



Town of Bethlehem, New York

Basic Financial Statements

December 31, 2023

Town of Bethlehem, New York

Basic Financial Statements

December 31, 2023

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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, 2023, 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, 2023, or the changes in financial position thereof for the year then ended in accordance with the 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, 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, 2023, 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, are 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.

Matters Giving Rise to Adverse Opinion on Governmental Activities

As discussed in Note 1c to the financial statements, the Town 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.

Emphasis of Matter

As discussed in Note 1s to the financial statements, in 2023, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Management's Discussion and Analysis on pages 4 through 15, 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 May 30, 2024, 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

Latham, New York
May 30, 2024



Town of Bethlehem, New York

Management's Discussions and Analysis December 31, 2023

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, 2023. 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

The Town has continued to maintain its positive numbers due to a conservative and measured approach to an economy that seemed destined to move into recession territory:

- Once again, sales tax receipts exceeded the previous year, which had been a record high.
- Despite interest rates not seen in decades, commercial mortgages, and elevated selling prices (due to "low inventory" within the town) led to unexpected positive mortgage tax collections.
- High interest rates through Investments in Treasury Bills and high yield money market accounts led to historically high returns on the Town's investments.
- Weak industrial water sales led to overall lower water sales revenues.
- Throughout the year many departments in each of the four major funds, encountered difficulties in hiring and/or retaining employees which led to expenditure savings.
- The Town adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). The Town recorded subscription-based information technology arrangements (SBITAs) assets and debt proceeds of approximately \$1.1 million upon the adoption of GASB 96.

	December 31, 2023			
	General	Highway	Water	Sewer
Final Budgeted Operating Revenue	\$ 24,706,695	\$ 7,878,116	\$ 11,147,899	\$ 5,159,700
Final Budgeted Operating Expenses	(26,919,227)	(7,902,172)	(11,838,906)	(5,283,419)
Budgeted Surplus (Shortfall)	(2,212,532)	(24,056)	(691,007)	(123,719)
Actual Revenue	\$ 28,080,175	\$ 8,199,406	\$ 10,960,384	\$ 4,874,219
Operating Expenses	(24,946,864)	(7,205,494)	(10,148,158)	(4,146,568)
Operating Surplus	3,133,311	993,912	812,226	727,651
Proceeds from Subscription-Based IT Arrangements	1,066,791	-	-	-
Transfers In	-	-	-	44,914
Capital Fund Transfer	(1,844,696)	(603,145)	-	-
Net Surplus	2,355,406	390,767	812,226	772,565
Total Fund Balance, December 31, 2022	13,093,407	3,356,724	6,291,680	1,988,666
Total Fund Balance, December 31, 2023	\$ 15,448,813	\$ 3,747,491	\$ 7,103,906	\$ 2,761,231
Nonspendable Fund Balance	\$ 1,911,702	\$ 282,304	\$ 143,774	\$ 78,908
Assigned for Retirement	672,197	307,780	126,088	-
Assigned for Capital	4,012,981	654,920	3,171,575	893,103
Assigned Appropriated for Contingency	-	2,455,778	2,918,379	1,130,063
Assigned Appropriated Fund Balance	811,190	46,709	744,090	659,157
Unassigned for Contingency	8,040,743	-	-	-
Total Fund Balances	\$ 15,448,813	\$ 3,747,491	\$ 7,103,906	\$ 2,761,231

See accompanying Notes to Basic Financial Statements.

Town of Bethlehem, New York

Management's Discussions and Analysis December 31, 2023

Financial Highlights - Continued

General Items of Note for All Funds

Fringe Benefits

The Town employed an average of 210 full-time employees in 2023 (up from 207 in 2022), as well as a total of 217 part-time and seasonal personnel employed throughout the year (up from 205 in 2022). The following schedule provides comparative detail on aggregated fringe benefit costs for current employees:

<u>Fringe Benefits</u>	<u>2023 Actual</u>	<u>2022 Actual</u>	<u>\$ Variance</u>	<u>% Variance</u>
Social Security Taxes	\$ 1,325,599	\$ 1,272,147	\$ 53,452	4.20%
Health and Dental Insurance	2,665,121	2,532,090	133,031	5.25%
Retirement Systems	2,794,046	2,636,517	157,529	5.97%
Workers' Compensation Insurance	859,533	849,347	10,186	1.20%
Life and Short-Term Disability Insurance	21,198	20,649	549	2.66%
Unemployment Insurance	7,783	11,380	(3,597)	-31.61%
Total	<u>\$ 7,673,280</u>	<u>\$ 7,322,130</u>	<u>\$ 351,150</u>	<u>4.80%</u>

Overall, the cost of fringe benefits for current employees increased from 2022 by \$351 thousand, or 4.80%. The largest change relates to the New York State and Local Retirement System (System) which increased in cost to the Town by \$157 thousand. This increase was driven by the \$24 billion decrease in net position restricted for pension benefits at March 31, 2023 from March 31, 2022, the most recent completed state fiscal year. The Town specific ERS and PFRS rates increased by an average of 12.9% and 3.4%, respectively. Lastly, the Town's health insurance costs only increased by \$133 thousand, or 5.25%, despite a 10.39% increase in individual and family rates and a 15.9% increase in single plus one, due in large part to an increase in the number of employees opting into the Town's \$3,500 "Health-In-Lieu" program. This alternative benefit, which is not grouped with fringe costs as it is a cash payment to the employee, is offered to compensate employees who choose health coverage elsewhere, using a portion of the savings generated for the Town. Without a change to the amount of the annual compensation, the cost of the "Health-In-Lieu" program increased by \$41 thousand over 2022, growing from \$164 thousand to \$205 thousand.

Post-Retirement Health Benefits

Retired employees who have met certain eligibility requirements are entitled to receive health care benefits for themselves and certain members of their immediate family. 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 160 retirees covering themselves and eligible family members, as appropriate, by expensing the annual insurance premiums less each participant's contribution per Town plan. The postemployment expense was \$1.2 million for 2023, up from \$1.1 million in 2022, a 7.8% 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 Discussions and Analysis December 31, 2023

Financial Highlights - Continued

Interest Income

A summary of the budgeted bank-earned interest income compared to actual for 2023 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	\$ 108,558	\$ 777,202	\$ 668,644
Highway	49,688	249,919	200,231
Water	52,129	315,429	263,300
Sewer	40,697	203,274	162,577
Capital	-	18,290	18,290
Parkland Set Aside	-	13,027	13,027
Total	<u>\$ 251,072</u>	<u>\$ 1,577,141</u>	<u>\$ 1,326,069</u>

The interest earnings for 2023 were \$1.58 million, a 582% increase from the 2022 earnings of \$231 thousand. This increase can be attributed in large part to seven interest rate hikes by the federal reserve board throughout 2022, and an additional four through 2023. The majority of the Town's banks were not paying dramatically higher interest rates in 2022 throughout the year. Therefore, the Town shifted invested cash funds to Treasury Bills (T-Bills), NYCLASS (an investment cooperative), and high yield money market accounts. The Town earned \$1.03 million on investments in T-Bills with an average earnings rate of 4.90%, up from \$167 thousand on an average earnings rate of 1.68% in 2022. Additionally, the Town earned \$305 thousand at Pioneer Commercial Bank and NYCLASS collectively in 2023. This was up from \$38 thousand in 2022.

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.

See accompanying Notes to Basic Financial Statements.

Town of Bethlehem, New York

Management's Discussions and Analysis December 31, 2023

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 information from non-major governmental funds together 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 the General, Highway, Water, and Sewer funds to demonstrate compliance with their budgets. Multi-year projections are presented, reviewed, and publicly discussed by the Town Board for these four 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.

See accompanying Notes to Basic Financial Statements.

Town of Bethlehem, New York

Management's Discussions and Analysis December 31, 2023

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			
	2023	2022	\$ Change	% Change
Assets				
Cash	\$ 35,018,698	\$ 32,856,850	\$ 2,161,848	6.58%
Receivables	11,608,232	12,153,968	(545,736)	-4.49%
Other	2,416,688	4,704,194	(2,287,506)	-48.63%
Capital assets	159,097,652	143,306,838	15,790,814	11.02%
Total assets	208,141,270	193,021,850	15,119,420	7.83%
Deferred outflows of resources	11,483,427	11,911,244	(427,817)	-3.59%
Liabilities				
Due within one year	17,112,977	11,218,279	5,894,698	52.55%
Due in more than one year	49,802,842	35,734,460	14,068,382	39.37%
Total liabilities	66,915,819	46,952,739	19,963,080	42.52%
Deferred inflows of resources	2,632,813	18,683,309	(16,050,496)	-85.91%
Net position	\$ 150,076,065	\$ 139,297,046	\$ 10,779,019	7.74%

The Town's 2023 net position increased by \$10.8 million from 2022. Cash increased by \$2.2 million from 2022 due to a combination of factors, including total net deficit of revenues and other financing sources over expenditures and other financing uses of \$3.2 million and issuance of Bond Anticipation Note (BAN) Payable of \$6.0 million that matures in 2024. The decrease in receivables of \$546 thousand from 2022 is largely due to the collection of 2022 and 2023 annual CHIPS funding in the current year, whereas the prior year had a receivable of \$460 thousand. Other assets decreased \$2.3 million from 2022 predominantly due to a net pension asset of \$2.85 million in the prior year changing to a net pension liability in 2023 due to plan changes reported by New York State (NYS), which is presented in long-term liabilities due in more than one year on the statement of net position. The main contributors to the increase in capital assets from 2022 to 2023 are a \$3.0 million land purchase for the purpose of open space, parks and agriculture-related uses, \$1.6 million spent on the Police Range, \$2.3 million spent on the Sewer Pump Station Project, \$2.1 million in spending on fleet purchases in 2023, \$886 thousand in various equipment and furniture purchases, recording of a SBITA asset for \$907 thousand, net of accumulated amortization, \$1.9 million of spending on the Elm Avenue Water Tank rehabilitation, \$736 thousand spent on Highway paving program, \$482 thousand spent on Sidewalks, \$205 thousand on Water Mains, and \$1.1 million spent on the Bar Screen replacement at the Waste Water Treatment Plant. Deferred outflows of resources on pension decreased \$304 thousand from 2022 and were further reduced by the increase from 2022 in prepaid pension contributions subsequent to the measurement date of \$124 thousand.

The \$5.9 million increase in liabilities due within one year was driven by the issuance of a \$6.0 million BAN payable that provided funding for various capital projects, including the Elm Avenue pool, Elm Avenue water tank, sewer pump station replacements, and the wastewater treatment plant blower.

Town of Bethlehem, New York

Management's Discussions and Analysis December 31, 2023

Government-Wide Financial Analysis - Continued

The \$14.1 million increase in liabilities due in more than one-year, was driven by the Town's proportionate share of the net pension liability, as reported by the New York State and Local Retirement System (System), which increased \$14.8 million from the prior year. The net pension liability is subject to fluctuation based on external market conditions impacting the plan assets. The non-current portion of Bonds Payable decreased \$1.4 million from the prior year as part of the Town's repayment schedule. Finally, with the implementation of GASB 96, a SBITA liability was recorded, with the amount due beyond one year approximating \$727 thousand. The change in deferred inflows of resources are driven by the Town's proportionate share as reported by the System. As noted above, the increase in net pension liability of \$14.8 million, was substantially offset by a decrease of \$15.8 million in System related deferred inflows of resources in 2023.

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

	Governmental Activities			
	2023	2022	\$ Change	% Change
Revenues				
Program revenues				
Charges for services	\$ 15,140,743	\$ 15,485,937	\$ (345,194)	-2.23%
Operating grants and contributions	2,934,104	1,720,798	1,213,306	70.51%
Capital grants and contributions	437,746	443,016	(5,270)	-1.19%
General revenues				
Taxes	33,020,603	32,442,314	578,289	1.78%
Other	4,051,041	3,166,011	885,030	27.95%
Total revenues	<u>55,584,237</u>	<u>53,258,076</u>	<u>2,326,161</u>	<u>4.37%</u>
Expenses				
General government support	7,246,562	5,696,631	1,549,931	27.21%
Public safety	10,667,997	9,124,936	1,543,061	16.91%
Health	1,483,302	1,416,783	66,519	4.70%
Transportation	7,271,993	6,332,432	939,561	14.84%
Economic opportunity and development	1,323,831	1,065,769	258,062	24.21%
Culture and recreation	1,890,129	1,668,162	221,967	13.31%
Home and community services	13,938,718	12,831,028	1,107,690	8.63%
Interest on long-term debt	982,686	1,060,477	(77,791)	-7.34%
Total expenses	<u>44,805,218</u>	<u>39,196,218</u>	<u>5,609,000</u>	<u>14.31%</u>
Increase in net position	<u>\$ 10,779,019</u>	<u>\$ 14,061,858</u>	<u>\$ (3,282,839)</u>	<u>-23.35%</u>

In 2023, the Town had a \$1.0 million increase in public safety charges for services driven by revenue recognition of \$1.5 million for completion of work on the police firing range that is being funded primarily by the Federal Bureau of Investigation in addition to the Albany County Sheriff and the Town of Bethlehem and will be for the use of all three parties offset by a \$522 thousand decrease in safety inspection revenue due to a return to more normal annual activity. Water usage revenue decreased \$1.2 million from 2022 due to decreased sales volume during 2023 largely due to decreased billing/usage of industrial customers. The Town recognized \$1.5 million in American Rescue Plan Act (ARPA) revenue for 2023 spending with only \$531 thousand recognized in 2022. Sales tax revenues increased a modest \$141 thousand from 2022. The property tax levy for 2023 increased \$409 thousand from the prior year, which was within the NYS tax cap. Furthermore, mortgage tax revenue decreased \$308 thousand from 2022 generally due to high interest rates during the year creating a lower supply of homes to purchase and a lack of interest in refinancing. The Town also had an increase in total interest income on monies invested of \$1.3 million due to improved interest rates on depository accounts as well as greater investment in and higher interest rates on T-Bills as compared to 2022.

See accompanying Notes to Basic Financial Statements.

Town of Bethlehem, New York

Management's Discussions and Analysis December 31, 2023

Government-Wide Financial Analysis - Continued

Town expenses increased by 14.31% from the prior year. General government support had an increase in election costs of \$153 thousand due to delayed 2022 billing from Albany County at a much higher cost than expected, which created a significantly increased expectation for 2023, an increase in overall salaries and wages of \$179 thousand, an increase in fringe benefits of \$165 thousand, and an increase in net pension liability expense of \$1.0 million. Public safety expense saw an increase in net pension liability expense of \$1.3 million from the prior year. Transportation had an increase in net pension liability expense of \$725 thousand from the prior year as well as an increase in loss on asset disposal of \$203 thousand. Economic opportunity and development saw overall increases in salaries and wages of \$40 thousand and contractual expenses of \$19 thousand as well as an increase in net pension liability of \$75 thousand. Furthermore, Section 8 expenses increased \$70 thousand and Microenterprise expenses increased \$33 thousand. Culture and recreation saw increases in net pension liability expense of \$127 thousand and in engineering costs on parks projects of \$84 thousand. The increase in home and community services expenses is driven by an increase of \$839 thousand in net pension liability expense as well as an overall increase in salaries and wages of \$191 thousand. These increases are offset by a decrease in loss on disposal of assets of \$117 thousand.

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 18) reported a combined fund balance of \$32.1 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 \$2.0 million, or 7.41%, from \$27.14 million in 2022 to \$29.15 million in 2023. The primary changes in this fund included:

- The implementation of GASB 96 in 2023. The Town recognized \$1.1 million in other financing sources for the present value of future payments on SBITA transactions, with an offsetting amount on the expenditure side for the value of the right to use assets obtained.
- The Town used approximately \$1.5 million of its \$3.6 million Federal ARPA funds for several projects; an increase from \$531 thousand in 2022. The most notable uses include \$712 thousand towards the \$3.0 million total cost of the 307-acre Heath Farm land conservation acquisition, \$358 thousand for sidewalk and related work and \$181 thousand for electric F-150 pickup trucks.
- Interest income was up \$675 thousand, from \$105 thousand to \$780 thousand, due to seven Federal Reserve rate hikes in 2022 and four more in 2023, which led to greater investment in T-Bills and high yield investment accounts.
- Safety inspection revenues decreased \$522 thousand dollars, from \$885 thousand in 2022 to \$363 thousand in 2023, due much of the initial Plug Power permitting fees for their new manufacturing plant at Vista Technology Park being paid during their construction phase; primarily in the prior year.
- Mortgage taxes exceeded expectation despite falling \$308 thousand, dropping from a record high of \$1.6 million in 2022, to \$1.3 million in the current year. With the federal borrowing rate increasing several times in 2022 and 2023, the expectation was for the mortgage tax revenue line to drop much more precipitously. The Town, being a more desirable area of the Capital Region, with low inventory, kept the residential numbers up, supplemented by several commercial mortgages, which can be sporadic.

Town of Bethlehem, New York

Management's Discussions and Analysis December 31, 2023

The Town's Funds - Continued

Items of Note for the General Fund - Continued

Total operating expenditures increased by \$3.4 million, or 15.96%, from \$21.51 million in 2022 to \$24.95 million in 2023. The primary drivers coincide with the fund's revenue increases:

- The implementation of GASB 96 in 2023 required the recognition of the present value of future SBITA payments as expenditures for right-to-use assets offsetting other financing sources for the present value of the imputed "borrowing". This increased the General Fund's expenditures by \$1.1 million.
- The Town used Federal ARPA funds in the amount of \$1.5 million of the \$3.6 million award for several projects, up from \$531 thousand in 2022. The most notable uses of the funds include a \$712 thousand contribution toward the \$3.0 million total cost of the 307-acre Heath Farm land conservation purchase, \$358 thousand for sidewalk and sidewalk-related work and \$181 thousand for electric F-150 pickup trucks.
- Total salary and wages increased \$381 thousand, from \$10.3 million in 2022 to \$10.7 million in 2023, due to two factors: The first is due to a 3% wage increase for all full-time employees, while the second relates to merit-based step increases for eligible employees, which are roughly equal to an additional increase of 5%. Also, the Town had more employees during the year, as the 2023 budget included an additional 3.6 FTE.
- Total benefits increased \$267 thousand, from \$4.5 million to \$4.8 million primarily due to an increase of \$105 thousand in the ERS and PFRS systems relating to rate increases of 12.9% and 3.4% respectively, and another \$104 thousand for health insurance due to increases of 10.4% for individual and family plans and 15.9% for single plus one plans.

In 2022, the General Fund had a \$1.1 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 2023, the Town board assigned an additional \$3.3 million of General Fund fund balance to help cover future capital needs and as part of the Town's fund balance policy. Further, the Town transferred \$838 thousand 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, \$3.5 million, 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. As of December 31, 2022, the fund contained \$2.2 million. In 2023, \$500 thousand in funds were added through an allocation of unassigned fund balance in excess of 20% in the General Fund at the completion of the previous calendar year. During the year, the Town used \$2.2 million of this fund for a 307-acre land purchase. With interest earnings of \$8,232 during the year, the total available funding for the farms and forest fund at the end of 2023 was \$545 thousand.

In December 2012, the Town created a reserve for retirement stabilization in response to significant increases in annual contributions. To date, due to a stock market that has been relatively consistent and to the timing of the calculation of the bills, the Town has not had to utilize these funds. As of the end of 2023, the General Fund has continued to maintain a reserve balance of \$672 thousand.

In April 2023, the General Fund obtained a BAN in the amount of \$900 thousand to begin a \$1.6 million pool complex project. The related expenditures and corresponding liabilities are accounted for in the General Fund Capital Reserve Fund.

Town of Bethlehem, New York

Management's Discussions and Analysis December 31, 2023

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 \$594 thousand, or 7.82%, from \$7.6 million in 2022 to \$8.20 million in 2023. This was primarily related to an increase of \$260 thousand in property taxes, as well as an increase of \$208 thousand in bank/investment interest income relating to a more stable level of bank and T-Bill rates which began to level off from 2022 after the Federal Reserve raised rates seven times.

Total expenditures increased by \$40 thousand, or 0.56%, in 2023.

In 2022, the Highway Fund had \$854 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 2023, the Town Board assigned an additional \$404 thousand 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 \$603 thousand of previously assigned fund balance to the Highway Fund Capital Reserve to pay for projects committed to by Town Board action. The remaining assigned fund balance of \$655 thousand 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 stock market that has been relatively consistent and to the timing of the calculation of the bills, the Town has not had to utilize these funds. As of the end of 2023, the Highway Fund has continued to maintain a reserve balance of \$308 thousand.

There were no new debt issuances relating to the Highway Fund in 2023.

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 decreased by \$1.1 million, or 8.97%, from \$12.0 million in 2022 to \$11 million in 2023. This was primarily due to a decrease in water sales of \$1.15 million, relating in large part to decreased demand/billing of the Town's industrial users. This reduction however was offset by an increase of \$259 thousand in bank/investment interest income relating to a more stable level of bank and T-Bill rates which began to level off from 2022 when the Federal Reserve raised rates seven times.

The Water Fund's operating expenditures decreased by \$626 thousand, or 5.81%, from \$10.8 million in 2022 to \$10.2 million in 2023. This was primarily due to the 2022 maturity of the original Clapper Road Water Treatment Plant serial bond from 1992 which had been approximately \$905 thousand annually.

In 2022, the Water Fund had \$1.3 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.

Town of Bethlehem, New York

Management's Discussions and Analysis December 31, 2023

The Town's Funds - Continued

Items of Note for the Water Fund - Continued

In 2023, the Town Board assigned an additional \$1.9 million of Water Fund operating fund balance to help cover future capital needs as part of the Town's fund balance policy. The Town did not transfer any fund balance previously assigned to the Water Fund Capital Reserve to pay for additional approved projects. The total assigned fund balance of \$3.2 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 stock market that has been relatively consistent and to the timing of the calculation of the bills, the Town has not had to utilize these funds. As of the end of 2023, the Water Fund has continued to maintain a reserve balance of \$126 thousand.

In April 2023, the Water Fund obtained a BAN in the amount of \$2.4 million toward a 2023 total approval of \$2.5 million for a water tank rehabilitation project. The related expenditures and corresponding liabilities are accounted for in the Water Fund Capital Reserve Fund. In May 2024, the BAN was renewed for \$2.32 million.

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 increased by \$272 thousand, or 5.84%, increasing from \$4.7 million in 2022 to \$4.9 million in 2023. This was primarily related to an increase of \$166 thousand in property taxes, growing from \$1.1 million in 2022 to \$1.3 million in 2023 and an increase of \$171 thousand in bank/investment interest income relating to a more stable level of bank and T-Bill rates which began to level off from 2022 when the Federal Reserve raised rates seven times. These two large increases were offset by a decrease of \$111 thousand in sewer charges which was consistent with a reduction in water consumption, the basis for sewer charges.

The Sewer Fund's operating expenditures decreased by \$11 thousand, or 0.27% staying flat at \$4.15 million in 2023.

In 2022, the Sewer Fund had \$494 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 2023, the Town Board assigned an additional \$399 thousand of Sewer Fund operating fund balance to help cover future capital needs as part of the Town's fund balance policy. The Town did not transfer any fund balance previously assigned to the Sewer Fund Capital Reserve to pay for projects committed to by Town Board action. The total assigned fund balance of \$893 thousand will remain in the operating fund, separately identified, until additional equipment purchases, or projects are authorized by the Town Board.

In April 2023, the Sewer Fund obtained a BAN in the amount of \$2.7 million toward a 2023 total approval of \$3.9 million for two wastewater treatment plant projects. The related expenditures and corresponding liabilities are accounted for in the Sewer Fund Capital Reserve Fund. In May 2024, the BAN was renewed for \$2.61 million.

Town of Bethlehem, New York

Management's Discussions and Analysis December 31, 2023

The Town's Funds - Continued

Analysis of Fund Balance

In 2012, the Town passed a comprehensive fund balance policy that provided guidance for minimum (7.5%), 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 2023, along with a calculation showing where the fund balances are as compared to this policy.

The projected 2023 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 2024.

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

	General	Highway	Water	Sewer
Fund Balance, December 31, 2023	\$ 15,448,813	\$ 3,747,491	\$ 7,103,906	\$ 2,761,231
Less:				
Prior Year Encumbrances	811,190	46,709	744,090	659,157
Retirement Contribution Reserve	672,197	307,780	126,088	-
Capital Reserve Appropriation	4,012,981	654,920	3,171,575	893,103
Nonspendable Fund Balance	1,911,702	282,304	143,774	78,908
Infrastructure Reserve (2023)	2,585,283	785,964	879,942	121,008
Farms & Forest Fund Reserve	500,000	-	-	-
Projected Unassigned Balance, December 31, 2024	<u>4,955,460</u>	<u>1,669,814</u>	<u>2,038,437</u>	<u>1,009,055</u>
2024 Budgeted Appropriations	<u>24,777,298</u>	<u>8,349,071</u>	<u>10,192,186</u>	<u>5,045,274</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	\$ 1,858,297	\$ 626,180	\$ 764,414	\$ 378,396
Optimal - 15% of Budgeted Appropriations	3,716,595	1,252,361	1,528,828	756,791
Ceiling - 20% of Budgeted Appropriations	4,955,460	1,669,814	2,038,437	1,009,055

Capital Asset and Debt Administration

Capital Assets

As of 2023, the Town has a net \$159.1 million invested in a broad range of capital assets, including land, buildings, improvements, machinery, and equipment, SBITAs, and infrastructure, which primarily includes roads, water lines and sewer lines. This amount represents a net \$15.79 million increase compared to the prior year.

Town of Bethlehem, New York

Management's Discussions and Analysis December 31, 2023

Capital Asset and Debt Administration - Continued

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.

	<u>2023</u>	<u>2022</u>
Serial bonds	\$ 35,020,000	\$ 36,395,000
Net pension liability (asset)	14,766,798	(2,846,896)
Compensated absences	1,630,987	1,609,196
Subscription-Based IT Arrangements	911,032	-
Landfill closure and post-closure	100,000	100,000
Judgments and claims	<u>20,000</u>	<u>10,000</u>
Total long-term debt	<u>\$ 52,448,817</u>	<u>\$ 35,267,300</u>

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

Economic Factors Affecting the Town

According to the New York State Department of Labor, the 2023 unemployment rate for Albany County was 3.6%, compared to 2.5% in 2022. This rate is consistent with the 2023 United States unemployment rate of 3.5%, 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 impacting 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 2023 property taxes was 2.00% for the Town with an additional tax base growth factor of 0.79%. The published allowable levy growth factor for the 2024 period has remained at 2.0% with an additional tax base growth factor of 1.06%. 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
Town of Bethlehem
445 Delaware Avenue
Delmar, NY 12054

Town of Bethlehem, New York

Statement of Net Position

	December 31, 2023	
	Primary Government	
	Governmental Activities	Component Unit
ASSETS		
Cash, cash equivalents, and investments	\$ 35,018,698	\$ 1,657,654
Receivables		
Accounts	3,567,534	18,200
State and federal governments	706,098	-
Due from other governments	5,163,174	-
Leases	2,171,426	-
Inventory	209,076	-
Prepaid expenses	2,207,612	2,575
Capital assets, net	159,097,652	-
Total assets	208,141,270	1,678,429
DEFERRED OUTFLOWS OF RESOURCES		
	11,483,427	-
LIABILITIES		
Accounts payable	2,443,486	-
Accrued liabilities	1,038,892	11,364
Due to other governments	790,514	-
Unearned revenue	4,194,110	-
Bond Anticipation Note payable	6,000,000	-
Long-term liabilities		
Due within one year	2,645,975	-
Due in more than one year	49,802,842	-
	66,915,819	11,364
DEFERRED INFLOWS OF RESOURCES		
Leases	2,039,352	-
Pension	593,461	-
	2,632,813	-
NET POSITION		
Net investment in capital assets	119,569,938	-
Restricted	7,405,832	-
Unrestricted	23,100,295	1,667,065
	\$ 150,076,065	\$ 1,667,065

See accompanying Notes to Basic Financial Statements.

Town of Bethlehem, New York

Statement of Activities

Year Ended December 31, 2023						
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
Governmental Activities						
General government support	\$ 7,246,562	\$ 263,299	\$ 791	\$ -	\$ (6,982,472)	\$ -
Public safety	10,667,997	2,068,405	116,781	315,188	(8,167,623)	-
Health	1,483,302	-	-	-	(1,483,302)	-
Transportation	7,271,993	321,766	731,651	15,329	(6,203,247)	-
Economic opportunity and development	1,323,831	74,945	2,029,044	-	780,158	-
Culture and recreation	1,890,129	563,451	3,620	107,229	(1,215,829)	-
Home and community services	13,938,718	11,848,877	52,217	-	(2,037,624)	-
Interest expense	982,686	-	-	-	(982,686)	-
	\$ 44,805,218	\$ 15,140,743	\$ 2,934,104	\$ 437,746	(26,292,625)	-
Component Unit	\$ 146,422	\$ 540,288	\$ -	\$ -	-	393,866
GENERAL REVENUES						
					16,373,445	-
					16,647,158	-
					1,555,228	-
					2,495,813	22,831
					37,071,644	22,831
					10,779,019	416,697
					139,297,046	1,250,368
					\$ 150,076,065	\$ 1,667,065

See accompanying Notes to Basic Financial Statements.

Town of Bethlehem, New York

Balance Sheet - Governmental Funds

	December 31, 2023						
	Major Funds						
	General	Highway	Water	Sewer	Capital Projects	Other Governmental	Total
ASSETS							
Cash, cash equivalents and investments	\$ 13,789,599	\$ 3,696,896	\$ 5,406,015	\$ 2,676,642	\$ 9,018,471	\$ 431,075	\$ 35,018,698
Accounts receivable	527,278	76,938	1,989,756	972,062	1,500	-	3,567,534
State and federal receivables	71,100	-	-	-	634,998	-	706,098
Due from other governments	4,497,987	-	224,613	140,574	300,000	-	5,163,174
Leases receivable	-	-	2,171,426	-	-	-	2,171,426
Inventory	101,771	99,396	7,909	-	-	-	209,076
Prepaid expenses	1,809,931	182,908	135,865	78,908	-	-	2,207,612
	20,797,666	4,056,138	9,935,584	3,868,186	9,954,969	431,075	49,043,618
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$ 622,103	\$ 139,688	\$ 388,460	\$ 155,827	\$ 1,136,839	\$ 569	\$ 2,443,486
Accrued liabilities	683,815	168,959	124,844	61,274	-	-	1,038,892
Due to other governments	790,514	-	-	-	-	-	790,514
Unearned revenue	3,252,421	-	-	691,171	192,218	58,300	4,194,110
Bond Anticipation Note payable	-	-	-	-	6,000,000	-	6,000,000
Total liabilities	5,348,853	308,647	513,304	908,272	7,329,057	58,869	14,467,002
 DEFERRED INFLOWS OF RESOURCES							
Unavailable departmental income	-	-	279,022	198,683	-	-	477,705
Leases	-	-	2,039,352	-	-	-	2,039,352
Total deferred inflows of resources	-	-	2,318,374	198,683	-	-	2,517,057
 FUND BALANCE							
Nonspendable	1,911,702	282,304	143,774	78,908	-	-	2,416,688
Restricted	-	-	-	-	7,133,626	372,206	7,505,832
Assigned	5,496,368	3,465,187	6,960,132	2,682,323	-	-	18,604,010
Unassigned	8,040,743	-	-	-	(4,507,714)	-	3,533,029
Total fund balance	15,448,813	3,747,491	7,103,906	2,761,231	2,625,912	372,206	32,059,559
	\$ 20,797,666	\$ 4,056,138	\$ 9,935,584	\$ 3,868,186	\$ 9,954,969	\$ 431,075	\$ 49,043,618

See accompanying Notes to Basic Financial Statements.

Town of Bethlehem, New York

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

	December 31, 2023
Total fund balance - governmental funds	\$ 32,059,559
Amounts reported for government activities in the statement of net position are different because:	
Capital assets and Subscription-Based IT Arrangements, net of accumulated amortization used in government activities are not financial resources and, therefore, are not reported in the funds.	159,097,652
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.	477,705
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	2,222,373
Deferred inflows and outflows of resources related to pensions are not reported in the funds.	
Deferred outflows of pension resources	9,261,054
Deferred inflows of pension resources	<u>(593,461)</u>
	8,667,593
Some liabilities (listed below) are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(35,020,000)
Subscription-Based IT Arrangements	(911,032)
Net pension liability	(14,766,798)
Claims payable	(20,000)
Landfill postclosure costs	(100,000)
Compensated absences	<u>(1,630,987)</u>
	<u>(52,448,817)</u>
Total net position - governmental activities	<u><u>\$ 150,076,065</u></u>

Town of Bethlehem, New York

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

	Year Ended December 31, 2023						
	Major Funds						
	General	Highway	Water	Sewer	Capital Projects	Other Governmental	Total
REVENUES							
Real property taxes	\$ 3,918,697	\$ 6,875,259	\$ 2,412,548	\$ 1,296,796	\$ -	\$ 1,482,792	\$ 15,986,092
Real property tax items	148,655	238,188	-	-	-	510	387,353
Non-property tax items	16,647,158	-	-	-	-	-	16,647,158
Departmental Income	2,230,120	-	7,937,449	3,361,535	-	67,350	13,596,454
Intergovernmental charges	40,000	18,652	-	-	1,528,254	-	1,586,906
Use of money and property	844,680	249,919	595,151	203,274	18,290	13,061	1,924,375
Licenses and permits	35,490	-	-	-	-	-	35,490
Fines and forfeitures	178,524	-	-	-	-	-	178,524
Sales of property and compensation for loss	221,467	74,041	14,354	12,608	-	-	322,470
Miscellaneous local sources	3,092	-	882	6	1,500	-	5,480
Interfund Revenues	600,644	11,696	-	-	-	-	612,340
State aid	1,569,049	731,651	-	-	107,229	-	2,407,929
Federal aid	1,642,599	-	-	-	330,517	546,035	2,519,151
Total revenues	<u>28,080,175</u>	<u>8,199,406</u>	<u>10,960,384</u>	<u>4,874,219</u>	<u>1,985,790</u>	<u>2,109,748</u>	<u>56,209,722</u>
EXPENDITURES							
General government support	\$ 4,971,169	\$ -	\$ -	\$ -	\$ 3,084,649	\$ -	8,055,818
Public safety	8,147,203	-	-	-	1,640,324	-	9,787,527
Health	-	-	-	-	-	1,483,302	1,483,302
Transportation	1,360,134	5,317,424	-	-	841,591	-	7,519,149
Economic opportunity and development	553,881	-	-	-	-	559,978	1,113,859
Culture and recreation	1,807,786	-	-	-	324,641	172,365	2,304,792
Home and community services	1,920,415	-	7,997,277	2,985,728	5,997,731	-	18,901,151
Employee benefits	5,537,332	1,623,356	1,067,457	603,731	-	-	8,831,876
Debt service							
Principal	429,994	178,783	556,448	365,534	-	-	1,530,759
Interest	218,950	85,931	526,976	191,575	-	-	1,023,432
Total expenditures	<u>24,946,864</u>	<u>7,205,494</u>	<u>10,148,158</u>	<u>4,146,568</u>	<u>11,888,936</u>	<u>2,215,645</u>	<u>60,551,665</u>
Excess (deficiency) of revenues over expenditures	<u>3,133,311</u>	<u>993,912</u>	<u>812,226</u>	<u>727,651</u>	<u>(9,903,146)</u>	<u>(105,897)</u>	<u>(4,341,943)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	44,914	2,402,927	-	2,447,841
Transfers out	(1,844,696)	(603,145)	-	-	-	-	(2,447,841)
Proceeds from subscription-based IT arrangements	1,066,791	-	-	-	-	-	1,066,791
Bond anticipation note premium	-	-	-	-	40,746	-	40,746
Total other financing sources (uses)	<u>(777,905)</u>	<u>(603,145)</u>	<u>-</u>	<u>44,914</u>	<u>2,443,673</u>	<u>-</u>	<u>1,107,537</u>
Excess (deficiency) of revenues and other financing sources over expenditures and financing uses	<u>2,355,406</u>	<u>390,767</u>	<u>812,226</u>	<u>772,565</u>	<u>(7,459,473)</u>	<u>(105,897)</u>	<u>(3,234,406)</u>
FUND BALANCE, beginning of year	13,093,407	3,356,724	6,291,680	1,988,666	10,085,385	478,103	35,293,965
FUND BALANCE, end of year	<u>\$ 15,448,813</u>	<u>\$ 3,747,491</u>	<u>\$ 7,103,906</u>	<u>\$ 2,761,231</u>	<u>\$ 2,625,912</u>	<u>\$ 372,206</u>	<u>\$ 32,059,559</u>

See accompanying Notes to Basic Financial Statements.

Town of Bethlehem, New York

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

		Year Ended December 31, 2023
Net change in fund balance - total governmental funds		(3,234,406)
Amounts reported for governmental activities in the statement of activities are different because:		
<p>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. Furthermore, in the statement of activities, the cost of subscription-based IT arrangements are allocated over the lease term and reported as amortization expense. In the current period, these amounts are:</p>		
Purchase of assets	15,868,556	
SBITA assets due to implementation of GASB 96	659,821	
Disposal of capital assets	(577,457)	
Amortization expense	<u>(160,106)</u>	
		15,790,814
<p>Bond and Subscription-Based IT Arrangements proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of 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:</p>		
Repayment of principal	1,375,000	
Proceeds Subscription-Based IT Arrangements	(406,970)	
SBITA proceeds due to implementation of GASB 96	(659,821)	
Repayment of Subscription-Based IT Arrangements	<u>155,759</u>	
		463,968
<p>Increase in revenues in the statement of activities that does not increase current financial resources are not reported in the funds.</p>		
		(13,145)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported in the funds:</p>		
General government support	(562,220)	
Public safety	(712,895)	
Transportation	(392,735)	
Economic opportunity and development	(42,251)	
Culture and recreation	(66,409)	
Home and community services	<u>(451,702)</u>	
		<u>(2,228,212)</u>
Change in net position of governmental activities		<u>10,779,019</u>

Town of Bethlehem, New York

Statement of Fiduciary Net Position

	<u>December 31, 2023</u>
	<u>Custodial Fund</u>
Assets	
Cash	<u>\$ 5,000</u>
Net Position	
Restricted for:	
Bail	<u>\$ 5,000</u>

Town of Bethlehem, New York

Statement of Changes in Fiduciary Net Position

	Year Ended December 31, 2023
	Custodial Fund
Additions	
Tax Collected	\$ 22,046,007
Bail Collected	5,500
Total additions	<u>22,051,507</u>
Deductions	
Taxes Remitted	22,046,007
Bail returned to bailees	2,500
Total deductions	<u>22,048,507</u>
Net increase in fiduciary net position	3,000
Net position - <i>beginning of year</i>	<u>2,000</u>
Net position - <i>end of year</i>	<u><u>\$ 5,000</u></u>

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2023

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 under the provisions of Chapter 1030 of the 1969 Laws of New York State, for the purpose of encouraging economic growth in the Town. 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 the 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, 2023

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 has 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 combined 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, 2023

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 excess reserves in operating funds, 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, 2023

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 people.
- 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.

Accounts 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, 2023.

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.

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.

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2023

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

i. Interfund Transactions - Continued

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, infrastructure, and Subscription-Based IT Arrangements (SBITAs). 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.

SBITAs include purchases for the use of software or software and equipment and are reported in capital assets net of accumulated amortization.

k. Deferred Outflows and 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 9).

The Town also reports deferred outflows and inflows of resources related to leases (see Note 5) and various pension transactions (See Note 11).

Unearned revenue arises when the Town receives resources 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 a 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, 2023

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 11

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 160 individuals, at a cost of \$1,158,596 for the year ended December 31, 2023.

o. Landfill Post-Closure Costs

A Town landfill was permanently closed as mandated by New York State Department of Environmental Conservation in June 2009. The Town has estimated post-closure costs for certain required maintenance and monitoring functions, as well as the cost of services to ensure 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 New York State'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.

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, 2023

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:
 - Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments; or
 - Imposed by law through constitutional provisions or enabling legislation
- Unrestricted Net Position 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, 2023

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. Adoption of a New Accounting Standard

Effective January 1, 2023, the Town implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). The primary objective of GASB 96 is to establish a definition of SBITAs and to enhance consistency of information about the Town's IT arrangements. GASB 96 established a uniform model for accounting for SBITAs based on the principle that they are intangible assets with a corresponding liability for the subscription period.

Under GASB 96, the Town recognizes an SBITA liability and a SBITA asset for agreements that have a maximum possible term, including options, of greater than twelve months. For agreements with a maximum possible term of twelve months or less, the Town recognizes expense based on the provisions of the agreement.

The adoption of GASB 96 resulted in recording a SBITA asset and corresponding liability of \$659,821 as of January 1, 2023 in the governmental activities. Additional information regarding SBITAs is presented in Note 6.

t. Subsequent Events

The Town has evaluated subsequent events for potential recognition or disclosure through May 30, 2024, the date the financial statements were available to be issued.

Note 2 - Cash, Cash Equivalents, 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.

Cash includes amounts in demand deposits. Cash equivalents include all highly liquid investments with maturities of 90 days or less from the date of acquisition. All cash deposits were fully insured by the FDIC or collateralized with securities as of December 31, 2023.

All investments have a maturity of one year or less and are recorded at cost. The Town's investments at December 31, 2023 included T-Bills of \$900,284.

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2023

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	\$ 4,408	\$ 36,292	40,700
Due from federal government	66,692	598,706	665,398
	\$ 71,100	\$ 634,998	\$ 706,098

Due from other governments is composed of the following:

	General	Water	Sewer	Capital	Total
Due from other governments					
Albany County					
Sales tax	\$ 4,044,828	\$ -	\$ -	\$ -	4,044,828
Mortgage tax	422,606	-	-	-	422,606
Water/Sewer relievis	-	211,534	140,574	-	352,108
Sheriff PD Range Grant	-	-	-	300,000	300,000
Other	30,553	13,079	-	-	43,632
	\$ 4,497,987	\$ 224,613	\$ 140,574	\$ 300,000	\$ 5,163,174

Amounts due to other governments consist of the following balances:

	General
Albany County - EMS Services	\$ 647,400
Albany County - Board of Elections	127,265
New York State - Justice Court Receipts	15,794
Fire Districts	55
	\$ 790,514

Note 4 - Capital Assets

A summary of changes in capital assets is as follows:

	Balance at January 1, 2023	Additions	Disposals	Balance at December 31, 2023
Land	\$ 2,391,370	\$ 3,023,900	\$ -	\$ 5,415,270
Buildings	44,542,903	1,706,096	-	46,248,999
Improvements	18,413,779	2,695,424	-	21,109,203
Machinery and equipment	31,679,177	3,151,691	(577,457)	34,253,411
Infrastructure	46,279,609	4,884,475	-	51,164,084
<i>Amortizable assets</i>				
SBITA assets	659,821	406,970	-	1,066,791

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2023

Note 4 - Capital Assets - Continued

	Balance at January 1, 2023	Additions	Disposals	Balance at December 31, 2023
Accumulated Amortization	-	(160,106)	-	(160,106)
Total amortizable assets, net	659,821	246,864	-	906,685
 Total capital assets, net	 \$ 143,966,659	 \$ 15,708,450	 \$ (577,457)	 \$ 159,097,652

See Note 6 for more information on Subscription-Based IT Arrangements.

Note 5 - Leases

The Town has entered into various leases with terms ending between 2026 and 2041 as the lessor with various cellular network providers. As of December 31, 2023, the value of the lease receivable and deferred inflow of resources was \$2,171,426 and \$2,039,352, respectively. The lessees are required to make annual and monthly payments of various amounts which increase over the terms of their respective leases. The leases contain lessee renewal options that are reasonably certain to be exercised. The leases did not contain provisions for interest and the lessees' incremental rates were not readily determinable; accordingly, the Town estimated its incremental borrowing rate as of January 1, 2022 to be 3.32%.

The Town recognized lease revenue and related interest revenue of \$205,405 and \$74,317, respectively, for the year ended December 31, 2023. These are included in use of money and property on the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds and other revenues on the Statement of Activities.

Future annual lease payments under these leases are as follows:

	Principal	Interest	Total
For the year ending December 31,			
2024	\$ 156,603	\$ 69,733	\$ 226,336
2025	167,473	64,370	231,843
2026	171,581	58,647	230,228
2027	146,005	53,435	199,440
2028	159,371	48,406	207,777
2029 through 2033	808,735	155,997	964,732
2034 through 2038	491,629	53,446	545,075
2039 through 2041	70,029	3,081	73,110
	<u>\$ 2,171,426</u>	<u>\$ 507,115</u>	<u>\$ 2,678,541</u>

Note 6 - Long-Term Liabilities

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

	Year Ended December 31, 2023						
	Landfill Post-Closure Costs	Bonds Payable	SBITA Liabilities	Judgments and Claims	Net Pension Liability	Compensated Absences	Total
Balance, beginning of year	\$ 100,000	\$ 36,395,000	\$ 659,821	\$ 10,000	\$ -	\$ 1,609,196	\$ 38,774,017
Additions/issues	-	-	406,970	-	18,036,066	-	18,443,036
Redeemed	-	(1,375,000)	(155,759)	-	(3,269,268)	-	(4,800,027)
Other increase	-	-	-	10,000	-	21,791	31,791
Balance, end of year	100,000	35,020,000	911,032	20,000	14,766,798	1,630,987	52,448,817

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2023

Note 6 - Long-Term Liabilities - Continued

Year Ended December 31, 2023							
	Landfill Post-Closure Costs	Bonds Payable	SBITA Liabilities	Judgments and Claims	Net Pension Liability	Compensated Absences	Total
Current portion	\$ -	\$ 1,415,000	\$ 183,760	\$ -	\$ -	\$ 1,047,215	\$ 2,645,975
Non-current portion	100,000	33,605,000	727,272	20,000	14,766,798	583,772	49,802,842
	\$ 100,000	\$ 35,020,000	\$ 911,032	\$ 20,000	\$ 14,766,798	\$ 1,630,987	\$ 52,448,817

See Note 11 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, 2023 Outstanding
General, Highway, Water, and Sewer	2015	5,912,058	2.000%	2034	3,820,000
General, Water, and Sewer	2016	6,455,000	4.000%	2037	5,070,000
Sewer	2016	2,600,000	0.550%	2046	2,080,000
General, Highway, Water, and Sewer	2017	9,992,241	2.250%	2042	8,160,000
General, Highway, and Water	2019	17,227,100	2.950%	2049	15,890,000
					\$ 35,020,000

Aggregate minimum maturities of debt service are as follows:

	Principal	Interest	Total
For the year ending December 31,			
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	1,520,000	865,680	2,385,680
2028	1,570,000	828,562	2,398,562
2029 through 2033	8,535,000	3,478,486	12,013,486
2034 through 2038	7,770,000	2,245,014	10,015,014
2039 through 2043	6,065,000	1,216,542	7,281,542
2044 through 2048	4,340,000	448,826	4,788,826
2049	880,000	13,200	893,200
	\$ 35,020,000	\$ 11,908,639	\$ 46,928,639

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2023

Note 6 - Long-Term Liabilities - Continued

b. Subscription-Based IT Arrangements

The Town has entered into various agreements with terms ending in 2028 with SBITA vendors for software alone and software with equipment subscriptions. As of December 31, 2023, the value of the SBITA asset, net of accumulated amortization, and SBITA liability were \$906,685 and \$911,032, respectively. The Town is required to make annual payments of various amounts which remain flat over the term of each lease. The arrangements did not contain provisions for interest and the SBITA vendors' respective incremental borrowing rates were not readily determinable; accordingly, the Town estimated its incremental borrowing rate as of the inception of each lease or January 1, 2023, when GASB 96 was adopted, whichever occurred later. The rate used for each lease is noted below.

The Town recognized debt service payments of principal and interest in the amount of \$155,759 and \$17,274, respectively, for the year ended December 31, 2023. These expenditures are included in the funds in which the equipment will be used. The principal payments are recorded as a reduction to the SBITA liability on the Statement of Net Position.

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

	Original Issuance	Original Amount	Interest Rate	Final Maturity	December 31, 2023 Outstanding
General	2023	659,821	2.11%	2028	554,589
General	2023	243,804	2.82%	2028	198,725
General	2023	163,166	2.82%	2028	157,718
					\$ 911,032

Aggregate maturities of Subscription-Based IT Arrangements are as follows:

	Principal	Interest	Total
For the year ending December 31,			
2024	\$ 183,760	\$ 19,733	\$ 203,493
2025	188,237	15,256	203,493
2026	192,827	10,667	203,494
2027	197,530	5,963	203,493
2028	148,678	1,709	150,387
	\$ 911,032	\$ 53,328	\$ 964,360

c. Judgments and Claims

The Town has been named a defendant in various actions. A review of these actions with the Town's Attorney indicates that the risk of loss to the Town is reasonably possible for certain cases. The estimated loss for those cases is up to \$20,000. Provisions for losses of those cases is recorded in the statement of net position.

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2023

Note 6 - Long-Term Liabilities - Continued

d. 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 in June 2009. The current estimated liability is \$100,000. Money to fund this liability has been established within a capital reserve fund.

e. Compensated Absences

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

Note 7 - Unearned Revenue

Unearned revenue consists of the following:

	General Fund	Sewer Fund	Capital Projects Fund	Special Grant Fund	Total
Customer Deposits	\$ 531,722	\$ 15,000	\$ -	\$ -	\$ 546,722
Restricted Gifts	396,440	-	-	-	396,440
ARPA	1,565,300	-	-	-	1,565,300
Other Grants	106,965	-	192,218	-	299,183
Building Department Deposits	592,574	-	-	-	592,574
Sewer Improvement	-	676,171	-	-	676,171
Other	59,420	-	-	58,300	117,720
	\$ 3,252,421	\$ 691,171	\$ 192,218	\$ 58,300	\$ 4,194,110

Note 8 - Bond Anticipation Note (BAN) Payable

In May 2023, the Town issued a BAN for \$6,000,000 for water, sewer, and parks improvements at an interest rate of 4% with an effective net interest rate of 3.319% due to a premium of \$40,746. The BAN matured in May 2024 and was renewed by the Town for \$4,930,000 at an interest rate of 4.5% with an effective net interest rate of 3.952% due to a premium of \$27,030.

Note 9 - 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	\$ 279,022
Sewer	198,683
	\$ 477,705

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2023

Note 10 - 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, 2023, interfund revenues and expenses arising from these transactions were as follows:

	Transfers-In	Transfers-Out
General	\$ -	\$ 1,844,696
Highway	-	603,145
Sewer	44,914	-
Capital Projects	2,402,927	-
	\$ 2,447,841	\$ 2,447,841

Note 11 - 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 osc.state.ny.us/retirement/resources/financial-statements-and-supplementary-information.

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.

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

	ERS	PFRS	Total
2023	\$ 1,653,064	\$ 1,311,781	\$ 2,964,845
2022	1,335,761	1,139,441	2,475,202
2021	1,837,327	1,230,458	3,067,785

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2023

Note 11 - Retirement System - Continued

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

At December 31, 2023, the Town reported a liability of \$14,766,798 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, 2023, and the total pension liability was determined by an actuarial valuation as of April 1, 2022. 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, 2023 measurement date, the Town's proportionate share of ERS and PFRS was 0.0422614% and 0.1035165%, respectively.

For the year ended December 31, 2023, the Town recognized pension expense of \$2,794,046 in the government wide financial statements. At December 31, 2023, 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	\$ 965,233	\$ (254,511)	\$ 557,533	\$ -
Changes of assumptions	4,401,360	(48,643)	2,779,665	-
Net differences between projected and actual investment earnings on pension plan investments	-	(53,242)	10,084	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	159,291	(200,006)	387,888	(37,059)
Contributions subsequent to the measurement date	<u>1,238,537</u>	<u>-</u>	<u>983,836</u>	<u>-</u>
Total	<u>\$ 6,764,421</u>	<u>\$ (556,402)</u>	<u>\$ 4,719,006</u>	<u>\$ (37,059)</u>

Town contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending December 31, 2024. Other amounts recognized as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	PFRS
Year ending December 31,		
2024	1,161,199	733,432
2025	(518,534)	(35,570)
2026	1,864,776	1,774,470
2027	2,462,041	1,098,615
2028	-	127,164
Total	<u>\$ 4,969,482</u>	<u>\$ 3,698,111</u>

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2023

Note 11 - Retirement System - Continued

d. Actuarial Assumptions

The actuarial assumptions used in the April 1, 2022 valuation, with updated procedures used to roll forward the total pension liability to March 31, 2023, 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	2.90%	2.90%
Cost of living adjustment	1.50%	1.50%

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021.

The actuarial assumptions used in the April 1, 2022 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2023 are summarized below:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	32.00%	4.30%
International equity	15.00%	6.85%
Private equity	10.00%	7.50%
Real estate	9.00%	4.60%
Absolute return strategies	3.00%	5.38%
Credit	4.00%	5.43%
Real assets	3.00%	5.84%
Fixed Income	23.00%	1.50%
Cash	1.00%	0.00%
	100.00%	

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2023

Note 11 - Retirement System - Continued

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 current 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%)
ERS			
Town's proportionate share of the net pension liability (asset)	\$ 21,900,300	\$ 9,062,551	\$ (1,664,881)
PFRS			
Town's proportionate share of the net pension liability	\$ 11,890,770	\$ 5,704,247	\$ 581,435

h. Pension Plan Fiduciary Net Position

The components of the net pension liability of the employers participating in the System as of March 31, 2023, were as follows (amounts in thousands):

	ERS	PFRS	Total
Employers' total pension liability	\$ 232,627,259	\$ 43,835,333	\$ 276,462,592
Plan net position	211,183,223	38,324,863	249,508,086
Employers' net pension liability	\$ 21,444,036	\$ 5,510,470	\$ 26,954,506
 Ratio of plan net position to the employers' total pension liability	 90.78%	 87.43%	 90.25%

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2023

Note 12 - Fund Balances

Fund balances are detailed as follows:

	General	Highway	Water	Sewer	Capital Projects	Non-Major Funds
Nonspendable						
Inventory	\$ 101,771	\$ 99,396	\$ 7,909	\$ -	\$ -	\$ -
Prepaid	1,809,931	182,908	135,865	78,908	-	-
	<u>1,911,702</u>	<u>282,304</u>	<u>143,774</u>	<u>78,908</u>	<u>-</u>	<u>-</u>
Restricted						
Capital reserve	-	-	-	-	6,934,869	-
Landfill post-closure	-	-	-	-	198,757	-
Parklands	-	-	-	-	-	369,306
Section 8	-	-	-	-	-	2,900
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,133,626</u>	<u>372,206</u>
Assigned						
Encumbrances	811,190	46,709	744,090	659,157	-	-
Capital reserve	4,012,981	654,920	3,171,575	893,103	-	-
Retirement contribution	672,197	307,780	126,088	-	-	-
Highway Fund	-	2,455,778	-	-	-	-
Water Fund	-	-	2,918,379	-	-	-
Sewer Fund	-	-	-	1,130,063	-	-
	<u>5,496,368</u>	<u>3,465,187</u>	<u>6,960,132</u>	<u>2,682,323</u>	<u>-</u>	<u>-</u>
Unassigned						
	<u>8,040,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,507,714)</u>	<u>-</u>
	<u>\$ 15,448,813</u>	<u>\$ 3,747,491</u>	<u>\$ 7,103,906</u>	<u>\$ 2,761,231</u>	<u>\$ 2,625,912</u>	<u>\$ 372,206</u>

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	\$ 3,117,729
Recreational facilities	218,361
Fire tower additions and improvements	94,115
Highway improvements and equipment	1,166,082
Reconstruction of water facilities	2,174,037
Reconstruction of sewer facilities	1,656,831
Subtotal	<u>8,427,155</u>
Less unspent BAN proceeds as of December 31, 2023	<u>(1,492,286)</u>
Total GML Section 6-C	<u>6,934,869</u>

GML Section 6-O Reserves

	<u>198,757</u>
Total Capital Reserves Under GML Sections 6-C and 6-O	<u>\$ 7,133,626</u>

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

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2023

Note 12 - Fund Balances - Continued

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 7.5%, 20%, and 15%, respectively. As of December 31, 2023, all funds were at maximum. To the extent that fund balances exceed the maximum, per the 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 13 - 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.

Information relevant to disclosure of these agreements for the year ended December 31, 2023 is as follows:

Property Owner	Taxable Assessed Value	Tax Rate ¹ per 000	Tax Value	PILOT Received	Taxes Abated
44-74 21st Street, LLC	\$ 7,700,000	2.78	\$ 21,427	\$ 17,540	\$ 3,887
Air Products	13,400,000	2.78	37,289	7,457	29,832
Albany Enterprises LLC	2,250,000	2.78	6,261	6,009	252
American Housing Foundation ²	-	2.78	-	13,404	(13,404)
CPI Bethlehem BERK I LLC	1,100,000	2.78	3,061	2,567	494
CPI Bethlehem SEF I LLC	1,200,000	2.78	3,339	2,794	545
Finke Enterprises, LLC	5,900,000	2.78	16,418	14,890	1,528
MALM Realty Company	1,000,000	2.78	2,783	2,783	-
PSEG Power	100,000,000	2.78	278,273	309,160	(30,887)
Vista Development Group LLC	2,621,000	2.78	7,293	7,293	-
Vista Medical LLC	1,350,000	2.78	3,757	3,456	301
	<u>\$ 136,521,000</u>		<u>\$ 379,901</u>	<u>\$ 387,353</u>	<u>\$ (7,452)</u>

¹ General and Highway Tax Rates

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

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2023

Note 14 - Commitments

The Town has completed the closure of the Rupert Road landfill in accordance with an Order of Consent issued by the Department of Environmental Conservation (DEC) in June 2009. The Town is required to monitor the site for 30 years, with 14 years lapsed as of December 31, 2023. The current estimated liability for post-closure care costs of the landfill for the remaining 16 years is \$100,000. 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 (City) 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. The contract ended as of December 31, 2023. In February 2024, the Town entered into an agreement with the City for a 6-month term to purchase finished water at the same rate as City residents. There is no minimum purchase requirement.

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 a net surplus annually.

Note 15 - Contingencies, Risks and Uncertainties

a. *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 2023. There was no reduction in insurance coverage during 2023. An estimate of this liability is recorded at December 31, 2023, for outstanding claims or for any potential claims incurred but not reported as of that date in the long-term liabilities.

b. *Self-Insurance*

The Town is responsible for compensating employees who are on workers' compensation leave 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.

c. *Union Contracts*

Public safety employees are all represented by a collective bargaining agent. Those agents which represent them and the dates of expiration of their agreements are as follows:

Bargaining Unit	<u>Contract Expiration Date</u>
AFSCME Council 66 (Dispatchers)	December 31, 2025
AFL-CIO Council 82 (Lieutenants & Sergeants)	December 31, 2025
Teamsters Local 294 (Officers & Detectives)	December 31, 2025

Town of Bethlehem, New York

Notes to Basic Financial Statements December 31, 2023

Note 16 - Accounting Standards Issued Not Yet Implemented

GASB Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Real property taxes	\$ 3,931,996	\$ 3,931,996	\$ 3,918,697	\$ (13,299)
Real property tax items	147,093	147,093	148,655	1,562
Non-property tax items	15,148,657	15,335,992	16,647,158	1,311,166
Departmental Income	1,765,620	1,920,383	2,230,120	309,737
Intergovernmental charges	34,760	34,760	40,000	5,240
Use of money and property	176,558	319,807	844,680	524,873
Licenses and permits	36,025	36,025	35,490	(535)
Fines and forfeitures	170,000	170,000	178,524	8,524
Sales of property and compensation for loss	88,100	88,100	221,467	133,367
Miscellaneous local sources	-	-	3,092	3,092
Interfund Revenues	533,111	533,111	600,644	67,533
State aid	1,104,638	1,297,398	1,569,049	271,651
Federal aid	50,202	892,030	1,642,599	750,569
Total revenues	<u>23,186,760</u>	<u>24,706,695</u>	<u>28,080,175</u>	<u>3,373,480</u>
EXPENDITURES				
General government support	\$ 4,521,190	\$ 5,588,637	\$ 4,971,169	\$ 617,468
Public safety	7,457,014	8,496,552	8,147,203	349,349
Transportation	1,141,152	1,542,865	1,360,134	182,731
Economic opportunity and development	548,245	554,694	553,881	813
Culture and recreation	1,727,714	2,061,032	1,807,786	253,246
Home and community services	1,529,840	2,248,321	1,920,415	327,906
Employee benefits	5,785,692	5,778,179	5,537,332	240,847
Debt service				
Principal	274,235	441,047	429,994	11,053
Interest	201,678	207,900	218,950	(11,050)
Total expenditures	<u>23,186,760</u>	<u>26,919,227</u>	<u>24,946,864</u>	<u>1,972,363</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(2,212,532)</u>	<u>3,133,311</u>	<u>5,345,843</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Subscription-Based IT Arrangements	-	-	1,066,791	1,066,791
Transfers out	-	(1,844,697)	(1,844,696)	1
Total other financing sources (uses)	<u>-</u>	<u>(1,844,697)</u>	<u>(777,905)</u>	<u>1,066,792</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ (4,057,229)</u>	<u>\$ 2,355,406</u>	<u>\$ 6,412,635</u>
FUND BALANCE, beginning of year			<u>13,093,407</u>	
FUND BALANCE, end of year			<u>\$ 15,448,813</u>	

Town of Bethlehem, New York

Required Supplementary Information Budgetary Comparison Schedule - Highway Fund Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 6,875,259	\$ 6,875,259	\$ 6,875,259	\$ -
Real property tax items	235,553	235,553	238,188	2,635
Intergovernmental charges	10,500	10,500	18,652	8,152
Use of money and property	49,688	52,908	249,919	197,011
Sales of property and compensation for loss	11,000	11,000	74,041	63,041
Interfund Revenues	15,000	15,000	11,696	(3,304)
State aid	677,896	677,896	731,651	53,755
Total revenues	7,874,896	7,878,116	8,199,406	321,290
EXPENDITURES				
Transportation	5,660,849	5,688,125	5,317,424	370,701
Employee benefits	1,949,332	1,949,332	1,623,356	325,976
Debt service				
Principal	178,783	175,209	178,783	(3,574)
Interest	85,932	89,506	85,931	3,575
Total expenditures	7,874,896	7,902,172	7,205,494	696,678
Excess (deficiency) of revenues over expenditures	-	(24,056)	993,912	1,017,968
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(603,145)	(603,145)	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (627,201)	\$ 390,767	\$ 1,017,968
FUND BALANCE, beginning of year			3,356,724	
FUND BALANCE, end of year			\$ 3,747,491	

Town of Bethlehem, New York

Required Supplementary Information Budgetary Comparison Schedule - Water Fund Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Real property taxes	\$ 2,412,550	\$ 2,412,550	\$ 2,412,548	\$ (2)
Departmental Income	8,400,220	8,325,220	7,937,449	(387,771)
Use of money and property	330,129	405,129	595,151	190,022
Sales of property and compensation for loss	5,000	5,000	14,354	9,354
Miscellaneous local sources	-	-	882	882
Total revenues	<u>11,147,899</u>	<u>11,147,899</u>	<u>10,960,384</u>	<u>(187,515)</u>
EXPENDITURES				
Home and community services	8,781,547	9,520,753	7,997,277	1,523,476
Employee benefits	1,282,928	1,234,729	1,067,457	167,272
Debt service				
Principal	556,448	522,122	556,448	(34,326)
Interest	526,976	561,302	526,976	34,326
Total expenditures	<u>11,147,899</u>	<u>11,838,906</u>	<u>10,148,158</u>	<u>1,690,748</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ (691,007)</u>	<u>\$ 812,226</u>	<u>\$ 1,503,233</u>
FUND BALANCE, beginning of year			<u>6,291,680</u>	
FUND BALANCE, end of year			<u>\$ 7,103,906</u>	

Town of Bethlehem, New York

Required Supplementary Information Budgetary Comparison Schedule - Sewer Fund Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 1,296,793	\$ 1,296,793	\$ 1,296,796	\$ 3
Departmental Income	3,309,000	3,274,000	3,361,535	87,535
Use of money and property	40,697	75,697	203,274	127,577
Sales of property and compensation for loss	4,000	4,000	12,608	8,608
Miscellaneous Local Sources	-	509,210	6	(509,204)
Total revenues	4,650,490	5,159,700	4,874,219	(285,481)
EXPENDITURES				
Home and community services	3,412,524	4,045,453	2,985,728	1,059,725
Employee benefits	675,469	676,727	603,731	72,996
Debt service				
Principal	365,534	353,893	365,534	(11,641)
Interest	196,963	207,346	191,575	15,771
Total expenditures	4,650,490	5,283,419	4,146,568	1,136,851
Excess (deficiency) of revenues over expenditures	-	(123,719)	727,651	851,370
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	44,914	44,914	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (78,805)	\$ 772,565	\$ 851,370
FUND BALANCE, beginning of year			1,988,666	
FUND BALANCE, end of year			\$ 2,761,231	

Town of Bethlehem, New York

Notes to Budgetary Basis Reporting December 31, 2023

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 Capital Projects Funds, the Special Grant Fund, and the Miscellaneous Revenue Fund. The future spending on Capital projects is determined at the start of each project.
- b. After public hearings are conducted to obtain taxpayer comments, but no later than November 20, when the Town Board adopts the budget.
- c. All revisions that alter an appropriation of any budget category 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,						
	2023	2022	2021	2020	2019	2018	2017
ERS							
Town's proportion of the net pension liability (asset)	0.0422614%	0.0415165%	0.0401181%	0.04315210%	0.04239260%	0.04286360%	0.04359270%
Town's proportionate share of the net pension liability (asset)	\$ 9,062,551	\$ (3,393,801)	\$ 39,947	\$ 11,426,938	\$ 3,003,645	\$ 1,383,398	\$ 4,096,063
Town's covered-employee payroll	\$ 12,982,573	\$ 11,809,966	\$ 11,516,306	\$ 11,904,005	\$ 11,849,512	\$ 11,277,347	\$ 11,005,858
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	69.81%	-28.74%	0.35%	95.99%	25.35%	12.27%	37.22%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%
PFRS							
Town's proportion of the net pension liability	0.1035165%	0.0962786%	0.0954856%	0.0959098%	0.10334340%	0.10544070%	0.10243820%
Town's proportionate share of the net pension liability	\$ 5,704,247	\$ 546,905	\$ 1,657,894	\$ 5,126,318	\$ 1,733,134	\$ 1,065,749	\$2,123,188
Town's covered-employee payroll	\$ 4,523,417	\$ 4,063,955	\$ 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	126.10%	13.46%	40.13%	120.84%	43.74%	26.72%	54.11%
Plan fiduciary net position as a percentage of the total pension liability	87.43%	98.66%	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,						
	2023	2022	2021	2020	2019	2018	2017
ERS							
Contractually required contribution	\$ 1,653,064	\$ 1,335,761	\$ 1,837,327	\$ 1,719,886	\$ 1,697,454	\$ 1,648,913	\$ 1,646,734
Contributions in relation to the contractually required contribution	\$ 1,653,064	\$ 1,335,761	\$ 1,837,327	\$ 1,719,886	\$ 1,697,454	\$ 1,648,913	\$ 1,646,734
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 12,982,573	\$ 11,809,966	\$ 11,516,306	\$ 11,904,005	\$ 11,849,512	\$ 11,277,347	\$ 11,005,858
Contributions as a percentage of covered-employee payroll	12.73%	11.31%	15.95%	14.45%	14.33%	14.62%	14.96%
PFRS							
Contractually required contribution	\$ 1,311,781	\$ 1,139,441	\$ 1,230,458	\$ 1,084,314	\$ 963,092	\$ 968,271	\$ 959,534
Contributions in relation to the contractually required contribution	\$ 1,311,781	\$ 1,139,441	\$ 1,230,458	\$ 1,084,314	\$ 963,092	\$ 968,271	\$ 959,534
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 4,523,417	\$ 4,063,955	\$ 4,131,028	\$ 4,242,385	\$ 3,962,698	\$ 3,989,317	\$ 3,923,577
Contributions as a percentage of covered-employee payroll	29.00%	28.04%	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.

Town of Bethlehem, New York

Other Supplemental Information – Combining Balance Sheet – Non-Major Funds

		December 31, 2023		
		Special Grant	Miscellaneous	Total
ASSETS				
Cash		\$ 61,769	\$ 369,306	\$ 431,075
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable		\$ 569	\$ -	\$ 569
Unearned Revenue		58,300	-	58,300
Total liabilities		58,869	-	58,869
FUND BALANCE				
Restricted		2,900	369,306	372,206
		\$ 61,769	\$ 369,306	\$ 431,075

Town of Bethlehem, New York

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

	Year Ended December 31, 2023			
	Special Grant	Miscellaneous	Ambulance	Total
REVENUES				
Real property taxes	\$ -	\$ -	\$ 1,482,792	\$ 1,482,792
Real property tax items	-	-	510	510
Departmental Income	-	67,350	-	67,350
Use of money and property	34	13,027	-	13,061
Federal aid	546,035	-	-	546,035
Total revenues	546,069	80,377	1,483,302	2,109,748
EXPENDITURES				
Health	\$ -	\$ -	\$ 1,483,302	\$ 1,483,302
Economic opportunity and development	559,978	-	-	559,978
Culture and recreation	-	172,365	-	172,365
Total expenditures	559,978	172,365	1,483,302	2,215,645
 Deficiency of revenues over expenditures	(13,909)	(91,988)	-	(105,897)
 FUND BALANCE, beginning of year	16,809	461,294	-	478,103
 FUND BALANCE, end of year	\$ 2,900	\$ 369,306	\$ -	\$ 372,206