



May 30, 2024

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, 2023. 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

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## REQUIRED COMMUNICATIONS

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

### **Our Responsibilities With Regard to the Financial Statement Audit**

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated March 12, 2024. 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 March 12, 2024, regarding the planned scope and timing of our audit and identified significant risks.

### **Accounting Policies and Practices**

#### **Preferability of Accounting Policies and Practices**

Under accounting principles generally accepted in the United States of America, 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 adopted GASB Statement No. 96, *Subscription-Based Information Technology Agreements*. As a result of adopting this statement, the Town recorded a subscription asset and corresponding liability and reports enhanced disclosures related to SBITAs.

#### **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.

#### **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.



## REQUIRED COMMUNICATIONS - CONTINUED

### **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 consultations management had with other accountants about accounting or auditing matters.

#### **Significant Issues Discussed With Management**

No significant issues arising from the audit were discussed or were 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.

### **Shared Responsibilities: AICPA Independence**

The AICPA regularly emphasizes that auditor independence is a joint responsibility and is managed most effectively when management, audit committees, and audit firms work together in considering compliance with AICPA independence rules. For BST to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and BST each play an important role.

#### **Our Responsibilities**

- AICPA rules require independence both of mind and in appearance when providing audit and other attestation services. BST is to ensure that the AICPA's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality control over compliance with independence rules and firm policies.



## REQUIRED COMMUNICATIONS - CONTINUED

### Shared Responsibilities: AICPA Independence - Continued

#### The Town's Responsibilities

Timely inform BST, before the effective date of transactions or other business changes, of the following:

- New affiliates, directors, officers, or person in financial reporting oversight roles.
  - New beneficial owners of the Town's equity securities that have significant influence.
  - Change in corporate structure impacting affiliates such as add-on acquisitions or exits.
- Provide necessary affiliate information such as new or updated investment structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the Town and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with BST.
- Not entering into relationships resulting in BST, BST covered persons or their close family members, temporarily or permanently acting as an officer, director, or person in an accounting or financial reporting oversight role at the Town.

#### 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 to be 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 summarizes the significant accounting estimates reflected in the Town's December 31, 2023 basic financial statements.

### Significant Accounting Estimates

#### Net Pension Liability

<b>Accounting Policy</b>	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.
<b>Management's Estimation Process</b>	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.



**EXHIBIT A**  
**SIGNIFICANT WRITTEN COMMUNICATIONS**  
**BETWEEN MANAGEMENT AND OUR FIRM**

Representation Letter



# TOWN OF BETHLEHEM

*Albany County - New York*

## Office of the Comptroller

445 Delaware Avenue, Delmar, NY 12054

(518) 439-4955 x1126

mcohen@townofbethlehem.org



*David VanLuven*  
*Town Supervisor*

*Michael Cohen*  
*Comptroller*

May 30, 2024

BST & Co. CPAs, LLP  
10 British American Blvd  
Latham, New York 12110

This representation letter is provided in connection with your audit of the basic financial statements of Town of Bethlehem, New York (the Town) as of and for the year ended December 31, 2023 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 May 30, 2024:

### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 13, 2023, 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 controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, 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. The methods, assumptions and data used to the net pension liability are as follows, and result in an estimate that is appropriate for financial statement measurement and disclosure purposes and have been consistently selected and applied in making the estimate. Significant judgments made in making the estimate have taken into account all relevant information of which we are aware. Appropriate specialized skills or expertise has been applied in making the estimate. The assumptions listed in the financial statements properly reflect our intent and ability to carry out the specific courses of actions previously communicated to you on behalf of the Town. We have also appropriately considered alternative assumptions or outcomes. All disclosures related to the estimate, including disclosures describing estimation uncertainty, are complete and reasonable in the context of U.S.

GAAP.

6. No subsequent events have occurred that would require adjustment to the estimate and related disclosures included in the financial statements.
7. 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.
8. 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.
9. The Town followed either its established accounting policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or followed paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.
10. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.
11. 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.
12. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
13. Management has followed applicable laws and regulations in adopting, approving, and amending budgets.
14. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
15. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
16. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
17. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
18. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
19. The Town's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.
20. The government disclosed the names of entities with which it has a tax abatement agreement, the total gross amount of taxes abated during the period, the specific taxes that were abated] and whether any commitments other than to reduce taxes were made as part of any tax abatement agreement as required by GASB Statement No. 77, *Tax Abatement Disclosures*.

21. The government disclosed tax abatements entered into by other governments that affect its revenues, including the names of the governments that entered into the agreements, the specified taxes being abated, and the gross dollar amount of taxes abated during the period, as required by GASB Statement No. 77.
22. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders, that is not disclosed in the financial statements.
23. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. We have disclosed all instances of identified or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements whose effects should be considered by management when preparing the financial statements.
24. We have reviewed the GASB Statements effective for the fiscal year ended December 31, 2023, and concluded the implementation of the following Statements did not have a material impact on the basic financial statements:
  - a. GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
25. We believe the implementation of the GASB Statements listed below is appropriate:
  - a. GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* – The Town recognized SBITA assets and liabilities in the governmental activities on the statement of net position.
26. We have no knowledge of any uncorrected misstatements in the financial statements.

#### **Information Provided**

27. 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 governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
28. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.
29. 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.
30. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system 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.

31. 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.
32. 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, or others.
33. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
34. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
35. We have disclosed to you the identity of all of the Town's related parties and all the related-party relationships and transactions of which we are aware.
36. We have informed you of all deficiencies in internal control over financial reporting, including significant deficiencies or 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.
37. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
38. We agree with the findings of the specialist in evaluating 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 instructions, or cause any instructions to be given, to the 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 impact on the independence or objectivity of the specialist.
39. We believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining accumulated Plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the actuary 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 impact on the independence or objectivity of the plan's actuary.
40. We believe that the information obtained from the audited financial statements of, and other participant information provided by New York State and Local Retirement System is appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the plan or its auditor in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan or its auditor.
41. 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.

## Supplementary Information

42. 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 of measurement or presentation have not changed from those used in the prior period.
43. With respect to 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 U.S. GAAP 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

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

44. Is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
45. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the Town.
46. 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.
47. 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.
48. Acknowledges its responsibility for the design, implementation, and maintenance of controls to prevent and detect fraud.
49. Has a process to track the status of audit findings and recommendations.
50. Has identified for the auditor previous audits, attestation engagements and other studies related to the objectives of the audit and whether related recommendations have been implemented.
51. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.

52. Has provided views on the auditor's reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.

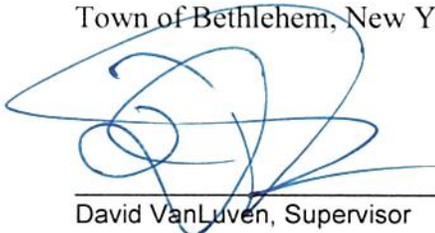
In connection with your audit of federal awards conducted in accordance with Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we confirm:

53. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.
54. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.
55. Management is responsible for the design, implementation, and maintenance, and has designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on its federal programs.
56. Management is responsible for the preparation of the schedule of expenditures of federal 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; 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 awards.
57. Management will make the audited financial statements readily available to the intended users of the schedule no later than the issuance date by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.
58. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.
59. Management has identified and disclosed to the auditor the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
60. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
61. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or stated that there was no such noncompliance.
62. Management believes that the auditee has complied with the direct and material compliance requirements.
63. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

## Compliance Considerations - Continued

64. Management is aware of no communications from federal 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.
65. Management has disclosed to the auditor 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 the auditor's report.
66. 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.
67. 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.
68. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stated that there were no such known instances.
69. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect the entity's system of 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.
70. Federal 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.
71. The copies of federal 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.
72. Management has monitored subrecipients, as necessary, to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
73. Management has charged costs to federal awards in accordance with applicable cost principles.
74. 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.
75. The reporting package does not contain protected personally identifiable information.
76. Management has accurately completed the appropriate sections of the data collection form.
77. Management has disclosed all contracts or other agreements with service organizations.

Town of Bethlehem, New York,



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David VanLuvan, Supervisor



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Michael Cohen, Comptroller