



April 29, 2022

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

We are pleased to present this report related to our audit of the basic financial statements of the Town of Bethlehem, New York (Town) as of and for the year ended December 31, 2021. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Town's financial reporting process.

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

Very truly yours,

BST & Co. CPAs, LLP

A handwritten signature in black ink that reads "Brendan K. Kennedy". The signature is written in a cursive style with a long, sweeping underline.

Brendan K. Kennedy, Partner

BKK/hmk

TABLE OF CONTENTS

| | |
|---------------------------------------|-----|
| Required Communications..... | 1-2 |
| Significant Accounting Estimates..... | 3 |

EXHIBITS

| | |
|---|---|
| Exhibit A - Significant Written Communications Between Management and Our Firm..... | 4 |
| • Representation Letter | |



REQUIRED COMMUNICATIONS

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

Our Responsibilities with Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described to you in our arrangement letter dated December 16, 2021. Our audit of the basic financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

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

We have issued a separate communication, dated December 16, 2021, regarding the planned scope and timing of our audit and identified significant risks.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

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

Adoption of, or Change in, Accounting Policies

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

Significant Accounting Policies

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

Significant Unusual Transactions

We did not identify any significant unusual transactions.



REQUIRED COMMUNICATIONS - CONTINUED

Accounting Policies and Practices - Continued

Management's Judgments and Accounting Estimates

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

Audit Adjustments and Uncorrected Misstatements

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

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

Observations About the Audit Process

Disagreements with Management

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

Consultations with Other Accountants

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

Significant Issues Discussed with Management

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

Significant Difficulties Encountered in Performing the Audit

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

Difficult or Contentious Matters That Required Consultation

We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

Significant Written Communications Between Management and Our Firm

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



SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Town's December 31, 2021 basic financial statements.

Significant Accounting Estimates

Net Pension Liability

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

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



EXHIBIT A
SIGNIFICANT WRITTEN COMMUNICATIONS
BETWEEN MANAGEMENT AND OUR FIRM

Representation Letter



David VanLuven
Town Supervisor

Michael E. Cohen
Comptroller

Cherie M. Gitto
Theresa M. Amodeo
Chief Accountant

TOWN OF BETHLEHEM

Albany County - New York

Comptroller's Office
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MEMORANDUM

April 29, 2022

BST & Co. CPAs, LLP
26 Computer Drive West
Albany, New York 12205

This representation letter is provided in connection with your audit of the basic financial statements of the Town of Bethlehem, New York (Town) as of and for the year ended December 31, 2021, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of April 29, 2022:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated December 16, 2021, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Related party transactions include:
 - a. Those with the Town of Bethlehem Industrial Development Agency, a component unit for which the Town is accountable.
 - b. Interfund transactions including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements, and guarantees.

6. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
7. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
9. We agree with the findings of specialists in evaluating our proportionate share of our net pension liability and, have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialist with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
10. We believe that the actuarial assumptions and methods used to measure pension liabilities and related costs for financial accounting purposes are appropriate in the circumstances.
11. We have not completed the process of evaluating the effect that will result from adopting the guidance in the Governmental Accounting Standards Board (GASB) Statements as discussed in Note 14. The Town is, therefore, unable to disclose the effect that adopting the guidance in these GASB Statements will have on its financial position and the results of operations when such guidance is adopted.
12. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
13. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
14. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

15. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Town from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Town Board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
16. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.
17. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.

18. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
19. We have no knowledge of allegations of fraud or suspected fraud affecting the Town's basic financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the basic financial statements.
20. We have no knowledge of any allegations of fraud or suspected fraud affecting the Town's basic financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
21. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
22. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
23. We have disclosed to you the identity of the Town's related parties and all the related-party relationships and transactions of which we are aware.
24. Except for capital asset reporting and the omission of other postemployment benefit obligations and disclosures, we are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Town's ability to record, process, summarize, and report financial data.
25. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
26. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.
27. With respect to supplementary information presented in relation to the basic financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods, measurement, or presentation have not changed from those used in the prior period.

28. With respect to the Management's Discussion and Analysis, the budgetary comparison schedules, the schedule of proportionate share of the net pension liability, and the schedule of local government contributions presented as required by GASB to supplement the basic financial statements:
- a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information, is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.

Compliance Considerations

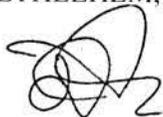
29. In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:
- a. Is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
 - b. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Town.
 - c. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
 - d. Is responsible 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.
 - e. Acknowledges its responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
 - f. Has a process to track the status of audit findings and recommendations.
 - g. Has identified for you previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
 - h. Has provided views on your reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.
30. In connection with your audit of federal awards conducted in accordance with Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and your audit of state transportation awards conducted in accordance with Draft Part 43 of the New York State Codification of Rules and Regulations (NYCRR), we confirm:
- a. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance and Draft Part 43 of NYCRR.
 - b. Management is responsible for understanding and complying with federal statutes, regulations, and the terms and conditions of federal awards related to each of its federal and state programs.

- c. Management is responsible for establishing and maintaining, and has established and maintained, effective internal control over compliance for federal and state programs that provides reasonable assurance that the Town is managing federal awards in compliance with federal and statutes, regulations, and the terms and conditions of the federal and state award that could have a material effect on its federal and state programs.
- d. Management is responsible for the preparation of the schedule of expenditures of federal and state awards, acknowledges and understands its responsibility for the presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; believes the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance and Draft Part 43 of NYCRR; asserts that methods of measurement or presentation have not changed from those used in the prior period, or if the methods of measurement or presentation have changed, the reasons for such changes have been communicated; and is responsible for any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal and state awards.
- e. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance and Draft Part 43 of NYCRR compliance audit.
- f. Management has identified and disclosed to the auditor the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards that are considered to have a direct and material effect on each major program.
- g. Management has made available all federal and state awards (including amendments, if any) and any other correspondence relevant to federal and state programs and related activities that have taken place with federal and state agencies or pass-through entities.
- h. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal and state awards or stated that there was no such noncompliance.
- i. Management believes that the Town has complied with the direct and material compliance requirements.
- j. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
- k. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.
- l. Management is aware of no communications from federal and state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- m. Management has disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of your report.

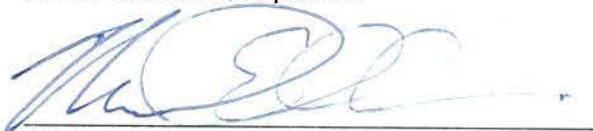
- n. Management is responsible for taking corrective action on audit findings of the compliance audit and has developed a corrective action plan that meets the requirements of the Uniform Guidance and Draft Part 43 of NYCRR.
- o. Management has provided the auditor with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.
- p. There are no subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
- q. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by your report or stated that there were no such known instances.
- r. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.
- s. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
- t. The copies of federal and state program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
- u. Management has charged costs to federal and state awards in accordance with applicable cost principles.
- v. Management is responsible for, and has accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by Uniform Guidance and Draft part 43 of NYCRR.
- w. The reporting package does not contain protected personally identifiable information.
- x. Management has accurately completed the appropriate sections of the data collection form.

Very truly yours,

TOWN OF BETHLEHEM, NEW YORK



David VanLuven, Supervisor



Michael Cohen, Comptroller