



## **Town of Bethlehem, New York**

Basic Financial Statements

December 31, 2021

# Town of Bethlehem, New York

## Basic Financial Statements

December 31, 2021

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## Independent Auditor's Report

Supervisor and Town Board  
Town of Bethlehem, New York  
Delmar, New York

### Report on the Audit of the Financial Statements

#### ***Adverse and Unmodified Opinions***

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Bethlehem, New York (Town) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### *Adverse Opinion on Governmental Activities*

In our opinion, because of the significance of the matters discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the governmental activities of the Town as of December 31, 2021, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Unmodified Opinions on Discretely Presented Component Unit, Each Major Fund, and Aggregate Remaining Fund Information*

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Town of Bethlehem Industrial Development Agency (IDA), a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinions insofar as they relate to the amounts included for the IDA, is based solely on the report of the other auditors.

#### ***Basis for Adverse and Unmodified 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 the Town 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 adverse and unmodified audit opinions.

#### *Matter Giving Rise to Adverse Opinion on Governmental Activities*

As discussed in Note 1c to the financial statements, management has not maintained accounting records to support the completeness and accuracy of capital asset balances and has not calculated depreciation on capital assets. In addition, the Town has not estimated its other postemployment benefit costs and obligations. Accounting principles generally accepted in the United States of America require the capitalization and depreciation of capital assets, and the estimation of other postemployment benefit costs and obligations. The amounts by which these departures would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, and expenses of the governmental activities have not been determined.

### ***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 the Town'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 the Town'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 the Town'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 the Management's Discussion and Analysis on pages 4 through 14, and the information listed under Required Supplementary Information in the accompanying table of contents 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 evidence sufficient to express an opinion or provide any assurance.

Management has omitted the Schedule of Other Postemployment Benefits Liability that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinions on the basic financial statements are not affected by this missing information.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining balance sheet – non-major funds and combining statement of revenues, expenditures, and changes in fund balances – non-major funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining balance sheet – non-major funds and combining statement of revenues, expenditures, and changes in fund balances – non-major funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2022, on our consideration of the Town'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 the Town's 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 the Town's internal control over financial reporting and compliance.

**BST & Co. CPAs, LLP**

Albany, New York  
April 29, 2022



# Town of Bethlehem, New York

## Management's Discussion and Analysis December 31, 2021

Management's Discussion and Analysis (MD&A) provides a narrative overview and analysis of the financial activities of the Town of Bethlehem, New York (Town) for the fiscal year ended December 31, 2021. The MD&A is intended to serve as an introduction to the Town's basic financial statements, which have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The MD&A is designed to (a) assist the reader in focusing on significant financial matters, (b) provide an overview of the Town's financial activities, (c) identify any material changes from the original budget, and (d) highlight individual fund matters. The following presentation is by necessity highly summarized. In order to gain a thorough understanding of the Town's financial condition, the following financial statements, notes and required supplementary information should be reviewed in their entirety.

### Financial Highlights

This year represented a significant turnaround from just one year prior as the economy rebounded from the effects of COVID-19. As a result, the Town finished the year with surplus operating revenues in each of the four major funds:

- Sales tax receipts exceeded the Town's previous single highest annual total by over \$1.5 million.
- Low interest rates and a "seller's housing market" led to substantial mortgage tax receipts.
- A lack of precipitation during the early and late portions of the summer season led to strong water revenues as well as the corresponding sewer charges.
- Throughout the year many departments in each of the four major funds, encountered substantial difficulties in hiring and/or retaining employees.

	December 31, 2021			
	General	Highway	Water	Sewer
Final Budgeted Operating Revenue	\$ 20,562,922	\$ 7,426,018	\$ 10,842,223	\$ 4,371,871
Final Budgeted Operating Expenses	<u>(21,798,049)</u>	<u>(7,533,394)</u>	<u>(11,921,076)</u>	<u>(4,427,050)</u>
Budgeted Surplus (Shortfall)	<u>\$ (1,235,127)</u>	<u>\$ (107,376)</u>	<u>\$ (1,078,853)</u>	<u>\$ (55,179)</u>
Actual Revenue	\$ 23,371,900	\$ 7,479,482	\$ 10,787,454	\$ 4,551,142
Operating Expenses	<u>(20,076,170)</u>	<u>(6,616,933)</u>	<u>(9,677,564)</u>	<u>(4,032,140)</u>
Operating Surplus	3,295,730	862,549	1,109,890	519,002
Capital Fund Transfer	<u>(1,458,865)</u>	<u>(860,000)</u>	<u>(219,173)</u>	<u>(1,636,902)</u>
Net Surplus	1,836,865	2,549	890,717	(1,117,900)
Total Fund Balance, December 31, 2020	<u>8,301,666</u>	<u>5,086,187</u>	<u>4,793,712</u>	<u>4,079,569</u>
Total Fund Balance, December 31, 2021	<u>\$ 10,138,531</u>	<u>\$ 5,088,736</u>	<u>\$ 5,684,429</u>	<u>\$ 2,961,669</u>
Nonspendable Fund Balance	\$ 1,606,159	\$ 197,607	\$ 91,015	\$ 51,584
Restricted for Retirement	672,197	307,780	126,088	-
Restricted for Capital	230,241	2,180,659	985,771	1,481,202
Assigned Appropriated for Contingency	-	2,341,355	3,322,969	1,367,195
Assigned Appropriated Fund Balance	411,542	61,335	1,158,586	61,688
Unassigned for Contingency	<u>7,218,392</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>\$ 10,138,531</u>	<u>\$ 5,088,736</u>	<u>\$ 5,684,429</u>	<u>\$ 2,961,669</u>

# Town of Bethlehem, New York

## Management's Discussion and Analysis December 31, 2021

### Financial Highlights - Continued

#### *General Items of Note for All Funds*

#### Fringe Benefits

The Town employed an average of 204 full-time employees in 2021 (down from 209 in 2020), as well as a total of 188 part-time and seasonal personnel employed throughout the year (up from 125 in 2020). The following schedule provides comparative detail on aggregated fringe benefit costs for current employees:

<u>Fringe Benefits</u>	<u>2021 Actual</u>	<u>2020 Actual</u>	<u>\$ Variance</u>	<u>% Variance</u>
Social Security Taxes	\$ 1,191,777	\$ 1,190,470	\$ 1,307	0.11%
Health and Dental Insurance	2,608,045	2,542,066	65,979	2.60%
Retirement Systems	2,985,455	2,774,787	210,668	7.59%
Workers' Compensation Insurance	876,014	1,017,938	(141,924)	-13.94%
Life and Short-Term Disability Insurance	20,506	36,764	(16,258)	-44.22%
Total	<u>\$ 7,681,797</u>	<u>\$ 7,562,025</u>	<u>\$ 119,772</u>	<u>1.58%</u>

Overall, the cost of fringe benefits for current employees increased from 2020 by \$120 thousand, or 1.58%. The largest change relates to the state retirement system which increased \$203K. This growth was driven by the massive reduction in value of the state's retirement fund at March 30, 2020, due to the onset of the COVID-19 pandemic. This caused Town specific ERS and PFRS rates to increase by an average of 13% and 17%, respectively, which was offset in part due to several positions having been held open for periods of time throughout the year. Additionally, worker's comp rates decreased by 13.94% overall, related to an average decrease in rate of 11% which was further lowered by our worker's compensation insurance provider, PERMA who provided the Town a "surplus redistribution refund" of \$75 thousand.

#### *Post-Retirement Health Benefits*

Retired employees who have met certain eligibility requirements are entitled to receive health care benefits for themselves and their spouses. Those benefits are provided through payments of premiums by participants and the Town to a health insurance company. The Town recognizes the cost of providing these benefits for 218 retirees (including spouses) by expensing the annual insurance premiums. The postemployment expense was \$1 million for 2021, up from \$882 thousand in 2020, a 15.9% increase.

Governmental Accounting Standards Board Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, requires the employer to recognize the future value of retiree benefits as a liability in the period in which the benefits are earned, which would significantly increase the reported obligations for the Town.

# Town of Bethlehem, New York

## Management's Discussion and Analysis December 31, 2021

### Financial Highlights - Continued

#### *Interest Income*

A summary of the budgeted bank-earned interest income compared to actual for 2021 is presented in the table below. Note that the Town only budgets for interest income in the operating funds and not in the Capital Reserve funds.

<u>Fund</u>	<u>Original Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
General	\$ 20,000	\$ 15,241	\$ (4,759)
Highway	10,000	6,570	(3,430)
Water	11,000	1,204	(9,796)
Sewer	8,000	7,070	(930)
Capital	-	3,572	3,572
<b>Total</b>	<b><u>\$ 49,000</u></b>	<b><u>\$ 33,657</u></b>	<b><u>\$ (15,343)</u></b>

The interest earnings for 2021 were \$34 thousand, an 84% decrease from the 2020 earnings of \$211 thousand. This decrease can be attributed in large part to the dramatic decrease in rates in 2020 that were maintained throughout 2021. The NYCLASS Investment Cooperative rate, for one, dropped from a daily yield of 1.54% on January 1, 2020 to 0.0451% by December 31, 2020, and ended 2021 at 0.0351%.

### Overview of the Financial Statements

#### *Government-Wide Financial Statements*

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances in a manner similar to private-sector business.

The statement of net position presents information on all of the Town's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing changes in the Town's net position during the most recent 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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (for example, uncollected grants and earned but unused vacation leave).

The governmental activities of the Town include general government support, public safety, health, transportation, economic opportunity and development, culture and recreation, and home and community services. The government-wide financial statements can be found on the pages immediately following this MD&A.

# Town of Bethlehem, New York

## Management's Discussion and Analysis December 31, 2021

### Overview of the Financial Statements - Continued

#### *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 Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

#### *Governmental 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 balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government'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 Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains eight individual governmental funds: the General Fund, the Highway Fund, the Water Fund, the Sewer Fund, the Capital Projects Fund, the Special Grants Fund, the Miscellaneous Fund, and the Ambulance 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, Highway Fund, Water Fund, Sewer Fund, and the Capital Projects Fund, all of which are considered major funds. The Town has elected to present combined information from non-major governmental funds on the face of the balance sheet and statement of revenues, expenditures, and changes in fund balances. The Town adopts annual budgets for all governmental funds, except for the Miscellaneous Fund, Special Grant Fund, Ambulance Fund, and Capital Projects Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with their budgets. Multi-year projections are presented, reviewed and publicly discussed by the Town Board for all major funds to provide financial and operational guidance and direction during all budget discussions.

#### *Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Town programs. The Town maintains only one type of fiduciary fund that is known as a custodial fund. The Town holds resources in this fund purely in a custodial capacity. The activity in this fund is limited to the receipt, temporary investment, and remittance of resources to the appropriate individual, organization, or government. The custodial fund financial statements are presented in this report.

#### *Notes to Financial Statements*

The notes to financial statements are an integral part of those statements and provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

# Town of Bethlehem, New York

## Management's Discussion and Analysis December 31, 2021

### Government-Wide Financial Analysis

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. The following table was derived from the current and prior year government-wide statements of net position:

	Governmental Activities			
	2021	2020	\$ Change	% Change
<b>Assets</b>				
Cash	\$ 24,436,559	\$ 24,191,637	\$ 244,922	1.01%
Receivables	10,962,837	8,942,772	2,020,065	22.59%
Other	1,946,365	960,299	986,066	102.68%
Capital assets	138,433,702	131,211,900	7,221,802	5.50%
Total assets	<u>175,779,463</u>	<u>165,306,608</u>	<u>10,472,855</u>	<u>6.34%</u>
Deferred outflows of resources	<u>14,984,974</u>	<u>12,227,840</u>	<u>2,757,134</u>	<u>22.55%</u>
<b>Liabilities</b>				
Due within one year	9,847,339	8,978,011	869,328	9.68%
Due in more than one year	38,816,677	55,903,486	(17,086,809)	-30.56%
Total liabilities	<u>48,664,016</u>	<u>64,881,497</u>	<u>(16,217,481)</u>	<u>-25.00%</u>
Deferred inflows of resources	<u>16,865,233</u>	<u>447,160</u>	<u>16,418,073</u>	<u>3671.63%</u>
Net position	<u>\$ 125,235,188</u>	<u>\$ 112,205,791</u>	<u>\$ 13,029,397</u>	<u>11.61%</u>

The Town's 2021 net position increased by \$13.0 million from 2020. Receivables increased by \$2.0 million from 2020, which was largely due to the increase in grants receivable from the federal government of \$1.29 million for work on the 9W Roundabout project, an increase of \$718 thousand in sales tax receivable from 2020 due to much improved economic circumstances in 2021. Other assets increased \$986 thousand from 2021, which was largely due to the prepayment of workers compensation insurance for 2022 in 2021 in the amount of \$846 thousand and there was no prepaid for this in the previous year. The main contributors to the increase in capital assets from 2020 to 2021 is the addition of \$5.8 million in capital projects related equipment as well as \$1.1 million spent on paving programs in the Highway fund in 2021. Deferred outflows of resources on pension increased \$2.82 million from 2020 and were offset by the increase of \$264 thousand in pension contributions from 2020.

Furthermore, there was a net decrease in payables related to the Clapper Road Water Treatment Plant Project of \$968 thousand from 2020 to 2021. Additionally, there was an increase of \$1.79 million in unearned revenues due to the receipt of ARPA funding in 2021, which had not yet been spent as of the year-ended December 31, 2021. Net Pension Liability at December 31, 2021 decreased \$14.9 million from the prior year mainly due to improved market conditions as of March 31, 2021 as compared to the drop in investment valuation as of March 31, 2020, which was the prior year's pension liability valuation date. Additionally, the non-current portion of Bonds Payable as of December 31, 2021 decreased \$2.2 million from the prior year as a result of paying down bonds. Lastly, the New York State Retirement System reported dramatically higher deferred inflows of resources for ERS and PFRS in 2021 as compared to 2020.

# Town of Bethlehem, New York

## Management's Discussion and Analysis December 31, 2021

### Government-Wide Financial Analysis - Continued

The following table was derived from the current and prior year government-wide statement of activities:

	Governmental Activities			
	2021	2020	\$ Change	% Change
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 13,475,044	\$ 13,322,516	\$ 152,528	1.14%
Operating grants and contributions	1,250,289	1,096,765	153,524	14.00%
Capital grants and contributions	3,385,434	1,277,737	2,107,697	164.96%
General revenues				
Taxes	30,237,482	27,409,098	2,828,384	10.32%
Other	2,688,928	2,187,462	501,466	22.92%
Total revenues	<u>51,037,177</u>	<u>45,293,578</u>	<u>5,743,599</u>	<u>12.68%</u>
<b>Expenses</b>				
General government support	5,917,279	6,525,937	(608,658)	-9.33%
Public safety	8,747,196	9,964,931	(1,217,735)	-12.22%
Health	1,379,466	1,364,231	15,235	1.12%
Transportation	6,341,480	6,851,008	(509,528)	-7.44%
Economic opportunity and development	980,326	1,102,490	(122,164)	-11.08%
Culture and recreation	1,500,111	1,485,352	14,759	0.99%
Home and community services	12,007,248	13,342,329	(1,335,081)	-10.01%
Interest on long-term debt	1,134,674	1,434,246	(299,572)	-20.89%
Total expenses	<u>38,007,780</u>	<u>42,070,524</u>	<u>(4,062,744)</u>	<u>-9.66%</u>
Increase in net position	<u>\$ 13,029,397</u>	<u>\$ 3,223,054</u>	<u>\$ 9,806,343</u>	<u>304.26%</u>

In 2021, the Town had a \$2.51 million increase in revenue earned on federal grants for the 9W Roundabout project from 2020, which was offset by the decrease in state grant revenue from 2020 on the Clapper Road Water Treatment Plant project of \$750 thousand. Sales tax revenues increased \$2.4 million from 2020, which was due to much improved economic activity in 2021. Furthermore, mortgage tax revenue increased \$303 thousand from 2020 due to relatively low interest rates and high supply and demand in the local housing market. In addition to this increase, there was an increase in solar electricity revenue from 2020 of \$234 thousand as a result of increased electricity rates, which correlate with the rate of solar credit earnings and are offset by the solar generation expense calculated at a fixed rate. These increases were offset by a decrease in total interest income of \$177 thousand due to poor interest rates in 2021.

Town expenses decreased by 9.66% from the prior year. Net Pension Liability expense for 2021 decreased in total by \$4.2 million from 2020, which was largely due to the drop in investment valuation as of March 31, 2020 followed by much improved market results as of March 31, 2021. This change had an impact on: general governmental support of a \$952 thousand decrease, public safety of a \$1.3 million decrease, transportation of a \$759 thousand decrease, and home and community services of a \$941 thousand decrease. Fringe Benefits in general government increased by \$151 thousand with the majority of this increase being attributed to a \$140 thousand increase in retiree health expenses due to an unusually high number of retirements in 2021. Additionally, changes in loss on disposal of assets from 2020 effected expense categories per the following: general government increased by \$112 thousand, transportation decreased by \$190 thousand, and home and community services increased by \$123 thousand. There was a \$437 thousand increase in engineering expenses for the 9W Roundabout project from 2020 in transportation due to increased activity on this project in 2021. Finally, there was a decrease of \$456 thousand in engineering expenses for the Clapper Road Water Treatment Plant project from 2020, which impacted the home and community services expense category.

# Town of Bethlehem, New York

## Management's Discussion and Analysis December 31, 2021

### The Town's Funds

The Town uses fund accounting to ensure compliance with legal and financial requirements. As the Town completed the year, its governmental funds (as presented in the balance sheet on page 17) reported a combined fund balance of \$30.4 million. General, Highway, Water & Sewer Funds showed excess of revenues over expenditures before other financing sources (uses).

#### *Items of Note for the General Fund*

Total revenues increased approximately \$3.47 million, or 17.5%, from \$19.9 million in 2020 to \$23.4 million in 2021. The primary changes in this fund included:

- Property taxes and PILOT (Payments In Lieu of Taxes) increased by \$409 thousand, or 12.0%, from \$3.4 million to \$3.8 million.
- Sales tax revenues increased by \$2.4 million, from \$11.7 million to \$14.1 million relating to a rebound in the economy;
- Departmental income increased by \$410 thousand, from \$1.4 million to \$1.8 million. This category was led primarily by an increase of \$393 thousand by the parks and recreation program, which had most of its programs and services canceled in 2020.

Total operating expenditures increased by \$536 thousand, or 3.2%, from \$19.5 million in 2020 to \$20.1 million in 2021. Some of the larger drivers included the following:

- Mandatory retirement contributions increased \$77 thousand for the NYS ERS (Employee Retirement System) and \$105 thousand for the NYS PFRS (Police and Fire Retirement System).
- Post-retirement health benefits increased \$78 thousand as 8 employees joined the program in 2021.
- Fuel costs increased \$43 thousand and electricity increased \$83 thousand from 2020 to 2021 as municipal vehicles and buildings were more lightly used in 2020 because of COVID restrictions.

In 2020, the General Fund had a \$1.5 million assigned fund balance in the operating fund to help cover infrastructure and equipment costs identified through the Town's multi-year capital planning process. In 2021, the Town transferred \$153 thousand of previously assigned fund balance to the General Fund Capital Reserve to pay for projects committed to by Town Board action. Further, the Town transferred \$1.46 million of assigned fund balance to the General Fund Capital Reserve to pay for projects committed to by Town Board action. The total assigned fund balance, \$230 thousand, will remain in the operating fund, separately identified, until additional projects are authorized by the Town Board.

In September 2019, the Town established a capital reserve fund for the purpose of accumulating funds for the purchase of land and/or development rights in an effort to maintain greenspace within the borders of the Town. These funds are accumulated from two sources: The first is through unsolicited donations, and the second is through an allocation of funds that exceed the 20% unassigned fund balance in the General Fund. There were \$1 thousand in donations added to this fund in 2021 bringing the total balance of the fund to \$234 thousand.

In 2012, the Town created a reserve for retirement stabilization in response to significant increases in annual contributions. To date, due to a growing economy and timing of the calculation of the bills, the Town has not had to utilize these funds. As of the end of 2021, the General Fund has maintained a reserve balance of \$672 thousand.

There were no new debt issuances relating to the General Fund in 2021.

# Town of Bethlehem, New York

## Management's Discussion and Analysis December 31, 2021

### The Town's Funds - Continued

#### *Items of Note for the Highway Fund*

The Highway Fund is funded almost entirely by property taxes. Given the desire to maintain stable property tax rates and to stay within the tax cap, the fund is at risk for imbalance due to the tendency of operating costs to rise at a faster rate than the tax cap. Further, the addition of roads and sidewalks by new development continues to place service and cost pressures on the department.

Total revenues increased by \$268 thousand, or 3.7%, from \$7.2 million in 2020 to \$7.5 million in 2021 primarily related to an increase of \$278 thousand in CHIPs (Consolidated Highway Improvement Program) and other highway improvement state funding programs.

Total expenditures increased by \$402 thousand, or 6.5%, from \$6.2 million in 2020 to \$6.6 million in 2021 primarily due to increased spending on the Town's paving program including other road materials of \$269K. This is directly tied to the increase in the State's related grant funding programs.

In 2020, the Highway Fund had \$969 thousand of assigned fund balance in the operating fund to help cover infrastructure and equipment costs identified through the Town's multi-year capital planning process. In 2021, the Town Board assigned an additional \$2.1 million of Highway Fund operating fund balance to help cover future capital needs as part of the Town's fund balance policy. Further, the Town transferred \$860 thousand of previously assigned fund balance to the Highway Fund Capital Reserve to pay for projects committed to by Town Board action. The total assigned fund balance of \$2.2 million will remain in the operating fund, separately identified, until additional equipment purchases, or projects are authorized by the Town Board.

In 2012, the Town created a reserve for retirement stabilization in response to significant increases in annual contributions. To date, due to a growing economy and timing of the calculation of the bills, the Town has not had to utilize these funds. As of the end of 2021, the Highway Fund has maintained a reserve balance of \$308 thousand.

There were no new debt issuances relating to the Highway Fund in 2021.

#### *Items of Note for the Water Fund*

The Water Fund is largely funded with user charges and is somewhat easier to bring to a self-sustaining financial position, in comparison to the General and Highway Funds; even considering the longer-term and sizeable nature of the infrastructure construction and maintenance costs for this fund.

The Water Fund's operating revenues increased by \$63 thousand, or 0.6%, from \$10.7 million in 2020 to \$10.8 million in 2021. This related primarily to an increase in water sales of \$135 thousand, offset by a decrease in user interest and penalty charges of \$55 thousand.

The Water Fund's operating expenditures increased by \$59 thousand, or 0.6%, from \$9.6 million in 2020 to \$9.7 million in 2021.

In 2020, the Water Fund had \$437 thousand of assigned fund balance in the operating fund to help cover infrastructure and equipment costs identified through the Town's multi-year capital planning process. In 2021, the Town Board assigned an additional \$768 thousand of Water Fund operating fund balance to help cover future capital needs as part of the Town's fund balance policy. Further, the Town transferred \$219 thousand of previously assigned fund balance to the Water Fund Capital Reserve to pay for projects. The total assigned fund balance of \$986 thousand will remain in the operating fund, separately identified, until additional equipment purchases, or projects are authorized by the Town Board.

# Town of Bethlehem, New York

## Management's Discussion and Analysis December 31, 2021

### **The Town's Funds - Continued**

#### *Items of Note for the Water Fund - Continued*

In 2012, the Town created a reserve for retirement stabilization in response to significant increases in annual contributions. To date, due to a growing economy and timing of the calculation of the bills, the Town has not had to utilize these funds. As of the end of 2021, the Water Fund has maintained a reserve balance of \$126 thousand.

The 2022 budget, which was passed in November 2021, included the use of \$774 thousand of unassigned fund balance in order to balance the Water Fund budget. Those funds have been identified as Assigned Fund Balance as of the end of 2021.

There were no new debt issuances relating to the Water Fund in 2021.

#### *Items of Note for the Sewer Fund*

Similar to the Water Fund, the Sewer Fund is largely funded with user charges and is also somewhat easier, in comparison to the General and Highway Funds, to bring to a self-sustaining financial position; even considering the longer-term and sizeable nature of the infrastructure construction and maintenance costs for this fund.

The Sewer Fund's operating revenue decreased by \$105 thousand, or 2.3%, decreasing from \$4.7 million in 2020 to \$4.6 million in 2021. This was due in large part to a decrease in sewer charges of \$58 thousand.

The Sewer Fund's operating expenditures decreased by \$45 thousand, or 1.1% decreasing from \$4.1 million in 2020 to \$4.0 million in 2021.

In 2020, the Sewer Fund had \$1.7 million of assigned fund balance in the operating fund to help cover infrastructure and equipment costs identified through the Town's multi-year capital planning process. In 2021, the Town Board assigned an additional \$1.4 million of Sewer Fund operating fund balance to help cover future capital needs as part of the Town's fund balance policy. Further, the Town transferred \$1.6 million of previously assigned fund balance to the Highway Fund Capital Reserve to pay for projects committed to by Town Board action. The total assigned fund balance of \$1.5 million will remain in the operating fund, separately identified, until additional equipment purchases, or projects are authorized by the Town Board.

There were no new debt issuances relating to the Sewer Fund in 2021.

#### *Analysis of Fund Balance*

In 2012, the Town passed a comprehensive fund balance policy that provided guidance for minimum (7%), maximum (20%), and optimal levels (15%) at which the operating fund reserves should be held. The following chart summarizes the projected fund balance activity through the end of 2022, along with a calculation showing where the fund balances are as compared to this policy.

The projected 2022 levels for the operating funds indicate sufficient net assets to fund current budgetary requirements. Consistent with Town policy, balances held above the ceiling of 20% are identified in the infrastructure reserve and will be moved to the appropriate capital reserve accounts in 2022.

These reserves provide a supplemental funding source for major capital expenditures.

# Town of Bethlehem, New York

## Management's Discussion and Analysis December 31, 2021

### The Town's Funds - Continued

#### Analysis of Fund Balance - Continued

	General	Highway	Water	Sewer
Fund Balance, December 31, 2021	\$ 10,138,531	\$ 5,088,736	\$ 5,684,429	\$ 2,961,669
Less:				
Prior Year Encumbrances	411,542	61,335	384,169	61,688
Budgeted use of Fund Balance (2022)	-	-	774,417	-
Retirement Contribution Reserve	672,197	307,780	126,088	-
Capital Reserve Appropriation	230,241	2,180,659	985,771	1,481,202
Nonspendable Fund Balance	1,606,159	197,607	91,015	51,584
Infrastructure Reserve (2021)	869,637	845,192	968,236	475,769
Farms & Forest Fund Reserve	2,000,567	-	-	-
Projected Unassigned Balance, December 31, 2022	<u>\$ 4,348,188</u>	<u>\$ 1,496,163</u>	<u>\$ 2,354,733</u>	<u>\$ 891,426</u>
2022 Budgeted Appropriations	<u>\$ 21,740,940</u>	<u>\$ 7,480,816</u>	<u>\$ 11,773,663</u>	<u>\$ 4,457,132</u>
Percent of Appropriations	<u>20.00%</u>	<u>20.00%</u>	<u>20.00%</u>	<u>20.00%</u>
Floor - 7.5% of Budgeted Appropriations	\$ 1,630,571	\$ 561,061	\$ 883,025	\$ 334,285
Optimal - 15% of Budgeted Appropriations	3,261,141	1,122,122	1,766,049	668,570
Ceiling - 20% of Budgeted Appropriations	4,348,188	1,496,163	2,354,733	891,426

### Capital Asset and Debt Administration

#### Capital Assets

As of 2021, the Town has \$138 million invested in a broad range of capital assets, including land, buildings, improvements, machinery and equipment, and infrastructure, which primarily includes roads, water lines and sewer lines. This amount represents a \$7.2 million increase compared to the prior year.

#### Summary of Long-Term Liabilities

The following table represents a comparative overview of long-term obligations, which are reported in government-wide statement of net position and are more fully described within the footnotes to the financial statements.

	2021	2020
Serial bonds	\$ 38,620,000	\$ 40,765,000
Net pension liability	1,697,841	16,553,256
Compensated absences	1,627,617	1,614,014
Landfill closure and post-closure	100,000	100,000
Judgments and claims	-	30,000
Total long-term debt	<u>\$ 42,045,458</u>	<u>\$ 59,062,270</u>

The Town's assigned credit rating is "AA+/Stable" Outlook from Standards and Poor's.

# Town of Bethlehem, New York

## Management's Discussion and Analysis December 31, 2021

### **Economic Factors Affecting the Town**

According to the New York State Department of Labor, the 2021 unemployment rate for Albany County was 2.5%, compared to 5.4% in 2020. This rate is lower than the 2021 United States unemployment rate of 3.7%, per the U.S. Bureau of Labor Statistics. The State of New York represents a major employer in the Capital Region, which has provided some stability from significant financial downturns impacted in the United States in years past.

Like all local governments in New York State, the Town is subject to the state's tax cap. The allowable levy growth factor for 2021 property taxes was 1.56% for the Town with an additional tax base growth factor of 0.85%. The published allowable levy growth factor for the 2022 period was increased to 2.0% with an additional tax base growth factor of 1.23%. The Town's adherence to these modest tax increases remains a challenge, given State mandates, negotiated wage increases and healthcare cost increases.

The Town of Bethlehem remains a desirable place to live within the Capital Region because of its quality school systems, access to the City of Albany, small town feel and full-service amenities. While the overall financial condition of the Town is stable, the Town must actively manage spending given the constraints on revenue generation.

### **Contacting the Town's Financial Management**

This financial report is designed to provide a general overview of the Town's finances for all those having an interest and should be considered along with the annual audit report, including the related footnotes. Questions concerning any of the information provided in this report may be addressed to:

David VanLuven, Town Supervisor  
or  
Michael Cohen, CPA, Comptroller  
445 Delaware Avenue  
Delmar, NY 12054

# Town of Bethlehem, New York

## Statement of Net Position

	December 31, 2021	
	Primary Government Governmental Activities	Component Unit
<b>ASSETS</b>		
Cash	\$ 24,436,559	\$ 424,865
Receivables		
Accounts	3,494,442	19,291
State and federal governments	2,534,415	-
Due from other governments	4,933,980	-
Inventory	208,057	-
Prepaid expenses	1,738,308	-
Capital assets	138,433,702	-
Total assets	175,779,463	444,156
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	14,984,974	-
<b>LIABILITIES</b>		
Accounts payable	1,943,643	-
Accrued liabilities	905,640	4,608
Due to other governments	627,529	-
Unearned revenue	3,141,746	-
Long-term liabilities		
Due within one year	3,228,781	-
Due in more than one year	38,816,677	-
	48,664,016	4,608
<b>DEFERRED INFLOWS OF RESOURCES</b>	16,865,233	-
<b>NET POSITION</b>		
Net investment in capital assets	99,813,702	-
Restricted	6,364,010	-
Unrestricted	19,057,476	439,548
	\$ 125,235,188	\$ 439,548

# Town of Bethlehem, New York

## Statement of Activities

Year Ended December 31, 2021						
Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Unit
<b>Governmental Activities</b>						
General government support	\$ 5,917,279	\$ 259,282	\$ -	\$ -	\$ (5,657,997)	\$ -
Public safety	8,747,196	314,236	62,638	98,275	(8,272,047)	-
Health	1,379,466	-	-	-	(1,379,466)	-
Transportation	6,341,480	111,070	695,339	3,108,663	(2,426,408)	-
Economic opportunity and development	980,326	65,976	439,057	-	(475,293)	-
Culture and recreation	1,500,111	473,205	4,256	147,364	(875,286)	-
Home and community services	12,007,248	12,251,275	48,999	31,132	324,158	-
Interest on long-term debt	1,134,674	-	-	-	(1,134,674)	-
	<b>\$ 38,007,780</b>	<b>\$ 13,475,044</b>	<b>\$ 1,250,289</b>	<b>\$ 3,385,434</b>	(19,897,013)	-
<b>Component Unit</b>	<b>\$ 136,204</b>	<b>146,840</b>	<b>\$ -</b>	<b>\$ -</b>	-	<b>\$ 10,636</b>
<b>GENERAL REVENUES</b>						
					15,461,334	-
					14,776,148	-
					1,558,182	-
					1,130,746	77
					<b>32,926,410</b>	<b>77</b>
<b>CHANGE IN NET POSITION</b>					<b>13,029,397</b>	<b>10,713</b>
<b>NET POSITION, beginning of the year</b>					112,205,791	428,835
<b>NET POSITION, end of the year</b>					<b>\$ 125,235,188</b>	<b>\$ 439,548</b>

See accompanying Notes to Basic Financial Statements.

# Town of Bethlehem, New York

## Balance Sheets - Governmental Funds

		December 31, 2021						
		Major Funds						
		General	Highway	Water	Sewer	Capital Projects	Other Governmental	Total
<b>ASSETS</b>								
Cash	\$	8,035,654	\$ 5,101,080	\$ 3,818,591	\$ 2,542,913	\$ 4,567,975	\$ 370,346	\$ 24,436,559
Accounts receivable		360,841	33,192	2,080,036	899,373	121,000	-	3,494,442
State and federal receivables		52,013	-	-	-	2,482,402	-	2,534,415
Due from other governments		4,599,331	-	206,581	128,068	-	-	4,933,980
Inventory		106,531	95,583	5,943	-	-	-	208,057
Prepaid expenses		1,499,628	102,024	85,072	51,584	-	-	1,738,308
		<b>\$ 14,653,998</b>	<b>\$ 5,331,879</b>	<b>\$ 6,196,223</b>	<b>\$ 3,621,938</b>	<b>\$ 7,171,377</b>	<b>\$ 370,346</b>	<b>\$ 37,345,761</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>								
<b>LIABILITIES</b>								
Accounts payable	\$	450,017	\$ 84,207	\$ 128,353	\$ 103,353	\$ 1,177,120	\$ 593	\$ 1,943,643
Accrued liabilities		595,245	158,936	96,109	55,350	-	-	905,640
Due to other governments		627,529	-	-	-	-	-	627,529
Unearned revenue		2,842,676	-	-	299,070	-	-	3,141,746
Total liabilities		4,515,467	243,143	224,462	457,773	1,177,120	593	6,618,558
<b>DEFERRED INFLOWS OF RESOURCES</b>		-	-	287,332	202,496	-	-	489,828
<b>FUND BALANCE</b>								
Nonspendable		1,606,159	197,607	91,015	51,584	-	-	1,946,365
Restricted		-	-	-	-	5,994,257	369,753	6,364,010
Assigned		1,313,980	4,891,129	5,593,414	2,910,085	-	-	14,708,608
Unassigned		7,218,392	-	-	-	-	-	7,218,392
Total fund balance		10,138,531	5,088,736	5,684,429	2,961,669	5,994,257	369,753	30,237,375
		<b>\$ 14,653,998</b>	<b>\$ 5,331,879</b>	<b>\$ 6,196,223</b>	<b>\$ 3,621,938</b>	<b>\$ 7,171,377</b>	<b>\$ 370,346</b>	<b>\$ 37,345,761</b>

See accompanying Notes to Basic Financial Statements.

# Town of Bethlehem, New York

## Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position

	<b>December 31, 2021</b>
Total fund balances - governmental funds	\$ 30,237,375
Amounts reported for government activities in the statement of net position are different because:	
Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds.	138,433,702
Deferred inflows of resources related to the Town's revenues that will be collected after year-end, but are not available soon enough to pay for the current period's expenditures are deferred in the funds.	489,828
Pension contributions subsequent to the measurement date are reported as deferred outflows of resources in the statement of net position:	
Total pension contribution subsequent to the measurement date	2,300,839
Deferred inflows and outflows of resources related to pensions are not reported in the funds	
Deferred outflows of resources	12,684,135
Deferred inflows of resources	<u>(16,865,233)</u>
	(4,181,098)
Some liabilities (listed below) are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(38,620,000)
Net pension liability	(1,697,841)
Landfill post-closure costs	(100,000)
Compensated absences	<u>(1,627,617)</u>
	<u>(42,045,458)</u>
<b>Total net position - governmental activities</b>	<b><u>\$ 125,235,188</u></b>

# Town of Bethlehem, New York

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

	Year Ended December 31, 2021						Total
	Major Funds					Other Governmental	
	General	Highway	Water	Sewer	Capital Projects		
<b>REVENUES</b>							
Real property taxes	\$ 3,804,806	\$ 6,479,747	\$ 2,339,787	\$ 1,106,519	\$ -	\$ 1,379,466	\$ 15,110,325
Real property tax items	137,532	213,477	-	-	-	-	351,009
Non-property tax items	14,776,148	-	-	-	-	-	14,776,148
Departmental Income	1,779,325	-	8,152,958	3,425,605	-	79,850	13,437,738
Intergovernmental charges	50,000	5,824	-	-	-	-	55,824
Use of money and property	81,705	6,570	268,490	7,070	3,572	-	367,407
Licenses and permits	37,049	-	-	-	-	-	37,049
Fines and forfeitures	168,331	-	-	-	-	-	168,331
Sales of property and compensation for loss	147,694	45,780	25,296	10,235	-	-	229,005
Miscellaneous local sources	155,759	18,484	923	1,713	121,800	-	298,679
Interfund Revenues	559,477	14,261	-	-	-	-	573,738
State aid	1,606,286	695,339	-	-	447,019	-	2,748,644
Federal aid	67,788	-	-	-	2,938,414	439,057	3,445,259
<b>Total revenues</b>	<b>23,371,900</b>	<b>7,479,482</b>	<b>10,787,454</b>	<b>4,551,142</b>	<b>3,510,805</b>	<b>1,898,373</b>	<b>51,599,156</b>
<b>EXPENDITURES</b>							
General government support	\$ 4,053,134	\$ -	\$ -	\$ -	\$ 74,270	\$ -	\$ 4,127,404
Public safety	6,447,728	-	-	-	346,282	-	6,794,010
Health	-	-	-	-	-	1,379,466	1,379,466
Transportation	677,537	4,689,685	-	-	4,697,655	-	10,064,877
Economic opportunity and development	411,213	-	-	-	67,427	440,078	918,718
Culture and recreation	1,336,842	-	-	-	348,864	170,527	1,856,233
Home and community services	1,383,846	-	6,592,910	2,826,450	1,231,818	-	12,035,024
Employee benefits	5,300,323	1,651,955	1,100,342	651,167	-	-	8,703,787
Debt service							
Principal	258,280	175,577	1,368,044	343,099	-	-	2,145,000
Interest	207,267	99,716	616,268	211,424	-	-	1,134,675
<b>Total expenditures</b>	<b>20,076,170</b>	<b>6,616,933</b>	<b>9,677,564</b>	<b>4,032,140</b>	<b>6,766,316</b>	<b>1,990,071</b>	<b>49,159,194</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>3,295,730</b>	<b>862,549</b>	<b>1,109,890</b>	<b>519,002</b>	<b>(3,255,511)</b>	<b>(91,698)</b>	<b>2,439,962</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	4,174,940	-	4,174,940
Transfers out	(1,458,865)	(860,000)	(219,173)	(1,636,902)	-	-	(4,174,940)
<b>Total other financing sources (uses)</b>	<b>(1,458,865)</b>	<b>(860,000)</b>	<b>(219,173)</b>	<b>(1,636,902)</b>	<b>4,174,940</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>1,836,865</b>	<b>2,549</b>	<b>890,717</b>	<b>(1,117,900)</b>	<b>919,429</b>	<b>(91,698)</b>	<b>2,439,962</b>
<b>FUND BALANCE, beginning of year</b>	<b>8,301,666</b>	<b>5,086,187</b>	<b>4,793,712</b>	<b>4,079,569</b>	<b>5,074,828</b>	<b>461,451</b>	<b>27,797,413</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 10,138,531</b>	<b>\$ 5,088,736</b>	<b>\$ 5,684,429</b>	<b>\$ 2,961,669</b>	<b>\$ 5,994,257</b>	<b>\$ 369,753</b>	<b>\$ 30,237,375</b>

See accompanying Notes to Basic Financial Statements.

# Town of Bethlehem, New York

## Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities

	<u>Year Ended December 31, 2021</u>
Net change in fund balances - total governmental funds	\$ 2,439,962
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in governmental funds, and the sale of capital assets is recorded as revenue in governmental funds. However, in the statement of activities, the cost of capital assets is reported as assets, while disposals, net of sale proceeds are reported as expenses. In the current period, these amounts are:	
Purchase of assets	7,740,364
Disposal of capital assets	<u>(518,562)</u>
	7,221,802
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of proceeds and repayments:	
Repayment of principal	2,145,000
Decrease in revenues in the statement of activities that does not reduce current financial resources are not reported in the funds.	
	11,760
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported in the funds:	
General government support	286,808
Public safety	378,802
Transportation	217,485
Economic opportunity and development	21,167
Culture and recreation	40,747
Home and community services	<u>265,864</u>
	<u>1,210,873</u>
<b>Change in net position of governmental activities</b>	<b><u><u>\$ 13,029,397</u></u></b>

**Town of Bethlehem, New York**

Statement of Fiduciary Net Position

	<u>December 31, 2021</u>
	<u>Custodial Fund</u>
<b>Assets</b>	
Cash	<u>\$ 1,725</u>
<b>Net Position</b>	
Restricted for bail	<u><u>\$ 1,725</u></u>

*See accompanying Notes to Basic Financial Statements.*

# Town of Bethlehem, New York

## Statement of Changes in Fiduciary Net Position

	<b>December 31, 2021</b>
	<b>Custodial Fund</b>
<b>Additions</b>	
Tax Collected	\$ 21,208,808
Bail Collected	4,000
Total additions	<u>21,212,808</u>
<b>Deductions</b>	
Taxes Remitted	21,208,808
Bail returned to bailees	10,775
Total deductions	<u>21,219,583</u>
<b>Net decrease in fiduciary net position</b>	<b>(6,775)</b>
<b>Net position - beginning of year</b>	<b>8,500</b>
<b>Net position - end of year</b>	<b><u>\$ 1,725</u></b>

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2021

### Note 1 - Organization and Summary of Significant Accounting Policies

#### *a. Organization*

The Town of Bethlehem, New York (Town) was incorporated in 1793, and is governed by the Charter of the Town of Bethlehem, the Town law and other general laws of the State of New York and various local laws and ordinances. The Town Board is the legislative body responsible for the overall operation of the Town and consists of the Supervisor and four council members. The Supervisor serves as chief executive officer and chief fiscal officer of the Town.

The Town provides the following basic services: public safety, police protection, parks and recreation, sewer, water, lighting, and highway maintenance.

All governmental activities and functions performed for the Town are the direct responsibility of the Town Board.

#### *b. Financial Reporting Entity*

The financial reporting entity consists of the primary government, which is the Town.

In evaluating how to define the Town for financial reporting purposes, management has considered various separate legal entities as potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependence. A second criterion used in evaluating potential component units is the scope of public service. A third criterion used in evaluating potential component units is the existence of special financing relationships, regardless of whether the Town is able to exercise oversight responsibilities. Based upon the application of these criteria, the following component unit is included in the Town's reporting entity:

The Town of Bethlehem Industrial Development Agency (the Agency) is a public benefit corporation created in 1980 by the Town Board of the Town of Bethlehem, New York under the provisions of Chapter 1030 of the 1969 Laws of New York State, for the purpose of encouraging economic growth in the Town of Bethlehem. The Agency is exempt from Federal, State and Local income taxes. The members of the Agency's Board of Directors are appointed by and serve at the pleasure of the Town Board. The Town is not liable for the Agency's bonds or notes.

Complete financial statements of Agency can be obtained from its administrative office at the address indicated below:

Town of Bethlehem Industrial Development Agency  
445 Delaware Avenue  
Delmar, New York 12054

#### *c. Basis of Presentation*

Except for the departures described below, the accompanying basic financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for governments. Such principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing accounting and financial reporting principles in the United States of America.

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2021

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *c. Basis of Presentation - Continued*

The basic financial statements have been prepared primarily from accounts maintained by the Town Comptroller.

The following departures from U.S. GAAP impact the Town's governmental activity financial statements:

- Accounting records to support the completeness and accuracy of capital asset balances have not been maintained.
- Capital assets are not being depreciated.
- Other postemployment benefit costs and obligations have not been estimated and reported.

U.S. GAAP requires the capitalization and depreciation of capital assets, and the estimation of other postemployment benefit costs and obligations. The amounts by which these departures would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, and expenses of the governmental activities have not been determined.

#### *d. Government-Wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town and its component unit. The effect of interfund activity within the governmental activities has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town does not have any business-type activities.

The statement of net position presents the financial position of the Town at the end of the year. The statement of activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been allocated and are reported as direct program expenses of individual functions and programs. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; grants and contributions that are restricted to meeting the operational requirements of a particular function or segment; and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Taxes and other items not included as program revenues are reported as general revenues, as required.

Separate statements are provided for governmental funds and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The Town has elected to present its three non-major funds separately on the face of the financial statements.

#### *e. Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenues in the year in which they are earned. Grants, entitlements and donations are recognized as revenues as soon as all eligibility requirements have been met.

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2021

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *e. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued*

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction that can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers revenues available if they are collected within 60 days after year end, except grant revenues, for which a one-year availability period is used when all award criteria are met. Receivables not expected to be collected within the availability periods are recorded as deferred inflows of resources.

Expenditures and related liabilities are generally recorded in the accounting period the liability is incurred to the extent it is expected to be paid within the next 12 months, with the exception of items covered by GASB Interpretation 6 (GASBI 6), *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. GASBI 6 modified the recognition criteria for certain expenditures and liabilities. GASBI 6 requires that expenditures and liabilities such as debt service, compensated absences, and claims and judgments be recorded in the governmental fund financial statement only when they mature or become due for payment within the period. Expenditure driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met and amounts are considered available.

A fund is a separate accounting entity with a self-balancing set of accounts. The Town reports the following major and other governmental funds:

#### *Major Funds*

General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Highway Fund is a special revenue fund used to account for revenues and expenditures for highway purposes in accordance with Section 141 of the Highway Law.

Water District Fund is a special revenue fund used to account for the revenues and expenditures associated with providing water treatment and transportation.

Sewer District Fund is a special revenue fund used to account for the revenues and expenditures associated with providing sewage treatment services in the Town's twelve operating districts.

Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. Financing is generally provided from proceeds of bonds, notes, and/or federal and state grants.

#### *Non-Major Funds*

Ambulance District Fund is a special revenue fund that covers the entire Town. The District levies taxes on property owners within the District. Expenditures are made for providing ambulance service and advanced life support.

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2021

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *e. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued*

##### *Non-Major Funds - Continued*

Special Grant Fund is a special revenue fund used to account for two federal programs: The first is resources received to operate a public housing program for eligible low-income families and the elderly through an authorized public housing agency and other grant funds. The second is for resources received and distributed to encourage development activities within the Town that create or retain jobs for low and moderate income persons.

Special Miscellaneous Revenue Fund is a special revenue fund used to account for the receipt of developer fees to finance improvements within specific areas of the Town.

*Fiduciary Funds* are used to account for assets held by the Town in a trustee or custodial capacity. The Town's fiduciary fund consists of a custodial fund that is used to account for assets held on behalf of outside parties, including other governments.

#### *f. Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows and inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting year. Actual results could differ from those estimates.

#### *g. Property Taxes, Account and Other Receivables*

The Town's Receiver of Taxes is responsible for collection of Town, Albany County, and special district property taxes. The Town and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. Albany County assumes enforcement responsibility for all taxes levied in the Town, and unpaid water and sewer charges.

Non-property taxes include sales and mortgage taxes collected by Albany County on behalf of the Town and other municipalities located within Albany County. These taxes are remitted to the Town quarterly and semimonthly, respectively. Amounts collected but not remitted prior to December 31, 2021 are recorded as due from other governments.

Account and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts, if any, by identifying troubled accounts and by using historical experience applied to an aging of accounts. No allowance was deemed necessary at December 31, 2021.

#### *h. Inventory*

The Town's inventory consists of salt used on roadways, fuel, information technology supplies, and EZ Pass units. Inventory is reported in the fund financial statements and statement of net position at the lower of cost or net realizable value, on a first-in first-out basis. Inventory expected to be used in the Town's normal operations is expensed as consumed. Damaged and obsolete inventory is evaluated by management on a periodic basis.

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2021

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *i. Interfund Transactions*

During the course of operations, the Town processes several transactions that affect more than one fund and other transactions between the various funds. Interfund services provided and used are accounted for as revenues in the provider funds and expenditures or expenses in the user funds. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Advances or loans from one fund to another are recorded as receivables in the remitting fund and payables in the receiving fund. Other interfund transactions generally represent transfers of resources from one fund to be utilized in another fund and are reported as transfers. Interfund transactions that are unpaid between funds are recorded in the financial statements as due from other funds (receivables) and due to other funds (payables).

#### *j. Capital Assets*

Capital assets include land, buildings, improvements, machinery and equipment, and infrastructure. Capital assets purchased for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost in the government-wide statement of net position. Contributed fixed assets are recorded at fair value at the date received.

#### *k. Deferred Outflows/Inflows of Resources and Unearned Revenue*

When potential revenues do not meet the availability criterion for recognition in the current period, these amounts are recorded as deferred inflows of resources in the governmental funds. In subsequent periods, when the availability criterion is met, deferred inflows of resources are recognized as revenues (see Note 7).

The Town also reports deferred outflows and inflows of resources related to various pension transactions (see Note 9).

Unearned revenue arises when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, or when the Town has legal claim to the resources, the liability is removed, and revenue is recognized.

#### *l. Compensated Absences*

Town employees are granted vacation and compensatory time in varying amounts. In the event of termination or upon retirement, certain employees are entitled to payment for accumulated vacation and compensatory time at various rates subject to certain maximum limitations.

Payment of vacation and compensatory time is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payment of vacation and compensatory time.

Estimated vacation and compensatory time accumulated by governmental fund type employees and additional salary related payments have been recorded in the government-wide statement of net position.

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2021

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *m. Pensions*

The Town is a participating employer in the New York State and Local Retirement System (System). Employees in permanent positions are required to enroll in the System, and employees in part-time or seasonal positions have the option of enrolling in the System. The System is a cost sharing, multiple employer, public employee defined benefit retirement system. The impact on the Town's financial position and results of operations due to its participation in the System is more fully disclosed in Note 9.

#### *n. Other Postemployment Benefits (OPEB)*

In addition to providing pension benefits, the Town provides healthcare insurance coverage benefits for eligible retired employees and their spouses. Coverage includes healthcare insurance and prescription drug coverage for eligible retirees and their spouses based on the lifetime of the retiree. Town employees become eligible for these benefits if they are retirement eligible and have twenty (20) years of full-time employment with the Town. A reduced benefit is provided to employees who are retirement eligible and have 10 years of full-time service with the Town at a rate of 50% of the maximum benefit. Retirement eligible employees with 15 years of service receive 75% of the maximum benefit. Healthcare benefits are provided through an insurance company. Retiree contribution amounts are tied to current employee health benefits.

The Town recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. Postretirement benefits were provided to 218 individuals, at a cost of \$1,021,991 for the year ended December 31, 2021.

#### *o. Landfill Post-Closure Costs*

The Town landfill was permanently closed as mandated by New York State Department of Environmental Conservation on December 31, 1992. The Town landfill closure capital project is in the final phase. The Town has estimated post-closure costs for certain required maintenance and monitoring functions, as well as the cost of services to assure closure standards are upheld. The reserve monies, together with annual anticipated interest, are expected to fund the projected annual expenditures over the remainder of the 30-year post-closure period.

#### *p. Deferred Compensation Plan*

Employees of the Town may elect to participate in the Town's Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement. Under the terms of the amended Plan agreement, these monies are not subject to the claims of the Town's general creditors after they are paid to the Plan's Trustee. A separate independent audit is performed on these funds annually.

#### *q. Long-Term Debt Obligations*

Principal and interest payments are recognized as expenditures of a governmental fund when paid. Long-term debt is recognized as a liability of a governmental fund when due. The remaining portion of such obligations is reported in the government-wide statement of net position.

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2021

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### q. Long-Term Debt Obligations - Continued

Governmental funds recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### r. Net Position and Fund Balance

The following terms are used in reporting net position:

- Net Investment in Capital Assets consists of capital assets, including restricted capital assets, reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position is reported when constraints placed on the use of resources are either:
  - (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments; or
  - (2) Imposed by law through constitutional provisions or enabling legislation
- Unrestricted is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted components of net position described above.

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five fund balance classifications are as follows:

- Nonspendable - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) are legally or contractually required to be maintained intact.
- Restricted - Amounts that have restraints that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action, such as legislation, resolution, or ordinance by the government's highest level of decision-making authority.
- Assigned - Amounts that are constrained only by the government's intent to be used for a specified purpose but are not restricted or committed in any manner.
- Unassigned - The residual amount in the General Fund after all of the other classifications have been established. In a Special Revenue Fund, if expenditures and other financing uses exceed the amounts restricted, committed, or assigned for those purposes, then a negative unassigned fund balance will occur.

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2021

### Note 1 - Organization and Summary of Significant Accounting Policies – Continued

*r. Net Position and Fund Balance - Continued*

The Town's fund balance policy is set by the Town Board, the highest level of decision-making authority. The Town Board considers "formal action" for a committed fund balance to be the passing of a Board resolution. The Town considers fund balance spent in the order of restricted, committed, assigned, and unassigned.

*s. Subsequent Events*

The Town has evaluated subsequent events for potential recognition or disclosure through April 29, 2022, the date the financial statements were available to be issued.

### Note 2 - Cash and Investments

The Town's investment policies are governed by State statutes. In addition, the Town has its own written investment policy. Town monies must be deposited in Federal Deposit Insurance Corporation (FDIC)-insured commercial banks or trust companies located within New York State. The Comptroller is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, certificates of participation, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral include obligations of the United States and its agencies and obligations of the State of New York, its municipalities and school districts.

At year end, the book balance of the Town's Government Wide deposits total \$24,434,209 (excluding \$2,350 in petty cash), and the bank balance was \$26,154,327. The insured and collateral status of the bank balance was as follows:

Federally insured	\$ 2,836,179
Collateralized with securities held by a third-party custodian for the benefit of the Town pursuant to third-party custody agreement	23,318,148
	<u>\$ 26,154,327</u>

### Note 3 - State and Federal Receivables and Due From/To Other Governments

State and federal receivables consist of the following:

	General	Capital	Total
State and federal receivables			
Due from New York State	\$ 43,208	\$ 1,129,336	\$ 1,172,544
Due from federal government	8,805	1,353,066	1,361,871
	<u>\$ 52,013</u>	<u>\$ 2,482,402</u>	<u>\$ 2,534,415</u>

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2021

### Note 3 - State and Federal Receivables and Due From/To Other Governments - Continued

Due from other governments is composed of the following:

	General	Water	Sewer	Total
Due from other governments				
Albany County				
Sales tax	\$ 3,876,383	\$ -	\$ -	\$ 3,876,383
Mortgage tax	692,970	-	-	692,970
Water/Sewer relieves	-	185,167	128,068	313,235
Other	29,978	21,414	-	51,392
	<u>\$ 4,599,331</u>	<u>\$ 206,581</u>	<u>\$ 128,068</u>	<u>\$ 4,933,980</u>

Amounts due to other governments consist of the following balances:

	General
Albany County - EMS Services	\$ 608,943
Fire Districts	1,294
New York State - Justice Court Receipts	17,292
	<u>\$ 627,529</u>

### Note 4 - Capital Assets

A summary of changes in capital assets is as follows:

	Balance at January 1, 2021	Additions	Disposals	Balance at December 31, 2021
Land	\$ 2,205,172	\$ 156,198	\$ -	\$ 2,361,370
Buildings	43,912,306	369,948	-	44,282,254
Improvements	17,955,514	324,760	-	18,280,274
Machinery and equipment	28,774,142	1,804,027	518,562	30,059,607
Infrastructure	38,364,766	5,085,431	-	43,450,197
Total capital assets	<u>\$ 131,211,900</u>	<u>\$ 7,740,364</u>	<u>\$ 518,562</u>	<u>\$ 138,433,702</u>

### Note 5 - Long-Term Liabilities

The following table summarizes changes in long-term liabilities for the governmental activities:

	Year Ended December 31, 2021					
	Landfill Post-Closure Costs	Bonds Payable	Judgments and Claims	Net Pension Liability	Compensated Absences	Total
Balance, beginning of year	\$ 100,000	\$ 40,765,000	\$ 30,000	\$ 16,553,256	\$ 1,614,014	\$ 59,062,270
Additions/issues	-	-	-	1,805,657	-	1,805,657
Redeemed	-	(2,145,000)	-	(2,834,269)	-	(4,979,269)
Other increase/(decrease)	-	-	(30,000)	(13,826,803)	13,603	(13,843,200)
Balance, end of year	<u>\$ 100,000</u>	<u>\$ 38,620,000</u>	<u>\$ -</u>	<u>\$ 1,697,841</u>	<u>\$ 1,627,617</u>	<u>\$ 42,045,458</u>

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2021

### Note 5 - Long-Term Liabilities - Continued

	Year Ended December 31, 2021					
	Landfill Post-Closure Costs	Bonds Payable	Judgments and Claims	Net Pension Liability	Compensated Absences	Total
Current portion	-	\$ 2,225,000	-	-	\$ 1,003,781	\$ 3,228,781
Non-current portion	100,000	36,395,000	-	1,697,841	623,836	38,816,677
	\$ 100,000	\$ 38,620,000	-	\$ 1,697,841	\$ 1,627,617	\$ 42,045,458

See Note 9 for discussion of the net pension liability, pension deferred inflows and outflows.

#### a. Bonds Payable

The Town borrows money in order to acquire land and equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the assets. These long-term liabilities, which are full faith and credit debt of the Town, are recorded in the government-wide statement of net position.

A summary of the Town's indebtedness under bonds payable is as follows:

	Original Issuance	Original Amount	Interest Rate	Final Maturity	December 31, 2021 Outstanding
Water	2012	6,715,000	4.000%	2022	880,000
General, Highway, Water, and Sewer	2015	5,912,058	2.000%	2034	4,400,000
General, Water, and Sewer	2016	6,455,000	4.000%	2037	5,620,000
Sewer	2016	2,600,000	0.550%	2046	2,230,000
General, Highway, Water, and Sewer	2017	9,992,241	2.250%	2042	8,795,000
General, Highway, and Water	2019	17,227,100	2.950%	2049	16,695,000
					\$ 38,620,000

Aggregate minimum maturities of debt service are as follows:

	Principal	Interest	Total
For the year ending December 31,			
2022	2,225,000	1,060,477	3,285,477
2023	1,375,000	1,006,158	2,381,158
2024	1,415,000	972,961	2,387,961
2025	1,440,000	938,104	2,378,104
2026	1,485,000	901,264	2,386,264
2027 through 2031	8,065,000	3,927,348	11,992,348
2032 through 2036	8,500,000	2,731,834	11,231,834
2037 through 2041	6,690,000	1,605,277	8,295,277
2042 through 2046	4,865,000	715,150	5,580,150
2047 through 2049	2,560,000	116,700	2,676,700
	\$ 38,620,000	\$ 13,975,273	\$ 52,595,273

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2021

### Note 5 - Long-Term Liabilities - Continued

*b. Judgments and Claims*

The Town had no open actions where it was the named defendant as of December 31, 2021.

*c. Landfill Post-Closure Costs*

The Town operated the Rupert Road landfill which accepted construction and demolition waste. The Town became subject to a consent order for this site on April 3, 2009. The anticipated total closure costs are between \$450,000 and \$500,000. To date, over \$400,000 has been expended in labor, equipment, and consulting costs. The current estimated liability is \$100,000. Money to fund this liability has been established within a capital reserve fund.

*d. Compensated Absences*

Compensated absences represent the estimated value of the earned and unused leave credits, based on current salary rates.

### Note 6 - Unearned Revenue

Unearned revenue consists of the following:

	Customer Deposits	Restricted Gifts	ARPA Funds	Other	Total
General	\$ 663,173	\$ 135,449	\$ 1,789,482	\$ 254,572	\$ 2,842,676
Sewer	15,000	-	-	284,070	299,070
	\$ 678,173	\$ 135,449	\$ 1,789,482	\$ 538,642	\$ 3,141,746

### Note 7 - Deferred Inflows of Resources

The following transactions were reported as deferred inflows of resources in the governmental fund financial statements as they did not meet the availability criterion:

	Departmental Income
Water	\$ 287,332
Sewer	202,496
	\$ 489,828

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2021

### Note 8 - Interfund Transactions

During the course of operations, the Town has numerous transactions between funds, including expenditures and transfers of revenue to purchase and construct assets. For the year ended December 31, 2021, interfund receivables, payables, revenues, and expenses arising from these transactions were as follows:

	December 31, 2021	
	Transfers-In	Transfers-Out
General	\$ -	\$ 1,458,865
Highway	-	860,000
Water	-	219,173
Sewer	-	1,636,902
Capital Projects	4,174,940	-
	<u>\$ 4,174,940</u>	<u>\$ 4,174,940</u>

### Note 9 - Retirement System

#### a. Plan Description and Benefits Provided

The Town participates in the New York State and Local Employees' Retirement System ("ERS") and New York State and Local Police and Fire Retirement System ("PFRS"), collectively referred to as the "System," which is a cost-sharing, multiple employer, public employee retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System.

The Comptroller adopts and may amend rules and regulations for the administration and transaction of the business of the System for the custody and control of its funds. The System issues publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244-0001 or at [www.osc.state.ny.us/pension/cafr.htm](http://www.osc.state.ny.us/pension/cafr.htm).

#### b. Contributions

The System is noncontributory except for employees who joined after July 26, 1976, who contribute 3% of their salary for the first ten years of membership, employees who joined between January 1, 2010 and April 1, 2012, who contribute 3% of their salary for the entire length of service, and employees who joined after April 1, 2012 who contribute between 3% and 6% of their earned wages for the entire length of their career.

The Comptroller of the State of New York annually certifies the rates, expressed as a proportion of payroll of members, which are used in computing the contributions required to be made by employers.

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2021

### Note 9 - Retirement System - Continued

*b. Contributions - Continued*

The Town's required contributions for the current year and the two preceding years were:

	ERS	PFRS	Total
2021	\$ 1,837,327	\$ 1,230,458	\$ 3,067,785
2020	1,719,886	1,084,314	2,804,200
2019	1,697,454	963,092	2,660,546

*c. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions*

At December 31, 2021, the Town reported a liability of \$1,697,841 for its proportionate share of the net pension liability of the System in the statement of net position. The net pension liability was measured as of March 31, 2021, and the total pension liability was determined by an actuarial valuation as of April 1, 2020. The Town's proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to the System's total actuarially determined employer contribution for the fiscal year ended on the measurement date. At the March 31, 2021 measurement date, the Town's proportionate share of ERS and PFRS was 0.0401181% and 0.0954856%, respectively.

For the year ended December 31, 2021, the Town recognized pension expense of \$2,985,456 in the government wide financial statements. At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources as follows:

	ERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 487,863	\$ -	\$ 367,878	\$ -
Changes of assumptions	7,345,000	(138,529)	4,073,267	-
Net differences between projected and actual investment earnings on pension plan investments		(11,475,185)		(4,874,941)
Changes in proportion and differences between employer contributions and proportionate share of contributions	108,495	(298,384)	301,632	(78,194)
Contributions subsequent to the measurement date	1,377,995	-	922,844	-
Total	\$ 9,319,353	\$ (11,912,098)	\$ 5,665,621	\$ (4,953,135)

Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts recognized as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2021

### Note 9 - Retirement System - Continued

*c. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions - Continued*

	ERS	PFRS
Year ending December 31,		
2022	\$ (743,005)	\$ (136,301)
2023	(292,869)	38,147
2024	(669,873)	(120,288)
2025	(2,264,993)	(830,436)
2026	-	838,520
	\$ (3,970,740)	\$ (210,358)
Total		

*d. Actuarial Assumptions*

The actuarial assumptions used in the April 1, 2020 valuation, with updated procedures used to roll forward the total pension liability to March 31, 2021, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

	ERS	PFRS
Investment rate of return (net of investment expense, including inflation)	5.90%	5.90%
Salary scale	4.40%	6.20%
Inflation rate	2.70%	2.70%
Cost of living adjustment	1.40%	1.40%

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP 2020.

The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

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

*e. Investment Asset Allocation*

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 return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2021

### Note 9 - Retirement System - Continued

*e. Investment Asset Allocation - Continued*

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2021 are summarized below:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	32.00%	4.05%
International equity	15.00%	6.30%
Private equity	10.00%	6.75%
Real estate	9.00%	4.95%
Absolute return strategies	3.00%	4.50%
Credit	4.00%	3.63%
Real assets	3.00%	5.95%
Fixed Income	23.00%	0.00%
Cash	1.00%	0.50%
	100.00%	

*f. Discount Rate*

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. 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.

*g. Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption*

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 5.9% and the impact of using a discount rate that is 1% higher or lower than the current rate:

	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
<b>ERS</b>			
Town's proportionate share of the net pension liability (asset)	\$ 11,087,794	\$ 39,947	\$ (10,148,754)
<b>PFRS</b>			
Town's proportionate share of the net pension liability (asset)	\$ 7,050,300	\$ 1,657,894	\$ (2,805,625)

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2021

### Note 9 - Retirement System - Continued

#### *h. Pension Plan Fiduciary Net Position*

The components of the net pension liability of the employers participating in the System as of March 31, 2021, were as follows (amounts in thousands):

	ERS	PFRS	Total
Employers' total pension liability	\$ 220,680,157	\$ 41,236,775	\$ 261,916,932
Plan net position	220,580,583	39,500,500	260,081,083
Employers' net pension liability	\$ 99,574	\$ 1,736,275	\$ 1,835,849
Ratio of plan net position to the employers' total pension liability	99.95%	95.79%	99.30%

### Note 10 - Fund Balances

Fund balances are detailed as follows:

	General	Highway	Water	Sewer	Capital Projects	Non-Major Funds
Nonspendable						
Inventory	\$ 106,531	\$ 95,583	\$ 5,943	\$ -	\$ -	\$ -
Prepaid	1,499,628	102,024	85,072	51,584	-	-
	1,606,159	197,607	91,015	51,584	-	-
Restricted						
Capital reserve	-	-	-	-	5,677,452	-
Bond proceeds - capital	-	-	-	-	125,389	-
Landfill post-closure	-	-	-	-	191,416	-
Parklands	-	-	-	-	-	365,644
Section 8	-	-	-	-	-	4,109
	-	-	-	-	5,994,257	369,753
Assigned						
Encumbrances	411,542	61,335	384,169	61,688	-	-
Capital reserve	230,241	2,180,659	985,771	1,481,202	-	-
Retirement contribution	672,197	307,780	126,088	-	-	-
General Fund	-	-	-	-	-	-
Highway Fund	-	2,341,355	-	-	-	-
Water Fund	-	-	4,097,386	-	-	-
Sewer Fund	-	-	-	1,367,195	-	-
	1,313,980	4,891,129	5,593,414	2,910,085	-	-
Unassigned	7,218,392	-	-	-	-	-
	\$ 10,138,531	\$ 5,088,736	\$ 5,684,429	\$ 2,961,669	\$ 5,994,257	\$ 369,753

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2021

### Note 10 - Fund Balances - Continued

#### *Restricted Fund Balance*

The Town has established capital reserves pursuant to General Municipal Law (GML), Section 6-C, within the capital projects fund. In addition, the Town has established a capital reserve pursuant to GML Section 6-O, for the purpose of paying landfill related post-closure costs within the general fund.

GML Section 6-C Reserves	
Improvements and equipment	\$ 1,586,090
Recreational facilities	416,492
Fire tower additions and improvements	30,675
Highway improvements and equipment	508,450
Reconstruction of water facilities	1,311,830
Reconstruction of sewer facilities	1,949,304
Total GML Section 6-C	<u>5,802,841</u>
GML Section 6-O Reserves	<u>191,416</u>
Total Capital Reserves Under GML Sections 6-C and 6-O	<u><u>\$ 5,994,257</u></u>

Funds restricted for parklands represent developer fees remitted to the Town for the acquisition and maintenance of greenspace/parks.

The Town has a fund balance policy that provides guidance for minimum, maximum, and optimal levels at which the operating fund reserves should be held. These percentages of fund balance to appropriations are set at 7%, 20%, and 15%, respectively. As of December 31, 2021, all funds were at maximum. To the extent that fund balances exceed the maximum, per policy, the balances are assigned as infrastructure reserve funds.

The Town's budget provides for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

### Note 11 - Tax Abatements

Certain property values in the Town have been reduced as the result of payment in lieu of tax (PILOT) agreements entered into by the Albany County Industrial Development Agency (IDA) for the purpose of general economic development. These agreements reduce the assessed value of the properties for all taxing agencies in Albany County, including the Town. As a result of the agreement, the Town receives a PILOT payment, which is equal to the reduced assessed value times the Town's levied tax rate.

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2021

### Note 11 - Tax Abatements - Continued

Information relevant to disclosure of these agreements for the year ended December 31, 2021 is as follows:

Property Owner	Taxable Assessed Value	Tax Rate <sup>1</sup> per 000	Tax Value	PILOT Received	Taxes Abated
44-74 21st Street, LLC	\$ 7,700,000	2.71	\$ 20,833	\$ 13,274	\$ 7,559
Albany Enterprises LLC	2,250,000	2.71	6,088	5,352	736
American Housing Foundation <sup>2</sup>	-	2.71	-	12,689	(12,689)
CPI Bethlehem BERK I LLC	1,100,000	2.71	2,976	2,013	963
CPI Bethlehem SEF I LLC	1,200,000	2.71	3,247	2,189	1,058
Finke Enterprises, LLC	5,900,000	2.71	15,963	12,992	2,971
MALM Realty Company	1,000,000	2.71	2,706	2,491	215
PSEG Power	100,000,000	2.71	270,562	289,851	(19,289)
Vista Development Group LLC	2,621,000	2.71	7,092	7,092	-
Vista Medical LLC	1,350,000	2.71	3,653	3,066	587
	<u>\$ 123,121,000</u>		<u>\$ 333,120</u>	<u>\$ 351,009</u>	<u>\$ (17,889)</u>

<sup>1</sup>General and Highway Tax Rates

<sup>2</sup>American Housing is a 501(c)3 and therefore not subject to certain taxes including General and Highway.

### Note 12 - Commitments

The Town has completed closure of the North Street landfill in accordance with an Order of Consent issued by the Department of Environmental Conservation (DEC) on November 18, 1993. The Town is required to monitor the site for 30 years, with 25 years lapsed as of December 31, 2021. The current estimated liability for post-closure care costs of the landfill for the remaining 5 years is \$38,000. However, the actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. Funds have been reserved to finance the remaining post-closure costs.

In 2004, the Town entered into a 20-year contract with the City of Albany for the purchase of finished water. The contract calls for the purchase of specified minimum quantities, at rates that are subject to the same percentage increases paid by other customers within the City.

In 2016, the Town entered into a 20-year contract to pay \$0.103 per kWh for solar energy generation in our two solar fields. As part of this agreement, the expense of the solar field generation is offset by revenue earned from National Grid at the SC2 rate per kWh in the form of credits to electricity bills. This generally results in net surplus annually.

### Note 13 - Contingencies, Risks and Uncertainties

#### *Judgments and Claims*

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has purchased commercial insurance for all risk above minimal deductible amounts except for workers' compensation and environmental hazards. Settled claims have not exceeded the commercial coverage, or the amounts provided for in long-term liabilities by any material amounts during 2021. There was no reduction in insurance coverage during 2021. There were no outstanding claims or any potential claims incurred but not reported at December 31, 2021.

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2021

### Note 13 - Contingencies, Risks and Uncertainties - Continued

#### *Self-Insurance*

The Town has retained a portion of the liability for losses, if any, under Section 207-C of the General Municipal Law for police officers. Certain employees are entitled to their full pay when on workers' compensation leave. The Town is required to fund any losses not reimbursed by workers' compensation insurance.

#### *Union Contracts*

Public safety employees are all represented by a collective bargaining agent. Agreements related to subsequent periods are currently under negotiations. Those agents which represent them and the dates of expiration of their agreements are as follows:

	<u>Contract Expiration Date</u>
Bargaining Unit	
AFSCME Council 66 (Dispatchers)	December 31, 2021
AFL-CIO Council 82 (Lieutenants & Sergeants)	December 31, 2021
Teamsters Local 294 (Officers & Detectives)	December 31, 2021

### Note 14 - Accounting Standards Issued Not Yet Implemented

GASB Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and the recognition of inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 91, *Conduit Debt Obligation*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with: (1) commitments extended by issuers; (2) arrangements associated with conduit debt obligations; and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 92, *Omnibus 2020*. This statement addresses a variety of topics including leases, intra-entity transfers, fiduciary activities, public entity risk pools/reinsurance recoveries, fair value measurements, and derivative instrument terminology. Guidance related to leases, reinsurance recoveries, and derivative instrument terminology was effective upon the issuance of the standard in January 2020. The remaining components of this standard, as delayed by GASB 95, are effective for periods beginning after June 15, 2021.

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2021

### Note 14 - Accounting Standards Issued Not Yet Implemented - Continued

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. This statement addresses governments that have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallbacks provisions to the reference rate. The objective of this statement is to address accounting and financial reporting implications that result from the replacement of IBOR, such as providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment, clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, and clarifying the definition of reference rate. The removal of the London IBOR as an appropriate benchmark interest rate is effective for reporting periods beginning after December 31, 2021. The requirements to lease modifications, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021. All other requirements of this statement were effective for reporting periods beginning after June 15, 2020.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a government or nongovernment entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPP's meet the definition of a service concession arrangement (SCA), which GASB defines in this statement as a PPP in which: (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator to require to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for fiscal years beginning after June 5, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting of subscription-based information technology arrangements (SBITA) including the definition of a SBITA, establishment of a right-to-use subscription asset and related liability, providing capitalization criteria, and requiring note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

# Town of Bethlehem, New York

## Notes to Basic Financial Statements December 31, 2021

### **Note 14 - Accounting Standards Issued Not Yet Implemented - Continued**

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, and amendment of GASB Statements No 14 and No. 84, and a supersession of GASB Statement No. 32*. This statement has three objectives: (1) to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board would typically perform; (2) to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit plans (OPEB), and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) to enhance the relevance, consistency, and comparability of the accounting and financial reporting for the Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. Certain requirements of this statement are effective immediately, and certain requirements are effective for reporting periods beginning after June 15, 2021.

The Town's management is not able to estimate the extent of the potential impact of these statements on the future financial statements.

# Town of Bethlehem, New York

## Required Supplementary Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Real property taxes	\$ 3,804,805	\$ 3,804,805	\$ 3,804,806	\$ 1
Real property tax items	135,950	135,950	137,532	1,582
Non-property tax items	12,521,700	12,759,096	14,776,148	2,017,052
Departmental Income	1,344,126	1,445,513	1,779,325	333,812
Intergovernmental charges	50,000	50,000	50,000	-
Use of money and property	87,000	87,500	81,705	(5,795)
Licenses and permits	40,500	43,700	37,049	(6,651)
Fines and forfeitures	180,000	180,000	168,331	(11,669)
Sales of property and compensation for loss	150,500	130,500	147,694	17,194
Miscellaneous local sources	-	181,872	155,759	(26,113)
Interfund Revenues	467,463	467,463	559,477	92,014
State aid	1,292,107	1,223,675	1,606,286	382,611
Federal aid	52,848	52,848	67,788	14,940
Total revenues	<u>20,126,999</u>	<u>20,562,922</u>	<u>23,371,900</u>	<u>2,808,978</u>
<b>EXPENDITURES</b>				
General government support	\$ 4,121,646	4,336,730	4,053,134	283,596
Public safety	6,963,496	7,001,868	6,447,728	554,140
Transportation	639,833	715,305	677,537	37,768
Economic opportunity and development	503,041	513,349	411,213	102,136
Culture and recreation	1,468,102	1,501,183	1,336,842	164,341
Home and community services	1,325,334	1,660,289	1,383,846	276,443
Employee benefits	5,594,598	5,603,778	5,300,323	303,455
Debt service				
Principal	258,280	258,280	258,280	-
Interest	207,267	207,267	207,267	-
Total expenditures	<u>21,081,597</u>	<u>21,798,049</u>	<u>20,076,170</u>	<u>1,721,879</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(954,598)</b>	<b>(1,235,127)</b>	<b>3,295,730</b>	<b>4,530,857</b>
<b>OTHER FINANCING USES</b>				
Transfers out	-	(1,458,865)	(1,458,865)	-
<b>Excess (deficiency) of revenues over expenditures and other financing uses</b>	<b>\$ (954,598)</b>	<b>\$ (2,693,992)</b>	<b>\$ 1,836,865</b>	<b>\$ 4,530,857</b>
<b>FUND BALANCE, beginning of year</b>			<u>8,301,666</u>	
<b>FUND BALANCE, end of year</b>			<u><b>\$ 10,138,531</b></u>	

# Town of Bethlehem, New York

## Required Supplementary Information Budgetary Comparison Schedule - Highway Fund Year Ended December 31, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Real property taxes	\$ 6,479,744	\$ 6,479,744	\$ 6,479,747	\$ 3
Real property tax items	210,602	210,602	213,477	2,875
Intergovernmental charges	10,500	10,500	5,824	(4,676)
Use of money and property	10,000	10,000	6,570	(3,430)
Sales of property and compensation for loss	3,000	3,000	45,780	42,780
Miscellaneous local sources	-	-	18,484	18,484
Interfund Revenues	12,000	12,000	14,261	2,261
State aid	317,000	700,172	695,339	(4,833)
Total revenues	7,042,846	7,426,018	7,479,482	53,464
<b>EXPENDITURES</b>				
Transportation	4,890,836	5,353,603	4,689,685	663,918
Employee benefits	1,876,717	1,904,497	1,651,955	252,542
Debt service				
Principal	175,577	175,577	175,577	-
Interest	99,716	99,717	99,716	1
Total expenditures	7,042,846	7,533,394	6,616,933	916,461
<b>Excess (deficiency) of revenues over expenditures</b>	-	(107,376)	862,549	969,925
<b>OTHER FINANCING USES</b>				
Transfers out	-	(860,000)	(860,000)	-
<b>Excess (deficiency) of revenues over expenditures and other financing uses</b>	\$ -	\$ (967,376)	\$ 2,549	\$ 969,925
<b>FUND BALANCE, beginning of year</b>			5,086,187	
<b>FUND BALANCE, end of year</b>			\$ 5,088,736	

# Town of Bethlehem, New York

## Required Supplementary Information Budgetary Comparison Schedule - Water Fund Year Ended December 31, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Real property taxes	\$ 2,339,788	\$ 2,339,788	\$ 2,339,787	\$ (1)
Departmental Income	8,189,600	8,190,435	8,152,958	(37,477)
Use of money and property	231,000	301,000	268,490	(32,510)
Sales of property and compensation for loss	11,000	11,000	25,296	14,296
Miscellaneous local sources	-	-	923	923
Total revenues	10,771,388	10,842,223	10,787,454	(54,769)
<b>EXPENDITURES</b>				
Home and community services	8,280,073	8,644,858	6,592,910	2,051,948
Employee benefits	1,275,043	1,291,906	1,100,342	191,564
Debt service				
Principal	1,368,044	1,368,044	1,368,044	-
Interest	616,268	616,268	616,268	-
Total expenditures	11,539,428	11,921,076	9,677,564	2,243,512
<b>Excess (deficiency) of revenues over expenditures</b>	(768,040)	(1,078,853)	1,109,890	2,188,743
<b>OTHER FINANCING USES</b>				
Transfers out	-	(219,173)	(219,173)	-
<b>Excess (deficiency) of revenues over expenditures and other financing uses</b>	<b>\$ (768,040)</b>	<b>\$ (1,298,026)</b>	<b>\$ 890,717</b>	<b>\$ 2,188,743</b>
<b>FUND BALANCE, beginning of year</b>			4,793,712	
<b>FUND BALANCE, end of year</b>			<b>\$ 5,684,429</b>	

# Town of Bethlehem, New York

## Required Supplementary Information Budgetary Comparison Schedule - Sewer Fund Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Real property taxes	\$ 1,106,518	\$ 1,106,518	\$ 1,106,519	\$ 1
Departmental Income	3,217,000	3,218,353	3,425,605	207,252
Use of money and property	8,000	43,000	7,070	(35,930)
Sales of property and compensation for loss	4,000	4,000	10,235	6,235
Miscellaneous Local Sources	-	-	1,713	1,713
Total revenues	<u>4,335,518</u>	<u>4,371,871</u>	<u>4,551,142</u>	<u>179,271</u>
<b>EXPENDITURES</b>				
Home and community services	3,072,094	3,157,937	2,826,450	331,487
Employee benefits	703,327	709,016	651,167	57,849
Debt service				
Principal	343,099	343,099	343,099	-
Interest	216,998	216,998	211,424	5,574
Total expenditures	<u>4,335,518</u>	<u>4,427,050</u>	<u>4,032,140</u>	<u>394,910</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>(55,179)</b>	<b>519,002</b>	<b>574,181</b>
<b>OTHER FINANCING USES</b>				
Transfers out	-	(1,636,902)	(1,636,902)	-
<b>Excess (deficiency) of revenues over expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ (1,692,081)</b>	<b>\$ (1,117,900)</b>	<b>\$ 574,181</b>
<b>FUND BALANCE, beginning of year</b>			<u>4,079,569</u>	
<b>FUND BALANCE, end of year</b>			<u><b>\$ 2,961,669</b></u>	

# Town of Bethlehem, New York

## Notes to Budgetary Basis Reporting December 31, 2021

The Town employs the following budgetary procedures:

- a. No later than September 30, the Budget Officer submits a tentative budget for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds of the Town except for the Special Grant Fund and the Special Miscellaneous Revenue Fund. Capital projects are budgeted for the start of each project.
- b. After public hearings are conducted to obtain taxpayer comments, but no later than November 20, the Town Board adopts the budget.
- c. All revisions that alter an appropriation of any department or fund must be approved by the Town Board.

Budget Basis of Accounting - Budgets are adopted annually on a basis generally consistent with the modified accrual basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as reservations of fund balance since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

## Town of Bethlehem, New York

### Schedule of Proportionate Share of the Net Pension Liability

	December 31,				
	2021	2020	2019	2018	2017
<b>ERS</b>					
Town's proportion of the net pension liability	0.0401181%	0.04315210%	0.04239260%	0.04286360%	0.04359270%
Town's proportionate share of the net pension liability	\$ 39,947	\$ 11,426,938	\$ 3,003,645	\$ 1,383,398	\$ 4,096,063
Town's covered-employee payroll	\$ 11,516,306	\$ 11,904,005	\$ 11,849,512	\$ 11,277,347	\$ 11,005,858
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.35%	95.99%	25.35%	12.27%	37.22%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%
<b>PFRS</b>					
Town's proportion of the net pension liability	0.0954856%	0.0959098%	0.10334340%	0.10544070%	0.10243820%
Town's proportionate share of the net pension liability	\$ 1,657,894	\$ 5,126,318	\$ 1,733,134	\$ 1,065,749	\$2,123,188
Town's covered-employee payroll	\$ 4,131,028	\$ 4,242,385	\$ 3,962,698	\$ 3,989,317	\$ 3,923,577
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	40.13%	120.84%	43.74%	26.72%	54.11%
Plan fiduciary net position as a percentage of the total pension liability	95.79%	84.86%	95.09%	96.93%	93.46%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

# Town of Bethlehem, New York

## Schedule of Employer Contributions

	December 31,				
	2021	2020	2019	2018	2017
<b>ERS</b>					
Contractually required contribution	\$ 1,837,327	\$ 1,719,886	\$ 1,697,454	\$ 1,648,913	\$ 1,646,734
Contributions in relation to the contractually required contribution	\$ 1,837,327	\$ 1,719,886	\$ 1,697,454	\$ 1,648,913	\$ 1,646,734
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 11,516,306	\$ 11,904,005	\$ 11,849,512	\$ 11,277,347	\$ 11,005,858
Contributions as a percentage of covered-employee payroll	15.95%	14.45%	14.33%	14.62%	14.96%
<b>PFRS</b>					
Contractually required contribution	\$ 1,230,458	\$ 1,084,314	\$ 963,092	\$ 968,271	\$ 959,534
Contributions in relation to the contractually required contribution	\$ 1,230,458	\$ 1,084,314	\$ 963,092	\$ 968,271	\$ 959,534
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 4,131,028	\$ 4,242,385	\$ 3,962,698	\$ 3,989,317	\$ 3,923,577
Contributions as a percentage of covered-employee payroll	29.79%	25.56%	24.30%	24.27%	24.46%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

*See Independent Auditor's Report.*

# Town of Bethlehem, New York

## Other Supplemental Information - Combining Balance Sheets – Non-Major Funds

		December 31, 2021		
		Special Grant	Miscellaneous	Total
<b>ASSETS</b>				
Cash		\$ 4,702	\$ 365,644	\$ 370,346
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable		\$ 593	\$ -	\$ 593
<b>FUND BALANCE</b>				
Restricted		4,109	365,644	369,753
		<b>\$ 4,702</b>	<b>\$ 365,644</b>	<b>\$ 370,346</b>

## Town of Bethlehem, New York

### Other Supplemental Information - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Funds

	Year Ended December 31, 2021			Total
	Special Grant	Miscellaneous	Ambulance	
<b>REVENUES</b>				
Real property taxes	\$ -	\$ -	\$ 1,379,466	\$ 1,379,466
Departmental Income	-	79,850	-	79,850
Federal aid	439,057	-	-	439,057
Total revenues	439,057	79,850	1,379,466	1,898,373
<b>EXPENDITURES</b>				
Health	-	-	1,379,466	1,379,466
Economic opportunity and development	440,078	-	-	440,078
Culture and recreation	-	170,527	-	170,527
Total expenditures	440,078	170,527	1,379,466	1,990,071
Deficiency of revenues over expenditures	(1,021)	(90,677)	-	(91,698)
<b>FUND BALANCES, beginning of year</b>	5,130	456,321	-	461,451
<b>FUND BALANCES, end of year</b>	\$ 4,109	\$ 365,644	\$ -	\$ 369,753



## **Town of Bethlehem, New York**

Single Audit Reports

Year Ended December 31, 2021

# Town of Bethlehem, New York

## Single Audit Reports

Year Ended December 31, 2021

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# Town of Bethlehem, New York

## Schedule of Expenditures of Federal Awards

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Year Ended December 31, 2021			
	Assistance Listing Number	Pass-Through Entity Identification Number	Passed Through to Subrecipients	Federal Expenditures
Federal Bureau of Investigation	N/A	-	\$ -	\$ 98,275
Department of Housing and Urban Development/ New York State Housing Trust Fund Corporation				
Community Development Block Grants - Entitlement Grant	14.228	103ME115-18	-	51,809
Section 8 Housing Choice Vouchers	14.871	-	-	388,270
				440,079
Department of Transportation				
New York State Department of Transportation				
Federal Highway Administration	20.205	-	-	2,840,140
State and Community Highway Safety	20.600	-	-	51,196
				2,891,336
				\$ 3,429,690

See accompanying Notes to Schedule of Expenditures of Federal Awards, 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*, Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.

# Town of Bethlehem, New York

## Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2021

### **Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Town of Bethlehem, New York (Town) under programs of the federal government or pass-through entities for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town.

### **Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

### **Note 3 - Indirect Cost Rate**

The Town has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



**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**

Members of the Town Board  
Town of Bethlehem, New York  
Delmar, New York

We have audited, in accordance with 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, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Bethlehem, New York (Town) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 29, 2022, which contained an adverse opinion on the governmental activities opinion unit and unmodified opinions on the other opinion units. Our report includes a reference to other auditors who audited the financial statements of the Town of Bethlehem Industrial Development Agency (Agency), as described in our report on the Town's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance with other matters that are reported separately by those auditors.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town'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*.

### **Town's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BST+Co.CPAs, LLP

Albany, New York  
April 29, 2022





**Report on Compliance for Each Major  
Federal Program; Report on Internal Control Over Compliance;  
and Report on Schedule of Expenditures of Federal Awards  
Required by the Uniform Guidance**

Members of the Town Board  
Town of Bethlehem, New York  
Delmar, New York

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Town of Bethlehem, New York's (Town) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the year ended December 31, 2021. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's federal program.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



### **Report on Internal Control Over Compliance - Continued**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses and significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated April 29, 2022, which contained an adverse opinion on the governmental activity financial statements and unmodified opinions on other opinion unit financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

**BST+Co.CPAs, LLP**

Albany, New York  
April 29, 2022



# Town of Bethlehem, New York

## Schedule of Findings and Questioned Costs Year Ended December 31, 2021

### Section I - Summary of Auditor's Results

#### *Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Adverse - Governmental Activities, Unmodified - Other Opinion Units

Internal control over financial reporting:

- Material weakness(es) identified?     X     Yes            No
- Significant deficiency(ies) identified?            Yes     X     None Reported

Noncompliance material to financial statements noted?            Yes     X     No

#### *Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?            Yes     X     No
- Significant deficiency(ies) identified?            Yes     X     None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)            Yes     X     No

Identification of major federal programs:

Assistance Listing Number(s)

20.205

Name of Federal Program or Cluster

Federal Highway Administration

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

           Yes     X     No

# Town of Bethlehem, New York

## Schedule of Findings and Questioned Costs Year Ended December 31, 2021

### **Section II - Financial Statement Findings**

#### **2021-001. Government-Wide Financial Reporting**

*Criteria:* Accounting principles generally accepted in the United States of America (U.S. GAAP), as prescribed by the Governmental Accounting Standards Board (GASB), require the capitalization and depreciation of capital assets, and the estimation of other postemployment benefit (OPEB) costs and obligations in the government-wide financial statements.

*Condition and Cause:* Management of the Town does not have processes and controls in place to ensure complete and accurate reporting of capital asset balances. In addition, the Town has not engaged an external actuary to assist with the preparation of an OPEB accounting estimate.

*Effect or potential effect:* An adverse opinion has been issued on the governmental activities' opinion unit to the purported inaccuracies of capital asset balances and omission of OPEB. In addition, the schedule of funding progress - OPEB, has been omitted from required supplementary information.

*Recommendation:* Management of the Town should develop processes and controls to ensure the complete and accurate reporting of capital asset balances. In addition, management of the Town should engage a qualified actuary to assist with the valuation of OPEB costs and obligations.

*Views of responsible officials:* The Town is evaluating the cost versus benefit of developing processes and controls to report capital asset balances and expenses and other postemployment obligations and expenses.