital Projects Fund Balance	**$ 4,571**	**$ 43,582**	**$ (39,011)**	**-89.51%**

The Capital Project Fund received a transfer from the General Fund to fund the local share of the boiler project in the 2025/2026 fiscal year impacting Total Financing Other Sources. Total financing other sources decreased compared to 2024/2025 when the Library had previously transferred funds to the capital fund to cover the architectural and design costs related to a capital project that had been put to vote during the prior year budget process. The project was voted down, however it was the Library's intent to use those designs on a future project in the 2025/2026 year. However, during the 2025/2026 the plans were not utilized and were written off, those costs have been reported in the statement of activities as "Preconstruction costs written off." As a result of these transactions, overall fund balance also decreased from the prior year.

Significant Capital Asset and Long-Term Financing Activity

Significant Capital Assets

Capital assets are accounted for at historical (actual) cost or, if the cost is not practicably determinable, at estimated cost. The cost of the capital asset should include ancillary charges necessary to place the asset into use. Donated capital assets and capital assets acquired in a service concession arrangement should be recorded at acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date, or the amount at which a liability could be liquidated with the counter party at the acquisition. By the end of the 2026 fiscal year, the Library had invested $2,657,049 in a broad range of capital assets, including land, work in progress, buildings and improvements, and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below:

Capital Assets:	2026	2025	Total Variance	Percent Variance
Furniture and equipment	$ 954,551	$ 910,930	$ 43,621	4.79%
Land/land improvements	829,085	819,040	10,045	1.23%
Construction-in-progress	206,142	1,740,653	(1,534,511)	-88.16%
Buildings/building improvements	5,147,291	5,126,681	20,610	0.40%
Less: accumulated depreciation	(4,480,020)	(4,319,007)	(161,013)	3.73%
Capital assets, net	$ 2,657,049	$ 4,278,297	$ (1,621,248)	-37.89%

As indicated above the work in progress related to the boiler project $206,142 remained in construction-in-progress as it was not placed in service until July 2026. Of the $1,740,653 project expenditures in the 2024/2025 year, $1,734,235 was related to architectural and design costs related to a capital project that had been put to vote and was later voted down by the voters, those costs have been written off in 2025/2026 as there is no longer a plan of that scale being considered.

More detailed information can be found in the notes to the financial statements.

CONTACTING BETHLEHEM PUBLIC LIBRARY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of Bethlehem Public Library's finances and to show Bethlehem Public Library's accountability for the money it receives.

If you have questions about this report or need additional financial information, please contact:

Geoffrey Kirkpatrick,
Library Director
Bethlehem Public Library
451 Delaware Avenue
Delmar, NY 12054

BETHLEHEM PUBLIC LIBRARY
STATEMENT OF NET POSITION
JUNE 30, 2026

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current Assets		
Cash	$	3,169,279
Investments		519,220
Prepaid expenses		19,231
Total Current Assets		3,707,730
Noncurrent Assets		
Capital assets, net		2,657,049
Total Noncurrent Assets		2,657,049
Deferred Outflows of Resources		
Pension		438,691
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	6,803,470

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

Current Liabilities		
Accounts payable	$	178,748
Accrued liabilities and short-term portion of compensated absences		35,601
Due to employees' retirement system		110,764
Total Current Liabilities		325,113
Long-Term Liabilities		
Compensated absences		164,843
Net pension liability - ERS		411,613
Other postemployment benefits		2,682,947
Total Long-Term Liabilities		3,259,403
Deferred Inflows of Resources		
Pension		849,326
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		4,433,842

NET POSITION

Investment in capital assets		2,671,963
Restricted		4,571
Unrestricted		(306,906)
Total Net Position		2,369,628
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$	6,803,470

See notes to accompanying financial statements.

BETHLEHEM PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants	Net (Expense) Revenue and Change in Net Position
Government Activities				
General support	$ 3,227,409	$ -	$ -	$ (3,227,409)
Library operations	3,073,253	31,481	30,645	(3,011,127)
Preconstruction costs written off	1,734,235	-	-	(1,734,235)
Total Government Activities	$ 8,034,897	$ 31,481	$ 30,645	(7,972,771)
General Revenue				
Real property taxes				4,946,203
Use of money and property				144,412
Gifts and donations				31,468
Total General Revenue				5,122,083
Change in Net Position				(2,850,688)
Net Position, Beginning of Year				5,220,316
Net Position, End of Year				$ 2,369,628

See notes to accompanying financial statements.

BETHLEHEM PUBLIC LIBRARY
BALANCE SHEET - GOVERNMENTAL FUNDS
AND RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCE TO GOVERNMENT-WIDE NET POSITION
JUNE 30, 2026

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash	$ 3,154,365	$ 14,914	$ 3,169,279
Investments	519,220	-	519,220
Prepaid expenses	19,231	-	19,231
Total Assets	$ 3,692,816	$ 14,914	$ 3,707,730
LIABILITIES			
Accounts payable	$ 168,405	$ 10,343	$ 178,748
Accrued liabilities	24,488	-	24,488
Due to employees' retirement system	110,764	-	110,764
Total Liabilities	303,657	10,343	314,000
FUND BALANCE			
Nonspendable - Prepaid	19,231	-	19,231
Restricted	-	4,571	4,571
Assigned - Unappropriated	51,109	-	51,109
Unassigned	3,318,819	-	3,318,819
Total Fund Balance	3,389,159	4,571	3,393,730
Total Liabilities and Fund Balance	$ 3,692,816	$ 14,914	$ 3,707,730

Amounts reported for governmental activities in the statement of net position are different due to the following:	
Fund balance, all governmental funds	$ 3,393,730
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	2,657,049
Compensated absences at year end in government-wide statements under full accrual accounting	(168,458)
Retainage payable at year end in government-wide statements under full accrual accounting	(7,498)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds	(2,682,947)
GASB 68 related government-wide activity	
Deferred outflows of resources	438,691
Net pension liability - ERS	(411,613)
Deferred inflows of resources	(849,326)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 2,369,628

See notes to accompanying financial statements.

BETHLEHEM PUBLIC LIBRARY
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	General	Capital Projects	Total Governmental Funds
Revenue			
Real property taxes	$ 4,946,203	$ -	$ 4,946,203
Charges for services	31,481	-	31,481
Use of money and property	144,412	-	144,412
Gifts and donations	31,468	-	31,468
State and federal sources	30,645	-	30,645
Total Revenue	5,184,209	-	5,184,209
Expenditures			
General support	2,024,538	-	2,024,538
Library operations	2,017,657	-	2,017,657
Employee benefits	1,115,100	-	1,115,100
Capital outlay	74,276	192,226	266,502
Total Expenditures	5,231,571	192,226	5,423,797
Excess (Deficiency) of Revenue Over Expenditures	(47,362)	(192,226)	(239,588)
Other Sources and (Uses)			
Operating transfers in	-	153,215	153,215
Operating transfers (out)	(153,215)	-	(153,215)
Total Other Sources and (Uses)	(153,215)	153,215	-
Excess (Deficiency) of Revenue and Other Sources Over Expenditures and Other Uses	(200,577)	(39,011)	(239,588)
Fund Balance, Beginning of Year	3,589,736	43,582	3,633,318
Fund Balance, End of Year	$ 3,389,159	$ 4,571	$ 3,393,730

See notes to accompanying financial statements.

BETHLEHEM PUBLIC LIBRARY
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Net changes in fund balance - total governmental funds	$	(239,588)
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position, net of retainage		266,502
Loss on write-off on preconstruction costs is an expenditures in the statement of net position as amounts are not capitalized in the governmental funds		(1,734,235)
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities		(161,013)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported as expenditures in the governmental funds		(958,366)
Compensated absences are not due and payable in the current period and are therefore not reported in the funds		(26,636)
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		2,648
Change in Net Position - Governmental Activities	$	(2,850,688)

See notes to accompanying financial statements.

1. NATURE OF OPERATIONS

Bethlehem Public Library provides library services to residents within the geographic borders of the Bethlehem Central School District located in Albany County, New York.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Bethlehem Public Library (Library) have been prepared in conformity with generally accepted accounting principles as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies utilized by the Library are described below:

Reporting Entity

Bethlehem Public Library was established as a school district public library in 1913, and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Trustees is the governing body of the Library and is elected by the voters of the district.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Library's financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund level financial statements which provide more detailed information.

Government-Wide Financial Statements
The statement of net position and the statement of activities present financial information about Bethlehem Public Library's governmental activities. These statements include the financial activities of the overall government in its entirety. Interfund activity has been removed from these statements.

The statement of activities presents a comparison between direct expenses and revenue for each function of the Library's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue includes charges paid by the recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, is presented as general revenue.

Employee benefits are allocated as follows:

General Support	$ 1,048,727
Library Operations	1,048,727
Total	$ 2,097,454

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus and Basis of Accounting, and Financial Statement Presentation

Fund Financial Statements
The fund statements provide information about the Library's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The accounts of Bethlehem Public Library are organized into funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenue, and expenditures.

The governmental funds are considered major funds in the fund financial statements:

General Fund: This is the Library's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

The modified accrual basis of accounting is followed by the governmental funds. Under this basis of accounting, revenue is recorded when susceptible to accrual, i.e. both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Material revenue sources considered susceptible to accrual in addition to real property taxes include state aid and library system aid. For those types of revenue sources, such as grants where expenditures are the prime factor for determining eligibility, revenue is recognized when the expenditure is made.

Expenditures are recorded when the fund liability is incurred, except that:

A. Debt service is recognized as an expenditure when due.
B. Other postemployment benefits, pensions and compensated absences are recognized as an expenditure when paid out.
C. Capital assets acquisition are reported as expenditures in the governmental funds.

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide financial statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the statement of activities, compared with the current financial resources focus of the governmental funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus and Basis of Accounting, and Financial Statement Presentation

Total Fund Balance of Governmental Funds vs. Net Position of Governmental Activities
The Library's fund balance in the fund financial statements differs from net position of governmental activities in the government-wide financial statements primarily from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets.

Statement of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities
Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of five broad categories listed below:

Long-Term Revenue and Expense Differences
Long-term revenue differences arise because governmental funds report revenue only when it is considered "available", whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used for the statement of activities.

Capital Related Differences
Capital related differences include the difference between proceeds from the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.

Long-Term Debt Transaction Differences
Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

Pension Differences
Pension differences occur as a result of changes in the Library's proportion of the collective net pension asset/liability and difference between the Library's contributions and its proportionate share of the total contributions to the pension systems.

OPEB Differences
OPEB differences occur as a result of changes in the Library's total OPEB liability and differences between the Library's contributions and OPEB expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgetary Procedures and Budgetary Accounting

The Library's administration prepares a proposed budget for approval by the Board of Trustees for governmental funds for which legal (appropriated) budgets are adopted:

The voters of the Library approved the proposed appropriation budget for the general fund. Appropriations are adopted at the program line level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures, (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board of Trustees approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year. Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the previous year.

Property Taxes

Real property taxes are levied annually by the Board of Education of Bethlehem Central School District on behalf of the Library no later than September 1, and become a lien on September 1. Taxes are collected by the Bethlehem Central School District and transmitted to the Library as collected. The total amount of the levied taxes is paid to the Library prior to its year-end.

Interfund Transactions

The operations of the Library include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Library typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the Library's practice to settle these amounts at a net balance based upon the right of legal offset.

Interfund transactions and balances are as follows:

	Interfund			
	Receivables	**Payables**	**Revenues**	**Expenditures**
General Fund	$ -	$ -	$ -	$ 153,215
Capital Fund	-	-	153,215	-
Total	$ -	$ -	$ 153,215	$ 153,215

The General Fund transferred to the Capital Projects Fund $153,215 for the Boiler Replacement Project during the year ending June 30, 2026.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Cash and Investments

The Library's cash consists of cash on hand and demand deposits. The Library's investment is a U.S. Treasury Security. New York State law governs the Library investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States Agencies, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. The Library's aggregate bank balances that were not covered by FDIC insurance were not exposed to custodial credit risk at June 30, 2026.

Grants Receivable

Receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Library provides for losses on grants receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of grantors to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Library's policy to charge off uncollectible grants receivable when management determines the receivable will not be collected. Grants receivable was $-0- as of June 30, 2026.

Prepaid Expenses

Prepaid items represent payments made by the Library for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the Government-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using theconsumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

Capital Assets

Capital assets are reported at actual cost for acquisitions, if actual cost information is available. If actual cost information is not available, estimated historical costs, based on appraisals conducted by independent third-party professionals are used. Donated assets are reported at acquisition value at the time received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital Assets

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings/Improvements	$ 1,000	SL	30 - 50
Furniture and Equipment	1,000	SL	5 - 15
Land/Improvements	1,000	SL	10 - 40

Inexhaustible Collections and Books

The value of the existing inexhaustible collections, including research books, is not readily determinable and, therefore, the Library has not capitalized them. Books used in the circulating library have not been capitalized. Their estimated useful lives are not readily determinable but are deemed to be less than one year. For insurance purposes, these collections have an appraised replacement value of $2,760,340.

Accrued Liabilities

Payables and accrued liabilities are reported in the government-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources.

Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Library has one type of item that qualifies for reporting as deferred inflows and outflows of resources related to its pension plan. Note 6 provides the specific pension-related items that make up the deferred outflows and inflows of resources balances.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Library has one item that

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Deferred Outflows and Inflows of Resources

qualifies for reporting in this category. The item is related to pensions reported in the government-wide Statement of Net Position. This represents the effect of the net change in the Library's proportionate share of the collective net pension liability (ERS System) and difference during the measurement periods between the Library's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

Employee Benefits-Compensated Absences

Compensated Absences
Library employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Compensated absences consist of unpaid accumulated annual vacation time specified in negotiated labor contracts and individual employment contracts. Upon retirement, employees may contractually receive a payment based on the accumulated leave, based on contractual provisions.

In the government-wide financial statements, the Library recognizes a liability for compensated absences, when employees have earned the right to leave and it is more likely than not that the leave will be used for time off or otherwise paid in cash, or settled through other means. The liability is measured at the employee's rate of pay at the reporting date, including salary-related payments such as social security and Medicare taxes.

In the fund statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from services with the Library by June 30th.

Retirement Benefits
Library employees participate in the New York State and Local Employees' Retirement System and the Public Employees' Life Insurance Plan.

Other Postemployment Benefits

In addition to providing the retirement benefits described, the Library provides other postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts in effect at the time of retirement. Substantially all of the Library's full-time employees may become eligible for these benefits based on length of service and age thresholds (Note 7). The Library pays a variable percentage of the cost of premiums to an insurance company that provides health care insurance.

Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as part of the governmental funds. Under this method, purchase orders, contracts and other

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Encumbrances

commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at the time, as the liability is incurred, or the commitment is paid.

Equity Classifications

Government-Wide Statements
In the Government-wide statements, there are three classes of net position:

Net investment in capital assets - consists of net capital assets, (cost less accumulated depreciation) plus unspent bond proceeds reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of those assets.

Restricted net position - reports net position when constraints placed on the assets are either externally imposed by creditors, (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Library has $4,571 in restricted net position.

Unrestricted net position - reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the Library.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Library's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these notes.

Fund Statements
In the fund basis statements, there are five classifications of fund balance.

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually are required to be maintained intact. Non-spendable fund balance includes prepaid expenditures in the general and capital projects funds, if any.

	Total
Prepaid Expenses - General Fund	$ 19,231
Total Nonspendable Fund Balance	$ 19,231

Restricted fund balance - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Library has $4,571 in restricted fund balance at June 30, 2026 related to encumbrances for the capital projects fund.

Committed fund balance - Includes amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the Library's highest level of decision making authority, i.e., the Board of Trustees. There is no committed fund balance as of June 30, 2026.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Equity Classifications

Assigned fund balance - Includes amounts that are constrained by the Library's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance in the general fund.

As of June 30, 2026, the Library's encumbrances were classified as follows:

General Support, including capital outlay	$ 26,246
Library Operations	24,863
Capital Projects	4,571
Total Encumbrances	$ 55,680

Unassigned fund balance - Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the Library.

Order of Fund Balance Spending Policy
The Library's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first; committed fund balance is determined next; then restricted fund balances for specific purposes, if any, are determined and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

3. CASH AND INVESTMENTS

Deposits
Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the Library's agent in the Library's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the Library's name, or (3) uncollateralized. At June 30, 2026, all deposits were fully insured and collateralized by the Library's agent in the Library's name.

Investment and Deposit Policy
The Library follows an investment and deposit policy, the objectives of which are to adequately safeguard the principal amounts of funds invested or deposited; conformance with Federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Treasurer of the Library.

Interest Rate Risk
Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Library's investment policy does not limit investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

3. CASH AND INVESTMENTS

Credit Risk
The Library's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Library's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and United States agencies
- Obligations of New York State and its localities

Custodial Credit Risk
Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Library's investment and deposit policy, all deposits of the Library including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits.

The Library limits investments to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and the United States agencies
- Obligations issued or fully insured or guaranteed by New York State and its localities
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization

Investments
U.S. GAAP establishes a framework for measuring fair value. 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 as follows:

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

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means;
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

3. CASH AND INVESTMENTS

The asset 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 should maximize the use of observable inputs and minimize the use of unobservable inputs.

At June 30, 2026, the Library held $519,220 in investments consisting principally of U.S. Treasury securities with maturities of less than 1 year. The following valuation inputs are included as investments:

		Valuation Inputs		
Investments at Value	**Level 1**	**Level 2**	**Level 3**	**Total**
General Fund				
U.S. Treasury Bills	$ -	$ 519,220	$ -	$ 519,220
Total	$ -	$ 519,220	$ -	$ 519,220

Investments
For the year ended June 30, 2026, the portfolio did not have significant unobservable inputs (Level 3) used in determining fair value. Thus, a reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value is not applicable.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the period. The portfolio recognizes transfers between the levels as of the beginning of the fiscal year.

Risks and Uncertainties with Investments
The Library invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes could materially affect the amounts reported in the financial statements.

4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2026, is as follows:

Governmental Activities	Balance July 1	Additions	Adjustments/ Disposals	Balance June 30
Capital assets that are not depreciated				
Construction in progress	$1,740,653	$199,724	$ (1,734,235)	$ 206,142
Total Non-Depreciable	1,740,653	199,724	(1,734,235)	206,142
Capital assets that are depreciated				
Furniture and equipment	910,930	43,621	-	954,551
Land/Improvements	819,040	10,045	-	829,085
Buildings/Improvements	5,126,681	20,610	-	5,147,291
Total Cost	6,856,651	74,276	-	6,930,927
Less Accumulated Depreciation:				
Furniture and Equipment	698,417	33,039	-	731,456
Land/Improvements	762,055	42,005	-	804,060
Buildings/Improvements	2,858,535	85,969	-	2,944,504
Total Accumulated Depreciation	4,319,007	161,013	-	4,480,020
Total Capital Assets, Net	$4,278,297	$112,987	$ (1,734,235)	$2,657,049

Depreciation expense was $161,013 for the year ended June 30, 2026 charged to General Support.

During the year ended June 30, 2026, the Library determined that a planned building expansion project would not move forward. As a result, previously capitalized architectural and engineering costs of $1,734,235 included in construction in progress were written off and recognized as expense in the current year.

The building occupied by the Library is owned by Bethlehem Central School District. Because the Library was obligated to make payments on the debt issuance for the building, the cost of the facility has also been recorded on the Library's books as a capital asset. As of June 30, 2026, all previous debt obligations related to the Library have been fulfilled.

5. INTERFUND BALANCES OR ACTIVITY

Interfund receivables and payables are eliminated on the statement of net position. The Library typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

6. PENSION PLAN

General Information

The Library participates in the New York State and Local Employees' Retirement System (ERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system, offering a wide range of plans and benefits which are related to years of services and final average salary, vesting of retirement benefits, death and disability benefits.

Employees' Retirement System

The System provide retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as trustee of the Fund and is the administrative head of the System. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of State statute. The System issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY, 12208 or found at www.osc.state.ny.us/retire/publications/index.php

Contributions

The System are noncontributory except for employees who joined the System after July 27, 1976. Those employees who joined after July 27, 1976 have varying contribution rates and terms based upon their date of membership as follows:

Tiers	Plan Entry Dates	Contribution Rate	Term
4	7/27/1976 - 12/31/2009	3% of salary	First ten years of membership
5	1/1/2010 - 3/31/2012	3% - 3.5% of salary	Active membership
6	4/1/2012 - present	3% - 6% of salary	Active membership

Employee contributions rates under tier 6 vary based on a sliding salary scale. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing employers' contributions based on the salaries paid during the System's fiscal year ending on March 31.

6. PENSION PLAN

Contributions

The Library is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

2026	$ 390,286
2025	323,915
2024	263,799

The Library's contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Pension Liabilities

At June 30, 2026, the Library reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2026. The total net pension liability was determined by an actuarial valuation. The Library's proportion of the net pension liability was based on a projection of the Library's long-term share of contributions of all participating members, actuarially determined. This information was provided by the ERS systems in reports provided to the Library.

Actuarial Valuation Date	April 1, 2025
Net Pension Liability (asset)	$ 411,613
Library's portion of the Plan's Total Net Pension Liability	0.0072958%

Pension Expense

For the year ended June 30, 2026, the Library recognized its proportionate share of pension expense of $441,508.

Deferred Outflows and Inflows of Resources Related to Pension

At June 30, 2026, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 235,549	$ -
Changes of assumptions	70,656	-
Net differences between projected and actual earnings on pension plan investments	-	738,045
Changes in proportion and differences between the Library's contributions and proportionate share of contributions	21,722	111,281
Contributions subsequent to the measurement date	110,764	-
	$ 438,691	$ 849,326

6. PENSION PLAN

Deferred Outflows and Inflows of Resources Related to Pension

The Library's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended March 31, 2027. Other amounts reported as deferred outflows of resources, and deferred inflows of resources related to pensions will be recognized within pension expense as follows:

Plan's Year Ended March 31:	
2027	$ 121,248
2028	(299,131)
2029	(166,323)
2030	(177,193)
	$ (521,399)

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuation used the following actuarial assumptions:

Measurement Date	March 31, 2026
Actuarial Valuation Date	April 1, 2025
Interest Rate	5.9%
Salary Scale	5.20%
Decrement Tables	April 1, 2020 - March 31, 2025 System Experience
Inflation Rate	2.90%
Projected Cost of Living Adjustments	1.5% Annually

Annuitant mortality rates are based on April 1, 2020 - March 31, 2025 System's experience with adjustments for mortality improvements based on MP-2021. The actuarial assumptions used in the April 1, 2025 valuation are based on the results of actuarial experience study for the period April 1, 2020 - March 31, 2025.

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

6. PENSION PLAN

Actuarial Assumptions

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	3.29%
International Equity	5.85%
Private Equity	7.00%
Real Estate	5.20%
Opportunisitc Portfolios	5.13%
Real Assets	5.54%
Fixed Income	1.75%
Credit	5.10%
Cash Equivalents	0.25%

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for the measurement date. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

6. PENSION PLAN

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption

The following presents the Library's proportionate share of the net pension liability/(asset) calculated using the discount rate of 5.9%, as well as what the Library's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percent lower (4.9%) or 1 percent higher (6.9%) than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Proportionate share of net pension liability (asset)	$ 2,811,205	$ 411,613	$ (1,594,552)

Changes of Assumptions

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

Collective Pension Expense

Collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2026, is $400,831.

Payable to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2026 represent the projected employer contribution for the period of April 1, 2026 through June 30, 2026, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2026, were $110,764.

7. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Library's single employer defined benefit OPEB plan provides medical and Medicare Part B benefits to retired employees and their eligible dependents. The benefits and eligibility requirements are determined by the employment contracts negotiated between the Library and its employee groups. All full-time employees are eligible if they retire at or after the age of 55 and have 15 years of full-time service if hired prior to July 1, 2006 and 20 years of full-time service if hired thereafter. Medical benefits, including pharmaceutical costs, are provided through plans whose premiums are based on the benefits paid during the year. The Library pays 80 and 50 percent of the cost of premiums for employees hired before and after July 1, 2016 respectively. Spouses and surviving spouses contribute 100% of premiums.

7. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The plan does not accumulate assets to meet its future obligation and the plan is not administered through a trust or an equivalent arrangement. The OPEB plan does not issue a stand-alone financial report.

In the governmental funds, the Library recognizes the cost of providing healthcare insurance by recording its share of insurance premiums as an expenditure in the general fund in the year paid. Total payments to the plan to cover the Library's share of retirees insurance premiums for the year ended June 30, 2026 were $144,018.

At the valuation date, the number of employees covered by the Library's OPEB plan were as follows:

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled but not receiving benefits	-
Active employees	33
Total Participants	52

Net OPEB Liability

The Library's total OPEB liability was measured as of June 30, 2026, and was determined by an actuarial valuation as of July 1, 2025. The changes in the Library's net OPEB liability were as follows:

Service Cost	$	76,107
Interest Cost		108,278
Difference between expected and actual experience, changes in assumptions		917,999
Benefit payments		(144,018)
Change in net OPEB liability		958,366
Net OPEB Liability - Beginning of Year		1,724,581
Net OPEB Liability - End of Year	$	2,682,947

Changes in assumptions were caused by decreases in the discount rate of 4.71% to 4.19% as of June 30, 2026, as well as an increase in the rate of compensation based on historical and future expectations, and changes to medical premium rates as of January 1, 2026.

7. OTHER POSTEMPLOYMENT BENEFITS

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Rate of Compensation Increase	3.25%
Discount Rate	4.19%
Healthcare Cost Trend Rates:	
Pre-65 Medical Trend Rates:	
Assumed Rate for 2026	8.25%
Ultimate Trend Rate	4.04%
Year of Ultimate Trend Rate	2075
Post 65 Medical Trend Rates:	
Assumed Rate for 2026	9.50%
Ultimate Trend Rate	4.04%
Year of Ultimate Trend Rate	2075
Prescription Drug Trend Rates:	
Assumed Rate for 2026	6.0% - 9.50%
Ultimate Trend Rate	4.04%
Year of Ultimate Trend Rate	2075
Medicare Part B Drug Trend Rates:	
Assumed Rate for 2026	6% -7%
Ultimate Trend Rate	4.04%
Year of Ultimate Trend Rate	2075

The discount rate was based on the Fidelity General Obligation 20-year AA Municipal Bond Index, which is a 20-year, tax-exempt general obligation municipal bond with an average rating of AA/Aa or higher. The discount rate decreased from 4.71% to 4.19% for 2026.

The sex-distinct and job category-specific headcount weighted Pub-2016 Public Retirement Plans Mortality Tables for employees and healthy retirees, adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis was used.

7. OTHER POSTEMPLOYMENT BENEFITS

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

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

	1% Decrease 3.19%	Current Discount 4.19%	1% Increase 5.19%
Total OPEB Liability	$ 3,088,184	$ 2,682,947	$ 2,353,195

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

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

	1% Decrease	Current Healthcare Trend Rates	1% Increase
Total OPEB Liability	$ 2,303,248	$ 2,682,947	$ 3,164,404

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2026, the Library recognized OPEB expense of $1,102,384. At June 30, 2026, the Library did not report any deferred outflows of resources or deferred inflows of resources related to OPEB.

8. LONG-TERM LIABILITIES

The changes in long-term liabilities and activity for the year ended June 30, 2026 are summarized as follows:

	Balance July 1,	Additions	Deletions	Balance June 30,	Due Within One Year
Compensated Absences	$ 141,822	$ 26,636	$ -	$ 168,458	$ 3,615
Other Postemployment Benefits (see Note 7)	1,724,581	1,102,384	144,018	2,682,947	-
Net Pension Liability	1,321,597	-	909,984	411,613	-
Total	$ 3,188,000	$ 1,129,020	$ 1,054,002	$ 3,263,018	$ 3,615

Additions and deletions to compensated absences is shown net since it is impractical to determine these amounts separately.

9. RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage.

The Library does not purchase insurance for the risk of losses for unemployment claims. Instead, the Library manages its risks for these losses internally and accounts for these in the Library's general fund, including provisions for unexpected and unusual claims. The Library has a pay-as-you-go process where all known claims filed during the year are recorded as expenses and paid at the time of the event.

The following represents changes in those aggregate liabilities for the Library during the year ended June 30:

	2026	2025
Unpaid claims and claim adjustment expenses - beginning of year	$ -	$ -
Incurred claims and claim adjustment expenses:		
Provision for incurred claims expenses for events of the current year	-	-
Increase (decrease) in provision for incurred events of prior years	-	-
Total Incurred Claims and Claim Adjustment Expenses	-	-
Payments made for claims during the current year	-	-
Total Unpaid Claims and Claim Adjustment Expenses - End of Year	$ -	$ -

The Library has received grants which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the Library's administration believes disallowances, if any, will be immaterial.

10. TAX ABATEMENTS

All real property in New York State is subject to taxation unless specific legal provisions grant it exempt status. Real property exemptions are granted on the basis of many different criteria, including the use to which the property is put, the owner's ability to pay taxes, the desire of the state and local governments to encourage certain economic or social activities, and other considerations. Most exemptions are granted under Article 4 of the Real Property Tax Law, but others are authorized by a wide variety of statutes ranging from Article 18-A of the Real Property Tax Law, the Agriculture and Markets Law and the Transportation Law. Certain exemptions provide full relief from taxation (wholly exempt property) and others reduce the taxes which would otherwise be payable by varying degrees (partially exempt property). Some exemptions apply to taxes levied for county, city/town, and school purposes, whereas others pertain only to certain of these purposes. Some tax exemptions are mandated by State law, others are subject to local option and/or local determination of eligibility criteria.

The Library has 4 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.

10. TAX ABATEMENTS

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, 2026:

Purpose	Assessed Taxable Value	Tax Value	PILOT Received	Amount of Tax Abated
Town of Bethlehem Industrial Development Agency:				
Promote commercial: Development and Job Creation	$ 107,200,000	$ 2,537,242	$ 234,291	$ (83,932)

11. IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

The Library has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2026, the Library implemented the following new standards issued by GASB:

GASB issued Statement 103, *Financial Reporting Model Improvements,* effective for the year ending June 30, 2026, which had a significant impact on the information required in the management's discussion and analysis and required supplementary information sections of the financial statements.

GASB issued Statement 104, *Disclosure of Certain Capital Assets*, effective for the year ending June 30, 2026, which had no significant impact.

GASB issued Statement 105, *Subsequent Events,* effective for the year ending June 30, 2027, which was early implemented for the year ending June 30, 2026, and had no significant impact.

Future Changes in Accounting Standards

There are currently no future standards as of the date of these financial statements. However, as new standards are issued, the Library will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable.

12. GASB 102 CONSTRAINTS

The Library entered into an agreement with the Bethlehem Central School District in October of 2024 formalizing an understanding regarding property ownership and responsibilities. The Library's building and grounds is real property owned by the School District. The day to day management of the Library premises has been entrusted to the Board of Trustees of the Library. In the event that the School District offers the Library premises for sale, the Library shall have right of first refusal. In that case, the Library would need to obtain adequate funding to purchase the premises.

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 6, 2026, which is the date the financial statements were available to be issued. Management has determined that there are no subsequent events that require recording or disclosure.

BETHLEHEM PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Original Budget	Final Amended Budget	Over (Under) Original Budget	Current Year's Actual	Encumbrances	Variance Favorable (Unfavorable)
Revenue						
Real property taxes	$ 4,936,910	$ 4,974,910	$ 38,000	$ 4,946,203	$ -	$ (28,707)
Charges for services	25,000	25,000	-	31,481	-	6,481
Use of money and property	122,300	122,300	-	144,412	-	22,112
Gifts and donations	20,000	20,000	-	31,468	-	11,468
State sources	26,500	26,500	-	30,645	-	4,145
Total Revenue	5,130,710	5,168,710	38,000	5,184,209	-	15,499
Expenditures						
General support, including capital outlay	2,163,615	2,229,264	65,649	2,098,814	26,246	104,204
Library operations	1,958,799	2,020,841	62,042	2,017,657	24,863	(21,679)
Employee benefits	1,046,296	1,046,296	-	1,115,100	-	(68,804)
Total Expenditures	5,168,710	5,296,401	127,691	5,231,571	51,109	13,721
Other Sources and (Uses)						
Operating transfers (out)	-	-	-	(153,215)	-	(153,215)
Net Change in Fund Balance	(38,000)	(127,691)	(89,691)	(200,577)		
Fund Balance, Beginning of Year	3,589,736	3,589,736		3,589,736		
Fund Balance, End of Year	$ 3,551,736	$ 3,462,045		$ 3,389,159		

Required Supplementary Information
Bethlehem Public Library
Note to Budgetary Comparison Schedule
For The Year Ended June 30, 2026

The difference between the original budget and the final amended budget was $89,691. This change is attributable to $38,000 for PILOT revenue and carry over encumbrances from the prior year, $65,649 and $62,042 for General Support and Library Operations

The key factors for budget variances in the General fund are listed below along with explanations for each:

Revenue Items	Budget Variance Original Vs. Amended	Explanation for Budget Variance
Real property taxes	$ 38,000	Related to a PILOT agreement in which negotiations were underway and it was unknown if the Library would be made whole in the current year based on the previous agreement
Expenditure Items		
General support, including capital outlay	$ 65,649	Carryover of prior year encumbrances
Library operations	$ 62,042	Carryover of prior year encumbrances

Revenue Items	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
Real property taxes	$ (28,707)	PILOT referred to above was actually received in the prior year but utilized in the current year causing a decrease.
Use of money and property	$ 22,112	Due to the unknown nature of earnings on investments the Library budgets conservatively. Earnings were more than budgeted.
Expenditure Items		
General Support	$ 104,204	Decrease is mostly due to putting purchases on hold for capital planned purchases due to the bond vote not being approved.
Library Operations	$ (21,679)	Increase due to adding new Library Clerk and Page positions.
Employee Benefits	$ (68,804)	Budgeted assuming 12% increases in health insurance, actual costs were higher.
Operating transfers (out)	$ (153,215)	Board approved transfer to the capital projects fund to address much needed boiler project that was not included in the original budget as it was part of the bond project vote that ended up not being approved.

BETHLEHEM PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2026

	Last 10 Fiscal Years*							
	2026	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**
Measurement date	6/30/2026	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Service cost	$ 76,107	$ 68,965	$ 71,930	$ 59,190	$ 96,626	$ 71,572	$ 56,201	$ 60,962
Interest cost	108,278	73,806	73,266	78,187	52,542	60,545	67,926	76,704
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience and change of assumptions	917,999	(155,313)	(309,217)	(33,566)	(631,434)	223,786	244,028	17,049
Benefit payments	(144,018)	(105,991)	(103,069)	(106,593)	(103,642)	(113,318)	(95,101)	(58,786)
Net Change in Total OPEB Liability	958,366	(118,533)	(267,090)	(2,782)	(585,908)	242,585	273,054	95,929
Total OPEB Liability - beginning	1,724,581	1,843,114	2,110,204	2,112,986	2,698,894	2,456,309	2,183,255	2,087,326
Total OPEB Liability - ending	$2,682,947	$1,724,581	$1,843,114	$2,110,204	$2,112,986	$2,698,894	$2,456,309	$2,183,255
Covered employee payroll	$2,332,415	$2,516,410	$2,079,199	$1,908,256	$1,830,255	$1,798,845	$1,697,844	$1,753,073
Total OPEB Liability as a percentage of covered employee payroll	115.03%	68.53%	88.65%	110.58%	115.45%	150.03%	144.67%	124.54%

* Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available. Additionally, the amounts presented for each fiscal year were determined as of each respective measurement date.

BETHLEHEM PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
FOR THE YEAR ENDED JUNE 30, 2026

	ERS Pension Plan Last 10 Fiscal Years									
	2026	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Proportion of the net pension liability	0.0072958%	0.0077080%	0.0074234%	0.0080316%	0.0079187%	0.0077767%	0.0078186%	0.0075665%	0.0078766%	0.0080026%
Proportionate share of the net pension liability(asset)	$ 411,613	$1,321,597	$1,093,021	$1,722,300	$ (647,319)	$ 7,744	$2,070,405	$ 536,107	$ 254,200	$ 751,900
Covered employee payroll	$2,801,445	$2,631,780	$2,477,604	$2,317,463	$2,174,061	$2,025,113	$2,004,690	$2,010,156	$1,931,800	$ 1,924,900
Proportionate share of the net pension liability as a percentage of covered employee payroll	14.7%	50.2%	44.1%	74.3%	-29.8%	0.4%	103.3%	26.7%	13.2%	39.1%
Plan fiduciary net position as a percentage of the total pension liability	97.78%	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.20%	94.70%

BETHLEHEM PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2026

	ERS Pension Plan Last 10 Fiscal Years									
	2026	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Contractually required contribution	$ 390,286	$ 323,915	$ 263,799	$ 232,461	$ 316,827	$ 287,751	$ 283,977	$ 283,683	$ 293,100	$ 297,200
Contributions in relation to the contractually required contribution	(390,286)	(323,915)	(263,799)	(232,461)	(316,827)	(287,751)	(283,977)	(283,683)	(293,100)	(297,200)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$2,801,445	$2,631,780	$2,317,463	$2,174,061	$2,025,113	$2,004,690	$2,010,156	$1,931,800	$1,924,900	$1,767,100
Contributions as a percentage of covered employee payroll	13.93%	12.31%	11.38%	10.69%	15.64%	14.35%	14.13%	14.68%	15.23%	16.82%

INDEPENDENT AUDITOR'S 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*

Board of Trustees
Bethlehem Public Library

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 (*Government Auditing Standards)*, the financial statements of the governmental activities and each major fund of the Bethlehem Public Library (Library) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated November 6, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not 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. 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 Library'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 these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library'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 financial statements. 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 Library'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 Library's effectiveness of internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mengel, Metzger, Barr & Co. LLP

Latham, NY
November 6, 2026

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