



May 10, 2018

Members of the Town Board
Town of Bethlehem, New York
Attention: Michael Cohen, Comptroller
445 Delaware Avenue
Delmar, New York 12054

We are pleased to present this report related to our audit of the financial statements of the Town of Bethlehem, New York (Town) as of and for the year ended December 31, 2017. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Town's financial reporting process.

This report is intended solely for the information and use of the Board and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to be of service to the Town of Bethlehem.

Very truly yours,

BST & Co. CPAs, LLP

Brendan K. Kennedy, Partner

BKK/dmc



Town of Bethlehem, New York

Communication With Those Charged With Governance Year Ended December 31, 2017

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities with Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described to you in our arrangement letter dated November 9, 2017. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to, significant risks of material misstatement.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Town. The Town did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Exhibit A, Summary of Significant Accounting Estimates.

Town of Bethlehem, New York

Communication With Those Charged With Governance Year Ended December 31, 2017

Audit Adjustments

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed or the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Town, including the representation letter provided to us by management, are attached as Exhibit B.



Town of Bethlehem, New York

Summary of Significant Accounting Estimates
Year Ended December 31, 2017

Accounting estimates are an integral part of the preparation of financial statements and are based upon management’s current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Town’s December 31, 2017 financial statements.

Estimate	Accounting Policy	Estimation Process
Net Pension Liability	The Town recognizes its proportionate share of the New York State and Local Employees’ Retirement System net pension liability, and the related deferred inflows and outflows or resources.	The Town’s net pension liability is estimated by the New York State Office of the State Comptroller using census data supplied by participating employers and various actuarial assumptions, including but not limited to, rate of return, mortality, and inflation. The Town’s proportionate percentage of the liability is determined on an annual basis.

Grant Receivable

We have evaluated management’s significant accounting estimates noted above as part of our audit and concluded that management’s estimates and the estimation process appear reasonable in the context of the financial statements taken as a whole.



Town of Bethlehem, New York

Significant Written Communications
Between Management and our Firm
Year Ended December 31, 2017

Representation Letter

